Arts Group

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1120

2025

Environmental, Social & Governance Report

CONTENTS

BOARD STATEMENT

To improve the sustainability performance of Arts Optical International Holdings Limited (hereafter referred as "the Group"), the Board of Directors (hereafter referred as "the Board") takes responsibility for overseeing the relevant environmental, social, and governance (ESG) aspects within the existing business strategies. The Group ensures ongoing compliance with local laws and regulations in the regions where it operates, while also prioritizing the interests of stakeholders in its corporate strategies. This includes addressing stakeholders' expectations regarding ESG aspects and making concerted efforts to mitigate operational risks to the best of the Group's abilities.

The Group maintains a structured ESG governance framework. ESG data are consolidated from business units and working groups on a defined cadence, subject to internal controls and management review, and reported in our annual ESG report. In each year, the Board reviews disclosed performance, alignment with strategy, regulatory compliance, and the material topics most relevant to our stakeholders. This review informs capital allocation, risk management, and target setting, and empowers management to adjust programmes and operational plans where needed. We continue to refine our metrics, strengthen data quality, and enhance transparency to support decision-useful reporting. Where appropriate, we obtain external assurance over key indicators and benchmark performance against peers and recognised frameworks to strengthen confidence in our disclosures and drive comparability.

We are committed to delivering high-quality optical products while integrating sustainability across the value chain. From product design and sourcing to manufacturing, logistics and distribution, we assess environmental impacts and pursue reductions in energy use, greenhouse-gas emissions, water consumption and waste. We prioritise resource efficiency, circularity principles and responsible materials, and deploy cost-effective initiatives such as process optimisation, equipment upgrades and waste minimisation. These actions aim to reduce our footprint, improve productivity and resilience, and support compliance with evolving regulatory expectations.

Responsible business conduct remains fundamental to our culture. Integrity is embedded in our internal controls, with reinforced policies, training and monitoring – particularly for colleagues engaging with customers, suppliers and other external partners – to mitigate bribery, corruption and conflicts of interest. We maintain channels for speaking up and investigate concerns promptly. Across our operations and supply chain, we promote safe working conditions, fair labour practices and respect for human rights, and work with suppliers to meet our standards through due diligence, capability building and performance reviews. We continue to invest in employee wellbeing, skills development and diversity, and support community initiatives that advance education and sustainable livelihoods.

Board Statement

The Group's efforts to improve ESG performance have been recognised by the industry, evident in its approval to join the prestigious "ESG Pledge" Scheme organised by The Chinese Manufacturers' Association of Hong Kong and the Hong Kong Brand Development Council.

Despite ongoing global economic volatility and trade-related uncertainties, the Group remains committed to strengthening operational resilience and sustaining long-term growth. Our early development of overseas production facilities has established an integrated manufacturing network across China, Vietnam and Malaysia, enabling flexible capacity deployment and effective mitigation of external risks. We will continue to review operating costs across all facilities and implement targeted optimisation measures to enhance efficiency and performance stability.

At the same time, the increasing momentum of our lens division and the smart-glasses sector underscores their strategic value to the Group's future development. We will maintain focused investment in these high-potential areas to reinforce our competitive strengths. Looking ahead, we will deepen stakeholder engagement, integrate ESG considerations into strategy execution and enterprise risk management, and track progress against clear objectives and KPIs. The Board will oversee regular reviews of programmes and performance, ensuring accountability and continuous improvement. Through disciplined execution, transparent reporting and collaboration with our partners, we aim to create long-term value for our customers, employees, shareholders and communities while contributing to a more sustainable industry. We will cascade responsibilities through management scorecards, align incentives with ESG outcomes where appropriate, and prioritise investment in initiatives with risk-reduction and value-creation potential.

ABOUT THE REPORT

This Report presented the Environmental, Social and Governance ("ESG") performance of Arts Optical International Holdings Limited and its subsidiaries (collectively, the "Group") (Stock code: 1120) in 2025. This is the 10th ESG Report of the Group. The Report is available in both English and Chinese. In case of any discrepancy between the two versions, the English version shall prevail.

SCOPE OF REPORT

This report covers the ESG activities of the Group's headquarters in Hong Kong and Arts Opti Lab (Shenzhen) Company Limited (Shenzhen factory), known as "AOL," which is the primary operating entity of the Group. These facilities are the main operational sites that contribute a significant portion of revenues to the Group.

The Reporting Period spans from 1 January 2025 to 31 December 2025 (hereafter referred to as the "Reporting Period"). This report is published annually in conjunction with the Group's annual report.

REPORTING STANDARD

This Report is compiled in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide (the "Guide") under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REPORTING PRINCIPLES

The preparation of this Report adheres to the reporting principles encompassing materiality, quantitative analysis, balance, and consistency.

Materiality

The information disclosed in the Report has been collected, evaluated, and presented based on its materiality to the Company's operations and its stakeholders. The reporting scope is determined by the significance of operations in terms of revenue contribution and ESG impact.

Quantitative Analysis

All disclosed information, especially statistics on key performance indicators (KPIs), has been organised and calculated using standardised methodologies detailed in the relevant sections.

Balance

To ensure a balanced reporting content, the Report provides fair disclosure of sustainability performance and challenges concerning the Company and stakeholders, with impartial information made available to the public.

Consistency

The Report has been prepared consistently in terms of methodology compared to previous years. The business sectors and operating regions align with the reporting scope from the previous year.

About the Report

CLIMATE-RELATED DISCLOSURE REQUIREMENTS

The Group conducted a quantitative assessment of climate-related financial risks for the reporting year. The assessment concluded that the Group is not exposed to material financial impacts arising from climate change. In line with this outcome, the Group's disclosures focus on its climate-related governance and policies, the key climate risks identified, the mitigation measures implemented to prevent or reduce potential impacts, and the corresponding quantitative results of the financial impact assessment.

STAKEHOLDER ENGAGEMENT

Communication plays a pivotal role in achieving success. The Group utilises various communication channels to gather views from various stakeholders, such as shareholders, customers, employees, and suppliers. We protect our rights and interests to steer the Group's long-term trajectory and foster close relationships with all stakeholders. The Group's operational information and overall performance are consolidated every six months in the company's Interim and Annual reports and reported to stakeholders through the company's website: https://www.artsgroup.com/en/index.html.

To understand the perspectives and apprehensions of stakeholders concerning business operations, the Group has taken steps to identify crucial stakeholder groups. These groups consist of individuals who are concerned about issues that may have a significant impact on our business or those who may be significantly impacted by our operating activities. Furthermore, the Group has regularly interacted with these stakeholders through various communication channels. The table below provides an overview of our ongoing communication activities with key stakeholders:

Investors & Shareholders

- Company website
- Company announcements
- Annual general meeting
- Annual & Interim reports
- Investor relations hotlines

Customers

- Company website
- Customer service hotlines
- Social media

Employees

- Training & Orientation
- Emails & Opinion box
- Regular meetings
- Employee performance evaluation
- Employee activities

Suppliers & Business Partners

- Selection assessment
- Procurement process
- Performance assessment
- Regular communication (e.g. emails, meetings, on-site visits)

Government authorities & Regulators

- Documented information submission

Communities

- Company website
- Community activities

Stakeholder Engagement

The Group's Directors and the ESG working group have undertaken an internal assessment of sustainability disclosure issues. Following thorough deliberation, the following issues have been identified as equally important and possessing a substantial impact on the sustainable development of the Group. Hence, they are outlined as the key areas of focus for the Group's sustainable development.

Environmental aspects

- Emissions
- Use of resources
- Environment & Natural resources
- Climate Change

Social aspects

- Employment
- Health & Safety
- Training & Development
- Labour standard
- Supply chain management
- Product responsibility
- Anti-corruption
- Community investment

RISK MANAGEMENT

Unexpected incidents – such as fires, hazardous waste leaks, or wastewater discharge – can pose significant risks to the environment and to employee safety within a manufacturing setting. To strengthen operational resilience, the Group has established a comprehensive Emergency Preparedness and Response Procedure that outlines clear protocols for managing such events and equips employees with the necessary competencies to respond effectively. Designated personnel receive targeted training to ensure they are prepared to assume leadership roles during emergency situations. Throughout the Reporting Year, the Group conducted regular drills covering scenarios including pollution events, chemical spills, and operations in confined spaces, enabling employees to practise appropriate responses and ensure adherence to established procedures.

ENVIRONMENTAL MANAGEMENT

The Group is committed to long-term sustainable growth, recognising that robust environmental management is essential to the resilience of our operations. Environmental considerations are embedded across our manufacturing activities, with ongoing efforts to minimise pollution, optimise resource efficiency, and reduce the environmental footprint of our facilities.

To support systematic and transparent management of environmental performance, the Group has established certified management systems covering key operational areas. Our ISO 14001 Environmental Management System provides a structured framework for monitoring, controlling, and improving environmental impacts, while the ISO 50001 Energy Management System guides us in enhancing energy efficiency and reducing energy-related emissions. Both systems undergo regular internal assessments and independent third-party audits to ensure compliance, reinforce governance, and drive continual improvement.

In alignment with these management systems, the Group has set strategic environmental targets aimed at reducing operational impacts across emissions, waste, and resource consumption. These targets, detailed in the table below, reflect our commitment to responsible manufacturing and sustainable business practices. Our environmental initiatives have gained recognition from government bodies, industry partners, customers, and suppliers, affirming the Group's dedication to environmental stewardship and corporate responsibility.

Environmental targets	Directional statements	Measures taken during the Year
Emission reduction	Adopt energy-saving equipment to reduce Scope 2 GHG emissions in the energy indirect category generated by purchased electricity	• Replaced traditional lighting with LED installations to reduce electricity consumption • Began phasing out diesel vehicles, with a full transition to electric vehicles targeted by 2030
Waste reduction	Reduce paper waste generation from office operations	• Enhanced digital workflows and file management systems to minimise paper use • Promoted double-sided printing and responsible printing practices across offices • Arranged scrap-paper recycling to reduce office waste
	Reduce waste from the production process	• Evaluated and adopted new environmentally friendly equipment and advanced technologies to replace outdated machinery • Implemented process-control enhancements to reduce material offcuts and production scrap

Environmental Management

Environmental targets	Directional statements	Measures taken during the Year
Energy use efficiency	Gradually transition to electrical appliances with energy-saving labels across all operations to reach 100% adoption	• Replace obsolete equipment with energy-efficient models • Displayed energy-saving reminders in office areas to encourage staff participation • Established procurement guidelines prioritising certified energy-efficient appliances
	Implement alternative solutions to reduce the reliance on company vehicles and reduce fuel consumption	• Adopted video conferencing for internal and intra-group meetings to reduce travel • Increased the use of public transportation for essential business trips
	Optimize energy usage by minimizing the number of office equipment that consume significant amounts of energy	• Switch off idle equipment after office hours (e.g. lighting, personal computer, air-conditioners) • Maintain office indoor temperature at 24 – 26°C in response to the "Indoor Temperature Savings Charter" programme in Hong Kong • Optimised office layout to remove energy-intensive facilities and improve resource efficiency • Implemented periodic maintenance of key equipment to ensure optimal energy performance
Water use efficiency	Incorporate water-efficiency equipment	• Install water flow controllers • Adopted appliances and equipment labelled for water efficiency • Conducted routine inspections to monitor water usage and identify abnormal consumption
	Implement wastewater reuse system in Shenzhen factory (AOL)	• Enhanced water-supply monitoring measures to ensure efficient usage • Reused treated wastewater meeting required standards for non-production applications

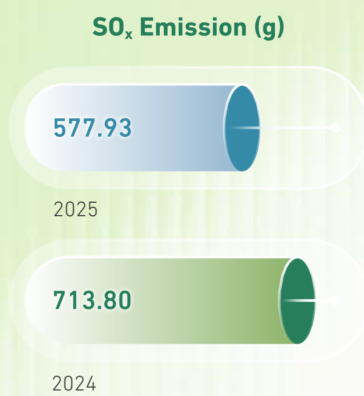
During the Reporting Period, the Group has not identified any non-compliance with environmental emissions against the relevant regulations of the reporting scope.

Environmental Management

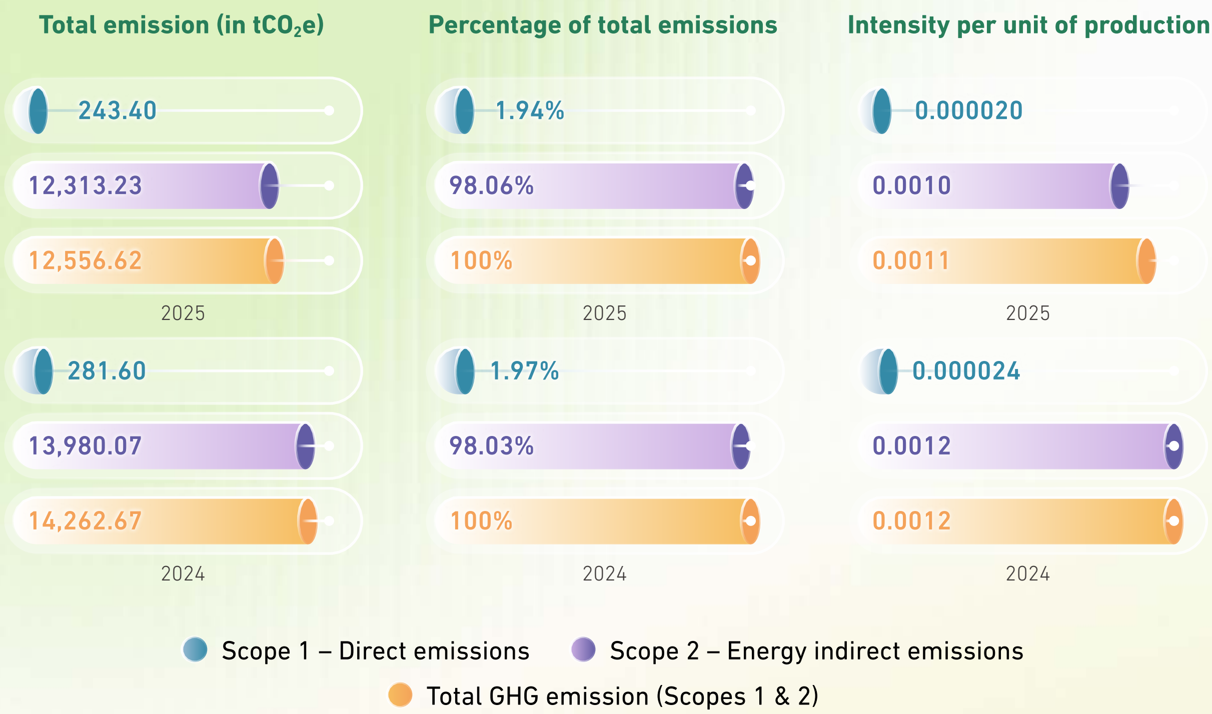
EMISSIONS

GHG Emissions[1]

The Group is committed to reducing the carbon footprint associated with its operations and minimising emissions of greenhouse gases and other harmful air pollutants across all stages of the manufacturing value chain. The calculation of air pollutant emissions is based on fuel consumption and total distance travelled by vehicles. During the Reporting Period, Sulphur oxides (SO_x) from the use of vehicles in both AOL and Hong Kong offices were the major source of air pollutants, with a total of 577.93 g.



In terms of GHG emissions, the major emission source originates from mobile source emissions (Scope 1 Direct) and purchased electricity (Scope 2 Indirect). Throughout the Reporting Period, the total GHG emissions were 12,556.62 tonnes of carbon dioxide equivalent (tCO_2e), with an emission intensity of 0.0011 tCO_2e per unit of production. Despite the heightened production volumes, a reduction in total GHG emissions compared to previous year 11.96% is noticed, with the emission intensity per unit of production decreased from the preceding year 12%. Such decline signifies that the Group's efforts to curtail GHG emissions have yielded tangible progress and positive outcomes.



[1] The calculations of Greenhouse Gases Emissions are based on the IPCC Sixth Assessment Report Global Warming Potentials.

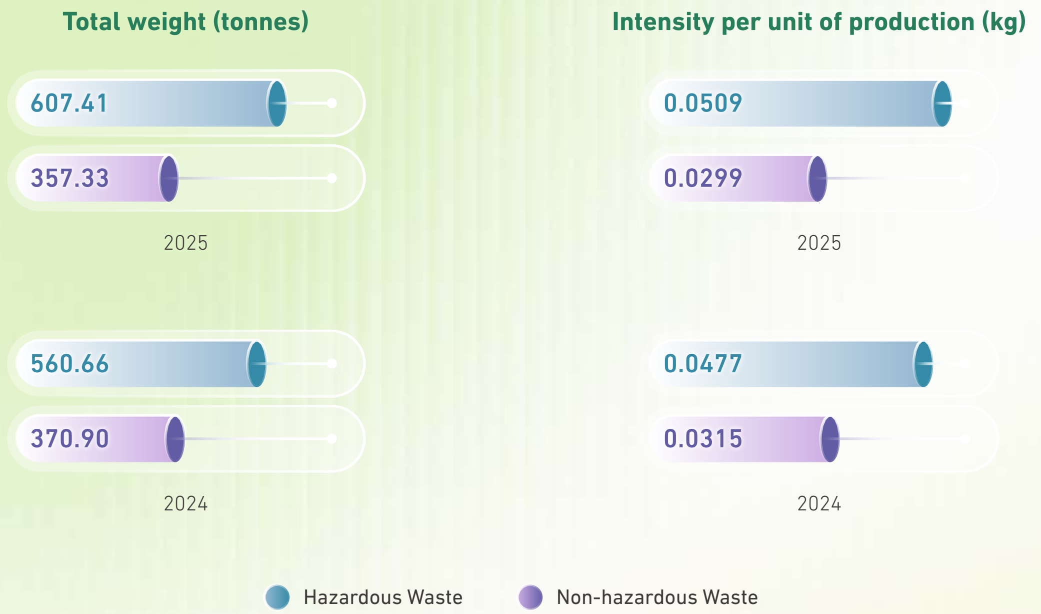
Environmental Management

Waste

The Group adopts a systematic approach to waste management, guided by the principles of Reduce, Reuse and Recycle, with the objective of minimising waste generation and promoting responsible resource utilisation throughout our manufacturing operations. Clear procedures are in place to govern the segregation, handling, and disposal of different waste streams to ensure full compliance with regulatory requirements and to uphold high environmental standards.

For hazardous waste, the Group adheres to stringent legal and operational controls covering collection, storage, and transfer to authorised treatment contractors. All hazardous waste containers are clearly marked with prominent labels to prevent leakage, improper handling, or accidental misuse. To safeguard compliance and environmental integrity, the Group evaluates the competency of waste handling contractors through permit verification and periodic performance checks.

Non-hazardous waste – primarily domestic and packaging waste – is centrally managed by registered waste collectors to ensure proper disposal. To further reduce waste at source, employees are encouraged to minimise single-use plastics through internal communication channels such as notice boards and corporate emails. Recycling facilities for metals, plastics, and paper are strategically placed across office areas and production floors, supported by user reminders and educational messages to enhance awareness and improve recycling performance.



During the Reporting Year, the AOL factory was the major source of both hazardous and non-hazardous waste. The hazardous waste generated amounted to 607.41 tonnes, with an intensity of 0.0509 kg per unit of production, while the non-hazardous waste produced totalled 357.33 tonnes, with an intensity of 0.0299 kg per unit of production.

Environmental Management

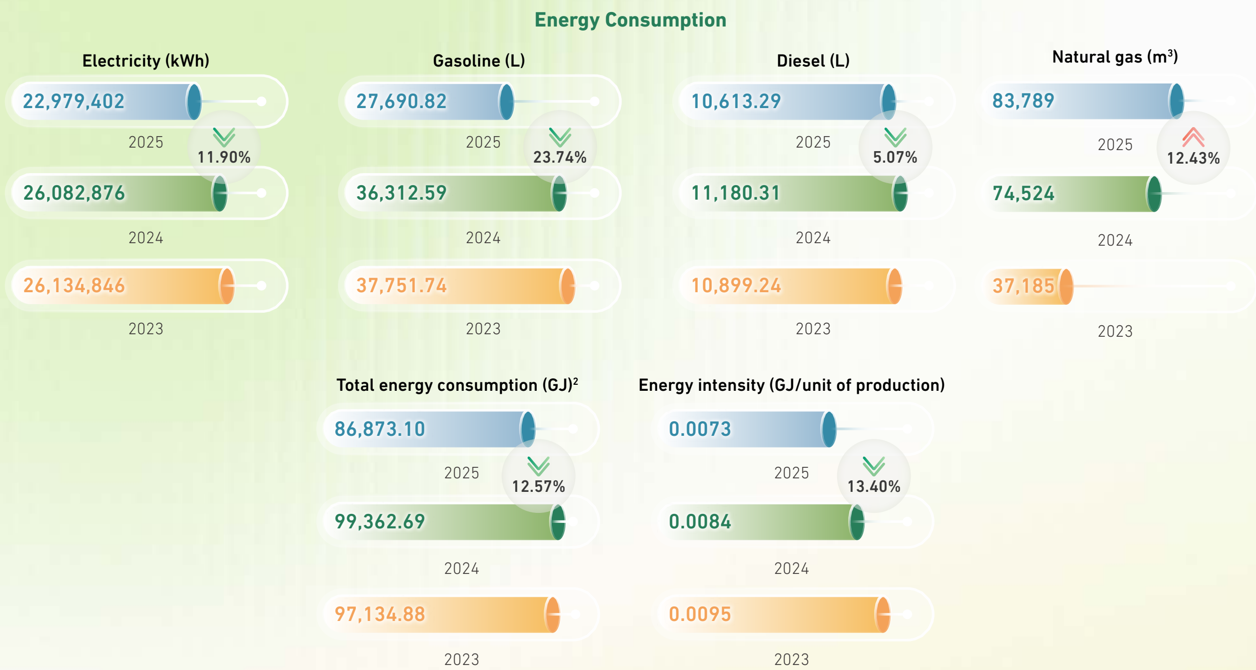
USE OF RESOURCES

The Group remains fully compliant with all applicable laws and regulations across its operational jurisdictions, ensuring that resource efficiency and environmental responsibility are integral to its business practices. In support of this commitment, the Group continually develops and implements energy-saving and water-saving measures aimed at optimising resource utilisation, reducing waste, and strengthening sustainability performance across its manufacturing operations.

The Group also strives to maximise the use of clean and sustainable energy wherever feasible. Energy-efficient technologies – such as LED lighting systems and automated controls that replace traditional manual switches – have been progressively adopted to reduce electricity consumption and enhance operational efficiency. In addition, the Group places priority on engaging local subcontractors and suppliers throughout the procurement process. This approach not only helps lower greenhouse gas emissions associated with transportation but also supports resource efficiency while contributing to the resilience of local supply chains.

During the Reporting Period, the Group's energy consumption comprised purchased electricity, gasoline, diesel and natural gas. Purchased electricity constituted 95% of the total energy consumption and served as the primary energy source for the Group. The total energy consumed amounted to 86,873.10 GJ, with an intensity of 0.0073 GJ per unit of production.

The table below presents the total consumption and density of key resources by the Group over the past three Reporting Years, including the current Reporting Year:



2 The conversion factors from volumetric units of fuel consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

Environmental Management

Water

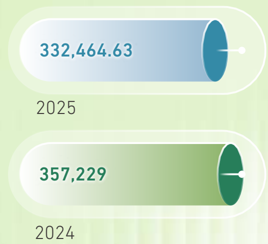
The total water consumption throughout the Reporting Year is 332,464.63 m^3 with an intensity of water usage of 0.028 m^3 per unit of production.

All operational sites within the reporting boundary source water exclusively from municipal suppliers and experienced no difficulties in securing a stable and adequate water supply during the Reporting Year. The Group ensures that all wastewater and sewage generated from manufacturing and office activities are discharged responsibly and in full compliance with applicable regulatory requirements. To reduce reliance on freshwater resources, treated recycled water is utilised for non-potable purposes such as toilet flushing, thereby supporting more efficient water use across our facilities.

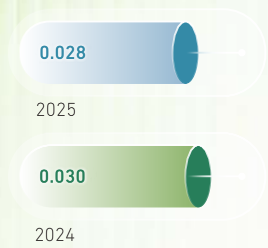
The Group actively promotes water conservation among employees, encouraging behavioural changes that support the Group's environmental policy and long-term sustainability objectives. Regular internal communications and awareness initiatives reinforce the importance of responsible consumption and proper use of water-saving facilities.

In parallel with these efforts, the Group maintains a structured approach to monitoring water usage and recycling performance, enabling the identification of improvement opportunities and the integration of conservation practices into routine operations. Practical measures are implemented within the production process to maximise reuse potential. For example, wastewater generated from washing packaging materials is collected and reused in the material grinding process, reducing both freshwater demand and total wastewater discharge. These initiatives collectively strengthen the Group's environmental stewardship and contribute to more sustainable manufacturing operations.

Total water consumption (m^3)



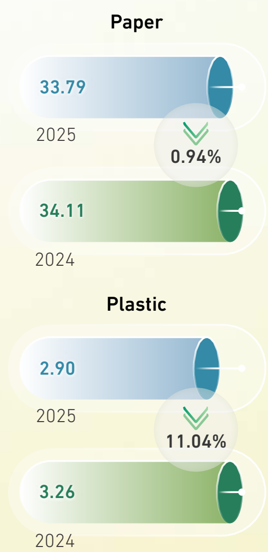
Water consumption intensity per unit of production (m^3)



Packaging Materials

The Group primarily utilises packaging materials for AOL finished product packaging. In the Reporting Year, 33.79 tonnes of paper and 2.90 tonnes of plastics were consumed. The Group's dedicated efforts in reducing packaging materials have resulted in a significant 11% decrease in packaging plastic usage. Moving forward, the Group remains dedicated to exploring avenues to enhance resource efficiency and continually improve our environmental performance.

Packaging materials (tonnes)



Environmental Management

ENVIRONMENT AND NATURAL RESOURCES

The Group places strong emphasis on continually reviewing its production processes, materials use, and operational practices to minimise environmental impacts while upholding the requirements of certified management systems, including ISO 14001 Environmental Management and ISO 50001 Energy Management. These systems provide a structured approach for managing environmental performance and energy efficiency, reinforcing the Group's long-standing commitment to responsible operations. Beyond compliance, the Group actively nurtures an environmental protection mindset among employees, ensuring that environmental stewardship remains a core value across all operational sites. This collective awareness supports the Group's efforts to contribute positively to both the environment and the communities in which it operates.

To strengthen internal competencies, selected employees are enrolled in specialised operator training programmes focused on waste gas management, wastewater handling, and hazardous waste control. These initiatives enhance technical knowledge and ensure that frontline staff are fully equipped to support safe, compliant, and environmentally sound operations. The emphasis placed by senior management on green operations fosters a culture where sustainability is deeply embedded in day-to-day decision-making.

Employee engagement is central to the success of the Group's environmental initiatives. When launching new green programmes, the Group ensures active staff involvement, recognising that participatory approaches enhance ownership, improve implementation effectiveness, and amplify the environmental benefits achieved. This collaborative model strengthens the Group's capacity to conserve natural resources and reduce environmental impacts over the long term.

In addition to improving manufacturing practices, the Group incorporates environmental considerations into product development and procurement. Eco-friendly design features and responsible packaging solutions are adopted wherever feasible. The Group also implements green procurement policies that prioritise locally sourced materials and suppliers, contributing to a more sustainable supply chain while supporting community resilience. Through these efforts, the Group consistently delivers high-quality products with reduced environmental burden, maintaining its commitment to sustainability from product conception through final delivery.

CLIMATE CHANGE

The Group recognises climate change as an emerging business risk with potential physical and transition implications for manufacturing operations, assets and supply chains. Management conducts periodic assessments to identify, evaluate and monitor climate-related risks and opportunities, and integrates relevant findings into operational planning, business continuity arrangements and capital management. During the Reporting Year, the Group did not experience any extreme weather events that resulted in material financial impacts on operations or asset integrity. In particular, no climate-related incidents led to significant increases in capital expenditure, such as the repair or replacement of production machinery or facility infrastructure damaged by severe weather. Separately, the Group continues to monitor climate-related transition risks, including policy and regulatory developments that may affect operating costs, product competitiveness and future investment needs. No policy-related changes resulted in material financial impacts during the Reporting Year.

To strengthen governance and provide clear direction, the Group has established a Climate Change Policy that sets out actions to address the evolving challenges posed by climate change. The policy is reviewed on a regular basis to ensure the Group remains informed of relevant regulatory and market developments and is equipped with appropriate resources to monitor and assess the potential impacts on business operations. Where feasible, climate considerations are incorporated into existing management systems and operational controls to support consistent implementation across sites.

The Group's exposure to acute physical risks is assessed with reference to site characteristics and operating conditions. As the Group's production facilities and properties are located away from coastal areas, the likelihood of coastal flooding and certain severe weather hazards is considered relatively lower compared with coastal locations. Nevertheless, the Group maintains preparedness measures to manage potential climate-related disruptions. Comprehensive guidelines and procedures are in place, including internal notification and escalation protocols, evacuation arrangements, and incident investigation processes, to support a timely and effective response to emergencies that may be associated with extreme weather or other climate-driven events. Relevant drills and training are conducted to enhance employee readiness and clarify roles and responsibilities during emergency situations.

In addition to operational preparedness, the Group maintains property insurance coverage to mitigate potential losses from unforeseen events, thereby strengthening overall resilience. The Group will continue to enhance its climate risk management approach by tracking evolving climate science, policy and regulatory trends, and by reviewing the adequacy of controls and contingency measures to support long-term business sustainability in a transitioning low-carbon economy.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group is committed to fostering a fair, inclusive, and equitable workplace in which all employees are treated with dignity and respect. Equality in employment is a fundamental principle underpinning the Group's human capital management strategy. Remuneration and benefits are determined with reference to individual performance, professional experience, and role responsibilities, while remaining aligned with prevailing market practices. The Group conducts periodic reviews of its remuneration framework to ensure continued competitiveness and relevance in attracting and retaining talent.

In Hong Kong, the Group complies fully with applicable labour and employment regulations, including the Mandatory Provident Fund (MPF) Schemes Ordinance. Eligible employees are provided with statutory benefits, comprehensive medical coverage, and access to ongoing training and professional development opportunities, reinforcing the Group's commitment to employee well-being and long-term career growth.

The Group has established a comprehensive employment policy framework covering key labour standards, including recruitment, promotion, termination, remuneration, diversity and inclusion, working hours, equal opportunities, anti-discrimination measures, and employee benefits. These policies are implemented consistently across operations to ensure fair and transparent employment practices. During the recruitment process, all candidates are assessed solely on merit, qualifications, and relevant experience, without discrimination based on ethnicity, skin colour, gender, disability, language, family status, religion, or any other non-job-related factors.

As an equal opportunities' employer, the Group strictly adheres to anti-discrimination legislation and actively promotes an inclusive workplace culture that values diversity and encourages open communication. Employees are offered competitive remuneration packages comprising base salary, year-end double pay, discretionary bonuses, and statutory leave entitlements, including paid leave, sick leave, maternity leave, paternity leave, and marriage leave. To further support employee health, the Hong Kong office provides optical optometry services, which are also extended to employees' family members and friends.

In addition to formal benefits, the Group places importance on employee engagement and work-life balance. A range of social, recreational, and wellness activities are organised regularly to help alleviate work-related stress and strengthen team cohesion. During the Reporting Year, initiatives such as Sports Day and fitness-related activities were held to encourage healthy lifestyles and foster a sense of belonging. Festive celebrations, including Mid-Autumn Festival activities, were also arranged to enhance employee morale and create a positive and supportive working environment.

Employment and Labour Practices

Mid-Autumn Festival Event – Lantern Riddle-Guessing and Rope Pulling

Environmental Education Study Tour at OCT Wetland Park

Dumpling-Giving Activity

Employment and Labour Practices

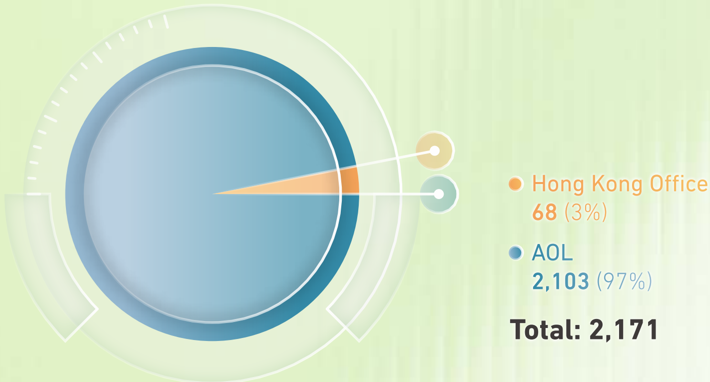
Fun Sports Day of Staff and their children

The Group operates its business in strict compliance with the pertinent laws and regulations in both China and Hong Kong. In China, we uphold adherence to key mandates such as the "Labour Law of the People's Republic of China", and the "Labour Contract Law of the People's Republic of China". In Hong Kong, our operations align with statutes like the "Sex Discrimination Ordinance", "Disability Discrimination Ordinance", "Family Status Discrimination Ordinance", and "Race Discrimination Ordinance", etc. During the Reporting Year, the Group ensured full compliance with the applicable employment regulations within the scope of our operations. No instances of non-compliance were identified against the regulatory framework during this period.

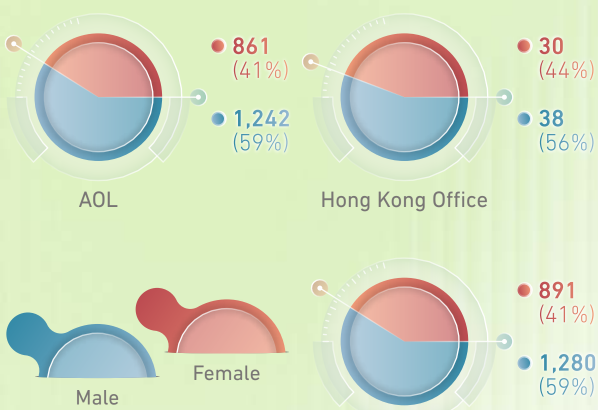
Employment and Labour Practices

As of 31 December 2025, there were 2,171 full-time employees, with the majority (97% of the workforce) stationed at the AOL factory in Mainland China. The remaining 3% were situated in the Hong Kong Office, contributing to the diverse and dynamic composition of the group's operational staff across different locations.

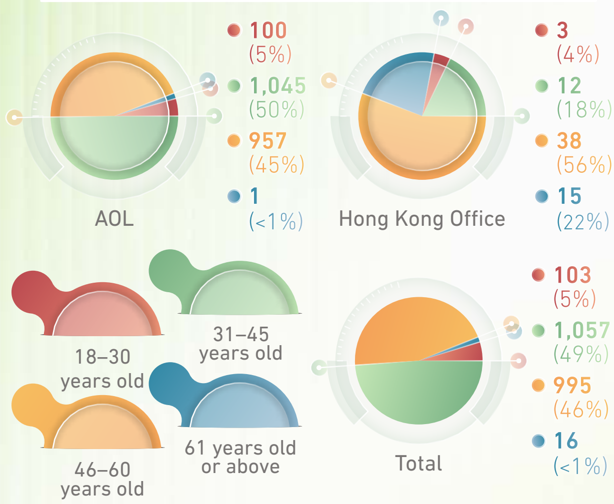
Total number of workforce



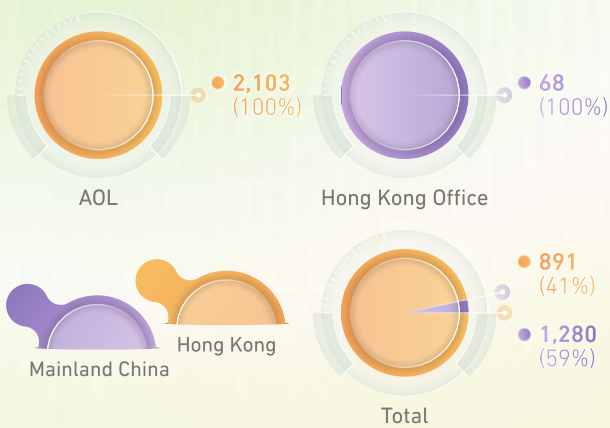
By Gender



By Age



By geographic region

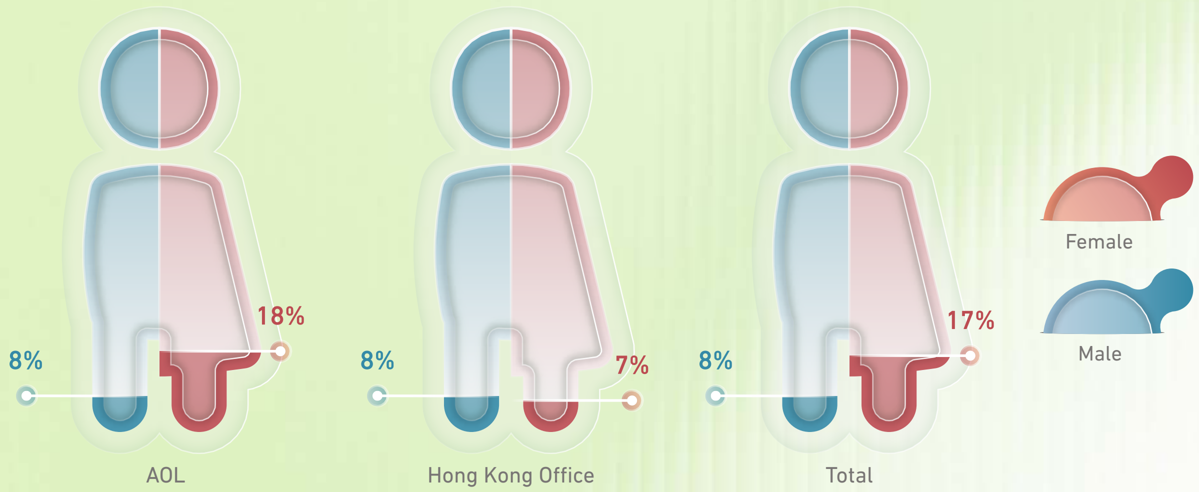


By employment type

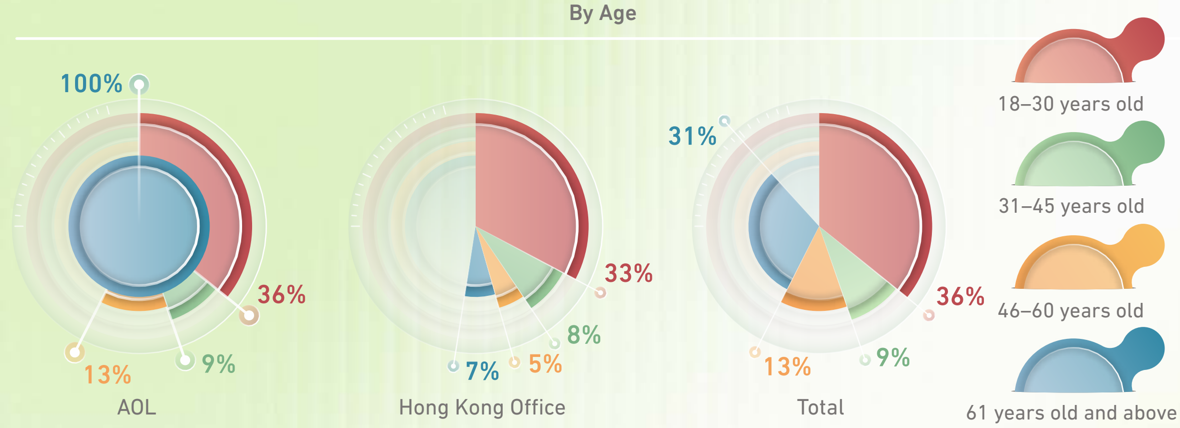
Employment and Labour Practices

The table below shows the detailed employee turnover rate by gender, age and geographical region. The overall employee turnover rate in 2025 is 12%.

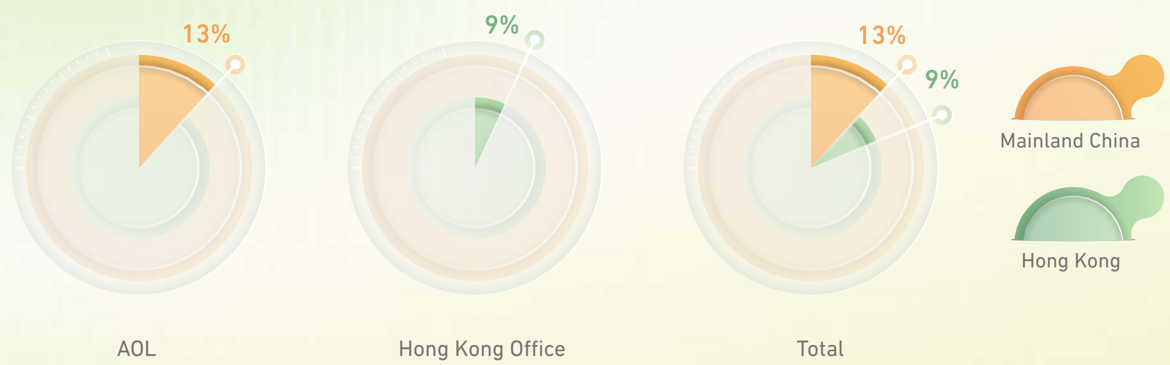
Employee Turnover Rate



By Age



By geographic region



HEALTH AND SAFETY

The Group places the highest priority on safeguarding the health and safety of its employees and is committed to maintaining a workplace that is productive, healthy, safe, and comfortable. This commitment is supported by a structured occupational health and safety ("OHS") management approach designed to identify, evaluate, and control hazards, prevent incidents, and protect employee well-being across all operational sites. The Group's OHS arrangements are implemented through defined policies, procedures, and operational controls, with an emphasis on prevention, readiness, and continuous improvement.

A cross-branch Occupational Health and Safety Committee has been in place since 1987 to strengthen governance and oversight. Led by the General Manager and comprising 124 representatives from relevant functional departments, the Committee coordinates OHS initiatives, reviews performance, promotes safe working practices, and reinforces safety responsibilities across the organisation. The Group has also obtained ISO45001:2022 Occupational Health and Safety Management System certification, which provides a formal framework for managing OHS risks, improving performance, and ensuring that OHS practices remain systematic and auditable.

Proactive hazard identification and risk mitigation form a core pillar of the Group's safety management. The Group's OHS policies follow the principle of "Safety and Prevention First", supported by routine on-site inspections and monitoring to identify potential risks at an early stage. Contingency and emergency response plans are established to address unforeseen incidents and to ensure that response actions are timely, coordinated, and effective. These measures are complemented by investigation protocols to determine root causes, implement corrective actions, and prevent recurrence, thereby reinforcing a culture of learning and prevention.

To protect employees who may be exposed to occupational hazards, the Group maintains robust occupational health controls and personal protective equipment ("PPE") requirements in accordance with relevant regulations and legislative obligations, including the Arts Optical Personal Protective Equipment Regulations. Appropriate protective gear is provided for work activities involving higher-risk exposures, such as toxic gases, harmful dust, and excessive noise. Supervision and site-level controls are maintained to support proper selection, use, and upkeep of PPE. To embed accountability at the operational level, the Group applies the principles of "who is in charge, who is responsible" and "who uses, who is responsible", establishing clear lines of responsibility to ensure that safety obligations are understood and implemented within each production department.

The Group has established OHS policies and procedures to mandate precautionary measures across key areas, including facility safety management, indoor working conditions and monitoring, and employee safety training. Working hours for employees engaged in roles involving high-risk occupational hazards are monitored to support appropriate exposure management. In addition, the Group promotes a healthy indoor environment in office and factory premises through measures such as maintaining adequate ventilation and air circulation, opening windows where appropriate, and implementing regular sanitation practices.

Employment and Labour Practices

To strengthen occupational health protection, the Group conducts occupational health hazard factor monitoring at operating sites through qualified independent third parties on an annual basis, with a comprehensive evaluation performed once every three years. These assessments support the identification of potential occupational disease risks, inform control measures, and provide an additional layer of assurance that occupational health management remains effective and aligned with applicable requirements.

Employee well-being is further supported through health protection and welfare arrangements. In Hong Kong, the Group provides essential insurance coverage for employees, including medical, personal accident, employee compensation, and travel insurance. In addition, annual complimentary medical check-ups are arranged for AOL employees to proactively monitor health status and support early identification of potential occupational diseases. Where unforeseen circumstances arise, the Group is committed to providing fair compensation and appropriate support to affected employees and their families, in accordance with applicable requirements and internal policies.

To sustain continuous improvement, the Group maintains ongoing communication with employees on occupational safety matters. Relevant information and training resources are provided regularly to enhance hazard awareness and safe work practices, and these resources are made readily accessible via the Group's website. Through consistent engagement, training, and governance oversight, the Group aims to strengthen safety culture, reinforce shared responsibility, and maintain a resilient and safe working environment for all employees.

In 2025, our AOL factory reported 11 work-related incidents that resulted in 378 lost days due to work injuries. Despite these incidents, the Group is proud to maintain a strong safety record with zero work-related fatalities for the fifth consecutive year, including the Reporting Period. During the Reporting Period, the Group has not identified any non-compliance on occupational health and safety against the relevant regulations of the reporting scope, such as the Occupational Safety and Health Ordinance, Factories and Industrial Undertakings Ordinance, and the Law of the People's Republic of China on Work Safety in the reporting scope of the Group.

Our AOL factory reported

11 work-related incidents

that resulted in

378 lost days due to work injuries

Employees participating in fire drill

Employment and Labour Practices

DEVELOPMENT AND TRAINING

The Group recognises that its employees are a key driver of long-term business success and places strong emphasis on talent development across all levels of the organisation. By fostering individual career growth alongside corporate objectives, the Group seeks to build a resilient workforce equipped with the skills and leadership capabilities required to support sustainable development. To this end, structured training programmes are implemented to enhance professional competencies, strengthen management capabilities, and support internal talent progression.

Regular training programmes focusing on managerial skills and relevant professional topics are organised for employees with strong performance potential. Participants are selected based on performance assessments and development needs. Upon completion of these programmes, employees demonstrating outstanding capabilities may be considered for promotion to supervisory or management positions, with high-performing individuals potentially progressing into senior management roles. This approach reflects the Group's commitment to succession planning and the cultivation of future leaders from within the organisation.

In parallel, the Group provides a diverse range of training programmes tailored to the needs of frontline and routine employees. In light of rapid technological advancement and evolving operational requirements, continuous skills upgrading is regarded as essential. Training formats include classroom-based learning, work progress presentations, and occupational skills training designed to enhance technical proficiency and operational effectiveness. To reinforce performance management, annual performance appraisals are conducted at all levels. Employee contributions are recognised through performance-linked rewards, including year-end bonuses, and exceptional performers are prioritised for internal job opportunities, supporting internal mobility and career advancement.

The Group also places importance on supporting new employees through structured onboarding. Mandatory classroom and on-the-job training are provided to facilitate role adaptation, including familiarisation with factory regulations, operational procedures, and safety requirements. In addition, role-specific professional training programmes are offered based on job functions, covering areas such as business processes, materials management, inventory control, lean management practices, environmental regulations, and wastewater management.

To encourage continuous learning, both in-house and external training opportunities are made available. Where appropriate, the Group provides training subsidies or scholarships on a case-by-case basis to support further education and skills enhancement. Through these comprehensive training and development initiatives, the Group aims to empower employees, enhance organisational capability, and support sustainable long-term growth.

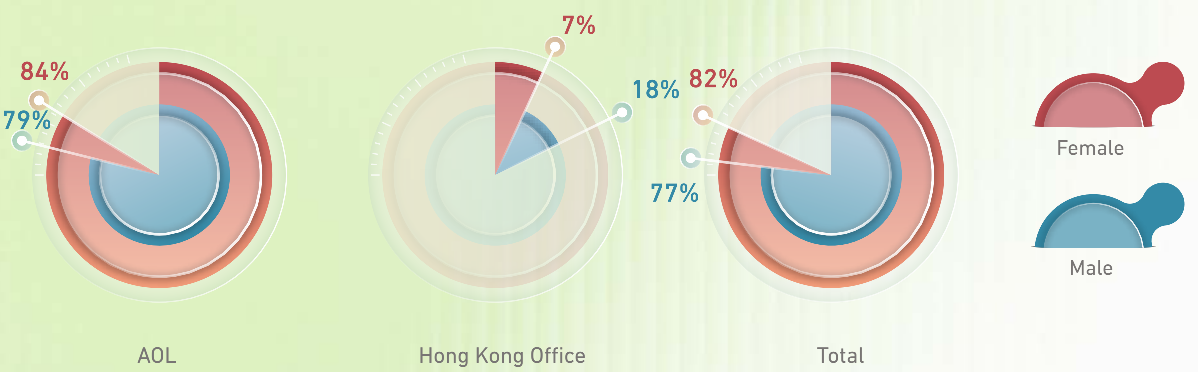
Employment and Labour Practices

In 2025, the Group provided 1,749 hours of training for all employees, with 1,019 hours for male employees and 730 hours for female employees. The training hours for senior management, middle management and junior level employees are 1, 40, and 1,708 hours respectively. The percentage of employees trained by gender and employee category and the average training hour completed per employee by gender and employee category are listed below:

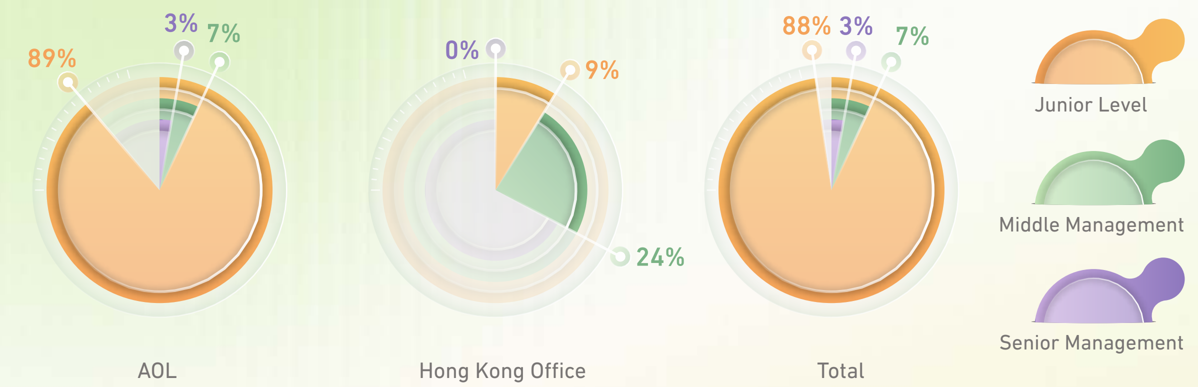
The Group provided
1,749 hours
of training for all employees in 2025

Percentage of employees trained[3]

By Gender

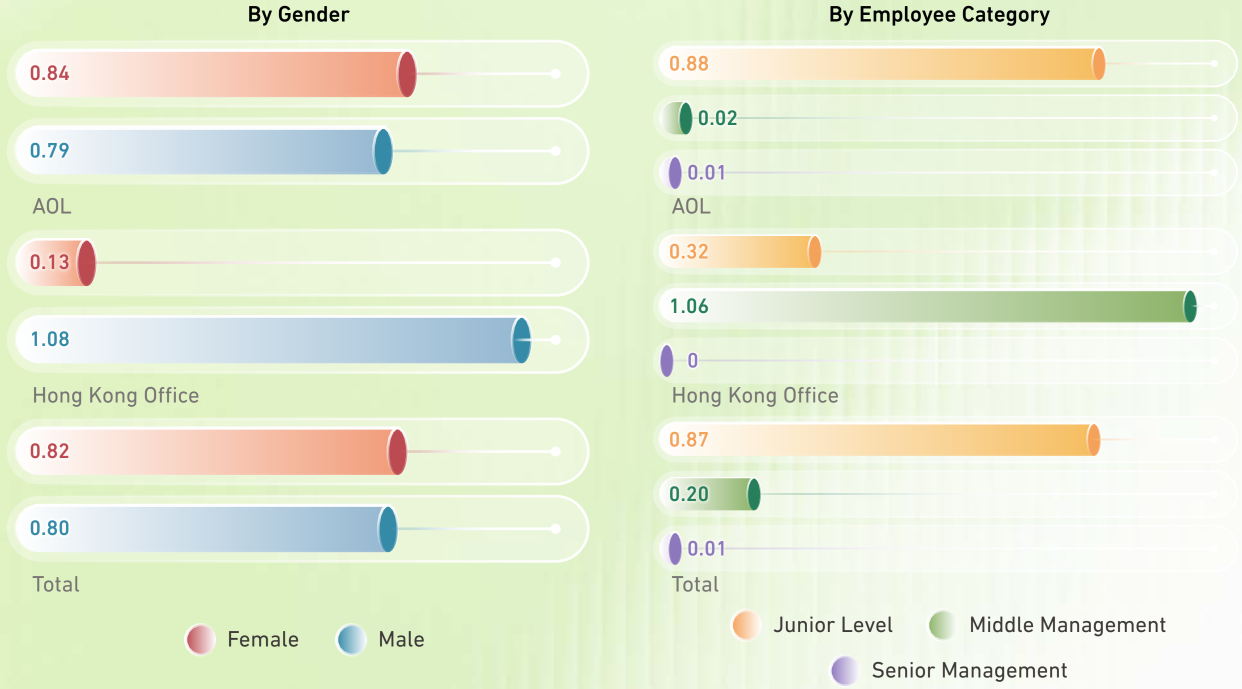


By Employee Category



[3] Percentage of employees trained = Number of employees trained in the specified category/Total number of employees in the specified category * 100%

Average training hours completed per employee[4]



LABOUR STANDARD

In its daily operations, the Group strictly prohibits forced labour and is committed to upholding fair labour practices across all business activities. Respect for employee well-being is a core principle of the Group's human resources management approach, with particular emphasis placed on maintaining a healthy work-life balance. Work arrangements, staffing deployment, and shift schedules are carefully planned to support operational efficiency while safeguarding employees' physical and mental health. Where overtime work is operationally required, prior approval from management is mandatory, and employees are compensated in accordance with applicable laws, regulations, and internal policies.

The Group also maintains zero tolerance for child labour and illegal employment practices. In full compliance with relevant employment laws and regulations, the Group strictly adheres to minimum legal age requirements and ensures that all employees are legally eligible to work. Identity verification and employment eligibility checks are conducted during the recruitment process to confirm candidates' age and authorisation to work, thereby mitigating the risk of non-compliance.

In the event that child labour or unauthorised employment is identified, the Group will take immediate corrective action, including termination of the employment relationship in accordance with legal requirements. Where appropriate, the Group will seek assistance from relevant authorities or institutions to ensure that affected individuals are protected and supported. Through these measures, the Group aims to uphold internationally recognised labour standards, protect human rights, and foster a responsible and ethical workplace environment.

During the Reporting Year, there was no non-compliance with relevant laws and regulations and no reported case of child labour or forced labour.

[4] Average training hours per employee = Total number of training hours by employees in the specified category/Total number of employees in the specified category

OPERATING PRACTICES

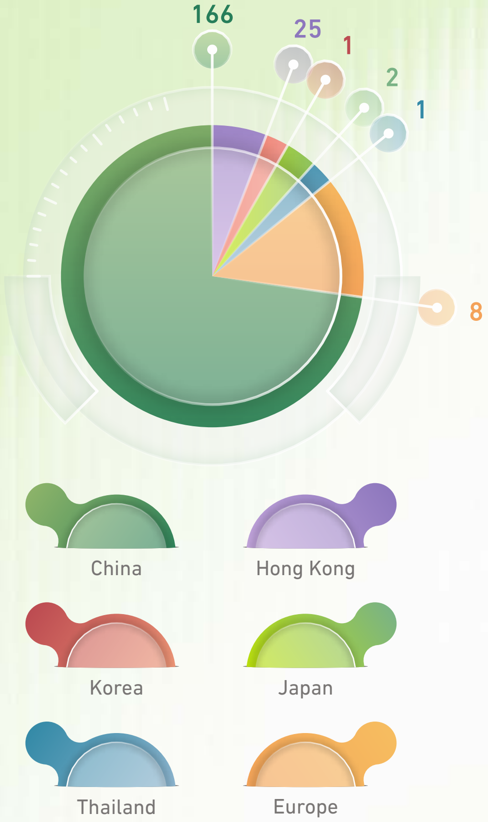
SUPPLY CHAIN MANAGEMENT

Supply Chain Environmental and Social Risk Management

The Group recognises that effective management of environmental and social risks across the supply chain is an integral component of its corporate social responsibility ("CSR") framework and long-term sustainability strategy. In addition to managing its own operations responsibly, the Group seeks to extend its environmental and social standards to suppliers and business partners, given their important role in supporting stable operations, product quality, and sustainable value creation. Key focus areas include environmental protection, occupational health and safety, labour standards, and ethical business conduct.

To establish clear expectations and ensure consistent implementation, the Group has developed a Supplier Code of Conduct that outlines the minimum standards suppliers are expected to meet. The Code covers compliance with applicable laws and regulations, environmental management practices, workplace health and safety, human rights protection, and ethical business behaviour. It serves as a cornerstone of the Group's supplier management framework and guides supplier engagement throughout the procurement and contract lifecycle. By aligning supplier practices with stakeholder expectations, the Group aims to mitigate potential environmental and social risks arising from upstream activities.

Suppliers by geographic region



A risk-based approach is adopted to oversee supplier performance. Key suppliers are subject to periodic reviews, conducted on an annual basis, to assess their progress in meeting environmental and social responsibility requirements. These reviews enable the Group to identify potential risks, monitor compliance, and encourage continuous improvement. Where gaps are identified, the Group engages suppliers through dialogue and follow-up actions to promote alignment with the Group's CSR standards. Through these measures, the Group seeks to foster a culture of responsibility and accountability throughout the supply chain, supporting sustainable operations and responsible business conduct.

During the Reporting Year, the Group had a total of 203 suppliers, with 82% located in Mainland China and 12% located locally.

Supplier Evaluation and Selection Criteria

Environmental, social, and governance considerations form an important part of the Group's supplier evaluation and selection process. CSR performance is regarded as a key criterion when appointing new suppliers and assessing existing ones. Regular evaluations are conducted across a range of factors, including product quality, service reliability, material safety, process monitoring, compliance with environmental and social standards, adherence to regulatory requirements, and commitment to continuous improvement. Commercial considerations such as competitive pricing, responsiveness, and respect for intellectual property and patent rights are also taken into account to ensure balanced decision-making.

Operating Practices

Suppliers are expected to comply with recognised social responsibility standards, including the SA8000 Social Responsibility Standard. To support effective implementation, suppliers are required to appoint dedicated personnel responsible for quality control and compliance matters. Where suppliers fail to meet specified requirements, timely remedial actions are required to address identified deficiencies. Persistent non-compliance may result in escalation measures, including the suspension or termination of the business relationship. These controls help ensure that products and services sourced by the Group meet established quality, safety, and sustainability requirements.

Green Procurement

In alignment with its environmental policy and sustainability objectives, the Group integrates green procurement principles into purchasing decisions. Priority is given to recyclable materials, environmentally friendly products, and renewable resources wherever practicable, such as recycled paper, replaceable stationery items, and recyclable printer consumables. Electrical appliances procured by the Group are required to comply with the Energy Efficiency (Labelling of Products) Ordinance, while furniture is selected based on the use of environmentally responsible materials.

The Group also places emphasis on engaging suppliers that demonstrate strong environmental responsibility. Local suppliers are prioritised where feasible to reduce transportation distances and associated carbon emissions, while supporting local economic development. Environmental requirements are clearly communicated to suppliers, and performance is assessed on a regular basis to ensure alignment with defined standards. Through these green procurement practices, the Group seeks to reduce the environmental footprint of its supply chain and promote sustainable consumption and production patterns.

To underscore our dedication to sustainability, the Group has obtained certification under the International Sustainability and Carbon Certification (ISCC), a globally recognised certification system. We have adopted the ISCC Mass Balance System since 2022, focusing on enhancing green procurement practices with our glue board suppliers.

Channel of notification

Channel of notification		
Letters, and email	Performance review	90%
	Performance review frequency	Implementation to 100%
	Performance review follow-up	90%

ISCC PLUS Certificate

Certificate Number: ISCC-PLUS-Cert-CN212-20250036

China Quality Certification Centre Co., Ltd.
Section 9, No. 188 Nansihuanxilu Road, Beijing 100070, P. R. China
certifies that
Arts Opti Lab (Shenzhen) Company Limited
No.1 Kengtangjing Industrial Zone, Liulian Community, Pingdi Street, Longgang District, Shenzhen 518107, P. R. China

complies with the requirements of the certification system
ISCC PLUS
(International Sustainability and Carbon Certification)

This certificate is valid from 26.05.2025 to 25.05.2026.

The site of the system user is certified as:
Converter
Trader with storage

The scope of the certificate includes the following chain of custody options:
Mass balance

Beijing, 23.05.2025
Place and date of issue

PRESIDENT
Stamp, Signature of issuing party

Page 1 of 2

The Group prioritises the procurement of environmentally responsible materials and ensures compliance with applicable chemical and environmental regulations. During the Reporting Year, key materials sourced – including TR90 nylon pellets, plastic sheet materials, stainless steel, nickel silver, and titanium – were verified to comply with the requirements of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS) regulations. These materials were selected based on their safety, durability, and reduced environmental and health impacts throughout the product life cycle. By ensuring regulatory compliance at the material sourcing stage, the Group mitigates potential environmental and product safety risks while supporting sustainable manufacturing practices. This approach reinforces the Group's commitment to responsible procurement, regulatory compliance, and the delivery of safe, high-quality products to customers.

PRODUCT RESPONSIBILITY

Quality Management and Assurance

The Group is committed to maintaining high standards of product quality, safety, and regulatory compliance across its operations. A comprehensive Product Quality Assurance Policy has been established, under which the Group implements relevant national and international standards. These include compliance with the PRC National Standards for Optometry Products, namely GB 45814:2024 (Safety Technical Specifications for Components) and GB 45815:2024 (Safety Technical Specifications for Finished Eyewear Products). In addition, the Group adopts the HK Q-MARK Quality Management System administered by the Hong Kong Quality Assurance Agency to strengthen quality control processes.

The Group continues to enhance the implementation of standards for electronic eyewear products and has reinforced inspection and testing requirements for CE-marked eyewear products to ensure conformity with applicable safety regulations.

Operating Practices

The Group has established the following quality assurance policies to uphold product quality standards:

Product Safety and Health Assurance Policy

With respect to product health and safety, the Group strictly implements the U.S. Food and Drug Administration Quality System Regulation (FDA QSR 820) in line with Good Manufacturing Practice (GMP) requirements. The Group also enforces compliance with EU REACH Regulation (EC) No. 1907/2006, actively monitoring and engaging suppliers to address chemical compliance issues. Furthermore, the Group has adopted the ISO13485 Medical Devices Quality Management System, reinforcing its commitment to delivering safe, reliable, and high-quality products to customers.

After-Sales Service and Product Recall Policy

The Group has established a structured after-sales service and product recall framework to address quality and safety issues promptly. Customer complaints are systematically investigated, with recalls initiated where necessary. Clear roles, traceability, and regulatory engagement ensure timely communication, effective corrective actions, and continuous improvement to safeguard customer interests and product quality.

Recall Process

The Group has established a structured and well-defined product recall process to address product quality issues effectively, safeguard customer interests, and maintain regulatory compliance. This process is designed to ensure timely identification, assessment, and resolution of potential product risks while minimising adverse impacts on customers, business operations, and stakeholders. The detailed steps involved in the recall process are as follows:

1 Customer Compliant Handling

Upon receiving a complaint, the Customer Service Department actively engages with the customer to gather all relevant information for investigation.

2 Investigation and Analysis

The Quality Control (QC) Department takes charge of the investigation to determine if a recall of the product is necessary.

3 Customer Notification and Product Return

If deemed necessary, customers are promptly notified and arrange the return of defective products.

4 Product Record and Analysis

Recalled products are meticulously recorded for further analysis to prevent similar occurrences in the future.

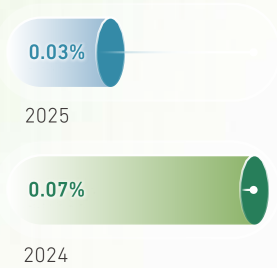
Operating Practices

In addition, the Group has implemented enhanced procedures for managing serious or potentially hazardous incidents under its Serious Accident Notification and Product Recall Procedures. In such cases, the QC Department performs an initial classification and risk analysis. If a hazard is identified, the Regulatory Monitoring Team reviews the findings and confirms the necessity of a recall. Once confirmed, a dedicated QC Committee, led by the Quality Control Manager, oversees the execution of the recall. This includes verification of affected product batches, traceability of distribution channels, coordination of product recycling or disposal, and notification of relevant customers and regulatory authorities where required.

Through these comprehensive measures, the Group seeks to uphold high product quality standards, ensure consumer safety, and continuously strengthen its quality management and assurance framework.

During the Reporting Period, there were no product recalls due to health and safety issues. In 2025, the Group received 12 customer complaints about product quality, all promptly addressed and resolved to meet customers' satisfaction.

Percentage of total products sold or shipped subject to recalls for product quality issue



The Group has obtained ISO9001:2015 Quality Management System certification, reflecting its commitment to maintaining robust quality control practices and delivering products that meet internationally recognised standards. Guided by the core principle of "improving quality, reducing costs, and meeting customers' requirements," the Group has embedded quality management into all stages of its operations, from material sourcing to final product delivery.

To support consistent implementation, the Group has established a comprehensive set of quality control procedures, including the Incoming Material Inspection Control Procedure, Non-conformities Control Procedure, and Final Inspection Control Procedure. These procedures are designed to ensure that all raw materials and components conform to specified requirements, that any deviations are promptly identified and addressed, and that finished products meet defined quality and safety standards before being released to customers. Through systematic monitoring, documentation, and continuous improvement, the Group seeks to enhance product reliability, customer satisfaction, and overall operational efficiency.

Operating Practices

Quality Assurance Process

The Group ensures that all raw materials used in its production processes are safe, reliable, and compliant with applicable regulatory and quality requirements. Strict controls are in place for the use and management of hazardous chemicals to minimise potential risks to product safety and the environment. All raw materials supplied must be accompanied by valid qualification certificates issued by recognised independent third-party testing agencies. In particular, enhanced compliance with the REACH requirements is enforced for both materials and finished products. These measures form an integral part of the Group's quality assurance framework and support consistent product quality and regulatory compliance.

Product Quality and Safety

Products are sent to the Testing Department for quality and safety tests. Enhanced REACH monitoring of products is implemented to ensure compliance with safety standards. Additional testing on nickel release is carried out, referencing standards such as EN 12472: 2005 and EN 16128:2015. Further training on China's national standards GB 39552.1-2020 for Sunglasses and sunglare filters – Part 1: General requirements and GB/T 39552.2-2020 for Sunglasses and sun glare filters – Part 2: Test methods are intensified to ensure meticulous adherence.

1

Verification Reports

Upon verification, the QC Department manager reviews the report to identify and address any non-conformities. Procedures are established to manage defective products efficiently, focusing on strengthening employee training and ensuring meticulous documentation through detailed report completion. Updated work instructions incorporate any required process modifications and parameter adjustments to ensure that the quality control processes conform to the most recent standards and best practices.

2

After-Sale Support

The product is launched into the market upon the approval of the verification report. Continuous monitoring of product performance is conducted to enhance after-sales service and maintain high customer satisfaction levels.

3

Intellectual Property and Data Privacy Protection

The Group places strong emphasis on the protection and management of product patents, intellectual property rights, and personal data, recognising their importance to business integrity, customer trust, and long-term competitiveness. Comprehensive policies and management systems have been established to govern intellectual property ("IP") ownership, patent applications, fee management, patent searches, and incentive mechanisms, ensuring that IP assets are effectively protected and appropriately managed throughout their lifecycle.

To safeguard proprietary technologies and confidential information, confidentiality agreements are executed with technical and relevant personnel. Access controls are implemented across the Group's information systems, with dedicated electronic file directories assigned to individual departments and user permissions clearly defined to prevent unauthorised access, data leakage, or misuse of intellectual property. The Group strictly prohibits patent infringement and unauthorised use of protected technologies. Any violations are subject to disciplinary actions in accordance with internal policies. In addition, the Group ensures that all software applications and patented products used in its operations are legally obtained, with zero tolerance for pirated or unauthorised versions.

The Group engages professional legal advisors to support the protection and enforcement of intellectual property rights. Contractual safeguards, including non-infringement warranties, are incorporated into agreements with suppliers to mitigate potential IP risks and to protect the interests of the Group and its business partners.

In alignment with the Group's Code of Business Ethics, employees are required to handle product technologies, customer information, and other intellectual property with a high degree of care and professionalism. Since 2022, the Group has been certified to ISO27001:2014 Information Security Management System, reinforcing its commitment to information security and data protection. Customer privacy is prioritised throughout data collection, processing, and usage. Personal data is stored securely within the internal ERP system with restricted access, and customer information is neither shared nor used without proper authorisation or consent. Confidentiality agreements are executed upon request.

Employee personal data is managed in accordance with established privacy policies and in compliance with the Personal Data (Privacy) Ordinance and relevant national regulations. Reviews of intellectual property protection and data privacy practices are conducted on a biannual basis to ensure ongoing compliance and effectiveness.

To ensure transparency and accuracy in market communications, the Group conducts verification procedures prior to disclosing product information. Product descriptions and labels used for trade promotion and export purposes are verified against original manufacturer data to ensure accuracy, reliability, and regulatory compliance.

During the Reporting Year, the Group was not aware of any cases impacting its operations related to data privacy, intellectual property rights, or advertising and labelling.

BUSINESS ETHICS AND ANTI-CORRUPTION

The Group is committed to conducting business with integrity, transparency, and accountability. A strong ethical culture is regarded as essential to safeguarding stakeholder trust, maintaining fair competition, and supporting sustainable long-term growth. To embed these principles across the organisation, the Group has established clear standards of conduct for employees and business partners, including requirements on ethical decision-making, compliance with applicable laws and regulations, and the appropriate handling of gifts, entertainment, and hospitality.

Operating Practices

To reinforce a zero-tolerance approach to corruption and bribery, the Group has implemented codes of conduct and related procedures that define acceptable practices and set out escalation and approval requirements in higher-risk scenarios. Employees in sensitive functions – particularly those involved in purchasing and supplier engagement – are required to adhere to enhanced ethical requirements and commit to the Group's business ethics standards. These controls are designed to prevent improper influence, safeguard impartial decision-making, and protect the integrity of procurement and commercial negotiations.

Governance oversight is provided by the Board of Directors, which conducts regular reviews of the effectiveness of internal controls and compliance arrangements. These reviews support continuous improvement and ensure that the Group's policies remain effective, responsive to evolving risks, and aligned with stakeholder expectations. In addition, the Group engages independent third-party auditors to perform audits of its financial accounts, strengthening transparency, accountability, and adherence to sound financial governance practices.

To sustain awareness and ensure consistent implementation, the Group delivers specialised integrity and anti-corruption training to Directors and employees. The training is designed to ensure that personnel understand the Group's policies, recognise red flags, and apply appropriate safeguards in day-to-day work. Training topics include bribery prevention, conflict of interest identification and disclosure, prevention of extortion and undue influence, anti-money laundering awareness, and fraud prevention and reporting principles. By strengthening competency and accountability at all levels, the Group aims to reduce the risk of policy breaches and non-compliance with relevant laws and regulations.

Corporate Governance Policy

The Group complies with applicable listing rules, corporate governance guidelines, and relevant laws and regulations in its operating jurisdictions. This includes compliance with anti-bribery and corruption legislation such as the Prevention of Bribery Ordinance in Hong Kong and relevant provisions under the Criminal Law of the People's Republic of China, as well as local regulatory requirements governing business operations. Compliance obligations are supported through an internal policy framework that sets out expected standards, reporting mechanisms, and disciplinary consequences for violations.

To prevent, detect, and address potential misconduct, the Group has established internal systems and procedures for monitoring and reporting suspicious activities. The Group's anti-corruption policy and handling principles are communicated to employees and extended, where appropriate, to suppliers, contractors, and other business partners to promote aligned expectations and responsible conduct across the value chain. Robust measures are in place to deter bribery and other improper conduct, including disciplinary protocols and streamlined channels for reporting suspected violations.

Conflict of interest management is a key element of the Group's governance framework. Employees are required to disclose actual or potential conflicts of interest during their employment, including relationships with relatives working within the organisation, connections between management and business partners, and transactions involving personal interests. These disclosures enable timely review and, where necessary, the implementation of mitigation measures such as recusal from decision-making, reassignment of responsibilities, or enhanced oversight. Regular communications reinforce expectations regarding integrity, including reminders to refrain from accepting gifts or inducements from suppliers and to avoid any behaviour that may compromise impartiality.

Operating Practices

Procurement is identified as a key risk area and is therefore subject to reinforced controls. The Group's procurement processes are governed by standardised tendering policies and procedures that support fairness, transparency, and ethical conduct. As a general requirement, a minimum of three supplier quotations is obtained for procurement decisions, supporting price competitiveness and reducing the risk of undue influence. Procurement decisions are made under defined authority levels, with the Procurement Director responsible for final order placement in accordance with documented criteria. Service contracts are subject to approval by authorised personnel to ensure accountability and adherence to internal controls across the procurement lifecycle. As contracts approach renewal or expiration, the Group conducts structured performance and pricing reviews to confirm continued suitability, service quality, and value for money, and to ensure ongoing alignment with the Group's compliance expectations.

Whistleblowing Policy

The Group maintains a whistleblowing policy to enable employees and relevant stakeholders to report suspected misconduct, including corruption, bribery, fraud, or other improper or illegal activities. Reports may be submitted confidentially through multiple channels, including email, hotline, telephone, and other designated reporting mechanisms. The availability of multiple channels is intended to improve accessibility and encourage early reporting, thereby strengthening the Group's ability to detect and address issues promptly.

All reports are handled with due care and confidentiality. Whistleblower protection measures are in place to safeguard reporting individuals from retaliation, harassment, or adverse treatment, in line with the Group's commitment to a speak-up culture and ethical accountability. Where a report is substantiated, the Group will take appropriate remedial and disciplinary actions in accordance with internal policies and applicable laws, and will implement corrective measures to reduce the likelihood of recurrence.

Preventive measures are also adopted to deter misconduct, including clear guidance set out in employee handbooks, internal announcements, and declaration mechanisms that reinforce compliance expectations. To further strengthen participation in ethical governance, the Group may recognise employees who report substantiated unlawful conduct that protects the Group's interests, including through commendations or rewards where appropriate and permissible.

Whistleblowers may submit reports anonymously through designated channels such as company mailboxes, suggestion boxes, WeChat, telephone calls, or the Group's self-developed reporting programme. Upon receipt of a report, designated personnel and relevant teams conduct a timely review, initiate investigations where warranted, and ensure follow-up actions are implemented effectively. Through a combination of clear standards, robust controls, training and awareness, independent assurance, and accessible reporting mechanisms, the Group seeks to uphold high standards of business ethics and maintain a culture of integrity across its operations and business relationships.

Throughout the Reporting Period, the Group was not aware of any significant breaches of relevant laws and regulations pertaining to bribery, extortion, fraud, or money laundering that could significantly impact the Group. Furthermore, the Group was not aware of any corruption cases during the year.

COMMUNITY INVESTMENT

The Group is committed to contributing positively to society and actively supports a wide range of community initiatives with a focus on social welfare and public health. Recognising the importance of corporate citizenship, the Group integrates community engagement into its broader sustainability strategy and encourages employees at all levels to participate in volunteer services. Through these initiatives, employees are offered meaningful opportunities to contribute to issues that extend beyond the workplace, strengthening their sense of social responsibility and connection to the communities in which the Group operates. Such participation not only enhances community well-being but also fosters an inclusive, compassionate, and service-oriented corporate culture.

The Group's social contributions include ongoing support for charitable programmes, community outreach activities, and partnerships with local organisations that address community needs. By empowering employees to participate in volunteer work and integrating these efforts into daily operations, the Group promotes a consistent culture of giving back and collective contribution.

In recognition of its sustained efforts, the Group was awarded the "5+ Year Award (Enterprise Group)" under the CSR Recognition Scheme – Industry Cares 2024, organised by the Federation of Hong Kong Industries. This accolade reflects the industry's and community's acknowledgement of the Group's long-term dedication to corporate social responsibility and its continued commitment to creating shared value for stakeholders and society.

"5+ year Award (Enterprise Group)" certificate of CSR Recognition Scheme Industry Cares 2023 (Federation of Hong Kong Industries)

Community Investment

Below are the community activities participated by our Hong Kong office during the Reporting Year:

Rhenish Church Grace School

Provide optometry service and sponsor glass frames to students and their parents

Tai Po Wang Fuk Court

The Group together with Hong Kong Optical Manufacturers Association provide optometry service and sponsor glass frames to the Tai Po Wang Fuk Court residents

Community Investment


温馨長者之家
Comfort Home for the Elderly

感謝狀

茲感謝

雅視光學有限公司

熱心公益
慷慨捐贈眼鏡框，給本院長者
特頒此狀，以表謝忱

温馨長者之家
行政總監　李寶滿
日期：二零二四年十二月十六日

Comfort Home for the Elderly

Provide optometry service and sponsor glass frames to elderly


Arts Optical Ltd.

感謝函

承蒙　貴公司熱心贊助，免費提供老花眼鏡於區內長者，造福耆英，惠澤社群，特修函致以萬分感謝！

順祝　貴公司業務蒸蒸日上！

北區區議會劉鎮海議員致意
二〇二五年三月二十四日

Lau Chun Hoi North District Council Office

Provide optometry service and sponsor glass frames to elderly

FEEDBACK

To provide a channel for stakeholders to share their opinions and suggestions, we value feedback received via mail or email. Enquiries, along with contact details, can be directed to the Head Office of the Group at the following address or through email:

Arts Optical International Holdings Limited

Address: A-G, 32/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong

Email: connieleung@artsgroup.com

Attention: Senior Administration and Accounting Manager

ESG CONTENT INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs			Explanation/Reference Section
Aspect A Environmental			
A1	Emission	Information on: – 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.	Environmental Management
KPI	A1.1	The types of emissions and respective emissions data.	Environmental Management – Emission
KPI	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Emission
KPI	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Emission
KPI	A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Emission
KPI	A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management
KPI	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management – Emission

ESG Content Index

HKEx ESG Reporting Guide General Disclosures & KPIs			Explanation/Reference Section
A2	Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Environmental Management – Use of Resources
KPI	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Use of Resources
KPI	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Use of Resources
KPI	A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management – Use of Resources
KPI	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management – Use of Resources
KPI	A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Environmental Management – Use of Resources – Packaging Materials
A3	The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Management – The Environment and Natural Resources
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management – The Environment and Natural Resources
A4	Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Management – Climate Change
KPI	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Management – Climate Change

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

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

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KPI	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
B6	Product Responsibility	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Product Responsibility
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Responsibility
KPI	B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Product Responsibility
KPI	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Product Responsibility
KPI	B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Product Responsibility
KPI	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Product Responsibility

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HKEx ESG Reporting Guide General Disclosures & KPIs			Explanation/Reference Section
B7	Anti-corruption	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Anti-corruption
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices – Anti-corruption
KPI	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices – Anti-corruption
KPI	B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practices – Anti-corruption
B8	Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment