



CHERISH SUNSHINE INTERNATIONAL LIMITED 承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)



ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT
2023/2024

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Environmental, Social and Governance Report

ABOUT CHERISH SUNSHINE INTERNATIONAL

Cherish Sunshine International Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”, “**Cherish Sunshine**”, “**Cherish Sunshine International**”, the “**Enterprise**” or “**we**”) is a leading provider of one-stop integrated procurement service solutions in the People’s Republic of China (the “**PRC**”), providing procurement services and other IT services, trading, business leasing and energy management contracting services.

The Group and the products and software we developed have obtained several certifications, including but not limited to:

Software Certificate (Electronic Procurement Platform in Colleges and Universities V3.0)	Software Enterprise Certificate
Software Certificate (Government Procurement Transaction Platform V3.0)	ISO 9001:2015 Certificate of Quality Management System
Software Certificate (State-owned E-commerce Procurement Management Software V3.0)	GB/T 22080–2016/ISO/IEC 27001:2013 Certificate of Information Security Management System
Electronic Tendering System Certificate — 3 Star Rating (電子招標投標系統三星認證證書) (National End-to-end Electronic Procurement Trading System V3.0)	ISO/IEC 20000–1:2018 Certificate of Information Technology Service Management System
CMMI DEV V2.0 Maturity Level 3	

To meet the development needs, the Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 2002.

ABOUT SUSTAINABILITY GOVERNANCE

The Group is committed to integrating sustainability principles into all aspects of our management decisions and continuously improving our environmental, social, and corporate governance (“**ESG**”) performance. Over the years, Cherish Sunshine International has relied on its self-developed end-to-end electronic transaction system for government procurement to assist governments and enterprises to move into a new era of procurement, realizing paperless procurement and greatly reducing carbon emissions in the procurement process. Taking a further step to the visions of “green, low-carbon, energy saving and environmentally friendly”, the Group has resumed the business of energy management contracting service in 2021 and is actively expanding to renewable energy business. We fully support green, low-carbon and sustainable development, and plan to participate in various green and low-carbon projects.

The formulation and reporting of the Group’s sustainability strategic directions are governed by the board of directors of the Company (the “**Board**”). The Board is responsible for the supervision of the information collection and preparation for this report. The Board also discusses with the senior management in meetings from time to time to identify and assess ESG-related risks and materiality issues regarding the Company’s development and operations, and to formulate countermeasures. The Board is also tasked with overseeing the management and target-setting related to the Group’s sustainability governance, as well as evaluating the effectiveness of various measures and progress towards relevant objectives.

For other matters relating to the Group’s corporate governance, please refer to the “Corporate Governance Report” section of the annual report of the Company for the financial year ended 31 March 2024.

ABOUT THIS REPORT

This report is made by Cherish Sunshine International to disclose and demonstrate the Company's performance in environmental, social and governance (ESG) area in response to materiality issues of concern to various stakeholders. The Board of Cherish Sunshine International has reviewed this report and is responsible for the truthfulness and validity of the information contained herein.

Reporting Standards: This report has been prepared in accordance with the mandatory disclosure requirements and relevant "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "**Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Principles: The report is prepared according to the following principles:

- **Materiality:** The Group has identified and prioritized material ESG issues through Board discussions and communication with stakeholders, and disclosed the issues in the report.
- **Quantitative:** Information on the standards, methodologies, assumptions and/or methods of calculation, as well as the main sources of conversion factors used for the performance indicators shall be included where appropriate.
- **Balance:** This report adopts a factual and unbiased approach to the disclosure of information and provides stakeholders with an objective overview of the Group's overall sustainability performance.
- **Consistency:** A consistent statistical approach is adopted in this report for meaningful comparison of the KPIs over time. In case of any changes in the reporting scope or statistical method, they shall be explained for stakeholders' reference.

Reporting Scope: This report presents the ESG performance of the Group for the period from 1 April 2023 to 31 March 2024 (the "**Reporting Period**").

This report covers the Group's key business segments in the PRC, including procurement services and other information technology services, trading, properties leasing, and energy management contracting services, and the operation of offices in the following regions:

Hong Kong Special Administration Region (" Hong Kong ")	Zhangjiagang City of Jiangsu Province
Beijing	Weihai City of Shandong Province
Shanghai	Xining City of Qinghai Province
Wuhan City of Hubei Province	Hohhot City of Inner Mongolia Autonomous Region
Hangzhou City of Zhejiang Province	

Notes:

The environmental key performance disclosed in this report only include the aforementioned offices in the nine regions.

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All information and data in this report are from the Company's official documents and public disclosure documents. If there is any discrepancy between the financial data quoted in this report and the annual report, the annual report shall prevail.

This report is published in both Chinese and English and has been uploaded to the website of the Stock Exchange and the Company's website (www.sunshine1094.com). In case of any discrepancies between the two versions, the English version shall prevail.

COMMUNICATION WITH STAKEHOLDERS

During the Reporting Period, we continued to work on communication with various stakeholders and placed a high priority on their expectations and demands. We actively listened to suggestions from all parties and endeavored to promote ESG-related work to ensure more accurate and comprehensive disclosure of environmental, social and corporate governance information and to promote the achievement of sustainable development goals.

Stakeholders	Expectations and demands	Communication channels
Customers	Service quality Corporate reputation Data privacy Business integrity and conduct	Daily operations Business visits and meetings Emails and calls
Shareholders and investors	Financial performance and position Corporate governance Sustainable development	Annual and interim reports Announcements and circulars General meetings Company website and emails
Suppliers and business partners	Corporate reputation Fairness and ethics Long-term relationship	Procurement and tendering process Business visits and meetings Emails and calls Exhibitions or conferences
Employees	Health and safety Remuneration and welfare Training and development Equal opportunities and diversity Corporate culture	Training and seminars Regular performance reviews Company notices Enquiry and complaint mechanism

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Stakeholders	Expectations and demands	Communication channels
Government and regulatory bodies	Compliance Corporate governance	Compliance reporting Consultation Meetings
Community and non-governmental organizations	Environmental responsibilities Community participation	Participation in charitable activities Community investment Company website

The Group welcomes feedback from stakeholders on ESG issues. Stakeholders can contact us through the Company's email (contact@sunshine1094.com).

MATERIALITY ASSESSMENT

The Group reviews and updates stakeholders' feedback on materiality issues from time to time, communicates on materiality issues and identifies materiality issues across the Group. During the Reporting Period, the following material issues have been identified:

Ranking of materiality issues

Materiality issues	Importance
Occupational health and safety	Most important
Protection of intellectual property rights	
Product quality	
Customer satisfaction	
Supply chain management (fair and open tendering process)	
Technology development and innovation	
Compliant operation	
Equal opportunities and anti-discrimination, diversity	Important
Training and development	
Prevention of child and forced labour	
Recruitment, promotion and employee welfare	
Anti-corruption system	
Protection of customer's privacy	
Service responsibility	
Green procurement	
Charity donations, community investments	
Energy efficiency	
Water use management	Relevant
Impact of relevant business activities on the environment	
Mitigation of climate change related risks	
Waste management	
Exhaust gas and greenhouse gas emissions management	
Use of other resources (including paper)	

ENVIRONMENT

The Group is fully aware of its responsibility to the environment in its business operations. Therefore, we are committed to implementing various policies and measures to reduce emission and waste, and continuously improving our environmental protection awareness.

We strictly comply with environment-related laws and regulations in Hong Kong and mainland China, including but not limited to the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, and the Waste Disposal Ordinance in Hong Kong (Cap. 354 of the Laws of Hong Kong).

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that would have a significant impact on the operation of the Group.

Emissions

Air and Greenhouse Gas, Carbon Emissions

Carbon emissions are a major factor affecting environmental climate change. As such, we not only pay attention to the amount of carbon and greenhouse gas emissions, but more importantly, actively take measures to reduce our carbon footprint. By optimizing energy usage, transforming office models and enhancing employees' environmental protection awareness, we have successfully reduced our carbon and greenhouse gas emissions year by year and achieved our goal of sustainable development. The Company advocates energy-efficient office practices in daily operations, including using energy-saving lighting, and managing meeting room reservations to ensure that lights and electronic devices are turned off when not in use, thus reducing unnecessary energy waste.

Cherish Sunshine actively supports the national dual carbon goal, sparing no effort to achieve carbon peak by 2030 and carbon neutrality by 2060, and contributing to the response to global change.

Table 1 Exhaust Gas and Greenhouse Gas Emissions

Type of emissions	Unit	23/24	22/23
Exhaust gas			
Sulphur oxides (SO _x)	Kg	0	0
Nitrogen oxides (NO _x)	Kg	0	0
Particulate matter (PM)	Kg	0	0
Greenhouse gas			
Scope 1 Direct emission	Tonnes CO ₂ e	0	0
Scope 2 Energy indirect emission (purchased electricity)	Tonnes CO ₂ e	52.58	70.42
Total greenhouse gas emission	Tonnes CO ₂ e	52.58	70.42
Intensity	Tonnes CO ₂ e/number of employees	0.28	0.36

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Note:

1. During the Reporting Period, emissions arising from ozone-depleting substances (ODS) are considered negligible.

Waste

We strictly comply with laws and regulations of the regions where we operate, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Waste Disposal Ordinance in Hong Kong (Cap. 354 of the Laws of Hong Kong). We also promote for paperless procurement to reduce the generation of waste.

During the Reporting Period, the Group's waste was primarily waste from office operation, which was uniformly processed by the property management companies. Hazardous waste mainly consisted of toner cartridges, which were also uniformly collected and processed by the property management companies.

Table 2 Summary of Waste by Category

Type of waste	Unit	23/24	22/23
Total non-hazardous waste (tonnes)	Tonnes	0.45	0.69
Intensity	Kg/number of employees	2.43	3.52
Total hazardous waste (tonnes)	Tonnes	0.028	/
Intensity	Kg/number of employees	0.15	/

The Group targets to continuously reduce waste and has implemented different measures to effectively handle and reduce waste. For example employees are encouraged to put recyclable waste in the office (e.g. waste paper, plastic bottles and aluminium cans, etc.) into recycling bins.

Use of Resources

We are committed to maintaining sustainable operational practices and actively enhance the efficient use of resources. We advocate for saving electricity, water, and paper in our daily work, and cultivate employees' awareness of energy conservation. During the Reporting Period, resources consumed by us were mainly electricity, office paper and water. Considering the Group is not involved in production, we did not consume any packaging material.

Our electricity consumption primarily comes from lighting, air conditioning, electronic appliances, and other office equipment. The energy consumption data during the Reporting Period is as follows:

Table 3 Summary of Energy Consumption

Energy consumption	Unit	23/24	22/23
Direct energy (petrol, diesel, natural gas)	MWh	0	0
Indirect energy (purchased electricity)	MWh	92.2	121.30
Total energy consumption	MWh	92.2	121.30
Intensity	MWh/number of employees	0.5	0.62

To ensure the appropriate use of resources, the Group implemented a series of measures to enhance energy efficiency and reduce waste. We actively encourage employees to take public transportation. In terms of electricity consumption reduction, in addition to actively using energy-saving lighting, the Group also promotes turning off idle air conditioning, lighting and equipment. Moreover, employees are encouraged to reduce paper use by sorting and recycling wastepaper, using double printing, and actively replacing paper by digital technology.

The Group expects to consistently improve the efficiency of resource use and reduce resource consumption in the future.

Water Resources

We regard water resources management as an important responsibility and strictly comply with the Water Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution and relevant laws and regulations, as well as encourage employees to conserve water. During the Reporting Period, our main water consumption was for the daily water usage of employees in offices, with water sources and wastewater treatment managed uniformly by the property management companies, and there were no obvious issues in sourcing water that is fit for purpose.

Table 4 Summary of Water Resources Usage

Water Use	Unit	23/24	22/23
Water consumption	m ³	1,204	1,476
Intensity	m ³ /number of employees	6.51	7.53

Note:

1. The water consumption data for the year 2023 and 2022 only includes offices in Wuhan City of Hubei Province, Hohhot City of Inner Mongolia Autonomous Region, Xining City of Qinghai Province, and Zhangjiagang City of Jiangsu Province.

The Environment and Natural Resources

The Group is actively committed to the protection of the environment and natural resources in its business of providing procurement services and energy management contracting services. Although our operations do not directly involve production activities, and therefore do not contribute significant pollution and other negative effects on the environment, we realize that there are still certain environmental impacts in our supply chain and office operations. As such, we have taken a series of measures to reduce resource consumption and minimize environmental impacts.

We encourage our employees to take public transportation and foster a low-carbon awareness among them. We regularly review and improve the energy use efficiency of our offices and implement energy-saving measures to reduce energy consumption and associated carbon emissions.

Additionally, we actively participate in green and sustainable development projects to support the development of renewable energy and contribute to environmental protection. We also encourage our suppliers to adopt environmental protection measures to reduce the impact of the entire supply chain on the environment.

Climate Change

The world is facing the challenge of climate change, and the Enterprise is no exception. This challenge presents not only potential risks but also huge opportunities. Although our operations have not yet been severely affected by the physical risks or transition challenges brought about by climate change, we are clear about the potential impact of extreme weather events on our business operations. To this end, we have actively formulated emergency plans for extreme weather conditions to ensure the continuous and stable operation of our business.

Transition risks pertain to the ability and flexibility of a company to respond to climate change and shifts in market demand, while climate physical risks are associated with the increasing frequency of extreme weather events. After a comprehensive screening of the Group's internal operations, value chain, and global climate risks, we have systematically identified climate-related risks and opportunities across the entire value chain of the Group and integrated them into a list of physical and transition risks and opportunities for Cherish Sunshine. Our goal is to minimize the impact of climate physical and transition risks on our finances, market, operations, reputation and other aspects, ensuring the robust development of the Enterprise.

Table 5 Physical and Transition Risks and Opportunities for Cherish Sunshine

Risk/opportunity	Description of risk/opportunity	Time frame	Influence	Response
Physical risks				
Flood	Floods may destroy power stations	Medium term	Facilities damaged with operational and maintenance costs increasing	Enhance flood prevention measures and strengthen our climate adaptability
Heatwave	Increasing air conditioning energy consumption; decreasing employee work efficiency	Short term	Increasing operation costs	Improve energy efficiency and increase staff training
Transition risks and opportunities				
Procurement platform demand	Increasing demand in paperless procurement	Long term	/	Unearth the market demand for paperless solutions, maintain positive communication with government and corporate procurement departments, and understand customer demands
Carbon-related business demand	Greater pressure in corporate transition, with growing demands for carbon and emission reduction and climate resilience enhancement	Medium and long term	/	Track market trends, identify customer transition needs, and proactively offer transition solutions
Photovoltaic business demand	Increasing demand in green electricity and more photovoltaic business	Medium and long term	/	Cultivate specialized talents in response to the growing market

SOCIAL

In the corporate and social management of Cherish Sunshine, we are committed not only to optimizing our employee management and welfare system, providing a good working environment, broad career development opportunities, and rich welfare benefits, but also to caring for the growth and well-being of our employees. We advocate for equal and fair employment principles, respecting the rights and dignity of our employees.

EMPLOYMENT

The Group strictly complies with applicable laws and regulations in Hong Kong and mainland China relating to employment, including but not limited to the Labour Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) in Hong Kong, etc., as well as the Group's Management Procedures for Human Resources and relevant guidance. The Group provides equal opportunities in various aspects such as employee recruitment, development and promotion, so as to safeguard the legal rights and interests of our employees, and provide a healthy and harmonious working environment for each employee.

The Group recognizes and rewards the contribution of our employees. We adjust the salaries of employees according to their experience and qualifications based on the Compensation Management System and the Performance Management System, encourage our employees to enhance their work ability, and retain talents so as to provide stronger support for the development of the enterprise.

By the end of the Reporting Period, the Group had a total of 185 employees (End of 22/23: 196), and the distribution was as follows:

Table 6 Distribution of Employees

Employee group	Unit	23/24	22/23
By gender			
Male	Person	130	133
Female	Person	55	63
By geographical location			
Hong Kong	Person	5	3
Mainland China	Person	180	193
By age group			
18–25	Person	14	19
26–35	Person	88	96
36–45	Person	59	58
46–55	Person	23	17
56 or above	Person	1	6
By contract type			
Full-time	Person	180	176
Part-time	Person	5	20

During the Reporting Period, the Group's turnover rate was as follows:

Figure 1 Turnover Rate by Gender

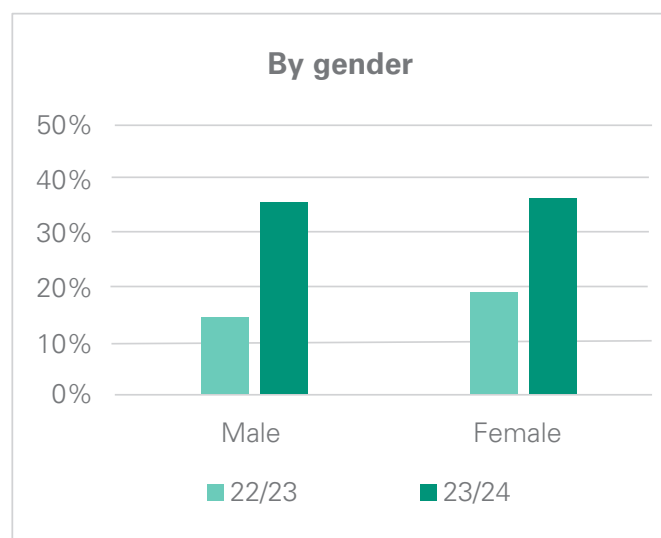


Figure 2 Turnover Rate by Geographical Location

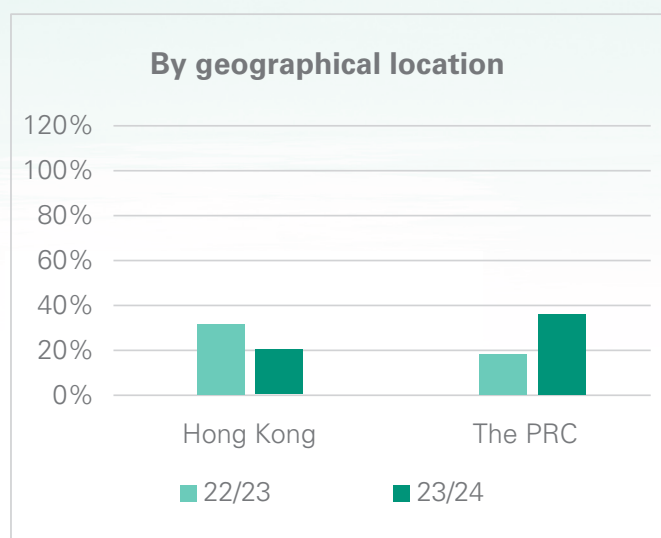
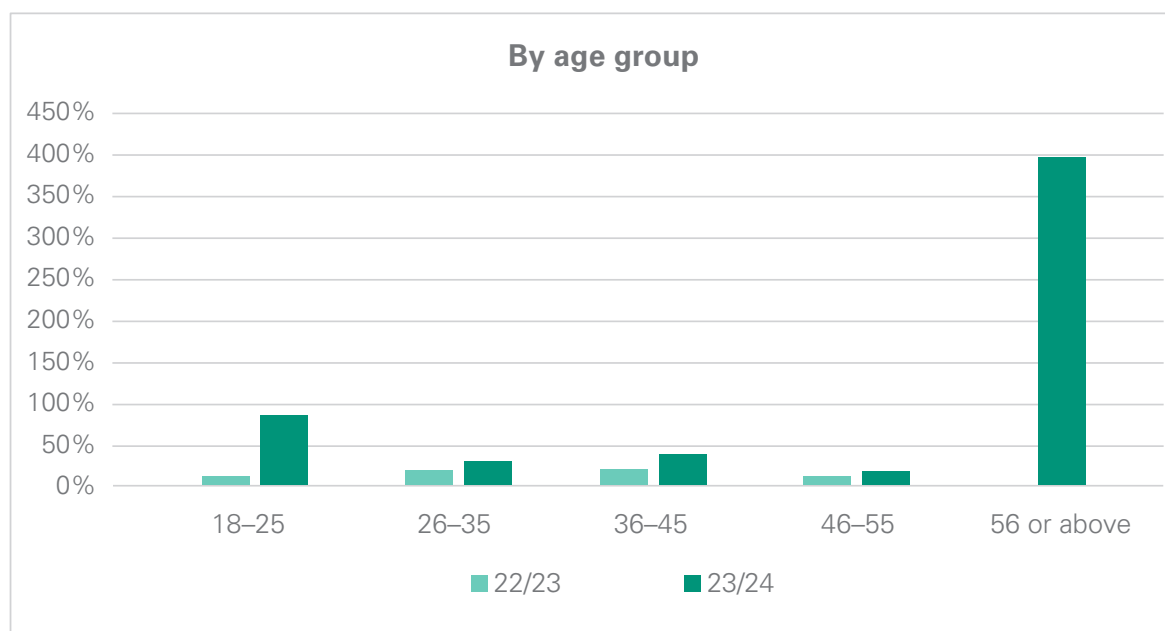


Figure 3 Turnover Rate by Age Group



Note:

1. The turnover rate is calculated as (number of employees who left employment during the Reporting Period/total number of employees of the category as at the end of the Reporting Period x 100%). The percentage may exceed 100%.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws (especially those relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare) which would have a significant impact on the Group.

Occupational Health and Safety

The health and safety of employees are of paramount importance to the operation of the Group. We strictly comply with relevant laws and regulations in mainland China and Hong Kong, including but not limited to the Fire Protection Law of the People’s Republic of China and the Employees’ Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) of Hong Kong, to ensure the health and safety of our employees.

During the Reporting Period, we did not receive any reports of material non-compliance with health and safety related regulations that would have a significant impact on the Enterprise.

Workplace Safety

Taking the workplace safety as an important management task, the Group had adopted various measures to ensure the safety of our employees at work. We carry out regular inspections and maintenance of facilities and equipment including fire equipment and electric equipment, to ensure their proper functioning. Meanwhile, we established the safety management system and contingency plans, evaluated various possible safety risks and formulated corresponding responsive measures. We also organized regular safety training activities to enhance our employee’s safety awareness and emergency response capabilities to ensure that they are able to respond quickly and effectively to emergency situations.

During the past three years, we did not have any work-related fatalities or work injuries nor did we lose any workdays due to work injury.

Table 7 Internal Security Management Related Ordinances of Cherish Sunshine

- 1 Management Policy for the Safety of Technical Routine Operations
- 4 Fire Safety Policy and Procedures
- 3 Safety Accountability and Target Management Policy
- 4 Hazard Identification and Risk Prevention Management Policy
- 5 Emergency Activation Process
- 6 Incident Investigation and Resolution Policy
- 7 Emergency Management Policy
- 8 Technical Upgrade Management Policy
- 9 Management and Implementation Guidelines for the Safety of Contractor and Temporary Workers
- 10 Technical Oversight Management Policy
- 11 Management Process of Emergency Plans
- 12 Identification Process of Safety-related Laws and Regulations
- 13 Risk Detection and Resolution Procedures

Occupational Health Management

The Group is committed to providing comprehensive health and welfare protection for employees to improve their quality of life and job satisfaction. We have provided employees with a variety of welfare plans including medical insurance and accident insurance, covering the medical protection needs of employees and their families. In addition, we also offer diversified health management services, including regular health check-ups, health consultation and psychological health support, to help employees discover and resolve health issues in a timely manner, and to safeguard their physical and mental health.

Employee Development and Training

We are committed to providing targeted training programs for our employees to help them continuously improve their professional skills, expand their knowledge, and adapt to the rapidly changing market environment. Our training programs include but are not limited to technical training, leadership development, communication skills and teamwork. Through internal trainings, external trainings, online learning platforms and other channels, we strive to provide employees with flexible and diverse learning opportunities to meet their different learning needs and interests.

During the Reporting Period, we provided training for all 185 employees with a total of 2,035 training hours delivered, resulting in an average of 11 training hours per employee. The directors had attended and provided the ESG trainings with the topics including the domestic and international ESG development trends and relevant regulatory requirements.

Particulars of the trainings are as follows:

Table 8 Staff Training

Employee category	Unit	23/24	22/23
Percentage of employees trained			
By Gender			
Male	Percentage	100%	82%
Female	Percentage	100%	59%
By Ranking			
General staff	Percentage	100%	73%
Management	Percentage	100%	85%
Average training hours per employee			
By Gender			
Male	Hour	11	10
Female	Hour	11	5
By Ranking			
General staff	Hour	12	8
Management	Hour	7	7

Note:

- Percentage of employees trained = number of employees trained during the Reporting Period/total number of employees in relevant category as at the end of the Reporting Period * 100%

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Employee Welfare

We are committed to providing a diverse and comprehensive range of benefits to ensure that our employees are fully cared about and supported in their work. Our welfare policies cover various aspects including medical insurance, education subsidy, enhancement of professional skills or management trainings, stock incentive, performance bonus, meal allowance, etc..

We value the health and happiness of our female employees, regularly organize seminars about knowledge of psychological health, and offer gynecological examinations and other services, to ensure their physical and mental health.

In terms of employee relations, we actively organize various holiday celebrations, team-building activities and employee gatherings to facilitate interaction and cohesion among employees. We uphold the principles of equality and fairness in employment, and provide employees with a good working environment and development opportunities to promote their personal growth and career development.

Labour Standards

To safeguard employee's rights and promote the harmonious development of labour relationships, the Group strictly complies with the relevant labour standards and laws and regulations in mainland China and Hong Kong, including but not limited to the Labour Law of the People's Republic of China and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and has formulated the Attendance and Leave Management System.

We strictly prohibits the child labour and forced labour. The Human Resources Department will examine candidates' identification documents during recruitment to confirm that the personal data is authentic. Any employee who finds any child labour or forced labour should report in a timely manner, and the Enterprise shall establish a special team to carry out investigation while protecting the privacy and safety of the reporter; and if verified, the Enterprise will handle the case in accordance with laws.

Cherish Sunshine is committed to respecting and protecting the employee's rights of communication, and creating an open and inclusive working environment. The Company encourages its employees to actively express their opinions and suggestions and has established various communication channels, such as employee suggestion boxes, regular seminars and online feedback platforms, to ensure that every employee's voice can be heard and valued.

During the Reporting Period, the Group did not receive any reports of material non-compliance with laws and regulations relating to preventing child and forced labour that would have a significant impact on the Enterprise.

Supply Chain Management

Selection and Evaluation of Suppliers

The suppliers of the Group can be divided into five main categories, referring to suppliers of the provision of procurement services, provision of corporate IT solution, trading business, buildings rental business and energy management contracting business.

During the Reporting Period, we had a total of 97 major suppliers, and their geographical distribution was as follows:

Table 9 Distribution of Suppliers of Cherish Sunshine

Geographical region	23/24	22/23
Hong Kong	20	20
Mainland China	77	77

The Group actively carries out the selection and evaluation of suppliers, considering their performance in terms of product quality, price reliability, delivery capability, service quality and other aspects to ensure the stability and sustainability of the supply chain as well as to eliminate any related environmental and social risks.

All major suppliers have been assessed during the Reporting Period. We evaluate and select suitable suppliers according to the needs of our customers and the terms of trade. During supplier selection, different factors are considered, including product quality, price stability, delivery arrangement, customer service quality, payment terms, and whether they have environmental certification etc. The suppliers' social and environmental performance are assessed and the supplier list is updated regularly. All suppliers have to pass our quality assurance and testing procedures before engagement. Through the close cooperation with suppliers and continuous improvement, we continue to enhance the transparency, efficiency and quality of supply chain to provide our customers with high-quality products and services.

Supplier Management

Supplier management is crucial to the operation of the enterprise. We are committed to establishing and maintaining good relationships with suppliers, and take a series of measures to manage suppliers, including but not limited to regularly assessing suppliers' performance, maintaining close communication with suppliers, jointly setting cooperation goals and standards with suppliers, and establishing a two-way feedback mechanism. At the same time, we also encourage suppliers to comply with the standards of ethical and social responsibility as an enterprise, ensuring that their production and delivery processes comply with relevant laws and regulations as well as industry standards.

Product Responsibility

Customer First

In our corporate culture, customer first is one of our core values. We firmly believe that customer satisfaction and needs are the keys to our success.

Cherish Sunshine strictly complies with the Product Quality Law of the People's Republic of China, the Standardisation Law of the People's Republic of China and IEC 61215-2, as well as other domestic and international policies and standards regarding product quality and safety, and also establishes a management system that covers the entire lifecycle.

We have obtained GB/T 19001-2016/ISO 9001:2015 Certificate of Quality Management System and ISO/IEC 20000-1:2018 Certificate of Information Technology Service Management System to demonstrate our high standards of quality management. We have established and implemented relevant procedures to ensure product and service quality.

- 1 Customer-driven service design: We are committed to designing products and services that meet customers' needs and expectations. Through deeply understanding our customers' needs, we continuously optimize the product design process to ensure that our products can meet customers' needs and provide value to them.
- 2 High-quality customer service and support: We have established a comprehensive customer service system to provide customers with pre-sales consultation and after-sales service in a timely and professional manner. We pay attention to customers' feedback and advice, and make timely adjustments and improvements to ensure customers' satisfaction.
- 3 Long-term and stable customer relationships: We have established long-term and stable cooperative relationships with customers, developed a cooperation model of mutual trust and mutual benefit, and grew together with customers to achieve a win-win situation.
- 4 Continuous improvement and innovation: We continuously improve and innovate our products and services to adapt to the constantly changing needs of customers and market dynamics. We provide customers with products and services with higher quality and competitiveness through continuous R&D and technological innovation.

During the Reporting Period, the Enterprise did not receive any complaints about the quality of our products and services.

During the Reporting Period, the Enterprise did not receive any reports of material non-compliance with laws and regulations relating to products and services provided (especially those relating to health and safety, advertising and labelling of services provided by the Group) that would have a significant impact on the Enterprise. Neither did the Enterprise experienced any recalls for safety and health reasons.

Privacy Protection

Data Protection

The Enterprise places great importance on the data privacy of its customers and employees, adopting a series of measures to protect the safety and privacy of their personal information. We comply with all applicable laws and regulations regarding data protection, including but not limited to the General Data Protection Regulation (GDPR) and the Personal Information Protection Law, and have formulated an Information Disclosure Management System to ensure the legality and transparency of data collection, processing and storage. We have established a strict data security management system and a technical protection system for the encrypted storage, controlled access rights and secure transmission for such data to prevent data leakage, misuse and tampering.

At the same time, we continuously strengthen the awareness and training of employees in terms of data protection, emphasizing the importance of data confidentiality and regulating the behaviors of employees in handling personal information. We are committed to providing a safe and reliable data protection environment for customers and employees, safeguarding their rights and interests of data privacy, and protecting their personal information from infringement. We have obtained GB/T 22080–2016/ISO/IEC 27001:2013 Certificate of Information Security Management System.

During the Reporting Period, the Group did not receive any reports of material non-compliance with laws and regulations relating to data and privacy protection that would have a significant impact on the Group.

Cybersecurity

The Group places a high emphasis on network security, formulating and implementing General Principles of Information Management in a strict manner to ensure that our network systems and data are protected from cyber threats and attacks. We have also established a comprehensive network security management system, including the implementation of measures such as strict access control and permission management, the deployment of advanced firewalls and intrusion detection systems, and regular scanning of network vulnerability and security assessments, to ensure the stability and security of the network systems.

In addition, we have formulated the Management System of Employees' Conduct for Office Computer to continuously strengthen the training for employees' awareness of network security, educating them on how to identify and respond to cyber threats, as well as how to properly handle sensitive information and data. We are committed to establishing a secure and reliable network environment to protect the information security and privacy of customers and employees, ensuring the normal operation and continuous development of the Enterprise's business.

Intellectual Property Rights

As an enterprise that focuses on innovation, we are well aware of the importance of intellectual property rights. We strictly implement the intellectual property rights management system, strengthen the education and training of employees on intellectual property, establish a strict intellectual property protection mechanism, actively advocate for the protection of intellectual property rights, and cooperate with all parties to jointly maintain a fair competitive market order.

During the Reporting Period, the Group did not receive any reports of intellectual property rights infringements that would have a significant impact on the Company.

Anti-corruption

We are against all forms of corruption and embezzlement, including but not limited to bribery, accepting bribes and misappropriation of public funds. We strictly comply with relevant laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. We establish a sound internal control system and supervision mechanism to ensure the transparency and fairness of the Enterprise's business activities and decision-making processes. Through enhanced education and training for employees, including training seminars, we raise their legal awareness and ethical standards, emphasize the business practices of integrity and strictly prohibit illegal and irregular behavior. At the same time, we encourage employees to report any illegal or irregular behavior and protect the legal rights of the whistleblowers, ensuring the accessibility and confidentiality of reporting channels. We will adopt a zero-tolerance attitude towards corrupt behavior, resolutely combat corruption, and uphold a good image of the Enterprise of fairness and justice.

Reporting approach: send mails via the Company's internal mailbox to the mailbox of Discipline Inspection Department of Cherish Sunshine: jijianwei@sunshine1094.com

To prevent and combat bribery, extortion, fraud and money laundering, we have taken a series of effective measures:

- 1 Establish an internal control mechanism, strengthen internal audits to supervise and manage capital flows and financial activities, to prevent the occurrence of corruption and embezzlement.
- 2 Set up reporting channels and procedures, providing employees with safe and confidential reporting channels, and establish a handling mechanism for reported cases to investigate and deal with such cases in a timely manner.
- 3 Regularly provide training and education lectures regarding anti-corruption and anti-embezzlement to directors and employees, to enhance their awareness of identification and prevention of corruptions and embezzlements, and to improve their compliance awareness and legal literacy.
- 4 Suppliers and partners are also required to comply with the requirements relating to anti-corruption and anti-embezzlement.

Environmental, Social and Governance Report

During the Reporting Period, the Group was not aware of any concluded legal cases regarding corrupt practices brought against the Group or our employees, nor any non-compliance with applicable laws and regulations relating to anti-corruption, bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Community Investment

We regard community management as an important part of corporate social responsibility, and actively participate in community activities and pay attention to community development and the needs of the residents. We have established good cooperative relationships with local governments, non-profit organizations and community residents to jointly carry out various community services and public welfare activities. During the Reporting Period, the Group is devoted to anti-fraud promotion work. We conducted anti-fraud promotion on sites, including posting posters in relation to the prevention of illegal fundraising.

We encourage our employees to actively participate in community volunteer activities, to exert their sense of social responsibility and action, and to contribute to community development. Through these efforts, we hope to provide a better living environment for community residents and promote the healthy, stable and sustainable development of the community.

APPENDIX: ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Section
Mandatory Disclosure Requirements		
MDR13 Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	About Sustainability Governance; Materiality Issues; Climate Change
MDR14 Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles of (a) materiality; (b) quantitative; (c) consistency.	About This Report
MDR15 Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report
"Comply or explain" Provisions		
A. Environmental		
A1. Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Carbon Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Carbon Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste

Aspects, General Disclosures and KPIs	Description	Section
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — Carbon Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste
A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Water Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company's business does not involve the use of packaging material
A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Aspects, General Disclosures and KPIs	Description	Section
A4. Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Employment and Labour Practices		
B1. Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2. Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety

Aspects, General Disclosures and KPIs	Description	Section
B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development and Training
B4. Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosures and KPIs	Description	Section
B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's business does not involve the recall of products
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	The Company's business does not involve manufacturing and recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Aspects, General Disclosures and KPIs	Description	Section
Community		
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment