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PERENNIAL INTERNATIONAL LIMITED

(Stock code: 00725)

2024

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

CONTENTS

About this Report	2
Scope of the Report	2
Reporting Principles	2
Board Statement	2
Stakeholder Engagement	4
Materiality Analysis	5
Feedback	6
A. Environment	7
1. Emissions	9
2. Use of Resource	14
3. Environment and Natural Resources	17
4. Climate Change	21
B. Social.	22
1. Employment	22
2. Health and Safety	25
3. Development and Training	27
4. Labour Standards	29
5. Supply Chain Management	29
6. Product Responsibility	31
7. Anti-Corruption	33
8. Community Investment	34
9. Major Recognitions and Awards	34
HKEX's Appendix C2 Environmental, Social and Governance Reporting Code	35

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

Scope of the Report

This is the Environmental, Social, and Governance (“ESG”) Report of Perennial International Limited (the “Company”, and collectively with its subsidiaries referred as the “Group”), highlighting ESG performance, with disclosure reference made to the ESG Reporting Code as described in Appendix C2 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group engages in the manufacturing and trading of high-quality power cord sets, cables and solid wires, wire harnesses and plastic resins as well as the selling of these products to multinational electrical appliances and electronic product manufacturers. This ESG report covers the Group’s overall environmental and social performances of its major business operations in Hong Kong, Shenzhen of the People’s Republic of China (the “PRC”) and Vietnam from 1 January 2024 to 31 December 2024 (the “Reporting Period”), unless otherwise stated. The Report is published in both English and Traditional Chinese versions. In case of discrepancies the English version shall prevail.

Reporting Principles

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 to the Listing Rules of the Stock Exchange (the “Guide”). The contents covered herein are in compliance with the provision of “Comply or Explain” as well as four reporting principles of materiality, quantitative, balance and consistency required in the Guide.

This report follows the ESG reporting guide and applies the following principles:

Materiality – Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement which are presented in the section “Stakeholder Engagement and Materiality” in the Report.

Quantitative – Key performance indicators (“KPIs”) have been established and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance – The Report presents the Group’s performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

Consistency – Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

Board Statement

Throughout the year, we have made steady progress and implemented significant transformations by giving utmost importance to Environmental, Social, and Governance (ESG) concerns, as we aim for sustainable and long-lasting development.

Our commitment to ESG goes beyond being a strategic objective, it is deeply rooted in our corporate philosophy. As a leading innovation consultancy focused on manufacturing and trading high-quality power cord sets, cables solid wires and so on, we are dedicated to generating positive influences through cutting edge products, nurturing our workforce, and preserving the environment, all while pursuing our business expansion.

Environmental, Social and Governance Report (Continued)

Board Statement (Continued)

The Board of Directors (the “Board”) is accountable for overseeing and assessing ESG risks and performance within the Group. They are also responsible for developing and reviewing ESG policies to effectively prioritize and manage significant ESG matters. Additionally, the Board monitors the advancement of ESG goals and reviews the information disclosed in the ESG report to ensure compliance with the Listing Rules and Guidance provided by The Stock Exchange of Hong Kong Limited.

As part of the Group’s commitment to ESG management objectives and strategies, policies and measures are effectively coordinated and implemented throughout the organization’s premises and departments in their daily operations. Major customers regularly conduct social responsibility assessments on the Group’s production bases. These assessments provide recommendations that the Group utilizes to enhance its internal management, demonstrating its ongoing dedication to corporate social responsibility.

For the sake of responding to stakeholder concerns, the Group conducts internal and external stakeholder engagement regularly to identify and assess the materiality of each ESG issue to the Group and its stakeholders. The Group develops and implements ESG measures according to the materiality of the ESG issues assessed and reports them in the ESG report.

Moving forward, the Group is committed to enhancing sustainability performance and further incorporate sustainability into its core strategy. This Report sets out the sustainability practices and approaches of the Group in response to stakeholder concerns and expectations.

The Group’s Future Development and Commitments

The Group commits to upholding a high standard of corporate governance, strictly following the code of ethics, advocating environmental protection and community services, and promoting social responsibility practices. Furthermore, it also embeds social responsibility into its operation and management to facilitate sustainability in economy, society and the environment.

With these principles in mind, the Group strives for long-term sustainable growth with its shareholders. While committed to maximise profits, the Group also strives to reduce its negative impacts on the environment, its workforce, business partners, and the community. Through the establishment of management systems and implementation of various measures in terms of environmental protection, protection of labour rights and interests, product quality and social welfare, the Group aims to create value for all its stakeholders.

Sustainability Governance

As mentioned above, the Board has overall responsibility for the Group’s sustainability strategy and reporting. The sustainability plan of the Group is developed based on results of ESG Reports, which is reviewed on an annual basis and adjusted as needed to align with the long-term business strategy of the Group.

Board Statement (Continued)

Sustainability Governance (Continued)

The management team of the Group has also been delegated the responsibility of assessing and managing ESG-related issues. If any ESG issues are identified, the management team shall meet with the Board to discuss possible solutions through a bottom up approach. These measures shall ensure the sustainable and responsible growth and operation of the Group.



Stakeholder Engagement

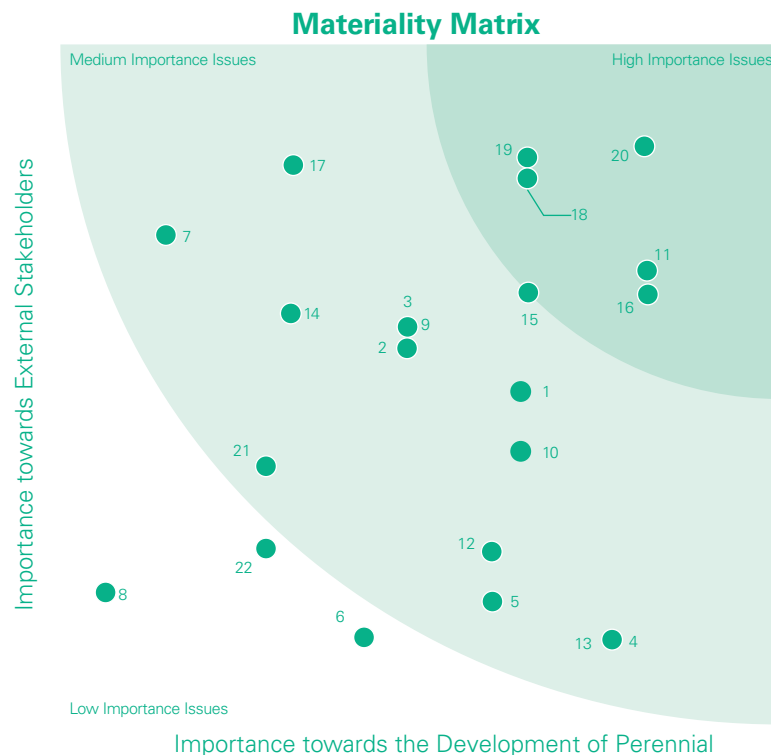
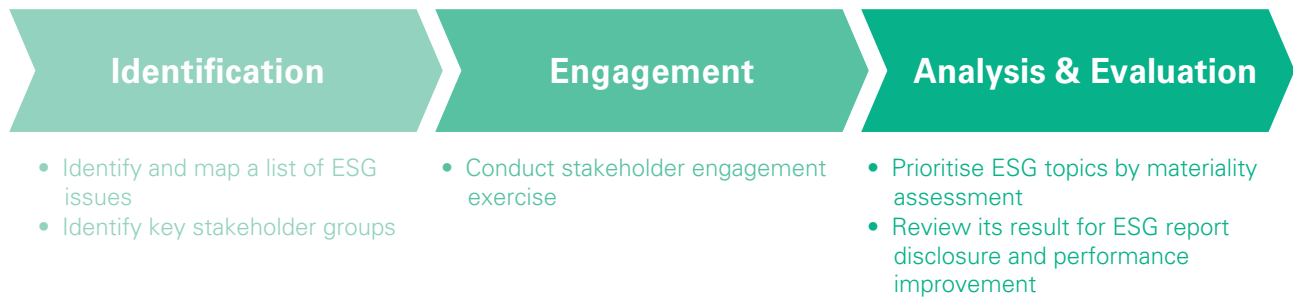
The Group highly values feedback and opinions from stakeholders who are impacted by its operational activities, including customers, employees, and suppliers. We actively engage with stakeholders through diverse channels to foster a shared understanding of the ESG vision and expectations. By doing so, we strive to achieve the sustainable development of the Group.

During the Reporting Period, the Group appointed an independent consultancy to conduct stakeholder communication activities and materiality analysis, including management interviews, and external and internal stakeholders' surveys, to understand stakeholders' awareness and vision of ESG. The Group has not only identified key stakeholder groups that have concerns about issues with a potential significant impact on our business or those who could be significantly affected by our operations, but also maintains regular communication with them through various channels. These communication channels are illustrated in the table below:

Stakeholder groups	Communication channels
Shareholders	<ul style="list-style-type: none"> Regular announcement Annual general meetings
Government	<ul style="list-style-type: none"> Appointments
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Regular communications (by means of telephone, site visits, and business dinners)
Employees	<ul style="list-style-type: none"> After-sales service Work appraisal system Suggestion boxes
Suppliers	<ul style="list-style-type: none"> Direct email communication with management staff Continuous follow-up and evaluation Regular communications (by means of telephone, site visits and business dinners)
Charity Partners	<ul style="list-style-type: none"> Active engagement

Materiality Analysis

In order to identify the ESG issues that are material to the Group in establishing appropriate ESG strategies for ESG management and determining the direction of the Report, the Group has commissioned an independent consultancy firm to conduct a materiality assessment in the form of an online questionnaire. Our key stakeholder groups (e.g. board of directors, employees, customers, and suppliers) were invited to fill in the questionnaires and score the identified twenty-two relative ESG topics in accordance with their importance to the Group's business operations and the stakeholders themselves respectively.



Environmental, Social and Governance Report (Continued)

Materiality Analysis (Continued)

Through analysing the results of the questionnaires, the Company identified twenty-two relevant issues that are categorized into three level of importance:

Level of Importance	ESG issues
High importance issues	20 Prevention of bribery, extortion, fraud and money laundering
	19 Protecting the interests of customers and business partners
	18 Customer complaint handling mechanism
	11 Occupational safety and health
	16 Customers' health and safety
	15 Quality control of production material
Medium Importance issues	3 Waste management
	9 Employment and labour system
	2 Wastewater management
	17 Product-recall mechanism
	1 Management of air pollutants and greenhouse gas emission
	14 Environmental and social risks of the supply chain
	7 Impact of management operation on the environment and natural resources
	10 Anti-discrimination, equal and diversified employment environment
	12 Employee development and training
	4 Energy conservation
	13 Labour practices
Low Importance issues	5 Water conservation
	21 Needs and interests of the community
	22 Community investment
	6 Efficiency in the use of other resources
	8 Strengthening climate adaptability & resilience

The results of the materiality assessment were presented to the Board and were validated and approved. The Group strives to maintain open communication with its stakeholders regarding the identified aspects and remains committed to enhancing its ESG performance. Additionally, the Group seeks to strengthen its management of ESG-related risks for future business development. In line with its sustainability vision, the business will persist in operating with strong ethical standards and delivering sustainable returns to stakeholders.

Feedback

We greatly appreciate your valuable input on this report. Your feedback plays a crucial role in realizing our vision for a sustainable future. We encourage you to share your comments through any of the following channels:

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1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong

Telephone: +852 3524 4800

Email: info@perennialcable.com

Environmental, Social and Governance Report (Continued)

A. Environment

The Group strives to make contributions to environmental protection to achieve sustainable development. We strictly comply with relevant laws and regulations of in the PRC, Hong Kong, and Vietnam during the Reporting Period. These include, but not limited to:

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> • Environmental Protection Law of the PRC • Air Pollution Prevention and Control Law of the PRC • Water Pollution Prevention Law of the PRC • Law of the PRC on Prevention and Control of Pollution by Environmental Noise 	<ul style="list-style-type: none"> • Air Pollution Control Ordinance • Waste Disposal Ordinance • Noise Control Ordinance 	<ul style="list-style-type: none"> • Law on Environmental Protection • National Technical Regulation on Ambient Air Quality • National Technical Regulation on Industrial Emission of Inorganic Substance and Dust • Decree on Management of Waste and Discarded Materials • Decree on the Drainage and Treatment of Wastewater

During the Reporting Period, the Group maintained compliance with all relevant laws and regulations, with no instances of noncompliance reported. Each production base within the Group has developed its own set of Environmental Procedures, serving as comprehensive guidelines for departments to follow. These procedures address key aspects such as energy conservation, resource efficiency, proper waste disposal, and environmental pollution prevention and control. Furthermore, the responsibilities of Group personnel are clearly defined within these procedures, ensuring effective implementation. The Group is committed to continuously reviewing and evaluating its environmental management plans, procedures, targets, and indicators. In cases where uncertainties arise, prompt corrective and preventive measures are taken to address any concerns and uphold environmental standards.

In addition, pursuant to the Provisions of Carbon Emissions Management of the Shenzhen Special Economic Zone and Interim Measures of Shenzhen Municipality for the Administration of Carbon Emission Permits Trading, the Group's production base in Shenzhen has joined the Shenzhen carbon emission trading market.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)

The Group's environmental targets, steps taken, and environmental performance indicators are as follows:

Environmental Objectives	Environmental Protection Steps Taken	Specific Environmental Performance Indicators ²
Reduction of Greenhouse Gas ("GHG") Emission	<ul style="list-style-type: none"> Installed exhaust treatment device to reduce air pollutants Replaced with LED lighting gradually Installed solar panels in Vietnam factory 	<ul style="list-style-type: none"> Reduce GHG emissions (Scope 1 and Scope 2 inclusive) per unit of total sales volume by 30% when compared to 2021³ by 2030
Increase of energy efficiency	<ul style="list-style-type: none"> Utilized residual heat from air compressors to supply hot water for dormitories in PRC factories Adopted devices with energy saving functions Turned off unnecessary electrical equipment 	<ul style="list-style-type: none"> Reduce the intensity of electricity by 30% by 2030 compared to 2021
Improvement of water efficiency	<ul style="list-style-type: none"> Equipped with water reutilization basin to collect and reuse the production water from workshops in PRC production sites Established a wastewater treatment plant in Vietnam to avoid water pollution Used the recycled water for cooling process Checked the plumbing system for leaks regularly Assessed the effectiveness of water reduction regularly based on monthly water usage schedule 	<ul style="list-style-type: none"> Reduce water use intensity by 20% compared to 2021 by 2030
Reduction of waste	<ul style="list-style-type: none"> Recycled and reused the used plastic resins for wires in certain products in PRC production sites Reused PVC during injection moulding process in Vietnam production sites Set up electronic system to reduce paper usage Adopted double-sided printing and printing with single-sided used paper 	<ul style="list-style-type: none"> Reduce the intensity of hazardous waste by 50% by 2030 compared to 2021 Reduce the intensity of non-hazardous waste by 20% by 2030 compared to 2021

² The Group may consider reevaluating its 10-year target if increased figures are sustained for the next Reporting Period.

³ 2021 represents the Reporting Period of the baseline year.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**1. Emissions****Air Emission**

During the Reporting Period, liquefied petroleum gas ("LPG") was consumed for canteen operations, while petrol and diesel were consumed for Group-owned vehicles, namely forklift trucks and motor vehicles, which contributed to the emission of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and particulate matters ("PM") emissions during the Reporting Period.

Type of Air Emission	Unit	2024	2023
NO _x	kg	278	400
SO _x		1	2
PM		20	35

Note: Emission factors for calculations on environmental parameters throughout this report were disclosed under Appendix C2 of the Main Board Listing Rules and documentation referred thereto, unless stated otherwise.

Greenhouse Gas Emissions

The primary contributor to the Group's emissions is the electricity consumption associated with its daily production site operations. To address this, please refer to the "Energy Consumption" section for details on the implemented measures aimed at reducing electricity usage and mitigating emissions. In the PRC factory, we hired environmental engineers to inspect the green project development. Furthermore, the Group is actively working to minimize air and GHG emissions by installing emission reduction devices on specific machinery. For instance, welding smoke purifiers are utilized during the soldering process, while filters are installed to manage exhaust gases generated from the extrusion process. These measures are undertaken to lessen environmental impacts and promote sustainable practices.

During the Reporting Period, 2,648 tonnes of carbon dioxide equivalent ("tCO₂e") GHG (mainly carbon dioxide, methane and nitrous oxide) were emitted from the Group's operations. This is a 5% decrease versus the last reporting year.

The Group's GHG emission intensity (Scope 1 and Scope 2 inclusive) in 2021 was 426 kgCO₂e per tonne of output, which means the Group has recorded a 5% increase in that from the baseline year for this Reporting Period. Based on these results, the Group may consider re-evaluating its 10-year target for emissions intensity reduction, if these increased emissions figures are sustained for the next Reporting Period.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**1. Emissions (Continued)****Greenhouse Gas Emissions (Continued)**

The Group's GHG emissions in the Reporting Period are as below:

GHG Emission Category	Unit	2024	2023	2022
Scope 1: Direct Emissions				
LPG	tCO ₂ e	14	9	8
Diesel		137	119	114
Petrol		29	355	5
Refrigerants and extinguishing agents		36	5	17
Scope 2: Indirect Emissions				
Purchased electricity	tCO ₂ e	2,387	2,220	3,228
Scope 3: Other Indirect Emissions				
Paper waste disposal	tCO ₂ e	4	6	7
Electricity used for freshwater treatment by government		28	48	34
Electricity used for sewage treatment by government		14	24	16
Total		2,648	2,786	3,429
The intensity of GHG Emissions (Scope 1 and 2 inclusive)	kgCO ₂ e/tonne of output	446	498	592
Overall GHG intensity	kgCO ₂ e/tonne of output	454	513	602

Notes:

- Scope 1 involves Diesel, LPG, mobile combustion of diesel and petrol as well as refrigerants and extinguishing agents.
- Scope 2 includes emissions resulting from the purchased electricity consumed within the Group.
- Scope 3 covers Paper waste disposal, Electricity used for freshwater treatment by government, and Electricity used for sewage treatment by government.
- The calculations are based on Appendix 2: Reporting Guidance on Environmental KPIs, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Sixth Assessment Report (AR6) for FY2023 and FY2024 while AR5 for FY2022, the sustainability or annual reports from CLP Power Hong Kong Limited, Drainage Service Department and Water Service Department, the Ministry of Ecology and Environment of the People's Republic of China and the Carbon Footprint Ltd's GHG Factors for International Grid Electricity (ROW).

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**1. Emissions (Continued)****Hazardous and non-hazardous waste**

We are fully aware of the importance of waste management. The Group's wastes are identified and classified into hazardous waste and non-hazardous waste. The Group's waste management practices strictly abide by waste disposal-related rules and regulations.

Our waste collection system includes the implementation of designated waste collection bins. Additionally, employee training is provided to enhance their ability to identify and differentiate various types of waste as well as properly sort and store waste in designated locations. This allows to promote effective waste management and facilitates appropriate disposal practices.

(i) Hazardous Waste

The Group generated most of its hazardous waste from disposal of waste mineral oil and these wastes were collected by authorised waste disposal agencies for disposal or further processing. In addition, we closely monitor the entire waste collection process and take necessary measures to uphold the standards. This includes evaluating the performance of authorized waste disposal agencies and renewing their contracts as needed. By doing so, we ensure that all waste management activities align with the required guidelines and regulations.

During the Reporting Period, the Group generated 657 kg of solid hazardous waste from its production sites, warehouses, and offices, which were stored and disposed of accordingly by authorised waste disposal agencies.

The overall intensity of hazardous waste generated was 0.11 kg per tonne of output.

The amount of hazardous waste generated by the Group during the Reporting Period is as below:

Hazardous waste	Unit	2024	2023	2022
Hardware Waste (e.g. Computer, Printing Cartridges)	kg	6	0	458
Lighting Waste (e.g. Fluorescent Lamps)		143	165	350
Metallic Waste Packaging Containing Hazardous Materials		139	170	50
Waste with Infectious Agent		274	30	30
Waste mineral oil		0	8,600 ⁴	0
Paint and paint residue		90	0	10
Lead Scraps		2	5	8
Waste Batteries		0	0	2
Plastic Chemical Containers Containing Hazardous Materials		3	3	2
Total		657	8,973	1,210
Overall Hazardous Waste Intensity	kg/tonne of output	0.11	1.65	0.21

⁴ The significant increase of waste mineral oil as the oil was replaced and disposed of in 2023 per the laws and regulations.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**1. Emissions (Continued)****Hazardous and non-hazardous waste (Continued)****(iii) Non-hazardous Waste**

Non-hazardous waste from the were either collected by authorised waste disposal agencies for recycling, disposal, or further processing, or collected for reuse within the Group's production sites. In order to reduce non-hazardous waste, we implemented a set of measures including:

- Used plastic resins for wires are broken up for recycling and reused in certain products with lower quality requirements (such as plug socket covers) in the Group's PRC production sites;
- Used PVC is also crushed and reused during the injection moulding process in the Group's Vietnam production sites;
- Waste plastic pellets that are generated from the injection moulding process are reused to ensure the efficient use of raw materials; and
- Training in relation to the production process to employees and junior management staff is provided to ensure that the use of raw materials is strictly controlled.

Paper is used for daily office operations such as documents printing. As such, we minimize paper usage to conserve the natural resources by the following measures:

- Recycling paper are encouraged among employees to reduce paper waste disposal at landfills;
- Double-sided printing and printing with single-sided used paper are adopted for non-formal and non-confidential documents; and
- Using electronic document for document issuance and notification to promote a paperless office environment.

During the Reporting Period, the Group had generated 216,010 kg of non-hazardous waste from its production sites, warehouses, and office, which were stored into categories of "recyclable" and "non-recyclable". We conducted training to raise awareness of waste reduction and recycling. Those wastes are then then handled and recycled (as appropriate) by authorised waste disposal agencies. In addition, some of the non-hazardous waste is also reused in production plants.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**1. Emissions (Continued)****Hazardous and non-hazardous waste (Continued)****(iii) Non-hazardous Waste (Continued)**

The amount of non-hazardous generated by the Group during the Reporting Period is as below:

Type of non-hazardous waste	Unit	2024	2023	2022
Reusable/Recyclable Plastic	kg	52,400	69,900	67,800
Domestic/Office Waste		45,004	51,900	30,800
Other Paper Waste (Non-office paper, such as newspaper, cardboard, etc.)		18,538	15,400	22,200
Non-Reusable Plastic		28,108	9,400	11,900
Waste Wire		47,450	13,300	10,400
Scrap Copper		24,510	16,600	5,600
Total		216,010	176,500	148,700
Overall Non-hazardous Waste Intensity	kg/tonne of output	37.0	32.5	26.1

Through the above measures, the Group set long-term targets to reduce its hazardous and non-hazardous waste generation intensity. See below for the detail breakdown of the Group's progress towards its waste generation intensity reduction target:

Type of Waste	2021 Figures	Reduction Target by 2030	2024 Figures	% Change
Hazardous Waste Generation Intensity	0.96 kg per tonne of output	-50%	0.11 kg per tonne of output	-88%
Non-Hazardous Waste Generation Intensity	25.90 kg per tonne of output	-20%	37.03 kg per tonne of output	43%

Based on these results, the Group may consider re-evaluating its 10-year target for hazardous and non-hazardous waste generation intensity reduction, if these reduced hazardous and non-hazardous waste figures are sustained for the next Reporting Period.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**2. Use of Resource**

Raw materials used in the Group's production mainly include copper wires, rubber and plastics, packaging materials, and municipal water. The Group strives to improve its resource consumption efficiency without compromising on strict compliance with international quality standards for its products. Based on this principle, the Group is committed to protecting the environment by enhancing operational efficiency to reduce energy and water consumption.

Energy Consumption

We set up the regulation of "Regulation E3-0050-01 Regulation 6S" to monitor and inspect the use of machinery daily. In the Vietnam factory, solar panels are installed in our buildings to provide green electricity. The Group strives to increase overall energy efficiency and reduce its dependence on conventional energy sources. Its efforts in this respect include the following energy conservation measures for indoor temperature regulation, lighting, and heating:

- Unnecessary electrical equipment is turned off;
- Devices with energy saving functions are adopted;
- The Group's factories in China are designed based on the principle of "north-south orientation" to facilitate air circulation in the factory, thus reducing the demand for indoor air conditioning;
- Natural ventilation was adopted during the construction of the factory in Vietnam for air circulation. Currently, electric fans are mostly used instead of air conditioning;
- Energy-saving lamps are used for indoor lighting in the factories in China, while 100W LED lamps are used for outdoor lighting;
- Fluorescent bulbs are gradually replaced by LED;
- LED lamps are also used in the factory in Vietnam to reduce electricity consumption;
- Windows are installed at the production area of the Vietnam factory to bring more natural light, reducing the demand for lamps;
- Factories in China utilise residual heat from air compressors to supply hot water for dormitories; and
- During the construction of Vietnam factory, priority was given to purchase the latest equipment with higher energy efficiency to reduce unnecessary energy consumption in the production process.

A total of 5,478,649 Kilowatt-hour ("kWh") of energy was consumed by the Group for its operations during the Reporting Period. Electricity was the major source of energy for the Group, which was used for powering production machinery and providing energy to its dormitories. In addition, the Group also consumed diesel and petrol to power forklift trucks and motor vehicles, as well as LPG in its staff canteen.

The intensity was 939 kWh of energy consumption per tonne of output. The Group's energy use intensity in 2021 was 709 kWh per tonne of output, which means the Group has recorded a 32% increase in energy use intensity from the baseline year for this Reporting Period. Based on these results, the Group may consider re-evaluating its 10-year target for water use intensity reduction, if these increased water consumption figures are sustained for the next Reporting Period.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**2. Use of Resource (Continued)****Energy Consumption (Continued)**

See below for the detailed breakdown of FY2022-2024 energy consumption, as well as comparisons with previous years.

Resources	Unit	2024	2023	2022
Type of Energy Consumption	kWh			
Direct Energy Consumption		681,877	1,888,200	481,600
Diesel		510,497	446,000	427,300
LPG		56,760	36,600	38,800
Petrol		114,620	1,405,600	15,500
Indirect Energy Consumption		4,796,772	4,173,800	5,839,000
Electricity Consumption		4,796,772	4,173,800	5,839,000
Total		5,478,649	6,062,000	6,320,600
Overall Energy Use Intensity	kWh/tonne of output	939	1,115	1,109

Water Consumption

The Group abides by the rules and regulations in relation to water pollution control, and the Group has had no problem in sourcing water that is fit for purpose during the Reporting Period.

The Group has implemented various measures to reduce its water consumption as follows:

- Production sites in the PRC are equipped with water re-utilization basin to collect and reuse the production water from workshops, saving approximately 10,000 m³ of water annually;
- Construction of a wastewater treatment plant in Vietnam to avoid water pollution;
- Recycled water is used for cooling process at the production site in Vietnam to reduce water consumption for production;
- Water pipes are continuously inspected and repaired whenever leakages are identified, so as to reduce unnecessary waste of water resources caused by pipe breakage and equipment damage;
- Various water conservation projects outside of the production process have also been implemented, such as installing an automatic spraying device in the garden of the Vietnam factory to reduce water usage;
- The effectiveness of water reduction is assessed regularly based on the monthly water usage schedule; and
- Awareness of water saving increased due to promotional materials.

The Group's water use intensity in 2021 was 7.3 m³ per tonne of output, which means the Group has recorded a 50% increase in water use intensity from the baseline year for this Reporting Period. Based on these results, the Group may consider re-evaluating its 10-year target for water use intensity reduction, if these increased water consumption figures are sustained for the next Reporting Period.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**2. Use of Resource (Continued)****Water Consumption (Continued)**

The total water consumption of the Group is as below:

	Unit	2024	2023	2022
Water Consumption	m ³	65,152	111,900	80,782
Water Use Intensity	m ³ /tonne of output	11.2	20.6	14.2

The Group will continue to review the amount of resource consumption and explore more energy and water-saving products in order to efficiently use energy and water. Also, we will regularly review the amount of electricity and water usage.

Packaging Materials

During the Reporting Period, the Group consumed a total of 495.8 tonnes of packaging materials for product packaging and protection, which mainly comprised paper, wood, and plastic-based materials. The intensity was 85 kg of packaging material per tonne of output.

See below for the detailed breakdown of FY2022-2024 packaging material consumption, as well as comparisons with previous years.

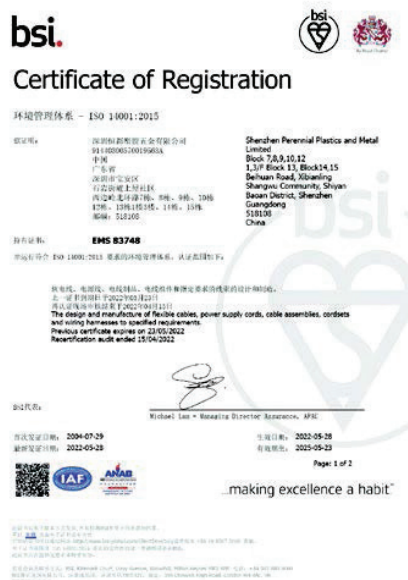
Type of packaging materials used	Unit	2024	2023	2022
Paper-Based	kg	322,725	199,500	138,900
Wood-Based		155,370	114,900	64,700
Plastic-Based		17,750	10,900	6,300
Total		495,845	325,300	209,900
The intensity of packaging material used	kg/tonne of output	85.0	59.9	36.8

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)

3. Environment and Natural Resources

In order to minimise the direct impact of its operations on the environment, the Group has implemented the Environmental Pollution Prevention and Control Procedures and the Occupational Health, Safety and Environmental Policy in the PRC and Vietnam respectively to control wastewater, exhaust gases, noise, and waste generated during its operations. Furthermore, we conduct internal assessments twice a year in the Vietnam factory. This can ensure that the Group's environmental performance is in compliance with the environmental protection regulations of the PRC and Vietnam. In addition, the environmental management systems of the Group's production sites in the PRC and Vietnam have been accredited with ISO 14001 certification.



ISO 14001: 2015 Certificate in PRC



ISO 14001: 2015 Certificate in Vietnam

Significant Impacts of Activities on the Environment

To minimize the wastewater impacts, the Group has formulated a series of measures to monitor and reduce the sewage discharge to ensure sewage discharge from its production sites meets local discharge standards.

Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**3. Environment and Natural Resources (Continued)****Significant Impacts of Activities on the Environment (Continued)****Wastewater Treatment Projects**

The Group has appointed a qualified engineering company to build wastewater treatment projects in accordance with the first-class standard of Guangdong Province's Discharge Limits of Water Pollutants to meet discharge standards. Toilet sewage will be treated first in the septic tank, and then discharged to the municipal sewage network. The Group monitors every step of the regular cleaning of the septic tank performed by the contractor to prevent secondary pollution caused by the sewage. During the Reporting Period, the Group arranged sewage inspections for its production sites in the PRC and Vietnam. The results met the local emission requirements, including that of the Emission Standards for Pollutants from Urban Sewage Treatment Plants. The Group actively formulated sewage treatment measures to identify the root causes and improve sewage standards. The Group has installed solid filters in the existing canteen sewage treatment system to reduce the oil content in the sewage. For domestic wastewater, it will be first treated by a septic tank and chlorine is applied to reduce E. Coli content in the sewage. In addition, the Group established a wastewater treatment system in the Vietnam production site in 2020, which helped to improve the treatment of domestic wastewater to ensure that local discharge standards in Vietnam are met.

To minimize the wastewater impacts, the Group has formulated a series of measures to monitor and reduce the sewage discharge to ensure sewage discharge from its production sites meets local discharge standards.



A. Environment (Continued)

3. Environment and Natural Resources (Continued)

Significant Impacts of Activities on the Environment (Continued)

We also strive to remove oil fumes from the canteen, as well as dust and small amounts of harmful gas from the plastic workshop in order to reduce air pollutants.

Grease and Smoke Filtering Systems

We also strive to remove oil fumes from the canteen, as well as dust and small amounts of harmful gas from the plastic workshop in order to reduce air pollutants.

The Group installed a grease and smoke filtering system in the canteen and various air filtering equipment, such as dust collectors, in the workshop. Relevant components such as filters are regularly replaced to ensure their pollutant removal efficiency. Furthermore, the Group regularly examines input materials such as plastics, rubber and organic materials. Materials which fail to meet standards will be improved in order to meet the requirements of the relevant regulations. During the Reporting Period, the Group engaged third party agencies to conduct inspections of exhaust at its PRC and Vietnam production sites, and the inspection results were found to meet the emissions standards required by national regulations of the PRC and Vietnam.

The Group actively reduced noise emissions from machinery at its production sites during the Reporting Period by implementing targeted measures to minimize noise impacts and create a quieter working environment.



A. Environment (Continued)

3. Environment and Natural Resources (Continued)

Significant Impacts of Activities on the Environment (Continued)

The Group actively reduced noise emissions from machinery at its production sites during the Reporting Period by implementing targeted measures to minimize noise impacts and create a quieter working environment.

Noise Mitigation and Monitoring

To ensure the well-being of its workers, the Group mandates the use of earplugs for all employees engaged in noisy work activities. This precautionary measure is implemented to effectively mitigate the potential impact of noise on their health and protect their overall well-being. The Group regularly monitors the noise level of the main operational areas in its PRC production sites per the Emission Standard for Industrial Enterprises Noise at Boundary of China. No cases of noise levels exceeding required limits have been discovered, nor has there been any impact on the communities in the vicinity of the production sites. The Vietnam production site is in an industrial area and does not have any adverse impact on communities. Further, only some processes in the Vietnam production sites emit noise and the overall noise level complies with local standards.

The Group planted trees to reduce greenhouse gases and combat climate change at the Vietnam factory. This initiative reflects our dedication to promoting environmental sustainability and taking meaningful action against climate issues.

Tree Planting

In support of climate action, the Group has taken significant steps by planting in PRC and Vietnam factories. This initiative aims not only to enhance the local ecosystem but also to reduce greenhouse gas emissions and address the pressing issue of climate change. Through these efforts, the Group is actively contributing to a more sustainable future and promoting environmental stewardship within the community.



Environmental, Social and Governance Report (Continued)

A. Environment (Continued)**4. Climate Change**

Climate change influences extreme weather by causing severe typhoons and rainstorms. We regularly assess and manage the risks of climate change to us. On this ground, the Group has identified relevant climate-related risks and assessed their potential financial impacts. The climate risks identified and the potential financial impacts affecting the Group are shown below:

Type of Risk	Description of the Risk	Potential Financial Impact
Chronic risk	The gradual transformation of the natural environment caused by climate change has made changes in precipitation patterns and extreme variability in weather patterns	Throughout the transition period, the Group anticipates higher procurement expenses associated with the adoption of new and alternative technologies, as well as additional costs related to the implementation and deployment of new practices and processes.

The Group has implemented various measures to mitigate the impacts of climate change, such as more severe and frequent tropical storms, heavy rainfalls, and floodings. The Group has formulated a series of action plans and emergency response measures to address extreme weather conditions and raise its capacity to adapt to climate change. These include proactive updates on approaching storms, strengthening building structures, reinforcing vulnerable areas, conducting regular window checks, monitoring flood warnings, relocating equipment and valuables from flood-prone areas. We also allocate funds for implementing mitigation measures as well as purchase insurance coverage and provide employees with disaster prevention training and work from home plans. These efforts demonstrate the Group's commitment to addressing climate-related risks and ensuring the safety and resilience of their operations. Furthermore, the Group has adopted various energy-saving and carbon reduction initiatives in order to contribute to the mitigation of climate change risks.

Environmental, Social and Governance Report (Continued)

B. Social**1. Employment**

The Group acknowledges the crucial role of its employees in driving its future growth and accomplishments. With a strong emphasis on fair employment practices, employee well-being, and safety, the Group is fully committed to enhancing employment fairness as well as occupational safety and health management. By prioritizing these aspects, the Group strives to cultivate a secure and nurturing work environment that safeguards the welfare of its employees.

The Group has complied strictly with the relevant laws and regulations in the PRC, Hong Kong, and Vietnam to ensure employees' interests are protected. These include, but not limited to:

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> Labour Law of the PRC Labour Contract Law of the PRC Regulations on Paid Annual Leave for Employees Law of the PRC on the Protection of Women's Rights and Interests Special Rules on the Labour Protection of Female Employees 	<ul style="list-style-type: none"> Employment Ordinance (Cap. 57) Inland Revenue Ordinance (Cap. 112) Sex Discrimination Ordinance (Cap. 480) Mandatory Provident Fund Schemes Ordinance (Cap. 485) Personal Data (Privacy) Ordinance (Cap. 486) Disability Discrimination Ordinance (Cap. 487) Family Status Discrimination Ordinance (Cap. 527) Race Discrimination Ordinance (Cap. 602) Minimum Wage Ordinance (Cap. 608) 	<ul style="list-style-type: none"> Employment Law Labor Code Social Insurance Law Health Insurance Law Criminal Code

Fair Employment and Promotion

The Group has formulated a people-first human resource management policy to protect the welfare of employees and provide them with fair promotion and training opportunities. At the same time, the Group strengthens cohesion among employees and understands their views through various communication channels so as to facilitate long-term development. The Group did not note any cases of material non-compliance in relation to employment during the Reporting Period.

The Group complies strictly with all applicable laws and regulations in relation to recruitments, pursuant to which the Group is to select, recruit and promote its employees at all levels in a fair and open manner based on their knowledge, integrity, ability and experience in either public recruitment or internal promotion. When an employee presents their resignation, the human resources department will arrange an interview with them to understand their motives and identify issues in relation to management and employee turnover rates.

Employee Benefits

During the Reporting Period, there were no major changes in policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination. In addition, the Group was not aware of any violation cases relating to compensation, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the operations of the Group during the Reporting Period.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**1. Employment (Continued)****Employee Benefits (Continued)**

The Group abides by all applicable employment and labour-related laws of the PRC, Hong Kong, and Vietnam. The Group's employees are remunerated in accordance with their performance, qualification, work experience and prevailing industry practice. To establish a framework for employee remuneration and welfare for more effective and systematic management of human resources, the Group has implemented a remuneration system for production line workers where their wages are calculated on a piece-rate basis, allowing them to earn more from extra work. The Group also focuses on employee welfare and offers benefits such as bonuses, annual leave, travel subsidies, meals, lunch subsidies, accommodation and workwear. Overtime work on workdays, rest days and statutory holidays is compensated with 1.5 to 3 times of the basic hourly wage rate as appropriate. Standard employee wages paid by the Group are not lower than local statutory minimum wage standards, and wages are subject to adjustment from time to time in accordance with wage regulations, corporate profits, and personal performance.

Various types of leave, including annual leaves, sick leaves, maternity leaves, paternity leaves and jury services leave, are also provided. The Group safeguards employees' entitlement to statutory benefits. The Group participates in the mandatory provident fund ("MPF") for employees in accordance with the MPF in Hong Kong, the state-managed retirement benefit scheme managed by the PRC government, and the social insurance state pension scheme provided by the Vietnam government respectively, and have paid the relevant contributions accordingly. The Group has also maintained employee compensation insurance for all its employees.

To mitigate the impact of COVID-19 on its employees, the Group did not adjust the salary of its internal staff during the Reporting Period. If any employee gets infected or needs to be quarantined, the Group arranges for full pay sick leave for the affected employee. During the Reporting Period, the Group did not dismiss any employees due to COVID-19.

There were no major changes in policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination during the Reporting Period.

Employee Communication

The Group values the voices of its employees. Various communication channels and mechanisms, including suggestion boxes, have been established to encourage employees to express their views and suggestions on the Group's development, business aspects and day-to-day operations. Through the adoption of an incentive mechanism to award employees for suggestions or proposals which are considered to be constructive or adopted by relevant departments, employees are motivated to actively express their views. The Group also respects the right to collective bargaining agreement in accordance with the requirements of relevant local laws of its operations. The Group has established a representative labour union in Vietnam with which the Group's management actively maintains effective communication to discuss matters relating to employee welfare and benefits.

Furthermore, the Group is focused on helping its employees maintain a work-life balance and are committed to fostering a positive working environment to boost morale and develop a sense of belonging. With loosening COVID-19 restrictions, the Group has organised the following recreational events and activities to relieve work stress:

- Mid-Autumn Festival celebrations through mooncake gifts and lucky draws; and
- Annual Outstanding Employee Award at annual gala to recognise contributions of outstanding employees.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**1. Employment (Continued)****Equal Opportunity and Anti-Discrimination**

The Group promotes equal opportunity and is committed to building an equal and diverse working environment. In considering recruitment and promotion of employees, the Group does not practice any discrimination or unfair dismissal based on age, gender, race, religion, marriage status, parental status, sexual orientation, disability or any other individual differences unrelated to work.

The Group has complied with relevant regulations such as the Employment Ordinance of Hong Kong, and the Labour Law of the People's Republic of China. There was no violation during the reporting period.

The number of employees of the Group by different categories as at the last day of the reporting year is as below:

Category	2024	2023	2022
By Gender			
Male	284	253	246
Female	596	477	544
By Employment Type			
Full-time	880	730	701
Part-time	0	0	89
By Employee Category			
Senior Management	12	12	10
Middle Management	31	114	110
Frontline and Other Employees	837	604	670
By Age Group			
18 – 25	109	70	45
26 – 35	308	228	260
36 – 45	203	187	281
46 – 55	217	205	176
Above 56	43	40	28
By Region			
Hong Kong	36	38	36
PRC	357	420	445
Vietnam	486	271	308
USA	1	1	1

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**1. Employment (Continued)****Equal Opportunity and Anti-Discrimination (Continued)**

The employee turnover rate of the Group by different categories as at the last day of the reporting year is as below:

Category	2024 %	2023 %	2022 %
By Gender			
Male	57.0	56.5	51.3
Female	42.3	59.8	37.5
By Age Group			
18 – 25	89.9	154.3	95.2
26 – 35	29.9	44.7	66.2
36 – 45	57.1	59.9	26.6
46 – 55	47.9	49.8	21.5
Above 56	9.3	10.0	14.1
By Region			
Hong Kong	8.3	2.6	10.8
PRC	108.7	94.5	32.6
Vietnam	4.7	11.1	58.8
USA	0	0	0

2. Health and Safety

Employee health and safety is crucial to a productive workplace. The Group is committed to providing a safe working environment for employees, and has accordingly formulated policies, objectives, management systems, and operating procedures regarding occupational safety.

During the Reporting Period, the Group has complied with occupational health-related laws and regulations in the PRC, Hong Kong, and Vietnam to avoid any health risks from being imposed on its employees. These include, but are not limited to:

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> Labour Law of the PRC Labour Contract Law of the PRC Work Safety Law of the PRC PRC Law on The Prevention and Control of Occupational Diseases Regulations of Guangdong Province on Production Safety 	<ul style="list-style-type: none"> Employees' Compensation Ordinance (Cap. 282) Occupational Safety and Health Ordinance (Cap. 509) 	<ul style="list-style-type: none"> Occupational Safety and Health Law Labor Safety and Hygiene Law

There were no major changes in management practice in relation to occupational health and safety during the Reporting Period.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**2. Health and Safety (Continued)**

The Group has established a comprehensive production safety accountability system and management framework with internal rules on production safety management which specify the responsibilities of the production safety committees, departments at various levels and safety production management personnel of production sites in the PRC and Vietnam. Furthermore, the Group has set up the “Environment, Safety and Occupational Hygiene Committee” on work safety and health management comprising qualified and experienced staff from various departments, responsible for supervising the work environment and health conditions in the production sites and the safety compliance of staff. The Group conducts regular production safety accountability assessments for production site workers and conducts comprehensive safety training for its employees during quarterly safety production meetings.

On the other hand, the Group’s production process involves the use of hazardous chemicals and oil products. To safeguard the safety of its employees in the working area, the Group has implemented procedures for handling hazardous chemicals and oil products to prevent any leakage of hazardous chemicals and oil products during the procurement, transportation, storage, use, and disposal processes. In addition, employees responsible for the handling of hazardous chemicals are required to be trained in the knowledge of managing the storage of hazardous substances, and must be accompanied by safety management personnel in handling hazardous chemicals. To further protect the health of our employees, we organized annual health checks for all employees in Vietnam and PRC factories.

Additionally, the Group has formulated a series of measures to respond to and control emergencies including fires, tropical storms and heavy rainfall, and leakage of hazardous substances. Under the production safety accountability system, the Group has established different emergency response teams including a fire services team to provide first response to any incident promptly under secure conditions, in order to keep employees safe and minimise any impact on operations. At the same time, the Group regularly provides trainings such as firefighting training, first aid and rescue training, chemical accident response training to relevant teams to ensure they have sufficient skills to deal with emergencies. In addition, the Group conducts annual emergency training and fire drills for its employees and communicate safety issues through bulletin boards to enhance their safety awareness and ability to handle incidents handling capabilities, in order to reduce the possibility of incident occurrence and impact.

Finally, the Group shows equal concern for the physical well-being of its employees. To ensure the health and safety of its employees in the workplace, the Group continuously monitors and reviews work injuries, conduct regular checks and rectify potential hazards. The Group also arranges annual body checks for all its employees in Vietnam.

During the Reporting Year, despite the gradual recovery of economic stability from the COVID-19 outbreak, the Group remained vigilant in its efforts to safeguard employee health and safety. The Group has formulated various preventive measures to provide a sanitary and safe working environment. These measures include:

- During the more severe periods of the COVID-19 outbreak, self-test kits were provided for all employees and were required to be tested three times a week, so that management could make timely arrangements and provide assistance to staff who tested positive;
- Employees were supplied with protective equipment such as thermometers, face masks and sanitizers;
- Body temperature checks were conducted for employees, large work conferences were minimised, and all employees were required stay in the premises of the Group during lunchtime, to avoid the risk of being infected;
- Employees travelling to and returning from high-risk areas or overseas were required to undergo internal health declaration and respective quarantine to mitigate the risk of transmission;
- A pandemic control working group was set up in the PRC, and a documentation system was developed to effectively and comprehensively monitor the pandemic situation; and
- To ensure a sanitary and safe working environment in the Vietnam production site, the Group conducted thorough disinfection of the factory floor and sterilisation of incoming materials.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**2. Health and Safety (Continued)**

The occupational health and safety data is as follows:

Occupational Health and Safety Data	2024	2023	2022
Work-related fatality	0	0	0
Fatality rate	0.0%	0.0%	0.0%
Work injury cases > 3 days	3	3	6
Work injury cases ≤ 3 days	0	1	3
Lost days due to work injury	122	113	101

During the Reporting Period, the Company did not receive any complaints or lawsuits regarding violations of health and safety-related laws, and there was no work-related death in the past three years.

3. Development and Training

The Group places high importance on its employees as valuable assets and makes significant investments in their growth and development to maximize their potential and contribute to the Group's success. To achieve this, the Group organizes tailored annual training programs based on the specific developmental needs of each department, focusing on enhancing the professional skills of its employees. Regular performance evaluations are conducted through an employee evaluation system, which identifies outstanding individuals and provides them with promotion opportunities to support their career advancement. By nurturing talent and creating avenues for self-improvement, the Group not only fosters employee motivation but also enhances overall work performance, ultimately driving the Group's long-term growth and success.

The Group offers internal and external training opportunities for its employees to allow them to gain the expertise and skills needed for work. New employees are required to attend induction training to familiarize themselves with information such as the Group's background, rules and systems, employee code of conduct, job duties, product identification, quality policy, restriction of hazardous substances ("RoHS"), and occupational safety. Besides induction training, the Group prepares customised annual internal and external training programs for different departments so that employees can discharge their job duties, while enhancing their familiarity with the Company's code of conduct and risks associated with their respective job duties. For example, qualified organisations are invited to provide training to production operators on production expertise of plugs and sockets, and to employees on other ancillary skills such as warehousing, maintenance, technology and quality management, to enhance the professional skills of employees further. The Group also provides courses covering topics such as basic ISO knowledge, site management, firefighting and first aid to satisfy the functional and technical needs of various departments. The effectiveness of training implemented by various departments is evaluated by the Administration Department for review of current training programs.

During the Reporting Period, 855 employees, or 97.2% of all employees, received training as arranged by the Group, and the average training hours that each employee received (inclusive of those who did not receive training) was 15.5 hours.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**3. Development and Training (Continued)**

The percentage of employees trained by different categories of the Group are as below:

Category	2024	2023	2022
By Gender			
Male	31.8	34.6	83.8
Female	68.2	65.4	92.5
By Employee Category			
Senior Management	1.3	1.1	0.0
Middle Management	3.5	20.2	14.7
Frontline and Other Employees	95.2	78.0	94.9
Overall⁵	97.2	72.1	89.8

The average hours of training completed by each employee of the Group are as below:

Category	2024	2023	2022
By Gender			
Male	22.2	17.4	22.0
Female	12.4	17.9	20.6
By Employee Category			
Senior Management	16.7	16.7	0.0
Middle Management	9.7	24.1	6.5
Frontline and Other Employees	15.7	16.6	22.2
Overall	15.5	17.7	21.1

⁵ Overall represents the total employees trained divided by the total employees.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**4. Labour Standards**

The Group has strictly complied with all labour standard laws and regulations to prevent child and forced labour. See below for a list of labour standard-related laws and regulations of the respective regions where the Group operates:

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> • PRC Law on Protection of Minors • Provisions on the Prohibition of Using Child Labour • Regulations on the Special Protection of Minor Workers 	<ul style="list-style-type: none"> • The Employment of Children Regulations under the Employment Ordinance (Cap. 57B) 	<ul style="list-style-type: none"> • Child Protection Law • Labor Code • Criminal Code

The Group has also formulated a Policy on Preventing Child Labor and Policy on Preventing Forced Labour to avoid the employment of forced labour and child labour. Verification of identification and age of applicants are required during the recruitment process. Applicants who have not reached the local statutory working age will not be employed. In addition, the Group conducts regular checks to ensure that there is no child labour nor forced labour in its operations.

The Group does not tolerate any forced labour and encourages employees to report violations. The Group has established procedures to handle and follow up on violations involving child labour and forced labour. If any case of non-compliance is discovered, the Group will immediately terminate employment and further investigate to avoid recurrence.

During the reporting period, there was no child labour or forced labour in the Group's business operation.

5. Supply Chain Management

During the Reporting Period, the Group engaged with 368 suppliers mainly from the PRC, Hong Kong and Vietnam to source raw materials, equipment, and services such as environmental monitoring, industrial catering, and courier services.

The number of suppliers of the Group by region as at 31 December 2024 is as below:

Region	2024	2023	2022
Hong Kong	216	54	2
PRC	79	92	115
Vietnam	47	14	78
Other Regions	26	24	0
Total	368	184	195

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**5. Supply Chain Management (Continued)**

The Group has formulated the Procurement Procedures to regulate the procurement process and ensure that its suppliers are capable of maintaining information that meets standards, in order to satisfy the Group's procurement needs. The Group conducts evaluation and selection of new suppliers based on their production capacity, corporate history, product quality, prices, quality, and environmental management systems. The Group also requires its suppliers to complete trade safety investigations as required by local customs. The Group conducts simplified monthly assessments for its existing suppliers and conducts site inspection where necessary, with suppliers receiving an unsatisfactory assessment result required to submit solutions for improvement. For underperforming suppliers who show no signs of improvement, the Group's general manager will consider on a case-by-case basis whether to reassess or revoke their status as an approved supplier.

Besides compliance, material quality, and service quality of suppliers, the Group also monitors their environmental and social performance. In order to mitigate environmental and social risks of its supply chain, the Group conducts reviews of supplier performance in the aspects of environmental performance, labour rights and health and safety regularly to ensure that their operations and activities do not cause significant disruptions on the environment and society. To maintain the environmental performance of the Group's supply chain, suppliers are required to strictly comply with environmental protection requirements, and carry out investigations or assessments on the environmental management of designated suppliers per ISO 14001 Environmental Management System. The Group's environmental requirements for suppliers are as follows:

- Provision of environmentally-friendly products which do not have an adverse impact on the environment;
- Proper handling of all gaseous, liquid and solid waste generated during production;
- Application of clean production technology;
- Minimal application of hazardous raw materials during production;
- Minimal use of packaging materials;
- Minimal exhaust emission and noise pollution by transportation vehicles or during production; and
- Compliance with relevant requirements of the Group.

In order to monitor the compliance of suppliers, the Group conducts environmental audits on designated suppliers. If the supplier fails to meet environmental requirements, the Group would instruct such supplier to make rectifications. If necessary, the Group will arrange meetings with the management of suppliers for follow-up actions. The supplier will be disqualified if the offences are considered serious.

Green Procurement

In its commitment to green procurement, the Group has implemented several key practices to support sustainable purchasing. Our purchasing department carefully assesses the necessity of purchasing new products, taking into account the potential environmental impact. Additionally, the product life cycle is thoroughly considered to ensure that the chosen products have a minimal ecological footprint. The Group also places importance on suppliers' efforts in environmental protection, actively seeking partners who prioritize eco-friendly practices. To enhance the decision-making process, the purchasing department diligently collects information about the environmental attributes of various products. Through these efforts, the Group's purchasing department conducts extensive research and selects environmentally friendly materials, contributing to its overarching sustainability goals.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)

6. Product Responsibility

In terms of regulating product promotion and responsible sales, the Group strictly abides by the relevant laws and regulations. See below for a list of relevant laws and regulations of the respective regions where the Group operate.

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> Criminal Law of the PRC Advertising Law of the PRC Cyber Security Law of the PRC Provisions on Protecting the Personal Information of Telecommunications and Internet Users 	<ul style="list-style-type: none"> Personal Data (Privacy) Ordinance (Cap. 486) Office of the Privacy Commission for Personal Data, Hong Kong Trade Marks Ordinance (Cap. 559) Patents Ordinance (Cap. 514) Copyright Ordinance (Cap. 528) 	<ul style="list-style-type: none"> Product Quality Law Consumer Protection Law Commercial Law Advertising Law Standards and Technical Regulations Law Cyber Information Security Law Criminal Code

In terms of the health and safety, advertising, labelling and privacy matters and remedies of the products and services provided, there was no material non-compliance with relevant laws and regulations that would have a significant impact on the Group during the Reporting Period. In addition, there had been no products sold or shipped subject to recalls for safety and health reasons during the Reporting Period.

Quality Assurance

The Group is committed to delivering quality and safe products to its customers. The Group's production sites in the PRC and Vietnam have implemented stringent internal quality control procedures accredited with ISO 9001 Quality Management System Certification, which monitor the entire production process and product quality, including ensuring product consistency, preventing and rectifying defective products. The Group also conducts comprehensive quality inspection on all products and only products which pass inspection may proceed to the next production stage. As for the management of raw materials, the Group requires compliance with product safety and environmental requirements (such as RoHS) for raw materials of all its products. For example, only copper wires with a minimum copper content of 99.96% are utilised in products to guarantee high energy efficiency. By implementing stringent product quality control, the Group has obtained recognition from customers from various countries for its product quality.



ISO 9001: 2015 Certificate in PRC



ISO 9001: 2015 Certificate in Vietnam

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**6. Product Responsibility (Continued)****Quality Assurance (Continued)**

Besides stringent control over purchased raw materials and production process and standards, the Group also runs safety tests on finished goods to ensure its products meet safety standards. The Group conducts high-voltage safety tests on wires and power cord products which must achieve a 100% passing rate. The Group's testing centre also conducts reliability tests on samples and finished goods every three months, including plastic aging and tensile testing. The Group's "Safety and Reliability Policy" guarantees that its products meet the requirements of safety certification bodies and ensure its users are provided with user manuals and safety guidelines so that users can safely and appropriately use the Group's products.

The Group has formulated the Control Procedures for Defective Products for control and follow-up action on all defective products, requiring relevant departments to conduct preliminary rectification on defective products within 24 hours. Where multiple departments are involved, the department with main responsibility shall coordinate cross-department quality control meetings with other relevant departments to discuss and devise solutions. All defective products are required to pass inspection before entering the next production stage, and would be disposed of in accordance with internal quality control procedures if standards are not met after undergoing processing, with changes to the relevant control system to be considered. If a significant product defect is discovered or occurs repeatedly during the manufacturing process, the on-site person-in-charge from the quality control department may suspend the relevant production process, analyse the causes of the problem together with the Production Department, Engineering Department and other relevant departments, formulate solutions, and resume production only after the quality problem is controlled or solved.

Confidential Information, Data Protection, and Privacy

As part of its operations, the Group may come into contact with commercial secrets and non-public technical information of customers. The Group acknowledges its responsibility to protect the confidential information of its customers and its importance to the Group's reputation and rating. Accordingly, the Group strictly complies with local laws and regulations of its operations, and has established a strict internal confidentiality system to secure the information of its customers. The Group requires all employees to comply with the Group's relevant regulations and fulfil their confidentiality responsibilities. Any breach of confidentiality will be sanctioned according to relevant local laws or regulations.

The Group complies with all applicable laws regarding confidential information and data protection. During the Reporting Period, the Company received no complaints or litigations relating to data protection and privacy protection, and there were no incidents and complaints concerning breaches of customer privacy or losses of customer data for the Group.

Intellectual Property ("IP") Rights

The Group emphasizes the protection of its IP rights. The Group has the right to apply for patents for all inventions, technological innovations, products, or formulas created and developed by employees during their service. The Group strictly complies with relevant IP laws and regulations and are committed to respect IP, patents, and relevant interests of third parties. Any breach of IP regulations will be subject to severe penalties.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)

6. Product Responsibility (Continued)

Customer Relations

The Group treasures its relationship with customers. As a reliable, long-term partner of its customers, The Group actively listens to and follows up on their views and requirements, satisfying their demands with products of the best quality. To understand the needs and expectations of its customers, the Group maintain close communication with them and distributes customer satisfaction surveys in the fourth quarter of each year to collect their views and after-sales ratings on aspects such as product quality, service, and turnaround time.

At the same time, the Group has established comprehensive procedures for handling complaints. Upon receiving a complaint, the responsible officer from the Group's quality control department shall analyse and follow up on the complaint within 24 hours, identify the root cause of the problem within 3 working days, and formulate corrective actions within 7 working days, submit the solutions and results to relevant personnel, and then determine the solution with the customer. In addition to rectifying the batch in question, the Group also conducts follow-up quality checks on three batches of the same type of product, in order to avoid recurrence of the same problem. During the Reporting Period, the Group received 25 cases of minor complaints regarding product appearance or quality, which have been properly handled in accordance with the aforesaid customer complaint handling procedures.

7. Anti-Corruption

The Company upholds the unwavering social value of "society integrity and corruption prevention" in our operations. During the Reporting Period, the Group has complied with anti-corruption laws and regulations in the PRC, Hong Kong, and Vietnam. These include, but not limited to:

PRC	Hong Kong	Vietnam
<ul style="list-style-type: none"> • Criminal Law of the PRC • PRC Anti-Unfair Competition Law • PRC Anti-Money Laundering Law • Provisional Regulations on the Prohibition of Commercial Bribery 	<ul style="list-style-type: none"> • Prevention of Bribery Ordinance (Cap. 201) • Independent Commission Against Corruption Ordinance (Cap. 204) • Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) • Organised and Serious Crimes Ordinance (Cap. 455) 	<ul style="list-style-type: none"> • Anti-Corruption Law • Anti-Money Laundering Law • Criminal Code

The Group attaches great importance to employee ethical conduct and is committed to establishing a clean corporate culture. Employees are required to comply with the Group's Code of Ethics and the importance of respecting business ethics is highlighted through an incentive and penalty mechanism. To prevent conflicts of interest, employees responsible for sales and procurement are required to submit statements of interest and disclose any non-business-related interests and relationships with existing suppliers or customers.

The Group has established an internal complaint and whistleblowing mechanism and encourages its employees to report suspected irregularities, bribery, extortion, fraud, money laundering, and other forms of misconduct through email, telephone and private WeChat messages. The Group is committed to protect report information and the personal data of whistle-blowers, and has a zero-tolerance policy against any form of reprisal against whistle-blowers.

In order to enhance anti-corruption awareness and levels, the Group provided a total of 98.5 hours of anti-corruption training to 70 employees and directors during the Reporting Period, which covered topics such as whistle-blowing, business ethics, avoiding conflict-of-interest, and anti-bribery.

Environmental, Social and Governance Report (Continued)

B. Social (Continued)**7. Anti-Corruption (Continued)**

To maintain the Group's ethical conduct standards, the Group engages professional third party consultants on a regular basis to assess the effectiveness of the Group's internal controls, and to ensure the effective implementation of management measures.

During the Reporting Period, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

8. Community Investment

Besides focusing on business development, the Group has always been committed to charity involvement. The Group demonstrates its concern and support for communities in need through donations to charitable and volunteer organisations. During the Reporting Period, the Group has made charitable donations amounting to approximately HK\$1,990,000 (FY2023: HK\$1,774,000).

The Group is concerned about the development and growth of children and made donations to several educational institutions and funds during the year. For example, the Group donated to the Guizhou Cultural Heritage and Rural Development Foundation to provide financial assistance for the education and training of economically deprived students living in rural and mountainous areas and support local children in their development.

Furthermore, the Group cares about the protection of women's rights and interests and has made monetary donations to the Hong Kong Girl Guides Association, the Hong Kong Chinese Women's Club, and the Hong Kong Federation of Women.

The Group has also dedicated to improving local livelihoods and quality of life through its support of the Disaster Prevention Fund for the Quang Ngai Province in Vietnam, as well as contributions to the security fund to assist the local police of the Quang Ngai Province in Vietnam. Moreover, we support Po Leung Kuk and Sower Action through donations and participation.

Our directors actively participated in charity events, demonstrating their commitment to making a positive impact in the community. They dedicated their time, resources, and expertise to various philanthropic endeavours. Through their unwavering support and involvement, they not only inspired others but also helped improve the lives of those in need.

9. Major Recognitions and Awards

Perennial prioritizes corporate governance, social responsibility and environmental protection. Our dedication to sustainability was acknowledged by various organizations during the reporting period. The Group's Vietnam factory obtained achievement certificate for good performance of social and health insurance work in 2023 which was awarded by the director of social insurance of Quang Ngai province. We will continue to collaborate with stakeholders to grow sustainably and benefit our community.

HKEX's Appendix C2 Environmental, Social and Governance Reporting Code

A	Environmental	Chapter
Aspect A.1	Information on: <ul style="list-style-type: none"> – the policies; and – 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 wastes. 	A. Environment
Indicator A.1.1	The types of emissions and respective emissions data.	1. Emissions
Indicator A.1.2	Direct (Scope 1) and Indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1. Emissions
Indicator A.1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1. Emissions
Indicator A.1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1. Emissions
Indicator A.1.5	Description of the emission targets and the steps taken to reach these targets.	A. Environment
Indicator A.1.6	Description of the methods to handle hazardous and non-hazardous waste, and the description of the waste reduction targets and the steps taken to achieve these targets.	A. Environment
Aspect A.2	Use of Resources	2. Use of resources
Indicator A.2.1	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).	2. Use of resources
Indicator A.2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2. Use of resources
Indicator A.2.3	Description of the energy efficiency targets and the steps taken to achieve these targets.	A. Environment

Environmental, Social and Governance Report (Continued)

HKEX's Appendix C2 Environmental, Social and Governance Reporting Code

A	Environmental	Chapter
Indicator A.2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the water efficiency targets and the steps taken to achieve these targets.	A. Environment
Indicator A.2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2. Use of resources
Aspect A.3	The Environment and Natural Resources	3. Environment and Natural resources
Indicator A.3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environment and Natural resources No significant impacts of activities on the environment and natural resources occurred during the Reporting Period
Aspect A.4	Climate Change	4. Climate change
Indicator A.4.1	Description of the major climate-related issues that have and may have an impact on the issuer, and the response actions.	4. Climate change

Environmental, Social and Governance Report (Continued)

HKEX's Appendix C2 Environmental, Social and Governance Reporting Code

B	Social	B. Social
Aspect B.1	Employment	1. Employment
Indicator B.1.1	Total workforce by gender, employment Type (e.g. full-time or part-time), age group and geographical region.	1. Employment
Indicator B.1.2	Employee turnover rate by gender, age group and geographical region.	1. Employment
Aspect B.2	Health and Safety	2. Health and safety
Indicator B.2.1	Number and rate of work-related fatalities in the past three years (include reporting year)	2. Health and safety
Indicator B.2.2	Lost days due to work injury.	2. Health and safety
Indicator B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2. Health and safety
Aspect B.3	Development and Training	3. Development and Training
Indicator B.3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3. Development and Training
Indicator B.3.2	The average training hours completed per employee by gender and employee category.	3. Development and Training
Aspect B.4	Labour Standards	4. Labour standards
Indicator B.4.1	Description of measures to review employment practices to avoid child and forced labour.	4. Labour standards
Indicator B.4.2	Description of steps taken to eliminate such practices when discovered.	4. Labour standards
Aspect B.5	Supply Chain Management	5. Supply chain management
Indicator B.5.1	The number of suppliers by geographical region.	5. Supply chain management
Indicator B.5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5. Supply chain management
Indicator B.5.3	Description of the practices related to the identification of environmental and social risks in each section of the supply chain, as well as related implementation and monitoring methods.	5. Supply chain management

Environmental, Social and Governance Report (Continued)

HKEX's Appendix C2 Environmental, Social and Governance Reporting Code

B	Social	B. Social
Indicator B.5.4	Description of the practices that promote the use of environmentally friendly products and services when selecting suppliers, as well as related implementation and monitoring methods.	5. Supply chain management
Aspect B.6	Product Responsibility	6. Product responsibility
Indicator B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6. Product responsibility
Indicator B.6.2	The number of products and service related complaints received and how they are dealt with.	6. Product responsibility
Indicator B.6.3	Description of practices relating to observing and protecting intellectual property rights.	6. Product responsibility
Indicator B.6.4	Description of quality assurance process and recall procedures.	6. Product responsibility
Indicator B.6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6. Product responsibility
Aspect B.7	Anti-corruption	7. Anti-corruption
Indicator B.7.1	The 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.	7. Anti-corruption
Indicator B.7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	7. Anti-corruption
Indicator B.7.3	Description of the anti-corruption training provided to directors and employees.	7. Anti-corruption
Aspect B.8	Community Investment	8. Community Investment
Indicator B.8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8. Community Investment
Indicator B.8.2	Resources contributed (e.g. money or time) to the focus area.	8. Community Investment

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