SUN HING VISION GROUP HOLDINGS LIMITED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025 / 26

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to present the Environmental, Social and Governance Report (the "ESG Report") for the year ended 31 March 2026. This report is prepared in accordance with the applicable requirements of the "Environmental, Social and Governance Reporting Code" (the "ESG Code") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Unless stated otherwise, the scope of this report covers the Group's major production site located in Dongguan city, Guangdong province (collectively referred to as the "Relevant Entity"). The covered production site engages in manufacturing of eyewear products. The Relevant Entity covers the major production facilities of the Group and represents a significant portion of the Group's operation. The Group has assessed that the Relevant Entity is material to its operation. Key environmental and other information of the Relevant Entity is therefore presented in the ESG Report to allow readers to understand the Group's performance in various sustainability aspects through the Relevant Entity. The Group will carry out periodical review to examine the scope of the ESG Report and may change its coverage in future if needs arise.

Information contained in this report covers the period starting from 1 April 2025 to 31 March 2026, which is consistent with the period covered in the Annual Report of the Group. There is no significant change in scope of this report from that of the ESG Report of the Group for the year ended 31 March 2025.

OUR APPROACH TO SUSTAINABILITY

The Group is committed to promote sustainable development for the environment and society. It has set up a project team to monitor relevant environmental and social matters, promote the related policies established by the Group and prepare the information as required to be disclosed by the ESG Code. The Group believes that cross functional involvement and top management support are two elements which are important to the effective management of environmental and social matters. Therefore, the project team established by the Group is comprised of representatives from various departments and reports directly to the board of directors of the Group (the "Board") when issues are identified. The Board takes a proactive role in managing environmental and social matters. In line with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Board is responsible for evaluating and determining the Group's risks related to environment and social governance and ensuring that appropriate and effective risk management and internal control systems are in place. Further details of the Group's risk management and internal control systems are set out in the "Corporate Governance Report" contained in the Annual Report of the Group for the year ended 31 March 2026.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

The Group adopts a proactive approach to manage environmental and social matters, with general objectives including:

- to comply with the applicable and relevant environmental and social laws and regulations;
- to reduce wastage and release of harmful substances (if any) to the environment;
- to minimize the consumption of natural resources;
- to promote product safety and improve product quality;
- to promote workplace safety and ethics; and
- to establish a systematic method to keep track of the Group's performance in environmental and social aspects

During the year ended 31 March 2026, the Group did not identify any major violation of the applicable environmental and social laws and regulations that have a significant impact on the Group. Applicable laws, regulations, rules and standards that may have significant impact on the Group's operation include:

- Environmental Protection Law of the People's Republic of China ("PRC")
- Atmospheric Pollution Prevention and Control Law of the PRC
- Water Pollution Prevention and Control Law of the PRC
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- Standard for Pollution Control on Hazardous Waste Storage of the PRC
- Labor Law of the PRC
- Labor Contract Law of the PRC
- Law of the PRC on the Protection of Disabled Persons
- Law of the PRC on the Protection of Minors
- Product Quality Law of the PRC
- Trademark Law of the PRC
- Patent Law of the PRC
- Advertising Law of the PRC
- Anti-Unfair Competition Law of the PRC
- Company Law of the PRC
- Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
- Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)
- Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

In order to identify the most significant environmental and social issues, the Group has taken the needs and concerns of key stakeholders including investors, shareholders, employees, customers and suppliers into consideration. The content of the ESG Report is determined based on the extent of impact that various sustainability matters affect the Group's stakeholders and the extent of relevance that various sustainability matters influence the Group. Formal assessment is carried out annually by a specific project team which reviews each major environmental and social issue in the light of materiality after conducting interview with the heads of various departments, examining the position of key stakeholders as well as reviewing different aspects of operation.

REPORTING PRINCIPLES

This report was prepared in alignment with the key reporting principles recommended in the ESG Code, including:

Materiality	The materiality of key environmental, social and governance (ESG) issues is assessed by the senior management members of the Group, including engagement of various internal and external stakeholders. The valuable input obtained from stakeholder engagement activities contributes to steering the Group's ESG management strategy. This is further discussed in the Decision Matrix section of the report.
Quantitative	The calculation of key performance indicators (KPIs) are based on industry best practices. Where relevant, external reference sources have been utilized and have been documented in the corresponding sections of the report.
Balance	This report provides an objective and unbiased overview of the ESG performance of the Group during the reporting period.
Consistency	The Group adopts a consistent set of methodology for quantification of KPIs whenever practicable to maximize comparability of our ESG performance over time.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

DECISION MATRIX

For the year ended 31 March 2026, the Group's specific project team has completed its annual assessment and the result is summarized in the following decision matrix:

Impact on Stakeholders	Relevance to the Group: LOW	Relevance to the Group: HIGH
HIGH	**Areas Identified as Relevant for Discussion in the ESG Report** – Anti-Corruption (including bribery prevention and fraud prevention) – Community Investment (including involvement in the community and social contribution)	**Areas Identified as Critical for Disclosure in the ESG Report** – Emissions (including greenhouse gas and other emission and wastage disposal) – Use of Resources (including resources consumption and energy efficiency) – Environment and Natural Resources (including usage of scarce resources and influence to environment) – Product Responsibility (including compliance with product safety standards and quality assurance)
LOW	**Areas Identified as Not Material for Discussion and Disclosure in the ESG Report** – Other matters	**Areas Identified as Relevant for Discussion in the ESG Report** – Employment (including compensation and dismissal, equal opportunity and anti-discrimination) – Health and Safety (including workplace safety and employee protection) – Development and Training (including employee development and continuous improvement) – Labour Standards (including compliance with employment regulations and standards) – Supplier Chain Management (including quality control and environmental and social risk management on supply chain)

The Group welcomes stakeholders' feedback on our approach to substantiality. Suggestions can be sent to us by registered mail to the Company's registered address and its Hong Kong principal office.

The Group established policies and carried out various measures that cover different sustainability aspects. Their major features, together with the relevant and applicable environmental KPIs as required to be disclosed according to the ESG Code, are outlined in different sections of this report.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

ENVIRONMENT

BOARD OVERSIGHT AND MANAGEMENT OF CLIMATE-RELATED RISKS & OPPORTUNITIES

The Group recognizes that effective climate governance is foundational to building long-term business resilience and safeguarding stakeholder value. In alignment with the requirements of the ESG Code, the Group has established a structured governance framework to ensure robust oversight and management of climate-related risks and opportunities.

- **Integration into Strategy:** The Board integrates climate-related considerations into the Group's broader strategic planning, risk management frameworks, and major capital expenditure decisions.

- **Performance Monitoring:** The Board is responsible for reviewing and setting environmental and climate-related targets, as well as regularly monitoring the Group's progress against these objectives to ensure continuous improvement.

To support the Board, a dedicated project team comprising representatives from various functional departments has been assigned responsibility for the day-to-day management of sustainability and climate issues.

- **Risk Identification and Assessment:** Management is responsible for executing the processes used to identify, assess, prioritize, and monitor physical and transition climate risks across our manufacturing facilities and logistics networks.

- **Reporting and Escalation:** The project team tracks relevant environmental data and climate metrics on an ongoing basis. Material climate-related issues, emerging regulatory shifts, and target progress are formally escalated and reported to the Board to ensure timely strategic adjustments and informed decision-making.

CLIMATE-RELATED RISKS & OPPORTUNITIES

The Group is committed to identifying, assessing, and managing climate-related risks and opportunities. In alignment with the applicable requirements of the ESG Reporting Code and international sustainability standards, we have evaluated both the physical and transition climate risks, alongside emerging climate-related opportunities, impacting our optical manufacturing facilities, product development, and supply chain to build long-term operational resilience.

Climate-related Risk	Description of Risk Factor	Risk Prioritization		Mitigation Strategy
		Low Emission Case	High Emission Case	
GHG Emissions Regulation and Carbon Tax	Potential increase in operating costs due to carbon taxation, compliance fees, and the administrative cost of monitoring emissions under evolving regional regulations.	**High Risk** Immediate, strict regulatory pressure	**Low Risk** Relaxed policies and weak carbon pricing	• Invest in energy-saving technologies and automated production equipment to improve overall energy efficiency across manufacturing facilities. • Establish clear greenhouse gas (GHG) emission reduction targets and roadmaps, with regular monitoring of corporate carbon footprints. Explore green electricity procurement and carbon offsetting opportunities to optimize corporate carbon asset management under evolving regional regulations.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Climate-related Risk	Description of Risk Factor	Risk Prioritization		Mitigation Strategy
		Low Emission Case	High Emission Case	
Shifts in Consumer Demands and Preferences	Loss of market share and brand loyalty in international consumer markets if product offerings fail to meet growing demands for sustainable, circular, and low-carbon materials.	**High Risk** Rapid market shift toward green products	**Medium Risk** Slower, but persistent market pressure	• Allocate resources to develop and promote sustainable, low-carbon product lines by increasing the utilization of eco-friendly and recycled raw materials. • Improve product eco-design to enhance the sustainability, durability, and circular economy potential of end products. • Strengthen green marketing efforts and enhance corporate transparency to boost the Group's eco-friendly brand image in international consumer markets.
Net-Zero Emission Trends across Supply Chain	Potential exclusion from the preferred supplier lists of major global brands and retail partners who mandate strict upstream net-zero target alignment.	**High Risk** Strict brand procurement mandates	**Medium Risk** More flexible alignment windows	• Continue to implement comprehensive GHG reduction actions within our factories, aiming for green facility and environmental management certifications. • Establish a sustainable supply chain management system to integrate climate metrics into supplier evaluations, encouraging partners to adopt climate mitigation actions.
Transition to Low Carbon/ Plastic Reduction Technologies	Higher capital expenditure and research and development (R&D) costs to adopt low-emission technologies, along with the potential obsolescence of legacy manufacturing equipment.	**High Risk** High tech obsolescence pressure	**Low Risk** Extended lifespans for legacy systems	• Establish a dedicated technical team and seek collaborations with external research institutes or universities to jointly develop bio-based, biodegradable, or low-carbon alternative raw materials. • Optimize production workflows and tooling processes to minimize manufacturing waste and improve material utilization rates right from the source.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Climate-related Risk	Description of Risk Factor	Risk Prioritization		Mitigation Strategy
		Low Emission Case	High Emission Case	
Stricter Renewable Energy Policies and Regulations	Increased utility and energy procurement costs, alongside potential compliance penalties if mandatory green energy usage thresholds are not met.	**High Risk** Strict grid quotas and high green premiums	**Low Risk** Fossil-fuel-heavy grid remains status quo	• Optimize the overall energy mix of manufacturing plants by investing in onsite renewable energy generation systems and clean energy infrastructure. • Enhance green research and development capabilities to lower energy consumption per unit of product produced.
Insufficient Climate Action affecting Brand Reputation	Negative stakeholder perception, potential divestment by ESG-conscious investors, and reduced access to green financing or favorable credit terms.	**High Risk** High scrutiny from capital markets	**Medium Risk** Delayed financial penalties but persistent reputational risk	• Regularly publish comprehensive climate-related financial disclosures and ESG reports aligned with international frameworks to increase stakeholder transparency. • Actively participate in global industry sustainability initiatives and climate change working groups to demonstrate corporate social responsibility.
Increased Flooding	Direct physical damage to factory infrastructure, machinery, raw materials, and finished goods, alongside operational downtime and logistics delays in coastal Guangdong.	**Low Risk** Stabilized global temperatures minimize extremes	**High Risk** Severe, frequent acute weather disrupting manufacturing hubs	• Assess flooding and torrential rain risks for key manufacturing facilities and warehouses, upgrade physical flood defenses, and develop rigorous climate emergency response plans. • Incorporate extreme weather risk assessments into future facility site selections or critical supply chain nodes to avoid high-risk zones.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Climate-related Risk	Description of Risk Factor	Risk Prioritization		Mitigation Strategy
		Low Emission Case	High Emission Case	
Increased Drought Causing Supply Chain Disruptions	Supply chain disruptions or higher cost premiums for water-dependent raw materials, and potential constraints on factory utilities and cooling systems.	**Low Risk** Water stress remains within predictable margins	**High Risk** Severe material shortages and systemic utility constraints	• Diversify raw material sourcing strategies to reduce dependency on a single geographic region or exclusive suppliers, securing supply chain resilience. • Optimize water-recycling and circulation systems within manufacturing plants to increase water reuse rates and minimize reliance on municipal water sources.
Increase in Average Temperature	Higher energy consumption and utility costs for facility cooling, along with potential heat stress impacts on workforce productivity, health, and safety.	**Low Risk** Muted warming effects	**High Risk** Substantial increases in chronic cooling costs and labor safety risks	• Upgrade climate control, ventilation, and smart cooling systems in production workshops and logistics warehouses to counter rising temperatures and enhance energy efficiency. • Enforce strict occupational health and safety measures for employees during high-temperature periods, adjusting operational schedules flexibly to ensure safe and stable production.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Climate-related Opportunity	Description of Opportunity	Potential Financial & Operational Impact	Opportunity Ranking		Realization Strategy
			Low Emission Case	High Emission Case	
Resource Efficiency and Waste Circularity	Transitioning toward zero-waste manufacturing by recycling optical lens fragments, scrap materials, and packaging right at the source.	Reduces raw material procurement costs. Lowers waste handling and hazardous/non-hazardous disposal fees.	**High Priority** Essential to mitigate high carbon and landfill taxes	**High Priority** Secures supply chain resilience amidst resource scarcity	• Advance production tooling processes to minimize manufacturing waste. • Implement closed-loop recycling loops for surplus materials and manufacturing scraps within production lines.
Onsite Renewable Energy Expansion	Expanding solar energy installations and smart clean energy infrastructure across the roofs of our major manufacturing facilities.	Lowers long-term utility expenses and reliance on grid purchased energy. Mitigates exposure to future electricity tariff fluctuations and carbon taxation.	**High Priority** Shields the Group from punitive brown energy tariffs	**High Priority** Provides a vital power buffer against climate-induced grid outages	• Continue exploring opportunities to maximize onsite solar energy generation capacity. • Optimize the internal factory energy mix and prioritize energy-efficient equipment during facility upgrades.
Development of Eco-Friendly Product Lines	Growing international B2B and retail demand for eyewear made from bio-based, biodegradable, or certified recycled materials.	Secures preferred supplier status with major global eyewear brands. Captures new premium market segments and enhances corporate brand loyalty.	**High Priority** Capitalizes on rapid green procurement mandates	**Medium Priority** Niche differentiation as core markets prioritize supply security	• Allocate targeted R&D resources toward sustainable material alternative sourcing. • Enhance corporate design capabilities centered around product durability and end-of-life circular economy design.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Climate-related Opportunity	Description of Opportunity	Potential Financial & Operational Impact	Opportunity Ranking		Realization Strategy
			Low Emission Case	High Emission Case	
Access to Green Financing and Market Capital	Demonstrating a robust, metrics-driven climate disclosure alignment with international reporting standards.	Improves access to favorable bank credit terms and green loans for facility automation. Attracts ESG-conscious institutional investors and supports long-term valuation.	**High Priority** Maintains eligibility in strict green lending frameworks	**Medium Priority** Acts as a resilient safe-haven asset for cautious investors	• Maintain regular, high-transparency disclosures of corporate Scope 1, Scope 2, and Scope 3 greenhouse gas footprints. • Actively align corporate pathways with regional and global decarbonization frameworks.

During the year under reporting, the Group's business was not significantly impacted by climate change. The management will continue to monitor the climate related risks that may affect the Group and take appropriate actions to manage the risks when considered necessary.

EMISSIONS AND USE OF RESOURCES

The Group targets to minimize the emission of greenhouse gas and other wastages. Policies are adopted which aim at complying with the applicable requirements of the laws, regulations, rules and practices on emission and use of resources that have a significant impact on the Group. Due to the Group's business nature, the major source of the Group's greenhouse gas emission is indirectly derived from daily consumption of electricity during the operation. The Group has developed policies to reduce electricity usage. Campaigns are carried out and notice boards are installed in the Group's premises to encourage employees to save energy. The Group deploys real-time monitoring systems to look for identify potential abnormal electricity consumption patterns, as well as to gather data through the system to identify opportunities for optimizing energy usage.

Electricity consumption data is analyzed, reported monthly and shared within the Group to allow different departments to benchmark their energy usage and understand the overall energy performance. During procurement of new machineries and equipment, the Group prioritizes the selection of high-energy performance products when possible. The Group also makes efforts to ensure its lighting and air conditioning systems are configured in an optimized way to achieve efficient use of electricity.

The consumption of petrol and diesel oil by vehicles used during operation is another source of the Group's emission of greenhouse gas and other gases. Whenever possible, the Group will acquire vehicles that comply with the prevailing standards on fuel consumption and air emission, with preference for vehicles that demonstrate better fuel efficiency and lower emissions. The Group has policy to require vehicles to be properly maintained in good condition and to be retired if their total travel mileage reaches certain pre-determined levels. In addition, the Group minimizes its use of delivery trucks by optimizing its goods delivery schedule and increases the efficiency of loading per truck.

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The Group uses natural gas in some of its facilities, but the consumption and its associated air emission are relatively insignificant.

The management of the Group encourages the use of alternative energy that is cleaner and more sustainable. For example, solar energy installations are deployed at the Group's facilities to reduce the reliance on traditional fossil fuel sources.

The key environmental data on air emissions and greenhouse gas emission generated by the Relevant Entity during the years ended 31 March 2026 and 2025 are summarized as below:

Type of Emission	**Total Emission**	**Intensity** *(Note 1)*
For the year ended 31 March 2026		
Air Emissions		
Nitrogen Oxides (NOx)	**17.09 kg**	**0.39 g/m²**
Sulphur Oxides (SOx)	**0.41 kg**	**0.009 g/m²**
Particulate Matters (PM)	**1.19 kg**	**0.027 g/m²**
Greenhouse Gases (GHG)		
– Scope 1	**87.93 tonnes**	**1.99 kg/m²**
– Scope 2	**9,566.42 tonnes**	**216.72 kg/m²**
– Scope 3	**14,092.28 tonnes**	**319.25 kg/m²**
	(Note 2)	
Category 1 – Purchased Goods and Services	**10,909.81 tonnes**	**–**
Category 2 – Capital Goods	**188.08 tonnes**	**–**
Category 3 – Fuel and Energy-related Activities	**2,090.40 tonnes**	**–**
Category 4 – Upstream Transportation	**40.09 tonnes**	**–**
Category 5 – Waste Generated in Operations	**108.76 tonnes**	**–**
Category 6 – Business Travel	**47.87 tonnes**	**–**
Category 7 – Employee Commuting	**89.09 tonnes**	**–**
Category 12 – End-of-life Treatment of Sold Products	**618.18 tonnes**	**–**
For the year ended 31 March 2025		
Air Emissions		
Nitrogen Oxides (NOx)	27.22 kg	0.62 g/m²
Sulphur Oxides (SOx)	0.33 kg	0.008 g/m²
Particulate Matters (PM)	2.25 kg	0.051 g/m²
Greenhouse Gases (GHG)		
– Scope 1	66.53 tonnes	1.51 kg/m²
– Scope 2	8,762.85 tonnes	198.51 kg/m²
– Scope 3	1,099.65 tonnes	24.91 kg/m²

Notes:

(1) Intensity is calculated based on the total floor area of the premises used by the Relevant Entity (44,142 m²).

(2) For the year 31 March 2026, the Group expanded its Scope 3 reporting coverage to include additional categories relevant to the Group's business operations.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

During the year ended 31 March 2026, the Group's optimization of vehicle utilization and logistics efficiency successfully reduced air emissions, with Nitrogen Oxides (NOx) and Particulate Matters (PM) decreased by approximately 37% and 47% respectively.

In respect of greenhouse gases (GHG), Scope 1 emissions increased by about 30% to 87.93 tonnes, and Scope 2 emissions increased by approximately 9% to 9,566.42 tonnes, due to increased overall facility energy demands during the reporting period. Due to expansion of the Group's Scope 3 emissions reporting coverage, the Group's Scope 3 emission figures are larger than the previous year.

A summary of key Scope 3 emission sources covered in this year's GHG reporting is summarized in the table below:

Scope 3 Emissions Category	Description of Emission Source	Quantification Basis
Category 1 – Purchased Goods and Services	This category accounts for all upstream emissions associated with the production of goods and services purchased by the company. It includes raw materials, components, packaging, and outsourced services that are integral to the company's operations but excludes capital goods and fuels.	Estimates emissions by applying emission factors to the monetary value of goods and services procured, using category-level expenditure data.
Category 2 – Capital Goods	Emissions from the production of long-term assets such as machinery, buildings, and equipment fall under this category. These goods are used over multiple years and are essential for operational capacity.	Emissions from capital goods are quantified using a spend-based approach, which estimates emissions by applying emission factors to the monetary value of capital goods procured, using category-level expenditure data.
Category 3 – Fuel and Energy-related Activities	Emissions related to the production of fuels and energy purchased and consumed by the reporting company that are not included in Scope 1 and Scope 2. This includes upstream emissions of purchased fuels and electricity, as well as transportation and distribution losses.	Emissions are quantified based on fuel and electricity consumption data.
Category 4 – Upstream Transportation	Emissions from: (a) transport and distribution of products purchased by the company, between tier-1 suppliers and the company's operations (in third-party vehicles); (b) third-party transport and distribution services purchased by the company (inbound and outbound logistics paid for by the company), including warehousing.	Emissions from upstream transportation and distribution are quantified using a spend-based approach, which estimates emissions by applying emission factors to logistics and transportation expenditure, disaggregated by transport mode where possible.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Scope 3 Emissions Category	Description of Emission Source	Quantification Basis
Category 5 – Waste Generated in Operations	This category includes emissions from the treatment and disposal of waste generated by the company's operations. It covers landfill, recycling, incineration, composting, and other waste management processes. Excludes treatment occurring at the company's own sites (Scope 1). Emission factors depend on waste type and treatment method.	Estimates emissions using the mass of waste generated, disaggregated by waste type and treatment method (e.g. landfill, recycling, incineration).
Category 6 – Business Travel	Emissions from employee travel for business purposes, such as business travel.	Estimates emissions using passenger distance travelled, disaggregated by mode of transport and applying relevant emission factors.
Category 7 – Employee Commuting	Emissions from the transportation of employees between their homes and worksites. This includes trips made by employees in personal vehicles, as well as trips made by employees in company-owned or operated vehicles (e.g., shuttle buses), and trips made by employees using third-party transport services (e.g., public transit, taxis, ride-hailing) where the company reimburses or subsidizes these costs.	Emissions from employee commuting are quantified using an activity-based approach, considering the number of employees and average commuting distance.
Category 12 – End-of-life Treatment of Sold Products	Emissions from the end-of-life treatment of sold products disposed of by downstream customers or intermediaries. This includes emissions from incineration with energy recovery, incineration without energy recovery, landfilling, and recycling of products.	Emissions are quantified using an activity-based approach. This involves multiplying the mass of products disposed of by the specific emission factors associated with the end-of-life treatment method (e.g., landfill methane emissions, incineration CO_2 emissions) and the waste management mix (percentage of waste sent to landfill, incineration, or recycling).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Energy consumed by the Relevant Entity during the years ended 31 March 2026 and 2025 are summarized as below:

Type of Energy	**Total Consumption**	**Intensity** *(Note)*
For the year ended 31 March 2026		
Electricity	**18,029,435 kWh**	**408.44 kWh/m²**
Petrol and Diesel Oil	**27,781 l**	**629 ml/m²**
Natural Gas	**5,795 m³**	**0.13 m³/m²**
Total Purchased Energy	**66,095 GJ**	**1.50 GJ/m²**
Onsite Solar Energy Generation	**2,688,567 kWh**	**60.91 kWh/m²**
Total Energy Consumption	**75,774 GJ**	**1.72 GJ/m²**
For the year ended 31 March 2025		
Electricity	16,330,312 kWh	369.95 kWh/m²
Petrol and Diesel Oil	22,261 l	504 ml/m²
Natural Gas	2,681 m³	0.06 m³/m²
Total Purchased Energy	59,670 GJ	1.35 GJ/m²
Onsite Solar Energy Generation	1,686,159 kWh	38.20 kWh/m²
Total Energy Consumption	65,740 GJ	1.49 GJ/m²

Note: Intensity is calculated based on the total floor area of the premises used by the Relevant Entity.

Electricity and overall energy consumption increased slightly during the year ended 31 March 2026. The Group will continue to monitor its energy and resource consumption profile to ensure its environmental management efforts can deliver consistent results. The Group's onsite solar energy generation has increased significantly during the reporting period. The Group will continue exploring opportunities to increase the incorporation of renewable energy sources into its production process to reduce the Group's GHG emissions as well as enhancing the Group's resilience to climate-related impacts.

The Group is committed to reduce wastages and incorporates such commitment in its policy. The Group believes that efficient use of resources during operations is fundamental to minimize wastage. It therefore established policy and procedures in different aspects to reduce consumption of various resources. Production processes are well scheduled to minimize excessive stocking and usage of raw materials, packaging materials and loose tools. Surplus materials and scraps are arranged for re-use whenever possible in order to reduce solid waste. The Group encourages employees to reduce paper consumption and recycle used papers. Devices are installed in some of the Group's printers and photocopy machines to monitor paper usage. Non-hazardous wastes generated during the operation are stored, processed and disposed in a hygienic manner. When hazardous wastes are identified, they will be handled by following the applicable requirements of the local laws and regulations. The Group employs government certified service providers to manage the disposal of hazardous wastes. When substitution is available, non-hazardous raw materials is preferred to be used in order to reduce the generation of hazardous waste.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

Data of wastages produced by the Relevant Entity during the years ended 31 March 2026 and 2025 are summarized as below:

Type of Wastages	**Quantity**	**Intensity** *(Note)*
For the year ended 31 March 2026		
Non-hazardous Waste	**208 tonnes**	**4.72 kg/m²**
Hazardous Waste	**85 tonnes**	**1.92 kg/m²**
For the year ended 31 March 2025		
Non-hazardous Waste	256 tonnes	5.81 kg/m²
Hazardous Waste	92 tonnes	2.09 kg/m²

Note: Intensity is calculated based on the total floor area of the premises used by the Relevant Entity.

Water used by the Group is sourced from clean and safe source and is properly treated to ensure that it is fit for production. Certain equipment are also installed in the Group's premises to treat water before discharge. As for water conservation initiative measures, water pipelines and other related facilities are checked for leakage or malfunction regularly, any problem found will be reported to the relevant facilities administration department for timely repairment. In addition, the Group requires production units to minimize water consumption. Meters and sub-meters are installed in the factory to monitor and control any inefficient usage of water. Water usage records of the factory are maintained and reported to the management monthly, and any abnormal usage will be analyzed, investigated and rectified.

Due to the Group's business nature, the quantity of materials consumed for the packaging of products represents a significant emission source. Paper boxes and corrugated cardboard boxes are the primary types of packaging materials consumed by the Group, and the Group endeavours to reduce their consumption using approaches such as optimization of packaging approaches and more economical packaging designs to reduce paper consumption. The Group will remain alert for opportunities to further reduce its paper consumption, including the exploration of alternative packaging materials that have less environmental impact.

Water and packaging material consumption by the Relevant Entity during the years ended 31 March 2026 and 2025 are summarized as below:

Type of Resources	**Quantity**	**Intensity** *(Note)*
For the year ended 31 March 2026		
Water	**142,519 m³**	**3.23 m³/m²**
Packaging Materials for Finished Goods	**129 tonnes**	**2.92 kg/m²**
For the year ended 31 March 2025		
Water	164,331 m³	3.72 m³/m²
Packaging Materials for Finished Goods	157 tonnes	3.55 kg/m²

Note: Intensity is calculated based on the total floor area of the premises used by the Relevant Entity.

The Group's water consumption for the year ended 31 March 2026 decreased by approximately 13%, reflecting the effectiveness of our regular pipeline leakage checks and water conservation measures in the factory. Concurrently, the Group's ongoing efforts to optimize packaging designs and implement more economical packaging approaches for finished goods resulted in a 18% reduction in total packaging material consumption during the reporting period.

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ENVIRONMENT AND NATURAL RESOURCES

The Relevant Entity has established an environment management system which is credited with ISO14001:2015 certification. The Group promotes the concept of clean production by carrying out relevant activities in an environmentally friendly manner. Scarce natural resources will not be employed in production where possible and alternative materials with lower environmental impacts are preferred. The Group also promotes green awareness among its workforce. Employees are encouraged to reduce their negative impact to the environment and raise out ideas which can help the Group to operate in a more sustainable way. The Group adopts various measures, supported by established policies, to control the usage of resources as well as minimizing emission and waste disposal. Further details can be referred to the section headed "Emissions and Use of Resources" in the ESG Report.

ENVIRONMENTAL TARGETS

The Relevant Entity has set key performance targets (KPIs) in the 2021–2022 report for a number of environmental metrics covering resource consumption, emissions, and waste generation. The Group's environmental targets and progress to date are summarized in the below table:

	Aspect	Target
	Greenhouse Gas Emissions	3% reduction in 5 years
	Waste Generation	3% reduction in 5 years
	Energy Consumption	3% reduction in 5 years
	Water Consumption	3% reduction in 5 years

As part of the Group's environmental performance tracking strategy, dedicated personnel have been assigned to monitor the environmental data collected each month. In addition, the Group holds regular discussions to review its progress towards the environmental targets.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

SOCIAL

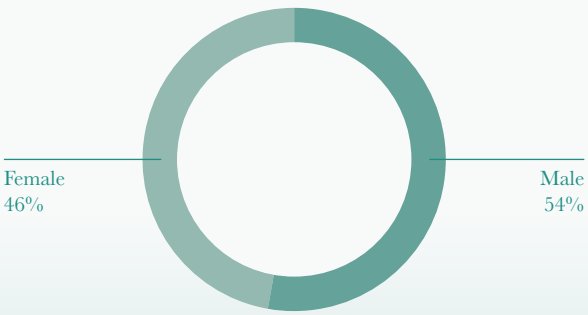
EMPLOYMENT AND LABOUR PRACTICES

The Group conceives employees as its important asset and is concerned about their wellbeing. Competitive remuneration package is provided to attract talents to join the Group. The Group adopts human resources policy that follows the applicable requirements of the relevant laws and regulations in connection with compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination. Statutory requirements on minimum wages are observed when compensation is planned for employees. Recruitment, promotion and dismissal are carried out on a fair and objective basis of which their details are further discussed in the section headed "Development and Training" of the ESG Report.

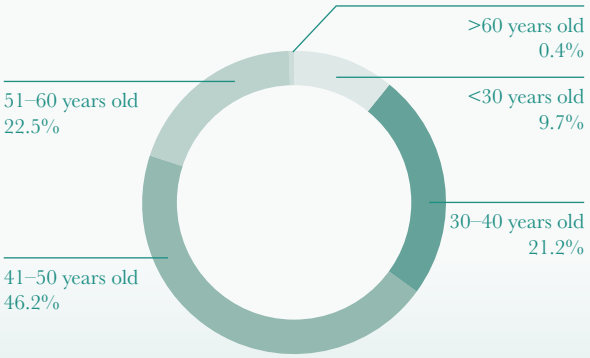
The Group believes that work-life balance is important for stimulating employees' productivity and innovation, as well as enhancing staff retention. It encourages employees to properly allocate their times for work and other aspects of life. As such, the Group regularly organize recreational activities for employees to relieve their work pressure. The Group also promotes the concept of equal opportunity and incorporates it into the Group's code of ethics. Employees with different backgrounds are welcome to join the Group so to ensure that a balanced view and diversified skill sets can be maintained within the Group. No employee is allowed to be subject to any form of discrimination in employment on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

As of 31 March 2026, the Group has a total of 3,060 employees (including full-time and part-time employees). The Group's employees distributions are presented in the below figures:

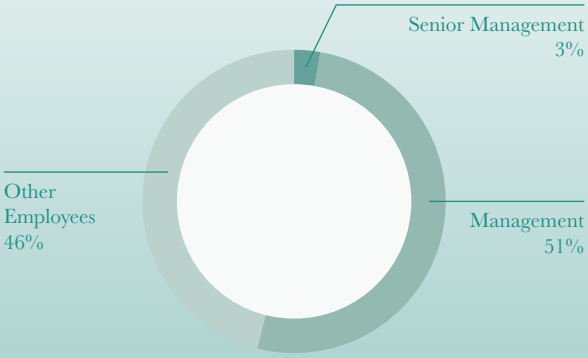
Gender Distribution



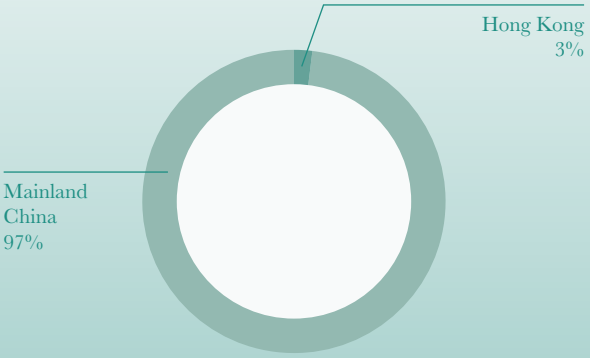
Age Distribution



Employee Type Distribution



Geographic Distribution



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

For the year ended 31 March 2026, the Group's employee turnover rates are analyzed as below:

Turnover Statistics	Turnover % (Relative to Individual Categories)	Turnover % (Relative to Total Employees)
Overall	17.9%	17.9%
By Gender		
Male	13.7%	7.3%
Female	22.5%	10.6%
By Age Group		
<30 years old	37.9%	3.8%
31 – 40 years old	10.6%	2.4%
41 – 50 years old	9.3%	4.3%
51 – 60 years old	30.9%	6.6%
>60 years old	197.1%	0.8%
By Region		
Hong Kong	21.3%	0.5%
Mainland China	17.8%	17.4%

Note: The high turnover rate in the ">60 years old" category is primarily due to the small base population of this demographic. Fluctuations in a small sample size mathematically amplify the percentage, though its impact remains low at 0.8% of the Group's overall employee turnover.

HEALTH AND SAFETY

The Group is aware of the importance of occupational safety and health and is committed to protecting the wellbeing of its staff. It requires every department of the Group to comply with the applicable requirements of the relevant laws and regulations in connection with work environment safety and protection from occupational hazards and adopts policy that follow the applicable provisions of the above laws and regulations.

In order to minimize the occurrence of injury and exposure to harmful substances, the Group provides appropriate protective equipment and clothing to employees. In addition, workplace is maintained in a hygienic condition and its layout is properly designed with first aid facilities and emergency exits installed to enable timely treatment and evacuation of staff in case any accidents occur.

Training is provided to employees and safety procedures are established for the identified work positions that may be exposed to potential dangers, such as operational of machinery and handling of potentially hazardous substances. Insurance and health checks are also provided to the applicable qualified employees according to the policy of the Group and/or relevant applicable laws and regulations.

For the year ended 31 March 2026, the Group recorded 14 workplace injuries, with a total of 2,118 lost hours. The Group will continue to make best efforts to minimize injuries at our workplace and protect the safety of employees. During the past 3 years and including the current reporting period, there were no instances of work-related fatalities at our facilities.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

DEVELOPMENT AND TRAINING

The management of the Group believes that training plays an important role to enhance productivity and efficiency. It is also critical for building corporate culture. The Group therefore has established policies which aims at improving employees' knowledge and skills for discharging duties at work. For new joining employees of certain applicable job positions, tailor-made pre-job training is provided to them before they are directed to the workplace.

Furthermore, ongoing training programs, ranging from hands-on operating techniques, product knowledge, departmental procedures to management skills, are periodically provided for appropriate positions of employees. The training programs are typically conducted either by internal training team of the Group's human resources department or through external consultants. The Group will subsidize qualified employees to attend job related courses and seminars organized by external service providers.

To help employees establish a well-defined career path, job design and organization structure are carefully implemented to provide employees with appropriate work incentives. The Group has structured assessment program and appraisal system to evaluate the performance of employees based on objective criteria. Promotion, job rotation or dismissal (if any) of employees are determined with reference to the results of assessment.

During the year ended 31 March 2026, the Group's employees received a total of 3,716 man-hours of training, corresponding to an average of 1.3 hours of training per staff. Our training statistics during the reporting period are presented below:

% Employees Received Training During the Reporting Period

By Gender		By Employee Type	
Male	58%	Senior Management	49%
Female	68%	Management	70%
		Other Employees	46%

Average Training Hours

By Gender		By Employee Type	
Male	1.3	Senior Management	1.3
Female	1.3	Management	1.2
		Other Employees	1.4

LABOUR STANDARDS

The Group observes the principles of relevant prevailing international labour standards and has established policies that strictly adheres to the laws and regulations related to child and forced labour. In addition, the Group incorporates the applicable principles of labour standards in its code of ethics, which disallows forced labor, prison labor, indentured labor and exploited labor. Such code also disallows persons younger than the age required by the local statutory requirements or the age of completing compulsory education in the country of operation to be employed.

During hiring process, candidates are required to provide official identity proof to confirm that their age is in compliance with local requirements. In case unqualified staff is discovered within the workforce, the Group will terminate any employment arrangements with the concerned personnel and an internal investigation will be carried out to identify the cause of such employment.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

SUPPLY CHAIN MANAGEMENT

Suppliers and sub-contractors play an important role in maintaining the Group's product quality. The Group has policy on selection of suppliers and sub-contractors, and only allows approved vendors to be employed. Product and service specification are reviewed before orders are placed and incoming materials will be examined by the quality assurance team of the Group according to the preset programs, before they are allocated to the production lines. Where possible, the Group encourages the use of materials that have lower environmental footprints.

Supplier Review Procedures

The Group establishes system to monitor vendors' performance based on their product quality and supply lead time. Vendors receiving low scores from the annual assessment will be deprioritized for procurement decisions. The annual performances of vendors are assessed, ranked, and communicated in the periodic vendor meetings so that feedback can be provided to them for further improvement.

As part of the vendor performance review process, the Group also evaluates the vendors' environmental, health & safety, anti-corruption and other corporate social responsibility performance to manage the environmental and social risks associated with supply chain. The Group requires vendors to comply with the Group's code of ethics.

Vendors are required to supply the Group with materials which are free of restricted harmful substances. Where required, materials provided by vendors will be arranged for testing by independent laboratory on sample basis to verify for compliance. Under such scenario, standardized tests will be performed to verify that materials are compliant with regulatory and performance requirements.

Supplier Engagement & Climate Risk Screening

The Group systematically integrates environmental, social, and governance considerations into its procurement lifecycle to proactively mitigate upstream sustainability risks across our supply chain. Our comprehensive vendor evaluation framework assesses environmental compliance by monitoring suppliers' waste management systems, air emissions, and chemical handling protocols to ensure strict alignment with local regulations. Concurrently, the Group enforces labor rights protection by vetting vendors to guarantee fair compensation, lawful working hours, and an absolute prohibition of child or forced labor. Workplace safety standards, emergency readiness, and personal protective equipment provisions are also regularly reviewed at supplier facilities.

To foster broader climate resilience, we actively encourage our partners to adopt energy-efficient operations, minimize commercial packaging waste, and transition toward sustainable material alternatives wherever commercially viable.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

A geographical analysis of the Group's suppliers is presented in the below table:

Region	Number of suppliers
Mainland China	343
Europe	34
Hong Kong	26
Japan	12
United States	7
Taiwan	2
Korea	1
Total	425

PRODUCT RESPONSIBILITY

The Group has well established policy that follows the applicable and relevant laws and regulations related to product standards, consumer health and safety and labeling. The aim of the policy is to ensure that the Group's products can meet pre-defined specifications and quality requirements. The Relevant Entity has a quality management system which is certified to comply with ISO9001:2015. Various quality assurance procedures are also developed by considering the prevailing requirements of major international product standards. The Group requires its vendors to comply with the same standards as well as other applicable laws and regulations on aspects such as product safety, product testing, measurement and labeling. In addition, the Group maintains product liability insurance that provides coverage to the applicable products.

During the year ended 31 March 2026, the Relevant Entity received 44 (2025: 63) cases of formal and verified complaint related to product quality from customers. The Group views customers as its important long-term partners to achieve mutual business success and will follow up complaints in a timely manner. When complaints are received and verified as valid, the Group will review their nature, identify the root cause and the critical issues involved. Based on the results of the cause identification exercise, the Group will assign relevant departments (including production team, logistic team and customer service team) to establish remedy action plan for correction. The Group believes that customer complaint is an important channel of market feedback and considers complaint handling as a critical part of its continuous improvement process. In addition to complaint channels, the Group's sales management team also regularly conducts customer satisfaction surveys to seek feedback from customers on delivered products.

The Group periodically reviews its product quality and has established standards and procedures to deal with defective products (if any). When defective products are identified, the Group will carry out appropriate remedy measures (including product rework, product return and product recall) depending on the extent and impact of the defect found. During the year ended 31 March 2026, the Group did not carry out any product recall from consumer market, including and not limited to recalls due to safety and health reasons.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

PRIVACY AND INTELLECTUAL PROPERTY

The Group adopts robust policies and management measures that strictly follow the applicable laws and regulations in connection with consumer data protection, fair advertising, and intellectual property rights. Due to the nature of the Group's business, our customers are primarily corporate entities who regularly entrust the Group with proprietary design data and private information during the ordinary course of business. To honor this trust, the Group requires all important private data and technical specifications provided by customers to be properly stored in secured physical locations or electronic devices equipped with strict access controls. Customer data is exclusively accessible by specific authorized employees whose work-related duties explicitly require them to view the information, and all such personnel are bound to strictly follow the confidential obligations established in the Group's code of ethics.

Beyond data privacy, safeguarding broader intellectual property assets is paramount to preserving corporate innovation and honoring mutual commercial trust. The Group strictly complies with the Trademark Law of the PRC, the Patent Law of the PRC, and all other applicable regional legislations. We implement a multi-layered intellectual property protection framework under which all internal research and development breakthroughs are systematically registered for formal patent and trademark protections. Binding non-disclosure agreements are mandated for all technical personnel and external partners, while access to client design blueprints, tooling layouts, and proprietary brand specifications is rigidly restricted on a need-to-know basis through secure digital network permissions.

In terms of external market communications, the Group does not often arrange consumer advertising because of its business-to-business nature, meaning our exposure to social risks in connection with advertising is considered to be low. In case the Group needs to place any corporate or product advertisement, it strictly observes the prevailing legal requirements on product description, advertising integrity, and fair competition. Offensive content is systematically avoided, and promotional materials are only utilized in marketing campaigns if they are verified to be fully compliant and do not constitute any infringement of a third party's intellectual property or legal rights.

ANTI-CORRUPTION

The Group regards ethics and integrity as its important core values and maintains robust policies that strictly follow the applicable requirements of the relevant laws and regulations on bribery, extortion, fraud, and money laundering. Some of those requirements are explicitly incorporated into the Group's employees' handbook and code of ethics. The Group strictly requires its employees to be honest, maintain high professional standards, and proactively avoid any situation that may lead to a conflict of interests. Furthermore, employees are not allowed to receive or solicit any forms of gifts, entertainment, or advantages that exceed normal commercial or courtesy practices.

We highly encourage our employees to report any suspected unlawful conduct, incidents of corruption, or other fraudulent activities. Our employees can report any suspected cases directly to the chief financial officer or to the head of the human resources department. To support this, the Group maintains a formalized whistleblowing mechanism where the identity of the whistleblower is kept strictly anonymous and protected throughout and after the investigation, and the Group enforces a zero-tolerance policy against any form of retaliation or adverse employment action taken against individuals who report suspected misconduct in good faith. Upon the receipt of a grievance, an independent internal review panel is immediately assembled to gather operational evidence and conduct objective interviews, ensuring all material findings and recommended corrective or legal actions are thoroughly documented and escalated to senior management to ensure absolute impartiality and transparency.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT (CONTINUED)

During the year ended 31 March 2026, the Group provided comprehensive orientation training to new employees in relation to business ethics including anti-corruption. Directors and staff are also encouraged to attend anti-corruption training courses and seminars provided by external professional bodies at the Company's expenses. During the reporting period, there were zero instances of legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY INVESTMENT

The Group encourages its employees to dedicate their time to support the local community. The Group also participates, from time to time, in charity activities (such as donation of eyewear products to non-profit organizations and fundraising events), to support its focus on improving community wellbeing and health.

During the year ended 31 March 2026, the Group actively mobilized its workforce across various corporate social responsibility initiatives, contributing a total of over 500 hours of volunteer service:

- Health and Life-Saving Initiatives: The Group organized voluntary blood donation activities in collaboration with local health authorities. A total of 35 employees volunteered for 3 hours at the Heyuan City Central Blood Station, and 40 employees volunteered for 3 hours at the Dongguan City Central Blood Station to support local blood reserves and safeguard community health.

- Support for Persons with Disabilities: In May 2025, in observance of the National Day of Persons with Disabilities, Dongguan Xinyi Eyewear organized a themed evening event titled "Hand in Hand, Accompanied by Warmness" (攜手同行，溫暖相伴). The 2-hour event directly supported and brought warmth to 79 individuals with disabilities.

- Youth Development and Education: To support youth enrichment and growth, Dongguan Xinyi Eyewear organized the 6th "Little Sprout" (小苗) children's calligraphy interest class. This sustained educational initiative engaged 30 participants and accumulated 144 hours of volunteering service.

SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司

Stock Code 股份代號 : 125
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