

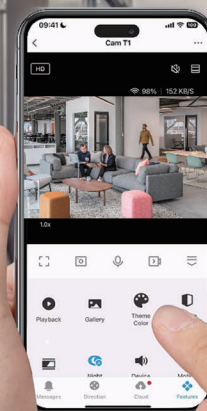


# Environmental, Social and Governance Report 2024

天彩控股有限公司  
Sky Light Holdings Limited

Stock Code 3882

Incorporated in the Cayman Islands with limited liability



# Environmental, Social and Governance Report

## ABOUT THIS REPORT

This report covers certain environmental and social responsibility aspects underlying Sky Light Holdings Limited (“Sky Light” or the “Company”) and its subsidiaries’ (the Company together with its subsidiaries referred to as the “Group” or “we”) business operations in the People’s Republic of China (the “PRC”) and in the Socialist Republic of Vietnam (the “Vietnam”) for the financial year ended 31 December 2024 (“the Year”) and is prepared with reference to the Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The materials and cases in this report mainly derived from the Group statistical report, internal communication and related documents in 2024. In order to enhance the comparability and completeness of this report, some disclosures are also covered in other period.

The Company has complied with the “comply or explain” provisions set out in the ESG Reporting Code during the year under review.

This report has been reviewed and approved by the Company’s board of directors (the “Board”).

## Report Scope

As the Group has disposed its artificial intelligence vending machine business (the “AI Vending Machine Business”) in July 2024, this report no longer includes Environmental, Social and Governance (“ESG”) issues of that business. In addition, taken into consideration of the roles of the operating offices of the Group in Hong Kong, Xi’an of the PRC and overseas countries where the economic activities do not constitute any significant part of the Group in terms of ESG, therefore, this report only covers the sustainable development, performance and initiatives of the offices and production facilities of the Group’s manufacturing and sales of camera products and related accessories in Shenzhen and Heyuan, PRC and Hanoi, Vietnam, unless otherwise stated.

This report supplements our 2024 Annual Report and discloses our progress on certain environmental and social responsibility aspects from 1 January 2024 to 31 December 2024. For the governance section of ESG, please refer to this report pages 3 to 4. Meanwhile, the Corporate Governance Report can be found in our 2024 Annual Report on pages 22 to 40 therein. Due to gaps in legal requirements across regions where the Company operates, certain quantitative indicators are not yet applied to some of our subsidiaries. The Company will work to ensure that these indicators are included in one set of unified standard statistics in our future environmental, social and governance reports.

# Environmental, Social and Governance Report

## Reporting Principles

The Board upholds the overall responsibility for the Group's ESG reporting and strategising. During its preparation, the Group adheres to the following reporting principles:

- |              |  |
|--------------|--|
| Materiality  | The Group refers the results of communication with stakeholders, adopts the method of materiality assessment to identify the material issues of the Group during the Year, and then collects relevant materials and data, and compiles this report. Please refer to the section headed "Stakeholder Engagement and Materiality Assessment" below for details in relation to materiality assessment and stakeholder engagement. |
| Quantitative | The key performance data were collected from the Group's internal documentation, while the calculation methodologies followed the ESG Reporting Code, when assumptions and other tools are used for the reporting, they have been disclosed in the relevant sections of the report.  |
| Balance      | By collecting data from different departments involving internal communication, compiling the Group statistical report and related documents in preparing this report, the Group ensures that the information disclosed in this report is in an objective and unbiased manner. The Group is confident that this report provides an unbiased picture of its performance.  |
| Consistency  | Methodologies adopted for the preparation of this report are consistent with the previous year. If there are any changes in the scope of disclosure and calculation methodologies that may affect the comparison with previous reports, explanations will be provided to the corresponding data.   |

## How to obtain this Report

The report is published in English and Chinese. In case of any conflicts between the two versions, the English version shall prevail. To be environmental friendly, we do not publish hard copies. The PDF version of this report is available on the website of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the website of the Company (<https://www.sky-light.com.hk>).

### Feedback

We welcome your feedback on our reporting for 2024 and any suggestions you have in terms of what you would like to see incorporated in our future reports. To contact us, you may do so at:

Address : Unit B1, 23/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
E-mail : <a href="mailto:ir@sky-light.com.hk">ir@sky-light.com.hk</a>
Website : <a href="https://www.sky-light.com.hk">https://www.sky-light.com.hk</a>

# Environmental, Social and Governance Report

## Sustainability Management at Sky Light

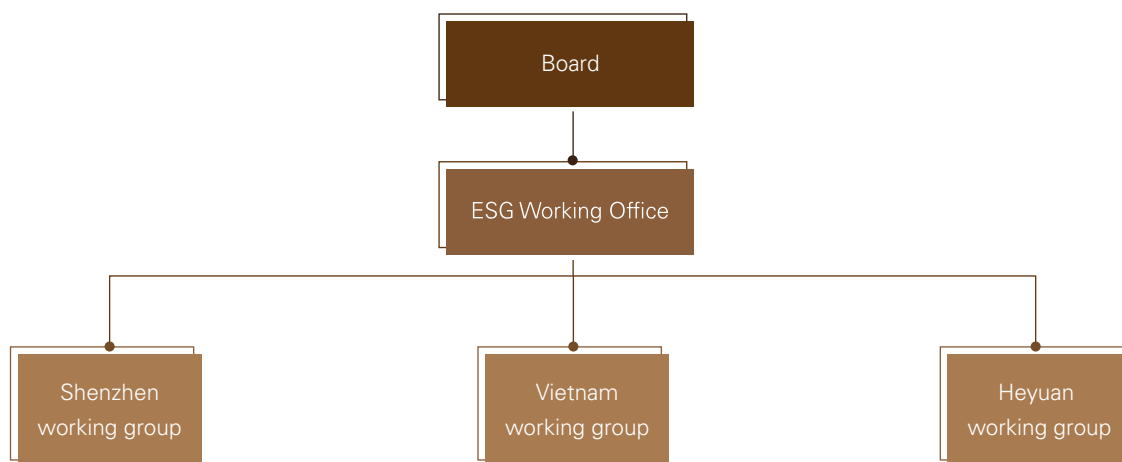
As a worldwide smart imaging total solutions provider, effective sustainability management is an integral part of our business strategy. We are committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and providing valuable products to society. Meeting this commitment is an important management objective and the individual and collective responsibility of the Group's employees.

We believe that establishing and improving the environmental, social and governance management system is conducive to the sustainable development of the Group. In this respect, the Board established an ESG governance mechanism and appointed the ESG Working Office to manage the Group's environmental, social and governance issues.

## Environmental, Social and Governance Working Office

Sky Light's Board supports the ESG Working Office. The development of the ESG policies is the responsibility of the ESG Working Office, which is chaired by Mr. Tang Wing Fong Terry, the chief executive officer of the Group and the chairman of the Board. The ESG Working Office meets regularly and reports directly to the Board.

The ESG Working Office formulates effective strategies to maintain the balance between the company's impact on the environment and society and business goals, thereby promoting the company's sustainable development. The structure of which is set out as follows:



Parties	Responsibilities
Board	<ul style="list-style-type: none"><li>Monitors corporate governance practices and procedures; and maintains appropriate and effective risk management and internal control systems of the Group to ensure compliance with applicable rules and regulations</li></ul>
ESG Working Office	<ul style="list-style-type: none"><li>Reviews the Company's ESG strategy, principles and policies</li><li>Sets guidance and direction of and oversees ESG practices and procedures</li><li>Promotes ESG plan internally and externally</li><li>Organizes and implements ESG initiatives</li><li>Monitors progress on ESG matters and related activities</li><li>Ensures that the Company operates in a manner that enhances its positive contribution to society and the environment</li></ul>
Working Group	<ul style="list-style-type: none"><li>Implement ESG practices and ensure compliance in daily operations</li></ul>





# Environmental, Social and Governance Report

## ***Materiality Assessment***

To prioritise relevant sustainability areas that would have a material impact on the Group's operations and reputation, the Group has adopted a three-step process to conduct materiality assessment.

### **Step 1: Identification**

Reviewing the list of sustainability issues identified against the ESG Reporting Code, peers' disclosures and international reporting standards.

### **Step 2: Prioritisation**

Ranking the identified topics by reference to the respective level of interest, risk and importance to the Group through various stakeholder engagements and generating a list of prioritised material topics based on the Group's understanding of the stakeholders' concerns and requirements as a result of stakeholder engagements.

### **Step 3: Validation**

Reviewing and validating the list of material sustainability topics to ensure that they are relevant and material to the Group for further action and disclosure as appropriate.

# Environmental, Social and Governance Report

## Stakeholder Engagement and Materiality Assessment

### Material issues

On the basis of fully considering the nature of the business and development strategy, we collected opinions from stakeholders through questionnaires, telephone communication, etc., evaluated and screened important issues during the Year, and submitted the analysis results to the senior management of the Company for review and final confirmation. The material issues of the Company will be highlighted in this report.

### Communication with Stakeholders

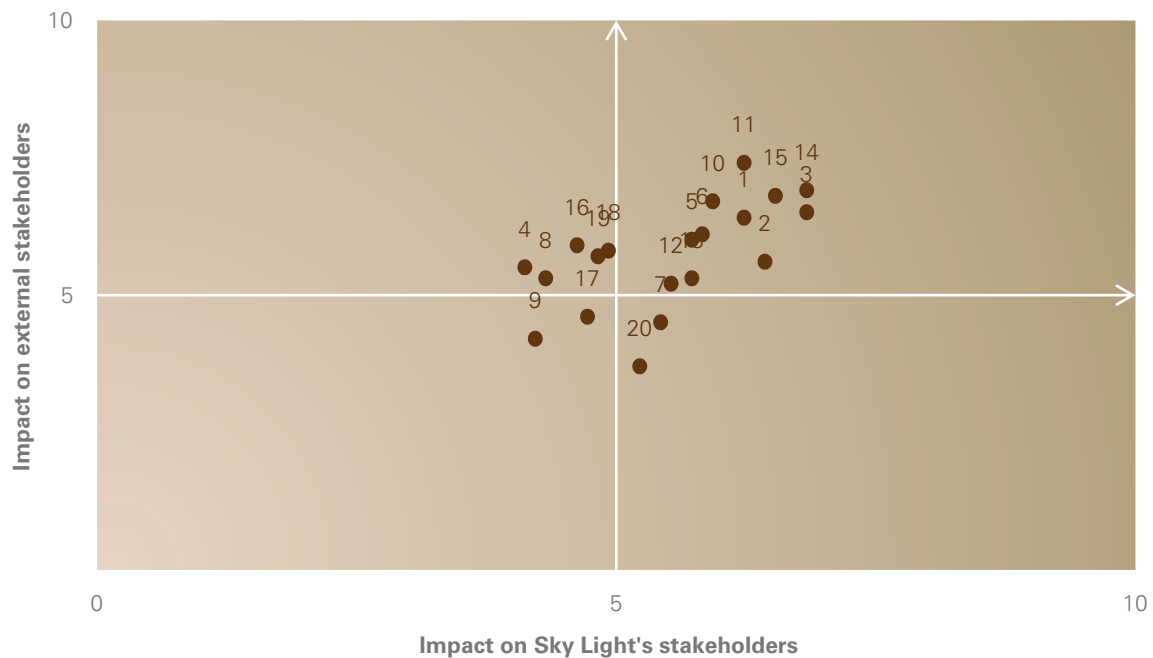
We attach great importance to the communication with key stakeholder groups, take the stakeholder's interest in or be affected by the Group's business as a consideration, and incorporate it into the consideration of the Group's operational decisions. During the Year, we identified significant stakeholders of the Group including government and regulatory authorities, shareholders and investors, employees, customers, suppliers and surrounding communities. The following table sets out the issues of concern to each stakeholder group during the Year, and the Group's main communication methods with key stakeholders.

Stakeholder	Issues concerned	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"><li>➤ Compliance with statutes</li><li>➤ Anti-corruption</li><li>➤ Anti-unfair competition</li><li>➤ Employment and labor standards</li></ul>	<ul style="list-style-type: none"><li>➤ On-site compliance inspection</li><li>➤ Regular submission of statements</li></ul>
Shareholders/Investors	<ul style="list-style-type: none"><li>➤ Economic performance</li><li>➤ Corporate governance</li><li>➤ Compliance operation</li><li>➤ Anti-corruption</li><li>➤ Employment and labor standards</li></ul>	<ul style="list-style-type: none"><li>➤ Annual general meeting</li><li>➤ Interim and annual reports</li><li>➤ Results announcement</li></ul>
Employees	<ul style="list-style-type: none"><li>➤ Staff welfare</li><li>➤ Labor standard</li><li>➤ Staff safety and health</li><li>➤ Staff training and promotion</li></ul>	<ul style="list-style-type: none"><li>➤ Company internal website/email</li><li>➤ Employee satisfaction survey</li><li>➤ Performance assessment</li><li>➤ Staff forum</li></ul>
Customers	<ul style="list-style-type: none"><li>➤ Product quality and customer service</li><li>➤ Customer satisfaction and complaint</li><li>➤ Protection of intellectual property rights</li><li>➤ Protect consumer information security and privacy</li></ul>	<ul style="list-style-type: none"><li>➤ Business visit</li><li>➤ Email and phone contact</li><li>➤ Customer satisfaction survey and feedback form</li></ul>
Suppliers	<ul style="list-style-type: none"><li>➤ Anti-corruption</li><li>➤ Supply chain management</li><li>➤ Protection of intellectual property rights</li></ul>	<ul style="list-style-type: none"><li>➤ Suppliers' assessment and management system</li><li>➤ Supplier meetings</li><li>➤ Site investigation</li></ul>
Community/non-governmental organizations	<ul style="list-style-type: none"><li>➤ Community development and social welfare</li><li>➤ Environmental issues</li></ul>	<ul style="list-style-type: none"><li>➤ Sponsor community welfare activities</li><li>➤ Community visits</li><li>➤ Voluntary events</li></ul>

# Environmental, Social and Governance Report

## Materiality matrix

Based on the Group's strategic planning and development status, we identified 20 issues. By collecting and evaluating the Group's key stakeholders' opinions on the importance of the issues, we finally identified 11 important issues and 9 general issues. These issues will be important considerations for the future direction of the Group's sustainable development, and are also key disclosures in this report.



### Environmental Issues

- 1 Resource Management
- 2 Air Emissions
- 3 Greenhouse Gas Emission
- 4 Sewage Discharge
- 5 Waste Management
- 6 Water Resources Management
- 7 Packaging Material Consumption
- 8 Protect the Environment and Natural Resources
- 9 Impact of Climate Change on Business

### Social Issues

- 10 Staff Occupational Health and Safety
- 11 Employment and Labor Standards
- 12 Staff Training and Development
- 13 Supply Chain Management
- 14 Product Quality and Customer Service
- 15 Customer Satisfaction and Complaint Handling
- 16 Respect and Protect Intellectual Property
- 17 Protect Consumer Information Security and Privacy
- 18 Anti-Corruption
- 19 Anti-unfair Competition
- 20 Community Development and Social Welfare

# Environmental, Social and Governance Report

## ***Sustainable Development Goals***

We strictly comply with the ESG Reporting Code. We also commit to integrate international well-recognized sustainability measures into our business development and strategies. Starting from 2022, the Company are focusing on the following goals:

1. For the strategic deployment of green and low-carbon transformation, the group will improve the low-carbon operation efficiency of the group's business by updating some low-emission and high-energy-efficiency production equipment.
2. Committed to providing employees with a safe and comfortable working environment and a broad career development platform. To maximize the safety and health of employees, provide skills training, so that employees can gain a sense of achievement and happiness, develop their potential at work, and make contributions to the society.
3. Establish a sound internal control audit system to strictly monitor and deal with bribery. Improve the transparency of company information disclosure, reduce the impact of operating activities on surrounding communities, and provide valuable products to the social.
4. Establish a sound product quality control system and continuously improve customer service quality to meet customer requirements and international standards.

The Group shall review its short-term goals and disclose the execution progress on an annual basis. If necessary, the Group would adjust and realign these goals with its latest business activities and operations. With an estimated period of three to five years, major advances towards the Group's long-term goals would be expected.

Reviewing above goals and targets, during the Year, the Company has been able to achieve the goals and continue to improve operation efficiency. The Company will continue to implement these measures to achieve the sustainable development long-term goals of the Group.

# Environmental, Social and Governance Report

## ENVIRONMENTAL PROTECTION

The Group do not involve major environmental contamination risk. As the manufacturing facilities are based in the PRC and the Vietnam, we strictly follow the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the PRC on the Prevention and Control of Air Pollution, the Law of the PRC on the Prevention and Control of Environmental Noise Pollution, the Environmental Protection Law of Vietnam, Water Resources Law, Law on Economical and Efficient use of energy and Law on thrift practice and waste combat of Vietnam, etc., and other relevant emission standards, implementation plans, management regulations and technical guidelines, etc.

In accordance with the ISO14001 environmental management system, the Group regularly identifies, evaluates and inspects important environmental factors and impacts in the product life cycle and operation process, minimising the impact on the environment arising from the Group's business operations, the Group has developed and implemented an Environmental Management Program ("EMP") for the purpose of identifying aspects of the Group's operations ("Aspects") that may have significant impact on the environment in light of applicable laws and otherwise. For example: "Hazardous Chemicals Management Policy", "Sewage Discharge Control Program", "Exhaust Noise Control Program" and "Waste Control Program".

Under the EMP, representatives from each operational department and business unit within the Group will meet yearly with the Group's ESG Working Office to review its key processes and identify possible Aspects underlying the operation of such department. The Group's department heads will then discuss with the ESG Working Office regarding any significant Aspects identified, and design measures aiming at reducing the environmental impacts arising from such Aspects. These measures will be documented and the related staff will be provided with suitable training, with ESG Working Office's supervision and reporting to the Board from time to time to ensure effective implementation.

During the Year, no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified.



# Environmental, Social and Governance Report

## Emissions and Waste Generation

### *Waste*

For the manufacture and sale of camera products and related accessories business, during the production process, the Group generates non-hazardous wastes such as metallic frames from forming process, paper from product packaging and office use, plastic by-products such as plastics nozzles clogs and injection molding defects from the production process and plastic containers and glass bottles for storage of raw materials before utilisation. These non-hazardous wastes are mostly recyclables and collected by licensed recycling companies.

In addition, the Group generates certain hazardous wastes such as containers for machine oil and oil paint, organic solvents, industrial alcohol, machine oil, etc. from the production process. During the Year, the Group has engaged licensed waste disposal service providers to process the hazardous wastes.

Looking forward, the Group will implement waste recycle practices in the future so as to be in the line with the aim to reduce wastes.

Through the implementation of the measure, we can keep the generation of wastes at a lower level during the Year and target to continue maintaining such a low level from the year 2025 onwards.

### *Air Emissions*

Air emissions of the Group are principally emitted from (i) motor vehicles for the transportation of products and personnel and (ii) forklifts for inter-plant transportation and warehouse operation. The Group owns 4 (2023: 76) motor vehicles which are used as product transportation and for other business uses and 3 (2023: 10) forklifts for inter-plant transportation and warehouse operation. The decrease in the numbers of motor vehicles and forklifts during the Year was mainly due to the disposal of the vending machine business in July 2024 and reduced in Cargo transportation demand.

The Group arranges dedicated personnel to conduct unified management of its own vehicles and conduct daily records and monitoring of vehicle usage and fuel consumption to achieve energy conservation and emission reduction goals.

### *Sewage Discharge*

The Group does not produce industrial sewage, but will produce a small amount of domestic sewage during office and operational activities. The Group did not receive any notification regarding sewage discharge violation during the Year. According to the inspection report provided by the independent environmental inspection agency, the Group believes that the discharged sewage does not pose material impact on the surrounding environment which is different from that posed by local domestic sewage discharges.

# Environmental, Social and Governance Report

## **GHG Emissions**

The main sources of GHG emissions generated by the Group could be categorised into two scopes:

- Scope 1. Direct emission due to the diesel and gasoline consumed by motor vehicles and forklifts transported within the plant and warehouses. During the soldering process in the camera manufacturing, reflow waste gas was generated. Although the volume is immaterial, such waste gas will be collected and exhausted by a funnel via turbine extraction.
- Scope 2. Indirect emission due to the consumption of electricity during the operations at the factory, warehouses and office, especially carbon dioxide.

Although the Group believes these emissions do not have a significant adverse effect on the environment, we have maintained the GHG emission intensity at a lower level during the Year and target to continue maintaining such a low level from the year 2025 onwards.

## **Measures undertaken to reduce emissions and wastes**

With a view to minimising the environmental impact brought by these emissions and wastes, the Group has adopted the following measures during the Year to supplement its Environment Management Plan ("EMP"):

1. Implementing clear guidelines as to business uses and maintenance of corporate vehicles, recording and monitoring the consumption of fuel on a continuing basis so as to enhance efficiency in their deployment and reduce emissions. The Group advocates fewer vehicle utilization, and encourages employees to go to work by carpooling and on bicycle or green walking. Furthermore, the Group's corporate vehicles are inspected regularly at government's designated inspection sites to ensure adherence to the prevailing emission standard, and vehicles not conforming to exhaust emission requirements will not be used.
2. Understanding better the Group's suppliers and subcontractors and taking into account their environmental and social responsibility practices in the selection process. Please refer to the subsection headed "Social Responsibility Operational Practices — Supply Chain Management" below in this report for further details.

# Environmental, Social and Governance Report

3. Continuing to commission hazardous wastes to licensed waste disposal service providers, which will further process these wastes for reuse/storage. As for the non-hazardous wastes, the Group has adopted a waste classification approach and inspired its employees to make a positive impact on the minimization of daily waste by bringing their own lunch boxes to reduce plastic waste.
4. The Group also promotes the “3R” Program which aims at minimising, to the extent practicable, the amount of wastes produced during the course of the Group’s business operations. The term “3R” represents:
  - (a) Reduction — reducing the volume of relative toxicity of wastes generated to the extent practicable, by using alternative materials, processes and procedures;
  - (b) Reuse — reusing wastes generated and returning unused materials such as plastic containers and packaging cartons; and
  - (c) Recycling — converting waste materials into usable materials or extracting useful substances from them, such as recycling scrap metal, packaging material and paper.
5. Periodically arranging environmental compliance inspections to ensure the Group’s compliance with the applicable local environmental laws and regulations relating to the Group’s operations. The Group has commissioned independent environmental inspections at its factory site in Shenzhen and Hanoi in this year, as regards its compliance with applicable regulations on effluents, emissions and noise. The Group’s production facility in Shenzhen and in Hanoi has been certified by the inspecting agencies for compliance with the relevant environmental standards, benefiting from which the Group had not experienced any material environmental incidents arising from its manufacturing activities. No material administrative sanctions or penalties were imposed on the Group during the Year.
6. In order to reduce GHG emissions, the Group has adopted measures to save energy and reduce consumption, such as limiting the temperature of air conditioners to 26°C and controlling the on and off time of air conditioners and lighting equipment; phase out high energy-consuming equipment, and replace energy-saving equipment. To reduce the consumption of electricity, please refer to the “Resources Consumption — Electricity” section of this report for further details.

# Environmental, Social and Governance Report

## Emissions Data Performance Table

Key Performance Indicators	Unit	Year 2024	Year 2023
<b>Air Emissions<sup>1</sup></b>			
Nitrogen oxides (NO <sub>x</sub> )	tonnes	0.104	0.169
Sulfur oxide (SO <sub>x</sub> )	tonnes	0.0002	0.011
Particulate matters (PM)	tonnes	0.010	0.023
Intensity of emission <sup>2</sup>	tonnes/million HK\$ revenue	0.00042	0.00063
<b>GHG Emissions</b>			
Scope 1 Direct emission <sup>3</sup>	tonnes of CO <sub>2</sub> e	90.80	479.98
Scope 2 Indirect emission <sup>4</sup>	tonnes of CO <sub>2</sub> e	2,094.14	2,980.05
Total of GHG emission (Scope 1 + Scope 2)	tonnes of CO <sub>2</sub> e	2,184.94	3,460.03
Intensity of GHG emission <sup>2</sup>	tonnes of CO <sub>2</sub> e/ million HK\$ revenue	0.33	10.756
<b>Waste Discharge</b>			
Output of non-hazardous waste	tonnes	83.83	84.57
Intensity of non-hazardous waste output <sup>2</sup>	tonnes/million HK\$ revenue	0.31	0.263
Output of hazardous waste	tonnes	0.60	2.91
Intensity of hazardous waste output	tonnes/million HK\$ revenue	0.0022	0.009

Notes:

1. The calculation method refers to Appendix 2 to "How to Prepare An ESG Report", namely, Reporting Guidance on Environmental KPIs, issued by the Stock Exchange in March 2020, and the Technical Guide for Compiling Emission Inventories of Air Pollutants from Vehicles on Roads\* (《道路機動車大氣污染物排放清單編製技術指南》), issued by Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部) on 31 December 2014).
2. Intensity of emission is calculated using the total emission in tonnes divided by revenue per million Hong Kong dollars for the Year.
3. The main sources of GHG emissions (Scope 1) are diesel and gasoline. The calculation method refers to Appendix 2 to "How to Prepare An ESG Report", namely, Reporting Guidance on Environmental KPIs, issued by the Stock Exchange in March 2020, the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises in Other Industries (Trial) \* (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) and the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Land Transportation Enterprises\* (《陸上交通運輸企業溫室氣體排放核算方法與報告指南》) published by National Development and Reform Commission of the PRC in July 2015.
4. The main sources of GHG emissions (Scope 2) are consumption of electricity. The calculation method refers to the average emission factor of national power grid\* (全國電網平均碳排放因子) in 2022 issued by the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部).
5. The overall reduction in emissions was mainly due to the disposal of AI Vending Machine business during the Year.

\* for identification purpose only.

# Environmental, Social and Governance Report

## Resources Consumption

The Group recognises the importance of efficient resources consumption and continuously aims at streamlining its operations with a view to developing an energy-efficient culture. In order to reduce the consumption of natural resources caused by business operations, the Group has set a goal starting from 2022 to keep the resource consumption intensity below the baseline value. The principal types of resources utilised by the Group in its business operations during the Year, and the measures undertaken by the Group to promote efficient usage are discussed below.

### *Electricity*

Electricity is necessary for each stage of the Group's production process and is the main source of energy used. The Group has adopted an internal policy to promote conservative energy uses for many years. Under the policy, the usage of electricity in different departments is continuously monitored and there are clear guidelines on the operating hours/energy-saving measures in respect of electrical appliances such as office equipment and lighting and air conditioning facilities. For example, for energy conservation, lightings in stairwells are switched off during daytime when there is sufficient light, electrical appliances with high energy consumption characteristics are modified to the extent practicable to improve energy efficiency, LED lights are used in offices and workshops, and the temperature of air conditioner is set at 26°C or above etc. In addition, energy consumption efficiency of electrical appliances will also be taken into account when purchases are being considered.

Due to the implementation of the above measures, we have maintained the electricity usage with such low level during the Year and target to continue maintaining such a low level from the year 2025 onwards.

### *Fuel Oil*

Apart from transportation of products via logistics companies, the Group also utilises 4 motor vehicles (2023: 76) as product transportation back-up and for other business uses. The Group also maintains 13 forklifts (2023: 10). Fuels consumed by the Group during the Year were all consumed by motor vehicles. As the subsection headed "Emissions and Waste Generation" mentioned, the decrease in air and GHG emissions mainly due to the disposal of the AI Vending Machine Business. Therefore, there was a significant decrease in the demand for transportation and fuel consumption for the Year, leading to a correspondingly significant decrease in direct energy consumption. The Group continues to promote efficient use of company vehicles by taking relevant measures.



# Environmental, Social and Governance Report

## **Water**

The Group's production process does not involve high level of water consumption as the water employed in cooling processes and waterproof testing processes can be re-used in the same production process. Save as aforesaid, all water resources are consumed by employees in the offices, warehouses, factory quarters and the staff's dormitories in the PRC and the Vietnam.

Currently, water resources supply comes from the local government via its domestic water supply and the Group has not encountered any difficulty in procuring such water supply during the Year. The Group has adopted internal guidelines and provides staff education to promote water conservation, such as

- placing "SAVE WATER" posters and banners at the water using areas to remind staff;
- advocating the importance of water conservation for new employee during orientation briefings;
- building dual flush toilets system in the company; and
- routinely inspects and upkeeps water supply facilities.

To further ensure quality of water supplied for staff use, the Group has also adopted clear guidelines regarding sanitisation and filtration in water supply and storage facilities.

Due to the implementation of the above measures, we have maintained the water usage with such low level during the Year and target to continue maintaining such a low level from the year 2025 onwards.

## **Packaging Materials for finished goods**

When designing products, one of the top issues of concern is the products' environmental impact. The Group establishes, maintains and strengthens its environmental management system in accordance with the ISO 14001:2015 standard, develops products from an environmental perspective, adheres to the concepts of design and sustainable development, and conducts harmful substance detection and durability testing on relevant materials during the product design stage in order to ensuring that our products meet the requirements of environmental protection. While satisfying the customers, the Group is proactively sourcing renewable materials that meet all of its environmental requirements.

In addition, the Group encourages operational staffs to prioritize materials reuse. Some of the packaging materials such as cardboard boxes and wooden crates are utilized to the maximum extent. In the effort to operate with maximum efficiency, the data collection scope has been expanded to capture the data of packaging used for the finished products. This helps the Group to efficiently manage its resources and prompts the Group to explore alternative packaging solutions.

# Environmental, Social and Governance Report

## Resource Consumption Performance Table

Key Performance Indicators	Unit	Year 2024	Year 2023
<b>Direct Energy Consumption<sup>1, 3</sup></b>			
✧ Diesel	thousand litres	5.31	7.19
✧ Gasoline	thousand litres	7.78	156.38
Total Direct Energy Consumption <sup>2</sup>	MWh	132.18	1,592.563
<b>Indirect Energy Consumption<sup>1, 3</sup></b>			
✧ Purchased Electricity	MWh	3,671.99	5,225.41
Total Energy Consumption (Direct & Indirect)	MWh	3,804.18	6,817.97
Energy Consumption Intensity <sup>2</sup>	MWh/million HK\$ revenue	13.92	21.20
<b>Water Usage</b>			
Water Consumption	tonnes	26,198	26,664
Water Consumption Intensity <sup>2</sup>	tonnes/million HK\$ revenue	98.05	82.89
<b>Packaging Materials Usage<sup>3</sup></b>			
Packaging Materials Consumption	tonnes	151	637
Packaging Materials Consumption Intensity <sup>2</sup>	tonnes/million HK\$ revenue	0.55	1.98

Notes:

1. Energy consumption is measured in MWh. Direct energy types include diesel and gasoline, and indirect energy types include purchased electricity. Energy consumption is calculated in megawatt hours, and its calculation is based on the General Principles of Comprehensive Energy Consumption Calculation GB/T 2589-2020 issued by the National Energy Fundamentals and Management Standardization Technical Committee of the PRC.
2. The consumption intensity is calculated using the total volume divided by the revenue in million Hong Kong dollars for the Year.
3. The significant reduction in direct energy, indirect energy and packaging materials consumption was mainly due to the disposal of the AI Vending Machines Business during the year.

During the Year, to the best of the Directors' knowledge, the Group did not receive any complaint from its customers or any other parties in respect of any environmental protection issues, and had not experienced any material environmental incidents arising from its manufacturing activities. During the Year, no material administrative sanctions or penalties were imposed upon the Group for the violation of environmental laws or regulations which had an adverse impact on its operations.

# Environmental, Social and Governance Report

## The Environment and Natural Resources

According to the relevant environment laws and regulations of the PRC and Vietnam, and the inspection reports of independent environmental inspection agencies, the Group believes that its production and business operation activities do not have a significant impact on the environment and natural resources. The Group has disclosed different ways and strategies above to reduce environmental impact brought by the business operation.

## Climate Change

Climate change is among the most pressing global challenges of our time. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences.

To minimize life, property and financial losses, precautionary measures on flexible working arrangement have been taken by the Group under different extreme weather scenarios of extreme heat and flooding. Though climate change and aforesaid extreme weather conditions do not directly impose significant threat to the Group's business operations, the effects of global climate change harm the wellbeing and stability of countries and people on earth. However, we will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

# Environmental, Social and Governance Report

## EMPLOYMENT AND LABOR PRACTICES

The Group believes that its employees are indispensable in its achievement of success, and is committed to ensuring the health, safety and general welfare of its employees at work. In addition, the Group provides various job-related seminars, workshops and training courses for the employees' continuous development.

### Employment

The Group strictly complies with relevant laws and regulations regarding employment and labor protection, including but not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC, Social Insurance Law of the PRC, the Prohibition of Child Labor of the PRC, the Law of the PRC on the Protection of Women's Rights and Interests, the Labor Law of Vietnam, the Law on Social Insurance of Vietnam, the Trade Union Law of Vietnam, the Law on Children of Vietnam and the Labor Protection Regulations of Vietnam, etc. and actively identify updates to relevant laws and regulations.

Combined with the actual operation of the Group, we have formulated the "Recruitment Management Regulations", "Employee Change and Resignation Management Measures", "Labor Union Management Measures", "Employee Welfare Management Measures", "Employee Overtime Management Measures" and "Employee Holiday Management Measures". "Regulations on Attendance Management", "Administrative Measures for the Protection of Female Workers", "Administrative Measures for Prohibition of Discrimination", "Employee Incentive Procedures", "Labor and Moral Risk Assessment and Risk Management Procedures", "Administrative Measures for Child Labor and Juvenile Workers", "Prohibition of Harassment or Abuse Control Procedures" and other employee management policies, which regulate the relevant human resource management policies including remuneration, recruitment, dismissal, promotion, working hours, holidays, benefits and welfare, code of conduct and professional ethics.

During the induction stage of new employees, we will distribute the "Staff Handbook" to the employee, and provide special induction training for the employee to ensure that the employee clearly understands their rights when signing the contract.

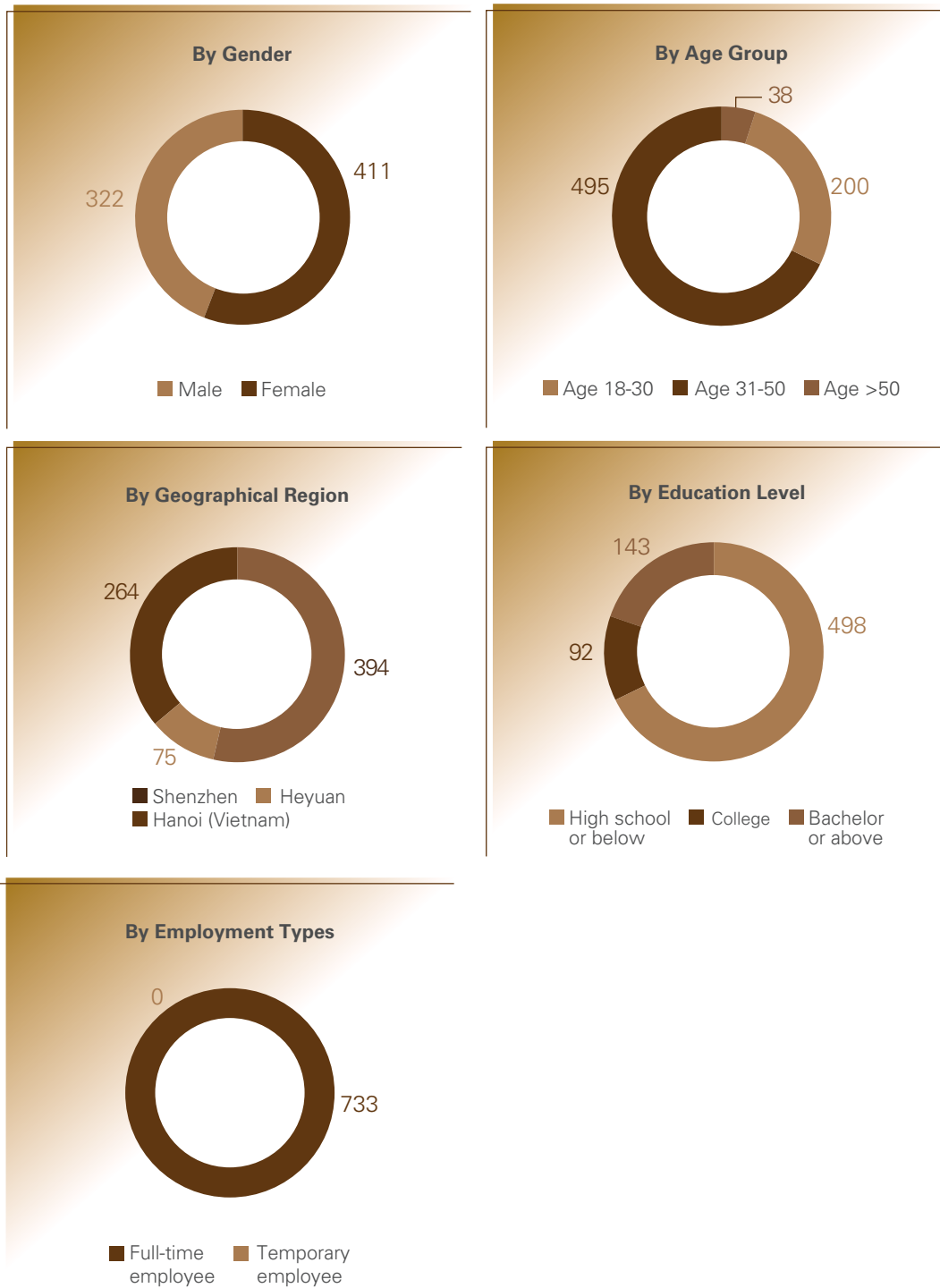
The Group has not been subject to any significant administrative sanctions or penalties for violations of laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, benefits and welfare, and preventing child and forced labor that would have had an adverse impact on the Group's operation. During the Year, there were no relevant laws and regulations relating to the aforesaid aspects the compliance with which have a significant impact on the Group.

# Environmental, Social and Governance Report

## TOTAL WORKFORCE

Set forth below is the Group's staff composition in the PRC and the Vietnam as at 31 December 2024:

**Total Number of Employees: 733**





# Environmental, Social and Governance Report

**Employee Turnover Rate Table**

Types	category	Year 2024		
		Number of employees on list	Number of employee turnover	Turnover rate (%)
<b>Number of employees</b>		<b>1,596</b>	<b>863</b>	<b>54.07</b>
<b>By Gender</b>	Male	<b>809</b>	<b>487</b>	<b>60.02</b>
	Female	<b>787</b>	<b>376</b>	<b>47.78</b>
<b>By Education Level</b>	High school or below	<b>1,282</b>	<b>784</b>	<b>61.15</b>
	College	<b>131</b>	<b>39</b>	<b>29.77</b>
	Bachelor or above	<b>183</b>	<b>40</b>	<b>21.86</b>
<b>By Age Group</b>	18-30	<b>781</b>	<b>581</b>	<b>74.39</b>
	31-50	<b>773</b>	<b>278</b>	<b>35.96</b>
	≥50	<b>42</b>	<b>4</b>	<b>9.52</b>
<b>By Geographical Region</b>	Shenzhen, PRC	<b>985</b>	<b>591</b>	<b>60.00</b>
	Heyuan, PRC	<b>200</b>	<b>125</b>	<b>62.50</b>
	Hanoi, Vietnam	<b>411</b>	<b>147</b>	<b>35.77</b>

Note:

1. Turnover rate = Number of employee turnover(each type)/Number of employees on list\*100%

# Environmental, Social and Governance Report

## Labor Standards

The Company strives to be a responsible employer and the Group is committed to implementing good employment practices, and advocates ethics and human rights at the workplace.

### (a) Practices on Recruitment Process

The Group recruits employees through the open market with equal opportunities. Its employment standards are fair and equitable. During the recruitment process, it focuses on job applicants' business ability, personality and development potential, and never treat them differently based on age, gender, ethnicity, nationality, marital and family status, health status, and religion. To ensure a healthy and safe workplace environment, the Group strives to foster a culture of diversity and inclusion that respects, values and connect our employees by fostering a culture of diversity and inclusion. The Group prohibits discrimination against potential candidates on the basis of their race, color, religion, sex and gender identity/sexual orientation, age, marital and parental status, and/or pregnancy or medical conditions in the recruitment process.

The Group does not hire any persons aged below 16. During the recruitment process, job applicants will be requested to produce identity proof to ensure compliance with the Group's policy as stated above. The Group has also formulated other policies to clearly prohibit child labor, established a confidential and anonymous complaint mechanism and regularly reviews the procedures of recruitment agencies to ensure the verification of the age of their employees as a standard process and makes it a selecting criterion of agents. If job application of child labor is found, the Group will communicate with its legal guardian and arrange handling methods. If there is illegal behavior, platforms for reporting to management are established within the Group, for example, employees can report in person or by e-mails. In addition, the Group ensures that employees are aware of their own rights and interests and prevents forced labor by specifying working hours, rest periods, content, location, dismissal matters and vacation arrangements in employment contracts.

During the Year, the Group had no incident of discrimination, use of child labor or forced labor.

In addition, the Group makes constant assessment and adjustment in labor employment in light of the Group's economic performance. Employee who is dismissed due to the Group's human optimization program will be compensated according to the Labor Law of the PRC or Labor Law in Vietnam.

### (b) Practices on Remuneration and Promotion

The Group recognizes its employees as its greatest assets. In order to attract, motivate and retain talents, the Group offers competitive remuneration packages. The remuneration of each employee will be determined with reference to a number of factors including educational background, experience, job duties, professional skills and technical capabilities, as well as salary level for similar job positions in the industry. The Company has also adopted the share option scheme upon listing of the Company's shares on the Main Board of the Stock Exchange, under which employees of the Group are, based on management's evaluation of their individual performance, eligible to be granted share options as incentives. The Group adopts an open-door communication policy and carries out annual review with its employees on their performance, during which process each employee is given equal opportunity for promotion. The Group's employees are provided with a clear career path with opportunities for additional responsibilities and promotions.

# Environmental, Social and Governance Report

## (c) Practices on Working Hours and General Welfare

The resting time of the Group's employees is well respected and the employees are also entitled paid holidays pursuant to statutory requirements. Under normal circumstances, the regular work week shall not exceed 48 hours. The Group shall allow employees at least 24 consecutive hours of rest in every week. All overtime work shall be consensual. The Group shall not request overtime on a regular basis and shall compensate all overtime work at a higher rate as required by the Labor Laws of the PRC and the Vietnam or otherwise under their respective employment contracts. There is a computerised attendance registration system in place to continuously monitor the working hours of the employees. During working hours, the employees' personal movements are not restricted in any way. By reviewing the working hours of the employees, the Group strives to ensure that no forced labor is being used in the Group's business operations. The Group also adopts a no-violence policy towards sexual harassment at the workplace to protect its employees from unsolicited sexual advances.

Besides, the Group also makes statutory pension scheme contributions for the benefit of employees in accordance with the relevant legal requirements.

To enhance overall morale of its employees, the Group also organises company events such as New Year Party, Excellent employee Awards, departmental team outdoor activities, afternoon tea gatherings and set up employee fitness area and lounge to allow the staff members to gather outside of work for bonding and team-building.

### *Employee Benefit and Welfare*

Statutory welfare	<ul style="list-style-type: none"><li>• Social insurance and housing fund</li><li>• Statutory and paid holidays</li></ul>
General welfare	<ul style="list-style-type: none"><li>• Allowance: accommodation allowance and other kind of allowances</li><li>• Holiday Gifts bags (included New Year, Women's Day, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, etc.)</li><li>• Team building activities</li><li>• Afternoon tea gatherings</li><li>• Excellent employee awards</li><li>• Chinese New Year annual dinner</li><li>• Outdoor fitness club</li></ul>

**Excellent Employee of the Year Award**



**New Year Party**



# Environmental, Social and Governance Report

**Employee fitness area**



**Outdoor fitness activities**



**Afternoon tea gatherings**



**Bedminton activities**



## Health and Safety

The Group is committed to providing a safe working environment to its employees. The Group has adopted an internal framework to assist the Group in identifying and controlling health and safety risks and reducing workplace injuries which complies with the relevant laws and regulations in the PRC and Vietnam, including but not limited to:

- (i) The work Safety Law of the PRC, Laws of the PRC on Prevention and Control of Occupational Diseases, the Fire Control Law of the PRC and Regulation on Work-related Injury Insurance of the PRC, and
- (ii) Law on Occupational Safety and Health, and Law on Fire Prevention and Fighting in the Vietnam.

The laws mentioned above deals with occupational hygiene and safety assurance, policies and benefits for victims of occupational accidents and occupational diseases.

Based on the relevant laws and regulations, in order to reduce safety risks, the Group have formulated and implemented the "Safety Production Responsibility Policy", "Fire Safety Management Policy", "Production Safety Management Policy", "Occupational Health and Safety Management Policy", "Safety Hazard Investigation and Management Policy", "Safety Training Policy", "Production Safety Accident Emergency Rescue Plan", "Emergency Response Plan for Employee Sudden Illness and Work Injury" policies.

# Environmental, Social and Governance Report

These policies include emergency measures for emergencies such as water and electricity abnormalities, fire hazards, work-related injuries and diseases, accidents, and occupational health. At the same time, we also carry out relevant safety training and emergency drills for the employees of the Group to ensure that employees know the safety management system and emergency methods of the Group, as well as the rights enjoyed by them.

During the Year, the Group strictly complied with the above mentioned laws and regulations, and there was no material violation of health and safety laws and regulations. There are no relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards the compliance with which have a significant impact on the Group. In addition, the Group has not experienced any major safety accident and there has been no work-related fatality accident occurred in each of the past three years (including this year). In 2024, there were 64 days lost due to an employee who was involved in a traffic accident on the way home from get off work for which he was not primarily responsible (2023: 30 days).

Notes:

1. Employee work-related injuries are determined in accordance with the provisions of the "Regulations on Work-related Injury Insurance".
2. The statistics of employee casualties refer to the national standard "Classification of Casualties for Enterprise Employees" GB/T6441-1986.

Listed below are some of the measures that the Group regularly practices in accordance with applicable local workplace safety regulations for reducing the accidents rate of workplace:

- Providing health checks to its staff members as appropriate prior to commencement of employment and during the employment
- Streamlining production process on a continuous basis and reducing/eliminating the use of known hazardous substances in the Group's manufacturing process to the extent practicable
- Set up fire safety and occupational health facilities, such as fire control systems and smoke control systems
- Employing certified contractors for regular inspection of fire safety equipment
- Providing personal protective equipment and other safety equipment at the workplace
- Supervising and providing specific technical training and protection supplies to staff members who may come in contact with potentially hazardous substances
- Prohibiting smoking at the workplace, factory quarters and dormitories
- Providing safety training to staff members every year
- Conducting emergency drills at least 2 times a year in the case of fire or other hazards
- Regular cleaning of the water supply filters and daily garbage removal
- Regular conducting of safety checking



# Environmental, Social and Governance Report

**Safety conference**



**Safety inspection**



**Fire training**



**Fire maintenance**



**Fire drill**



**Fire drill**



# Environmental, Social and Governance Report

## Development and Training

Considering its employees to be indispensable to the Group's business achievements, apart from safety related training as mentioned above, the Group also provides both internal and external training programs to its employees regularly with a view to enhancing their work quality and personal development. To this, we have formulated the "Training Management Regulations", by collecting the "Training Needs Survey Form" from all employees of the Group, understood and confirmed the training needs of employees, and set up an annual training plan to provide appropriate training to employees. Such training covers topics such as:

- Orientation to Sky Light — training programs are held for new employees
- Product knowledge enhancement — training programs are held on a regular basis to familiarise its staff with the Group's products
- Market updates — staff members are brought abreast with technology development and market conditions of the electronics industry
- General training — general systems of the Group and specific systems of individual departments
- Management systems training
- Management and communication techniques training
- Safety production, environmental protection and other compliance training



# Environmental, Social and Governance Report

**Management training**



**Labor protection and first aid training**



**Skill Training**



**Environmental protection training**



**New employee orientation**



**Health and safety training**



# Environmental, Social and Governance Report

## Development and Training Performance Summary

key performance indicators	Year 2024	Year 2023
<b>Percentage of employees trained (total percentage)<sup>1</sup></b>	<b>86.20%</b>	73.39%
<b>Percentage of employees trained by gender<sup>2</sup></b>		
Female employees	<b>44.66%</b>	48.93%
Male employees	<b>55.34%</b>	51.07%
<b>Percentage of employees trained by employee category<sup>2</sup></b>		
Junior employees	<b>94.36%</b>	94.79%
Intermediate management	<b>4.27%</b>	4.34%
Senior management	<b>1.37%</b>	0.78%
<b>Average training hours completed per employee by gender<sup>3</sup></b>		
Female employees	<b>2.22</b>	1.59
Male employees	<b>1.75</b>	1.69
<b>Average training hours completed per employee by employee category<sup>3</sup></b>		
Junior employees	<b>1.93</b>	1.63
Intermediate management	<b>2.71</b>	1.85
Senior management	<b>2.02</b>	2.79

Notes:

1. Percentage of employees trained (total percentage) = total number of employees trained/total number of employees on list \*100%
2. Percentage of employees trained of each type = number of employees trained of each type/total number of employees trained \*100%
3. The average number of training hours completed by each employee in type-X = the total training hours of type-X employees/the total number of type-X employees.

# Environmental, Social and Governance Report

## SOCIAL RESPONSIBILITY OPERATIONAL PRACTICES

### Supply Chain Management

To ensure the Group's product quality, its raw materials and products procurement policy is to select only those suppliers on an approved list who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group also practises ethical procurement and targets to source raw materials from socially responsible suppliers. To achieve this, we have established the "Supplier Management Measures", formulated the "Quality Record Control Program" and "Purchasing Control Program", and conducted monthly assessments and annual on-site audits for suppliers.

All personnel with supply chain management responsibilities are trained to ensure, to the extent practicable, that selected suppliers are legally compliant in respect of materials and products provided to the Group, especially with respect to compliance with laws against slavery and human trafficking, and other employment — and environment-related laws. Conformity by suppliers with the relevant industrial standards and ethical business norms in their supply of materials and products to the Group is one of the supplier selection criteria that the Group takes into account. Suppliers' fulfilment of the environment, health and safety requirements of the Group are relevant factors which will be taken into account by the Group in its supplier selection process, in order to reduce the environmental and social risks caused by procurement and subcontracting.

Apart from continuously monitoring the quality of products and materials procured under quality assurance agreements entered into with suppliers, the Group will also review suppliers' environmental and social responsibility-related practices annually through, for example, site inspections and interviews. The Group's management will review the procurement process and may source materials/products from alternative suppliers when a supplier has been identified by the Group to have deficient environmental and social responsibility practices and has not made any improvement upon request.

#### Supply Chain Management Performance Table

Key Performance Indicators	Year 2024	Year 2023
<b>Number of Suppliers by Geographical Region</b>		
Total number of suppliers	142	522
PRC	135	507
Vietnam	7	13
Singapore	0	1
South Korea	0	1
<b>Supplier Quality Management Assessment</b>		
Total number of new suppliers assessed	63	201
Assessment pass	62	188
Unable to pass	2	13
<b>Supplier Sustainability Management Review</b>		
Total number of suppliers for sustainability management review	21	35
Review pass	15	21
Unable to pass	6	14

#### Notes:

1. The decrease in the number of suppliers this year is due to the Group's optimization of the supplier list and removal of suppliers with whom has no business dealings.

# Environmental, Social and Governance Report

## Product Responsibility

The Group has put in place a sound quality management system. All our products are subject to thorough and comprehensive testing to meet customers' requirements and international standards. The Group strictly complied with the Product Quality Law of the PRC, Industrial Product Quality Responsibility Regulations, Internet Security Law of the PRC, Consumer Rights Protection Law of the PRC, Advertising Law of the PRC and Law on Product and Goods Quality of Vietnam and other related product laws. During the Year, there are no relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters in connection with products and services provided the compliance with which have a significant impact on the Group. The Group has also established management policies for product health and safety, advertising, labeling and privacy issues, and formulate clear quality control and finished product management. For example: "Advertising Management Control Program", "Non-conformity and Corrective Actions", "EICC Manual", "Intellectual Property Protection Program", "Incoming Material Inspection Control Program", "Outgoing Quality Management Program", "Customer Complaint Operation Guide" and "RMA Customer Return Handling Procedures".

In addition, the group has obtained certificates of ISO9001:2015 Quality Management System, ISO27001:2013 Information Security Management System and ISO14001:2015 Environmental Management System. The Group has also established and implemented the "Guidelines for Customer Complaints" to ensure the protection of consumers' rights and interests as well as conducting regular satisfaction surveys on major customers.

The Group has devised a stringent materials specification and implemented internal standards to ensure that the use of hazardous substances in the manufacturing of its products is reduced or eliminated to the extent practicable. To ensure adherence to this policy, the Group conducts periodic assessment through internal quality assurance department or third-party inspection agencies on all products manufactured by it against international standards and other benchmarks prescribed by applicable legislation such as the European RoHS (Restriction of Hazardous Substances Directive), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) standards, Halogen Free standards and California Proposition 65. The assessment covers the entire product lifecycle from the research and development phase to customer sale and product waste disposal.

The Group's suppliers also entered into quality assurance agreements regarding control of hazardous substances and their adherence to the assurance undertakings is also a factor taken into account at the Group's annual review as a part of its supply chain management.

In terms of advertisements, product description and labelling, as the Group's products are self-manufactured or sourced from third-party suppliers in accordance with the customer's order and detailed specifications regarding the product are set out in the respective agreements/purchase orders with the customers, or are otherwise available upon customer's request, its product packaging can therefore maintain a relatively simple design.

The Group values customers' feedbacks and complaints, which serve as an important reference to improve and enhance product quality and corporate competitiveness. The Group has a set of rules and procedures designed for managing customers and product complaints, which are handled by sales department. Customer feedback in the course of product development is usually addressed in a timely manner. In addition, the Group will invite customers to fill in the "Customer Satisfaction Survey" for the manufacture and sale of camera products and related accessories business via email every six months. By establishing customer communication and feedback channels, the Group obtains and understands customer satisfaction with our products and services on a regular basis.

# Environmental, Social and Governance Report

In case the Company receives customer's request to return the product, we follow the "RMA Customer Return Handling Procedure" and adopt the following eight disciplines problem solving method (8Ds) to deal with the recall procedure:

- D1 Establish the professional team by technology and quality department
- D2 Investigate the cause, define and describe the problem
- D3 Implement interim containment actions
- D4 Determine and verify root causes
- D5 Confirm permanent corrective action for the problems
- D6 Implement permanent corrective action
- D7 Take preventive action
- D8 Issue an 8Ds report to the customer and keep record for subsequent traceability

## **Major Customer Satisfaction Survey**

Key Performance Indicators	Year 2024	Year 2023
Number of questionnaires issued (customer/copy)	6	9
Number of questionnaires returned (customer/copy)	6	9
Satisfaction target value	≥90	≥90
Average satisfaction of major customers	91.5	91.3

In order to fulfill product responsibility, the Group actively communicates with suppliers, employees and customers, and prevents any product defects through quality assurance and monitoring measures such as safety testing, performance testing and reliability testing. In addition, the Group places clear warnings or reminders in conspicuous places on the packaging of products and goods.

During the Year, the Group has no product recovery, complaints or quantity return due to safety and health, advertising and labelling.

# Environmental, Social and Governance Report

## Confidentiality and Information Security

We also strictly safeguard corporate confidentiality, customers' confidentiality and our employees' privacy, and have established guidelines for intellectual property protection and confidentiality. The Group is dedicated to protecting and enforcing the intellectual property rights by registering its trademarks and patents in Mainland China and entering into non-disclosure agreements with business partners which stipulate that parties to the agreements shall respect for each other's intellectual property rights. In addition, we have implemented strict IT security policies, factory access control systems and documentation access authorization procedures to safeguard the confidentiality and privacy.

The below sets out a few examples of the practices adopted by the Group in relation to safeguard the confidentiality and privacy.

- There are entrance guards and security station at the main gate of the factory, and no unauthorized person is allowed to enter.
- Employees must wear the identification card when entering the factory.
- All visitors (including customers, suppliers, and applicants) must make an appointment or be brought into the factory by a dedicated person, and verify and register their identity information.
- Without the management approval, no person shall take photographs in sensitive or confidential area in the factory;
- Network and computer equipment set up security measures and encryption.
- Important systems and sensitive data are stored in a stand-alone environment, and document server access control measures are established to prevent unauthorized access.
- The Group signed a confidentiality agreement with internal employees. Without the management approval, all of the confidential information shall not be copied and provided to any third party. The Group signed a confidentiality agreement with internal employees. Without the management approval, all of the confidential information (including personal information of customers) shall not be copied and provided to any third party. The Group instructs its employees to exercise strict standards of care in handling the personal information of customers and remind them of their obligations with regard to the confidentiality of customer information. The use of the information is restricted for the purpose consistent with those identified in the contracts to ensure the information is used in a responsible and non-discriminatory manner.

During the Year, there were no reported cases of claims of breach of confidentiality and privacy.



# Environmental, Social and Governance Report

## Anti-corruption Practices

Conducting business with integrity is one of the core values underlying the Group's business operations. The Group believes an effective anti-corruption mechanism is the cornerstone for the sustainable and organic growth of the Group. In compliance with the Company Law of the PRC, the Audit Law of the PRC, the Anti-Money Laundering Law of the PRC, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, and the Interim Provisions on Prohibition of Commercial Bribery and the Vietnam Anti-Corruption Law, Competition Law, Law on anti-Money Laundering, the Vietnam Criminal Code and other relevant laws and regulations, the Group regularly inquires about local laws and regulations and establishes a list and conducts compliance obligation evaluation on the list of laws and regulations on a regular basis. In addition, an independent third-party organization reviews the Group's laws and regulations list and compliance obligation evaluation regularly to ensure that the operation of the group strictly abides by the current laws and regulations.

The Group has adopted and circulated internally clear guidelines for employees, establish and implement the "Integrity and Transparent Management System" which strictly prohibit bribery, extortion, fraud, money laundering and other acts such as gambling and personal loans with persons having business relationships with the Group, misappropriation of the Group's assets, inappropriate charitable donation or sponsorship, unlawful solicitation of business or favourable treatment, provision or acceptance of "kickbacks" or unreasonable gifts, entertainments or other improper benefits, etc. and require its personnel to declare any interests in the Group's business partners, suppliers and advisers that may conflict with the Group's business interests.

The audit committee of the Company (the "Audit Committee") has established a "Whistleblowing Policy" and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Audit Committee has overall responsibility for the Whistleblowing Policy, but has delegated day-to-day responsibility for overseeing and implementing it to the head of Group Internal Audit, including but not limited to receiving reports and complaints, overseeing the conduct of subsequent investigations, and providing information and recommendations for action resulting from investigation into complaints. However, responsibility for monitoring and reviewing the operation of the policy lies with the Audit Committee.

Employees are also required to comply strictly with applicable laws relating to the above acts which regulated by the jurisdiction where the Group's subsidiaries operate. It is also a term under the Group's standard employment contract that legal non-compliance will constitute a ground of termination of employment. The Group also expects its suppliers and business partners to similarly abide by the relevant local anti-corruption laws.

In order to strengthen corporate integrity and governance, the Group has established an "Anti-bribery and Anti-corruption Policy", and regularly provides anti-corruption training to directors and employees. By publishing the "Integrity and Transparency Management System", interviewing risk points with various departments, filling out the risk prevention and control registration form by various department and organizing various departments to learn about the integrity system as well as avoidance of conflict of interest investigations and other methods, all employees and departments can clearly understand the Company's integrity and transparent management policies and effectively implement them.

# Environmental, Social and Governance Report

In order to check the implementation, each department conducts a quarterly review and feeds back to the general manager's office. The general manager's office uniformly checks the risks and risk control measures, and generates an annual review report to report to the directors and employees. The released content includes anti-corruption and bribery, anti-employment embezzlement, anti-money laundering, etc. integrity training videos and corporate WeChat integrity announcements.

There are no relevant laws and regulations relating to bribery, extortion, fraud and money laundering the compliance with which have a significant impact on the Group.

During the Year, the Group did not received any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above and there were not any concluded legal cases regarding corrupt practices brought against the Group or its employees, and no non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering had been identified.

## Community Participation

The Group firmly believes that community support is crucial to the Group's success. By organizing or participating in appropriate community activities, the Group, our employees and the community can build closer relationships. During the Year, the Group provided employment opportunities for local residents and gave priority to suppliers involved in community construction.

Looking to the future, the Group will continue focusing to our core value of promoting sustainable development goals. The Group encourages and enables our employees to contribute to the community through donations or volunteering.

# Environmental, Social and Governance Report

## Appendix I: List of Major Laws and Regulations

Aspect	Major Laws and Regulations	
	PRC	Vietnam
A1 Emissions	Environmental Protection Law of the PRC	Environmental Protection Law
A3 Environment and Natural Resources	Environmental Impact Assessment Law of the PRC	Water Resources Law
	Water Pollution Prevention and Control Law of the PRC	Law on Economical and Efficient use of energy
	Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste	Law on Thrift Practice and Waste Combat
	Law of the PRC on the Prevention and Control of Air Pollution	
	Law of the PRC on the Prevention and Control of Environmental Noise Pollution	
B1 Employment	Labor Law of the PRC	Labor Law
B2 Health and Safety	The work Safety Law of the PRC	Law on Occupational Safety and Health
	Laws of the PRC on Prevention and Control of Occupational Diseases	Law on Fire Prevention and Fighting
	Fire Control Law of the PRC	
	Regulation on Work-related Injury Insurance of the PRC	
B4 Labor Standards	Labor Contract Law of the PRC	Law on Social Insurance
	The Prohibition of Child Labor of the PRC	Trade Union Law
	Law of the PRC on the Protection of Women's Rights and Interests	Law on Children
	Social Insurance Law of the PRC	Labor Protection Regulations

# Environmental, Social and Governance Report

Aspect	Major Laws and Regulations	
	PRC	Vietnam
B6 Product Responsibility	Product Quality Law of the PRC	Law on Product and Goods Quality
	Industrial Product Quality Responsibility Regulations	Law on Cybersecurity
	Internet Security Law of the PRC	Law on Protection of Customers' rights
	Consumer Rights Protection Law of the PRC	
	Advertising Law of the PRC	
B7 Anti-corruption	Criminal Law of the PRC	Anti-Corruption Law
	Company law of the PRC	Vietnam Criminal Code
	Audit Law of the PRC	Competition Law
	Anti-Unfair Competition Law of the PRC	Law on anti-Money Laundering
	Anti-Money Laundering Law of the PRC	
	Interim Provisions on Prohibition of Commercial Bribery	

# Environmental, Social and Governance Report

## Appendix II: List of Management Policy

Aspect	Internal Policy
A1 Emissions	Environmental Management Program — Hazardous Chemicals Management Policy — Sewage Discharge Control Program — Exhaust Noise Control Program — Waste Control Program
A2 Use of Resources	
A3 Environment and Natural Resources	
A4 Climate Change	
B1 Employment	Recruitment Management Regulations
B2 Health and Safety	Safety Production Responsibility Policy
	Fire Safety Management Policy
	Occupational Health and Safety Management Policy
	Safety Hazard Investigation and Management Policy
	Safety Training Policy
	Production Safety Management Policy
	Production Safety Accident Emergency Rescue Plan
B3 Development and Training	Emergency Response Plan for Employee Sudden Illness and Work Injury
	Training Management Regulations
B4 Labor Standards	Labor Union Management Measures
	Employee Change and Resignation Management Measures
	Employee Welfare Management Measures
	Employee Overtime Management Measures
	Employee Holiday Management Measures
	Regulations on Attendance Management
	Administrative Measures for the Protection of Female Workers
	Administrative Measures for Prohibition of Discrimination
	Employee Incentive Procedures
	Labor and Moral Risk Assessment and Risk Management Procedures
	Administrative Measures for Child Labor and Juvenile Workers
	Prohibition of Harassment or Abuse Control Procedures

# Environmental, Social and Governance Report

Aspect	Internal Policy
B5 Supply Chain Management	Supplier Management Measures
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