

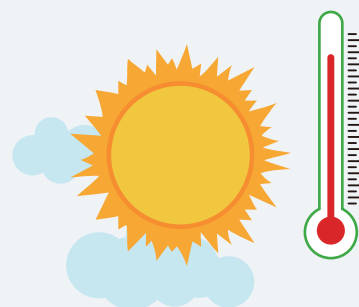


TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1979



2024

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
REPORT


1. ESG GOVERNANCE STATEMENT OF THE BOARD

The board of directors of the Group (the “Board”) supervises the relevant aspects of environmental, social and governance (ESG) under the current business strategy framework, and continuously seeks to improve the sustainable development performance of the Group. In addition to ensure the continuous compliance with relevant laws and regulations in the areas where the Group conducts business, the Group also prioritizes the interests of stakeholders in its corporate strategy, so as to meet the expectations of stakeholders on ESG on the one hand and commit to reducing operational risks on the other.

The Group regularly collects the ESG information through different functional departments and working groups, and such information will be summarized, analysed and disclosed in the ESG report. The Board assumes full responsibility for the environmental, social, and governance (ESG) strategy and reporting. It has established and developed a comprehensive ESG policy framework to ensure the effective implementation of the Company’s principles and commitments. An “ESG Committee” chaired by a director of a group company was formally established in 2021, who plays a pivotal leadership role in ESG affairs, ensuring that the Company’s decisions and actions in the realm of sustainable development align with best practices and regulatory requirements. The ESG Committee has set up an ESG working group, to assist in performing the above work and responsibilities, and regularly reports to the ESG Committee and the Board on relevant policies, measures, project progress, objectives and effectiveness. The Board regularly reviews the effectiveness of the ESG plan and understands the potential impact of ESG issues on the Company’s business model and related risks.

The Group has always attached great importance to the communication and interaction with stakeholders, and have conducted a questionnaire survey on ESG stakeholder engagement during the year to collect opinions from key stakeholders such as directors, employees and suppliers respectively, so as to assist the Board and the management to get to know the current ESG performance. In addition, the Group also hoped that the survey would show the gap between the stakeholders’ expectations on the Group’s ESG performance and the current situation, and the comparison with market standards and expectations is made, so that the Group can optimise relevant sustainable development policies in the future to meet the needs of stakeholders. The results of the materiality assessment reflected that “quality control of production materials”, “health and safety of customers” and “customer complaint handling and response mechanism” are the three most important ESG aspects of the Group.

Our Group has joined “ESG+ Pledge” Scheme, demonstrating our unwavering commitment to promoting sustainable development within our business operations. We have also incorporated ESG compliance risks into our risk assessment surveys, aiming to help the ESG Committee understand the relevant risks faced by the Group, enhance the standardization of risk management and internal control management, and thereby achieve sustainability. During the Reporting Period, Ms. Yang, President of our key subsidiary in Huizhou, attended the 29th Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change. As one of the representatives of Chinese enterprises, she delivered a speech titled “Go Green, for a Carbon-Neutral Future (踐行綠色·碳就未來)” and shared the message that “green products are a universal language for the world” with attendees, signaling a global movement toward a greener, more harmonious, and progressive future. Additionally, following our production base in Dazhou, Sichuan (namely, Dazhou Ten Pao Jin Hu Electronic Co., Ltd.), Huizhou Ten Pao Chuangneng Technology Co., Ltd., our new factory in Huizhou, Guangdong was also honored with the title of “Provincial Green Factory” within the year. The Group will continue to be an explorer on the path of carbon reduction and green development, driving the industry toward a greener and low-carbon direction through continuous exploration and practice. We believe that with the collective efforts of all employees and the support and attention of all sectors of society, the Group will achieve even more outstanding results in the field of ESG, contributing to the advancement of corporate sustainable development.



Despite the ongoing challenges in the external environment and intense market competition, the Group, under the foresight and sagacity of its management, has made significant strides in expanding its global production footprint and advancing intelligent automation initiatives. Over the past few years, these efforts have yielded positive results, enabling the Group to effectively navigate geopolitical factors and supply chain pressures. Coupled with its research and development (“R&D”) capabilities and high quality products, the Group has maintained strong and long-standing partnerships with its customers, allowing it to stand out in a competitive market. Looking ahead, the Group is committed to integrating sustainable development principles into the core of its business processes, which not only enhances operational efficiency but also reinforces its commitment to being a responsible corporate citizen. By continuously improving its internal oversight framework and refining sustainable business models, the Group navigates the ever-changing business landscape while steadfastly adhering to its commitment to sustainable growth and ethical business practices. We will continue to strive and collaborate with all stakeholders to jointly build a better future.

2. ABOUT THIS REPORT

2.1. Introduction:

The environmental, social and governance (“ESG”) report (the “Report”) disclosed the ESG performance of Ten Pao Group Holdings Limited (the “Group” or “Ten Pao Group”) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1979) for the period from 1 January 2024 to 31 December 2024 (the “Reporting Period”). The Report has been prepared in accordance with the mandatory and the comply or explain provisions as stipulated in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

2.2. Reporting Scope:

The ESG policies and management measures contained in the Report are applicable to the Group and all its wholly-owned subsidiaries (collectively, “the Group”). Unless otherwise specified, the information contained in the Report covered the business of the Company’s manufacturing of switching power supply units in Huizhou and Dazhou, Sichuan. The Group reports on its production bases in Huizhou, Guangdong Province and Dazhou, Sichuan Province, the PRC, which are the core sources of revenue for the Group and can sufficiently represent for the Group’s manufacturing of switching power supply units operations. Therefore, the content of the Report focused on the operating performance in respect of ESG and its related information of the above locations.

2.3. Reporting Principles:

The Report complied with the ESG Reporting Guide and applied the following principles:

Materiality: To identify and assess the material concerns of our stakeholders, we conducted materiality assessment surveys through a number of stakeholder engagement activities to determine the factors that have a material impact on our sustainable growth.

Quantitative: To ensure the accuracy of key performance indicators (“KPIs”), the Group quantizes and estimates the data according to the relevant national and international standards, so as to make comparison of ESG performance.

Balance: The information and cases in the Report are mainly derived from the statistical reports, relevant documents and internal communication documents of the Group during the year 2024. The Group undertakes that there are no false statements or misleading representations in the Report, and is responsible for the truthfulness, accuracy and completeness of the contents contained herein.

Consistency: We follow the “Hong Kong Stock Exchange ESG Reporting Guide” for reporting. If there are any changes that may affect the comparison with previous reports in the future, the Group would make explanatory notes to the corresponding sections hereof.

3. SUSTAINABILITY GOVERNANCE

In 2021, the Group established the ESG Committee, marking a significant commitment to environmental, social and governance (ESG) matters. The formation of this Committee enables the Group to focus more comprehensively on and manage ESG-related issues, ensuring the effective implementation of our sustainable development strategies. The chairperson of the Committee is a director of the Group, who plays a pivotal leadership role in ESG affairs, ensuring that the Company’s decisions and actions in the realm of sustainable development align with best practices and regulatory requirements. The Committee assists the Board to coordinate and oversee related matters, implement ESG strategies evaluation, prioritize and manage material sustainability-related matters, as well as identify and assess the Group’s relevant risks to establish an appropriate and effective risk management and internal control system. The Committee will work closely with the Board, regularly reporting on significant sustainability matters, discussing and formulating relevant policies, objectives, and measures, and overseeing the implementation of these strategies. Through the establishment and operation of the ESG Committee, the Group will be better positioned to meet the expectations of various stakeholders and drive the long-term sustainable development of the enterprise.

The organizational chart of the ESG committee and main responsibilities of the key members are as follows:



Position	Main Responsibilities
Chairman	<ul style="list-style-type: none"> o Advance and supervise ESG work to ensure compliance with the Group's needs and relevant laws, regulations, and regulatory requirements; o Review and guide the revision of the Group's ESG-related systems; o Provide advice, make decisions leading to significant impacts on ESG, and report to the Board in a timely manner; o Promote other ESG project-related development matters authorized by the Board.
The Vice Chairman	<ul style="list-style-type: none"> o Ensure ESG projects to have appropriate resources and units to provide data, advance the ESG projects to achieve targets; o Formulate the Group's strategy, the policies and implementation plan on the ESG projects' objectives; o Monitor the implementation of ESG projects-related initiatives and risk management issues in the daily operations of the Group; o Facilitate and foster the implementation of ESG project-related initiatives; o Ensure effective communication between the Group and stakeholders, and enhance the efficiency of committee operations; o Promote the development of ESG projects.
Committee Members	<ul style="list-style-type: none"> o Ensure ESG projects to have appropriate resources and units to provide data under the appropriated scope, advance the ESG projects to achieve targets; o Facilitate the development of the Group's policies and execution plans which align with the Group's strategic objectives and ESG project goals; o Responsible for ESG project management and related risk assessment; o Facilitate the implementation of ESG project-related initiatives; o Promote the tasks assigned by the ESG committee and facilitate the development of ESG project-related initiatives. <p><i>(*Certain committee members take the lead in driving the comprehensive development of the Group's quality strategy and the planning and operational control of the quality management system. They have established quality and environmental systems, and oversee and monitor the implementation of environmental standards for products, materials, and quality by various business units. This ensures the effective operation of the Group's activities within the system scope.)</i></p>
The Convener of the Committee	<ul style="list-style-type: none"> o Responsible for liaising with external consultants and coordinating internal communication, and assisting in formulating the Group's ESG management guidelines, goals, strategies and structures; o Seize the latest trends in ESG development and the updated requirements of listing regulations, while evaluating ESG risks and opportunities, and report to the committee on these matters; o Responsible for convening ESG Committee meetings and formulating focusing topics and agenda; o Assist in outlining the ESG report and engage stakeholder for ESG initiatives.

Position	Main Responsibilities
Committee Supervisor	<ul style="list-style-type: none"> o Provide advice on the Group's ESG projects work, data collection and control measures; o Conduct internal audits and investigations for ESG projects to ensure compliance with laws and regulations; o Review ESG projects and reports to ensure compliance with the latest requirements of the listing regulations.
Supporting Engineer of the Committee	<ul style="list-style-type: none"> o Responsible for resolving and handling the ESG technical issues; o Responsible for coordinating and reviewing ESG-related documentation and filing; o Assist in the ESG database maintenance and optimization; o Facilitate the implementation of ESG project-related initiatives; o Promote the delegation of tasks within the ESG committee and facilitate ESG project-related initiatives.

4. STAKEHOLDER ENGAGEMENT

4.1. Communication with Stakeholders

Close communication with stakeholders is pivotal to the success of a company. The Group strives to collect stakeholders' feedbacks through different communication channels, including its shareholders, customers, employees, suppliers, contractors, investors etc. We protect stakeholders' interests to determine the direction of the Group's long-term development and maintain close relationships with them. The operating data and overall performance of the Group are summarized in the Company's interim report and annual report semi-annually and reported to all stakeholders through the Company's website (<https://tp.tenpao.com>).

The following table summarizes our ongoing communication activities and channels with major stakeholders to understand their concerns:

Major stakeholders	Communication channels
Shareholders and investors	<ul style="list-style-type: none"> o Investors' meetings o Annual general meeting o Financial reports, announcements and corporate communication materials o Company website o Company enquiry email, facsimile and phone number
Customers	<ul style="list-style-type: none"> o Company website o Customers' daily operation/direct communication o Customer's feedbacks and complaints o Factory visits o Customer assessment

Major stakeholders	Communication channels
Employee	<ul style="list-style-type: none"> o Training and orientation o Email and opinion box o Regular meetings o Employees activities o Employees engagement conferences o Employees performance evaluation o Intranet
Suppliers	<ul style="list-style-type: none"> o Investigation on Know Your Customer (KYC) o Selection and appraisal o Procurement process o Communication/meetings with suppliers
Government authorities and regulators	<ul style="list-style-type: none"> o Document and information submission
Communities	<ul style="list-style-type: none"> o Company website o Community activities

4.2. Stakeholder Engagement and Materiality Assessment

We make different levels of disclosures in the Report based on the importance of different ESG issues so as to respond to the stakeholders' ESG concerns, and disclose the Group's ESG development direction. The Directors and ESG working group of the Group conducted internal evaluation to select issues related to the Group and identify major stakeholders, and invited major stakeholders to participate in substantive evaluation to fill out questionnaires, so as to disclose sustainability issues that are closely related to major stakeholders. The questionnaires covered 23 Environmental, Social and Governance issues in total, and the respondent's conducted evaluation on such issues by scoring 1 to 5 based on the materiality of relevant issues to the business operation of the Group and the concerns of external stakeholders. Materiality assessment is to collect qualitative and quantitative opinions, providing the Group with a reasonable basis for prioritizing the materiality of all relevant sustainability issues.

1. Identification

Identify ESG issues that are most relevant and important to the Group's business and stakeholders with reference to the ESG Reporting Guide of the Hong Kong Stock Exchange, policies and management strategies of the Company, industry characteristics and business risks and opportunities.

2. Collection of opinions

Conduct a questionnaire survey and invite stakeholders including the Board, employees, suppliers and customers to evaluate the materiality of each issue from their own perspective.

3. Priorities

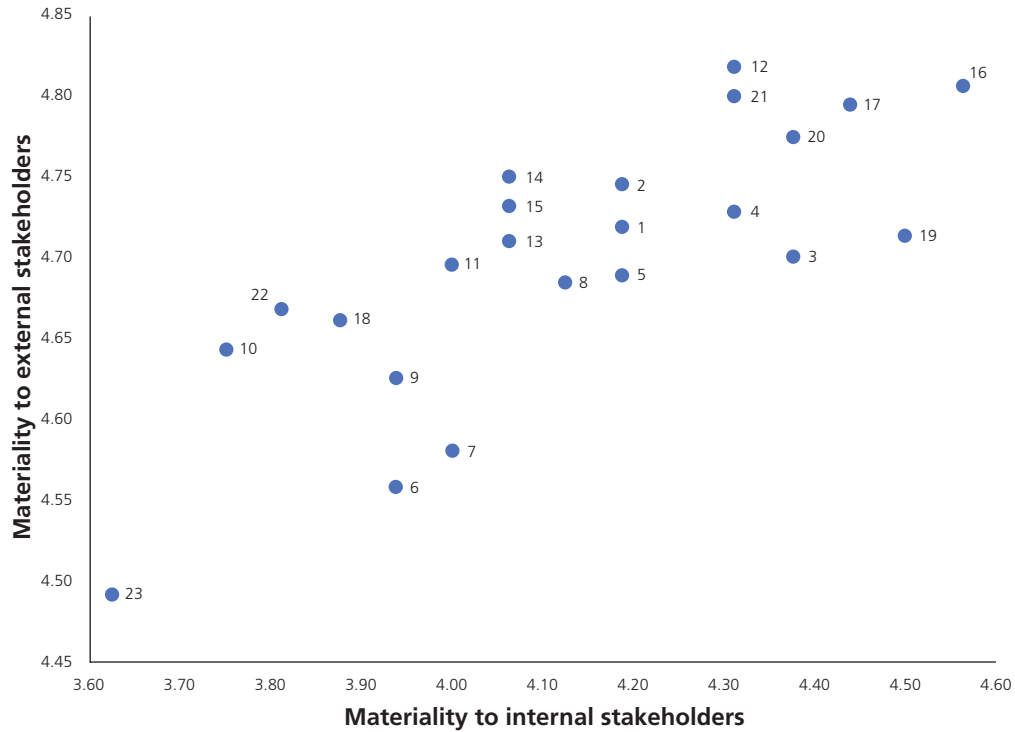
Screen out material issues and prepare a materiality assessment matrix to form the preliminary assessment results, so as to determine the strategic focus of sustainable development and improve the governance of sustainable development.

4. Confirmation

The evaluation results will be discussed and confirmed by the ESG working group, and the materiality assessment results will be finalized and reported to the Board.

The results obtained through the above substantive evaluation process are as follows:

ESG Materiality Analysis Matrix



legends			
1	Management of Air Pollutants/Greenhouse Gas Emission	14	Labour Standards
2	Wastewater Management	15	Environmental and Social Risks of the Supply Chain
3	Waste Management	16	Quality Control of Production Materials
4	Energy Conservation	17	Customer Health and Safety
5	Water Conservation	18	Product Recycling System
6	Use Efficiency of Other Resources	19	Customer Complaint Handling and Response Mechanism
7	Consumption of Packaging Materials	20	Protection of the Interests of Customers and Business Partners (e.g. protection of information privacy, safeguarding intellectual property rights, etc.)
8	Impact of Operation Management on the Environment and Natural Resources	21	Prevention of Bribery, Extortion, Fraud and Money Laundering
9	Climate Adaptability and Resilience Enhancement	22	Community Needs and Interests
10	Employment System	23	Community Investment
11	Anti-Discrimination, Equality and Diverse Employment Environment		
12	Occupational Health and Safety		
13	Employee Training and Development		

Based on the results of materiality analysis for stakeholders, the three most material issues with the highest total scores are as follows:

- Quality Control of Production Materials
- Customer Health and Safety
- Customer Complaint Handling and Response Mechanism

The Group will continue to evaluate and revise the strategic focus of sustainable development and improve the governance of sustainable development according to the materiality analysis results.

5. ENVIRONMENTAL

The Group's long-term development relies on social sustainability and environmental protection is crucial in sustainability. To fulfill its corporate social responsibility, the Group actively integrates environmental protection concepts into its daily operations to ensure environmentally responsible operations, prevent pollution and reduce resource consumption. In order to systematically protect the environment, the Group has established an environmental management system for performance monitoring and improvement. The effectiveness of the management system is regularly evaluated by internal and third-party audits to demonstrate the continuous improvement of the Group's environmental achievements. The Group's performance in environmental protection has been recognized by the government, industry, customers and suppliers. In addition, following our production base in Dazhou, Sichuan (namely, Dazhou Ten Pao Jin Hu Electronic Co., Ltd.), Huizhou Ten Pao Chuangneng Technology Co., Ltd., our new factory in Huizhou, Guangdong was also honored with the title of "Provincial Green Factory" within the year. During the Reporting Period, the Group did not have any violation of regulations relating to emissions and all emissions met relevant national standards.

5.1. EMISSIONS

The Group has spared no effort in reducing the carbon footprint of its operations and has endeavored to minimize the emissions of exhaust and greenhouse gases arising from its operations and reduced the impact on the environment through a series of measures. The Group has implemented a number of policies in its business operations, including the "GHG Management Procedure", the "Three Waste Management Regulations (《三廢管理規範》)", the "Waste Management Regulations" and the "Waste Disposal Procedures". Among which, the "GHG Management Procedure" are used to manage the work related to GHG emissions, information collection, calculation, report production and verification operations and we have identified and inventoried the Group's GHG sources, calculated the Group's carbon emissions, and compiled the GHG lists in accordance with the requirements of ISO14064-1:2018, the "Specification with guidance at the organization level for quantification and reporting of GHG emissions and removals". The Group endeavors to keep the emission of air pollutants within the relevant laws and regulations, and in accordance with the "Three Waste Management Regulations (《三廢管理規範》)", besides, the Group also regularly conducts inspections of three types of wastes, all of which are in compliance with the emission standards.

We strive to reduce environmental emissions by:

Environmental Objectives	Directional Statement	Annual Measures
Reducing Environmental Emissions	<ul style="list-style-type: none"> o Adoption of energy-saving equipment to reduce energy indirect category (Scope 2) GHG emissions from purchased electricity 	<ul style="list-style-type: none"> o Using LED lighting; o Phasing out diesel vehicles until they are completely replaced by electric vehicles

The Group has been actively implementing emission reduction measures in factory field, including the use of electric vehicles instead of traditional diesel vehicles, and take advantages of electric vehicles operated by new energy types. In addition, the Group manages the factory field by applying the 5S Approach and arranges for its staff to clean the floor after completing their work to minimize the air pollution caused by dust. On the production side, we control environmental pollution by filtering exhaust gases, utilizing cyclone towers and adding activated carbon filtration equipment at the discharge outlets to meet environmental emission standards. The installation of activated carbon in the air pollution treatment facilities can improve air quality and protect the ecosystem, reducing the formation of acid rain to achieve environmental benefits. This also protects public health and is in line with the requirements of sustainable social development. These measures are aimed at controlling the emission of air pollutants and GHG and reducing the generation of hazardous and non-hazardous waste, reflecting the Group's continued commitment to environmental protection.

Air Emission

Names of emissions (unit)	2023	2024
NOx (kg)	645.37	218.14
(SOx) (kg)	0.74	0.71
PM (kg)	83.28	20.93

Notes:

- Air emission is calculated in accordance with the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.
- In order to comprehensively reflect the Group's air emissions better, emissions from own trucks are included in the statistics of emissions for the current year, and the data for the year 2023 has been adjusted.

GHG Emission

Names of emissions (unit)	2023	2024
Total emissions		
(tonne of carbon dioxide equivalent ("tCO₂e"))	28,610.04	38,484.47
Intensity of total greenhouse gas emission (tCO ₂ e/million revenue)	5.93	7.06
Scope 1: Direct emission (tCO₂e)	131.65	144.2
Scope 2: Energy indirect emission (tCO₂e)	28,478.37	38,340.26

Notes:

- The calculation was based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Fifth Assessment Report, Specification with guidance at the ISO14064-1 organization level for quantification and reporting of greenhouse gas emissions and removals (ISO14064-1 組織層次上對溫室氣體排放和清除的量化和報告的規範及指南), the 2009 China Energy Statistical Yearbook (《2009中國能源統計年鑒》), the 2019 Emission Reduction Project China Regional Grid Baseline Emission Factor (《2019年度減排項目中國區域電網基準線排放因子》), the Sixth Climate Change Assessment Report of IPCC.
- Scope 1 includes emissions from stationary combustion of diesel, direct combustion emissions from mobile sources of diesel and unleaded gasoline; and scope 2 includes indirect energy emissions from purchased electricity.

Waste Management

The Group adheres to the principles of reduction, recycling and reuse in waste management. For hazardous waste, the Group identifies hazardous waste in its factories with reference to the 2016 National Hazardous Waste List and seeks qualified disposal units to rationalize the disposal of hazardous waste in its factories in accordance with the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes", the "Administrative Measures on Hazardous Waste Transfer Records" and other regulatory requirements. For hazardous waste, appropriate and eye-catching labels are provided to individually label the hazardous waste to avoid leakage and misuse. At the same time, the Group has consolidated laws and regulations requiring factories to centrally collect and temporarily manage hazardous waste to ensure that the Group's handling of hazardous waste complies with national laws and regulations. According to the Group's waste management procedures, the waste generated during the production processes would be classified. For recyclable waste, our preferred approach is to return it to the manufacturer or supplier, and if not feasible, we would engage recycling companies as a secondary option. During the Reporting Period, all electronic waste generated in the production processes was sent to qualified recycling facilities for proper recycling. Hazardous waste is handled by qualified waste management companies.

In respect of non-hazardous waste, the Group carries out classification and management of non-hazardous waste in accordance with national regulations such as the “the Law on the Prevention and Control of Environmental Pollution by Solid Waste” and the “the Administrative Measures for Municipal Domestic Waste”, and liaises with qualified manufacturers for recycling and utilization. The Group also encourages its employees to reduce the use of disposable document printing by e-mail. Recycling bins for various materials, including metals, plastics and paper, have been set up in offices and factory areas to increase the recycling rate, and notices have been put up to remind and illustrate employees on the proper use of recycling facilities.

The following table sets out the amount of hazardous and non-hazardous waste generated by the Group:

Names of emissions (unit)	2023	2024
Total hazardous waste (Tonne)	24.92	40.25
Intensity of hazardous waste (Tonne/million revenue)	0.005	0.0074
Electronic equipment waste (kg)	499.50	15,840.00
Total non-hazardous waste (Tonne)	1,433.85	894.72
Intensity of non-hazardous waste (Tonne/million revenue)	0.30	0.16
Total non-hazardous waste recycled (Tonne)	1,433.85	894.72

The following shows our waste reduction targets and the measures taken during the year:

Environmental Objectives	Directional Statement	Annual Measures
Waste Reduction	Reducing paper waste from office operations	<ul style="list-style-type: none"> o Improving computerized operations and file management to reduce office paper usage; o Maximizing the use of double-sided printing; o Arranging recycling of waste paper.

5.2. USE OF RESOURCES

The Group strictly complies with the relevant laws and regulations of the regions in which it operates and is committed to treasuring its resources. In accordance with the National “14th Five-Year Plan” for Energy Conservation, the Group has formulated corresponding energy-saving and water-saving measures to realize the efficiency of the use of resources and to avoid wastage. The Group regularly evaluates the effectiveness of electricity saving by conducting monthly statistical analysis on electricity consumption and energy consumption per RMB10,000 of output value. Based on the calculation of the statistical data, the Group will then break down the various types of electricity consumption in each plant, analyse the situation of the various types of electricity consumption, identify the anomalies and then carry out rectification for energy saving, and evaluate the effectiveness of electricity saving in the next month. As the Group requires more lighting tubes for its production, there is a certain amount of space for energy saving while ensuring that the illumination level meets the demand, the Group has started the replacement of LED energy-saving lamps from 2021 onwards, and has basically completed the replacement by the end of 2023. The Group also actively adopts clean energy to minimize the impact of its business operations on the environment. Through the use of liquefied petroleum gas and the installation of solar panels in buildings to store solar energy for power generation, the Group has been able to minimize carbon emissions and other environmental pollution factors at source. The Group’s energy efficiency targets and measures taken during the year are outlined below:

Environmental Objectives	Directional Statements	Annual Measures
Efficiency of Energy Use	<ul style="list-style-type: none">o Gradually increasing the use of appliances with energy-saving labels to 100%;o Reducing the use of Company’s vehicles by adopting alternative methods to reduce fuel consumption;o Reducing energy-consuming office equipment.	<ul style="list-style-type: none">o Regular maintenance and overhauling of air-conditioning systems to extend the service life of air-conditioners and enhance energy efficiency; and evaluation and replacement of old air-conditioners to improve the overall energy efficiency of air-conditioners;o Controlling the air-conditioning system to maintain an indoor temperature of 26°C in the office, and adjusting the temperature in the production workshop according to the working demand of the equipment, and the air-conditioning in the office should be turned off half an hour before the end of the working day;

Environmental Objectives	Directional Statements	Annual Measures
		<ul style="list-style-type: none"> o Inverter modification and installation of industrial frequency fans or installation of time controllers to save energy and reduce consumption; o Modification and maintenance of air compressor piping and recovery of residual heat; o Posting energy-saving tips in the office; o Arranging internal meetings through the video conferencing system to reduce business travel for intra-group meetings, thereby reducing the use of vehicles; o Simplifying office layout and operation, reducing energy-consuming facilities, and utilizing resources more efficiently; o Turning off idle equipment, such as lighting systems, personal computers and air-conditioning during non-office hours.

The relevant energy performance data for the Reporting Period is set out below:

Types of Energy	Unit	2023	2024
Total energy consumption	Megawatt-hour ("MWh")	54,820.92	72,536.75
Intensity of total energy consumption	MWh/million revenue	11.37	13.30
Direct energy consumption	MWh	1,749.02	1,086.4
Intensity of direct energy consumption	MWh/million revenue	0.36	0.20
Among which:			
Diesel	Litre ("L")	25,912.54	27,012.54
	MWh*	259.99	271.03
Gasoline	L	27,723.18	31,976.2
	MWh*	252.45	291.18
Solar Energy	MWh	1,236.58	524.19
Indirect energy consumption	MWh	53,071.90	71,450.35
Intensity of indirect energy consumption	MWh/million revenue	11.05	13.10
Among which:			
Power	MWh	53,071.90	71,450.35

Note:

- * The coefficients used to convert diesel and gasoline consumption from volume units to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

MANAGEMENT OF WATER RESOURCES

The Group applies for relevant discharge license in accordance with the requirements of the Water Pollution Control Ordinance to ensure that wastewater is discharged in a compliant manner. The operating sites within the reporting area obtain water from municipal government water supplies and the Group did not encounter any difficulties in obtaining water during the Reporting Period. The Group has formulated a “Water Usage Management System” in 2018, which aims to regulate water usage to meet both production and domestic needs and ensure the safety of drinking water and secure the supply of water for production purposes. To minimize the use of fresh water, the Group uses recycled water for toilet flushing and encourages its staff to support water conservation in accordance with the Company’s policy.

The following are the Group’s water resource efficiency goals and measures for this year:

Environmental Objectives	Directional Statements	Annual Measures
Water use efficiency	<ul style="list-style-type: none">o Adopt water-saving devices;o Use wastewater that has been treated and meets specified standards for non-production purposes.	<ul style="list-style-type: none">o Transformed the method of cleaning solar panels in living areas to manual watering with hoses;o Recycle compressed air-cooling water and convert it into cooling water for Company’s employees;o Recycle and reuse water from metal grinding processes;o Use water-saving flow controllers and equipment marked with water-saving labels;o Use water supply monitoring facilities and review water consumption regularly.

The Group’s water consumption figures during the Reporting Period are indicated as follows:

	2023	2024
Total water consumption (thousand cubic metre (“m ³ ”))	541.69	569.14
Total water consumption intensity (thousand m ³ /million revenue)	0.11	0.10

Packaging Materials

The Group is committed to reducing the use of packaging materials and adopting reusable packaging materials such as plastic containers or barrels to reduce disposable packaging materials. In addition, the Group has been actively optimised packaging and looking for more effective packaging methods to reduce the waste of packaging materials, including the selection of lightweight packaging materials. At the same time, the Group has made concerted efforts to reduce the use of packaging materials by co-operating with suppliers and discussing the best use or recycling solutions for packaging materials.

The Group mainly uses paper and plastic as the materials, with figures shown below:

	2023	2024
Total packaging materials (tonne)	3,519.53	4,059.76
Including:		
Paper (tonne)	2,690.05	3,005.38
Plastic (tonne)	829.48	1,054.38

5.3. Environment and Natural Resources

The Group is committed to reducing the negative impact of its production operations on the environment and natural resources. The Group has established a CSR¹ Management Committee which includes an environmental management team to reinforce its efforts in the education of environmental regulations. The focus on green operations is embedded in the mindsets of management and employees, and whenever the Group launches a green initiative, our management actively encourages employee participation to gain greater support. The Group has regularly organised employees to participate in environmental protection laws and regulations training during office hours, and to attend environmental protection lectures held by customers, third-party consultants and the government to ensure that every employee can become a junior environmentalist and strictly comply with national and local environmental protection laws. In addition, the Group has conducted regular environmental compliance audits of its production activities in accordance with the requirements of the Environmental Monitoring Management Regulations (《環境監測管理規範》) and rectified any problems once identified to ensure that its corporate behaviour is lawful and compliant, which enables the Group to optimise the effectiveness of its green projects, minimise the environmental impacts and protect natural resources to the fullest extent.

¹ Full name : Corporate Social Responsibility

The Group has been actively developing solar energy storage power products and obtained nine patents during the Reporting Period, including “Power Converter Output Ripple Control Circuit” (電源變換器輸出紋波控制電路) and “Harmonic Wide Range Voltage Output Control Method and Control Circuit” (諧振寬範圍電壓輸出控制方法及控制電路). On the other hand, the Group incorporates environmentally friendly design and packaging and prioritises local sourcing when implementing its green procurement policy. The supply chain and product lifecycle are aligned with sustainable manufacturing practices to consistently produce high quality green products.

5.4. Climate Change

The Group is fully aware of the severity of global climate change and will therefore continue to monitor the situation of climate change and pay close attention to the guidance and suggestions from government agencies and industry associations, which will help the Group better respond to and manage risks related to climate change while achieving the Group’s sustainable development goals. During the year, Ms. Yang, President of the Group’s important subsidiary in Huizhou, attended the 29th meeting of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change. As one of the representatives of Chinese enterprises, she delivered a speech entitled “Go Green, for a Carbon-Neutral Future (踐行綠色·碳就未來)”, sharing with the participants the Group’s thoughts and actions in the field of green power, as well as the efforts and achievements made in carbon reduction and green development in the past, present and future. The Group is committed to reducing its environmental impact through practical actions and contributing to a more sustainable future. In addition, the Group will also actively cooperate with stakeholders to jointly promote global sustainable development.

In order to address the significant operational risks and potential biological and ecological impacts brought about by climate change, the Group has developed a strategy aimed at mitigating the impact of its operations on the local environment and addressing the potential threats posed by climate change. The Group’s report provides a detailed description of the potential impact of climate change on its business and the measures implemented. The following table sets out the Group’s policies on climate change:

Climate-Related Issues	Countermeasures	Details
In terms of flooding	Facility construction and protection	<ul style="list-style-type: none"> Build factories and important facilities in areas that are less susceptible to flooding. If it is unavoidable, flood control facilities such as embankments and cofferdams will be built in accordance with flood control standards and regularly inspected and maintained to ensure their effectiveness; For warehouses and other areas where important materials are stored, set up waterproof platforms or raise storage equipment to prevent goods from being flooded.

Climate-Related Issues	Countermeasures	Details
	Production adjustment and material management	<ul style="list-style-type: none"> Establish a flood emergency plan and adjust production plans in a timely manner when receiving flood warnings, such as: <ul style="list-style-type: none"> Suspend production activities in flood risk areas Transfer of key equipment and high-value raw materials Establish a material reserve list to ensure that there are enough sandbags, tarpaulins and other flood prevention materials for emergency protection.
	Insurance and cooperation	<ul style="list-style-type: none"> Purchase adequate flood insurance, including property insurance, business interruption insurance, etc., to reduce the economic losses caused by floods; Maintain close communication and cooperation with upstream and downstream enterprises as well as local governments and rescue organisations to support each other during floods, share information, and work together to cope with crises.
In terms of typhoons	Factory facilities enhancement	<ul style="list-style-type: none"> Strengthen factories and buildings to prevent wind and check the stability of roofs, walls, doors and windows; Install windproof shutters, reinforced brackets and other windproof devices; Regularly clean the factory roof and surrounding drainage system to prevent damage caused by accumulation of water and debris during typhoons.
	Production safety assurance	<ul style="list-style-type: none"> Arrange staff on duty during typhoons in advance to ensure timely handling of emergencies during typhoons, such as equipment failures and water leaks; Inspect and reinforce or dismantle outdoor equipment to avoid safety accidents caused by typhoons. Formulate typhoon emergency response procedures, including measures such as suspension of outdoor operations and cessation of transport of hazardous chemicals.

Climate-Related Issues	Countermeasures	Details
	Recovery plan	<ul style="list-style-type: none"> Prepare a post-typhoon recovery plan, including rapid repair plans for damaged equipment and facilities, as well as emergency measures for raw material supply and product delivery, to resume production operations as soon as possible.
In terms of high temperature weather	Preparation items	<ul style="list-style-type: none"> Provide employees with heat-resistant and cooling supplies, such as cool drinks and heatstroke prevention medicines; Improve ventilation and cooling conditions in the workplace, such as installing air conditioners and ventilation equipment.
	Equipment and energy management	<ul style="list-style-type: none"> Conduct high temperature adaptability checks on production equipment to ensure that the normal operation of equipment in high temperature environments and increase the maintenance frequency of the equipment's cooling system; Optimize energy use and reduce the load during peak energy consumption periods by reasonably arranging production processes in high temperature weather, while paying attention to energy supply to prevent production from being affected by tight electricity supply caused by high temperatures.
	Supply chain risk management	<ul style="list-style-type: none"> Pay attention to the impact of high temperature weather on suppliers and logistics, and communicate with suppliers in advance to ensure the stability of raw material supply; For raw materials and products that are susceptible to high temperatures, pay attention to the implementation of temperature control measures during storage and transportation.

6. SOCIETY

6.1. Employment

Human resources are the cornerstone of the Group as well as the key to driving sustainable business development and maintaining vitality. The Group fully understands the importance of human resources to corporate development and has been committed to ensuring that all employees are treated fairly and justly since its establishment. We respect the personal freedom of each employee and are committed to creating a diverse and inclusive work environment that accommodates different genders, ages, races, religious beliefs, marital status, physical conditions and other personal characteristics. We strictly prohibit any form of discrimination and are committed to protecting employees' privacy rights and ensuring that every employee enjoys respect and equality at work.

The Group has established comprehensive employment policies and measures to ensure that employees are treated fairly and reasonably. We have established a salary management system and conduct regular evaluations and adjustments based on market conditions, group performance and employee performance to ensure that salary levels meet or exceed local minimum wage standards. At the same time, we provide employees with a variety of benefits, including paid vacations (such as statutory holidays, marriage leave, maternity leave, Bereavement leave, breast-feeding leave and work-related injury leave), wedding bonuses, living allowances and mobile phone bill subsidies. We have also established an exclusive welfare system for employees who are not registered in mainland China to ensure that all employees enjoy fair treatment. In addition, the Group provides social insurance and housing provident funds for its employees, and provides education and training subsidies to eligible employees to support their further advancement in their personal career development.

The Group adopts a standard working day of 8 hours per day and 5 days per week, and calculates and pays relevant remuneration for approved attendance beyond normal working hours. In terms of recruitment, the Group attracts outstanding talents through various channels, including external recruitment, employee recommendations, media recruitment, campus recruitment, etc. We strictly follow the recruitment process to ensure fairness and transparency, and strictly prohibit the use of child labor or any form of forced labor. We also attach great importance to the internal deployment mechanism and give priority to flexible adjustments of human resources within the Group to achieve efficient use of resources.



Graduates Training Program

To enhance employee cohesion and morale, the Group regularly organizes cultural evenings, festival celebrations and other entertainment activities to create a positive corporate culture. For the selected outstanding employees of the year, the Group provides domestic travel awards, which will be implemented in accordance with relevant incentive plans specifically. At the same time, the Group's living area is equipped with a library and a fitness area to provide employees with a leisure and entertainment space after work. In order to facilitate employees to return their hometown smoothly during the Spring Festival, the Group will assist employees in booking train or air tickets on their behalf. In addition, the Group has established a charity fund to provide emergency assistance to employees in need, demonstrating the Company's care for its employees.

During the Reporting Period, the Group strictly complied with all applicable laws and regulations and updated its internal management measures in a timely manner in accordance with the latest policies. During the Reporting Period, no violation of relevant labour laws and regulations was detected. We will continue to be people-oriented, improve the employee management mechanism, strive to provide employees with a better working environment, and promote the mutual growth and sustainable development of the Group and its employees.

The following is the employee distribution within the Group in 2024:

Unit		Total			
Total number of employees	Person	7,211			
By gender		Male	Female		
	Person	4,091	3,120		
By employment type		Full-time	Part-time/contract		
	Person	6,824	387		
By position category		Senior management	Middle management	Technical staff	General staff
	Person	61	78	1,039	6,033
By age		Below 30	31–50	51–60	Above 60
	Person	3,131	3,267	803	10
By geographical region		Hong Kong	China	Other regions	
	Person	3	7,208	0	

The following is the employee attrition rate within the Group in 2024:

By gender		Male		Female	
	%		73.7		63.0
By age		Below 30	31–50	51–60	Above 60
	%	78.4	57.8	54.4	37.5
By geographical region		Hong Kong		China	Other regions
	%	N/A		70.0	N/A

Note:

- The formula for calculating the employee attrition rate is: the number of employees leaving in the month/(the number of employees at the end of the month + the number of employees leaving in the month)

6.2. Health and Safety

Health and safety are one of the core values of the Group's operations. We always put the health and safety of our employees in the first place, and are committed to creating a safe and healthy working environment, and protect the legitimate rights and interests of our employees through a series of strict policies and management measures. The Group strictly complies with the relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Measures for the Supervision and Administration of Occupational Health Surveillance (《職業健康監護管理辦法》) and the Regulations on Protection in Workplaces Where Toxic Substances Are Used (《使用有毒物品作業場所勞動保護條例》), and has passed the ISO 45001:2018 Occupational Health and Safety Management System Certification. Through continuous improvement of the operation of the management system, the Group further enhances the management level of health and safety to ensure the safety and sustainability of its operations.

In order to standardize the management of occupational hazards in the workplace, the Group has formulated the "Regulations on the Administration of Occupational Hazard Notification and Warning" (《職業危害告知和警示管理規定》) to effectively prevent, control and avoid occupational disease risks and to practically protect the health and legal rights and interests of employees. In terms of occupational hazard notification, the Group informed employees of occupational disease hazards in the workplace and related protective measures through various means, including clear instructions in labor contracts, notices on bulletin boards, employee training, the Company's WeChat official account, emails or announcements on the Group's internal system, to ensure that employees understand the relevant risks and have knowledge of response measures. In terms of occupational disease hazard warnings, workplaces are equipped with conspicuous warning signs, such as graphics, lines and text slogans, as well as alarm devices and communication alarm equipment to alert employees to pay attention to the potential hazards and take protective measures. In addition, the Group has established an EHS (Environment, Health and Safety) professional management team, which is responsible for analyzing occupational hazard factors at the work site, formulating control and prevention measures, designing and installing warning signs, and regularly reporting common occupational hazard factors and related safety precautions to ensure that all risks are within a controllable range.

To further protect the health of employees, the Group has formulated the Occupational Health Management Procedure to prevent and eliminate occupational disease risks and ensure that all occupational activities comply with the requirements of relevant laws and regulations. We provide regular occupational health checks for our employees to promptly identify and address potential health risks, and provide our employees with compliant personal protective equipment to ensure they are protected from hazardous factors at work. At the same time, the Group attaches great importance to health education and enhances employees' health awareness through training and guidance, helping them to master the necessary health and safety knowledge and skills. In terms of health management of female employees, the Group provides special health protection measures for female employees in accordance with the requirements of the Regulations on the "Protection and Management of Female Employees" (《女職工保護管理條例》), particularly during the prenatal, postnatal and breastfeeding periods, to ensure that their physical and mental health is fully protected during work.

Apart from focusing on the physical health of its employees, the Group also cares about the mental health of its employees and promotes a balance between physical and mental of its employees through a variety of activities. The Group regularly organises Spring Festival Evening Galas, sports events, team building activities and various social activities to enhance the communication and cohesion among employees. Meanwhile, we also provide summer medication and herbal tea to support for the health needs of our employees in a hot working environment, ensuring that our employees feel supported and cared for by the Company at both the physical and mental levels. These activities and measures not only enhance employees' sense of well-being, but also help them achieve a good work-life balance.



Team Building Activity




International Workers' Day Activity



"Ten Pao Cup" Basketball League



Mid-Autumn Gourmet Festival and Garden Tour



In the Group's health and safety management, the Occupational Health and Safety Management Manual adheres to the principles of "Three unacceptance" and "Three simultaneity" to ensure that all health and safety issues are thoroughly resolved. The "Three unacceptance" refers to not accept until the cause of an accident has been investigated, not accept until the person responsible for the accident and the surrounding population have been educated, and not accept until effective preventive measures have been taken; and the "Three simultaneity" requires that the occupational health and safety facilities of a new construction, alteration, expansion or technological renovation project are designed, constructed and put into operation at the same time as the main project, so as to ensure that all the projects have already fulfilled the health and safety requirements at the time of their commencement of operation.

During the past three years (including the Reporting Period), the Group has not experienced any work-related fatal accidents. As of 31 December 2024, a total of 492 working days were lost due to work-related accidents during the year. The Group always puts the safety of its employees in the first place. Under all circumstances, the Group will immediately provide the necessary support to the injured, initiate an accident investigation to identify the root cause, and proactively take corrective measures to prevent the recurrence of similar accidents.

In addition, during the Reporting Period, the Group did not have any violation of occupational health and safety related regulations in the reporting scope. We will continue to strengthen our safety management and remind our staff to be alarmed when operating equipment to ensure a safe working environment. In the future, the Group will continue to optimise its health and safety management system, strengthen occupational health education and management, and create a safer and healthier working environment through continuous improvement.

6.3. DEVELOPMENT AND TRAINING

The Group is committed to the professional development and capability enhancement of its staff to support the realisation of its strategic objectives and long-term sustainable development. In order to ensure the specificity of our training programmes, we issue an "Education and Training Needs Survey Form (《教育訓練需求調查表》)" to each department at the end of November each year, and compile and select the training programmes based on our corporate strategy, customer needs and personal growth needs of our staff, and ultimately formulate the "Annual Education and Training Plan (《年度教育訓練計劃》)" for the following year. We not only enhance the competitiveness of our employees in the workplace, but also promote a learning culture within the Group, stimulating the potential and creativity of our staff.

The Group's internal training covers a comprehensive range of five categories, namely new staff education and training, job skills training, middle and junior management training, senior management training and project education and training to ensure that staff at all levels can receive targeted training support. In addition, the Group encourages its employees to actively participate in further studies, including the completion of junior college, undergraduate and postgraduate qualifications or national vocational qualifications during their working life. Employees can apply for study grants to receive financial assistance to further enhance their industry knowledge and skills.

In order to promote the development and advancement of its staff, the Group has established a fair, just and open promotion management system to create an employment mechanism of “advancement of the capable, dismissal of the mediocre and elimination of the poor”, which stimulates the work motivation and initiative of its staff. At the same time, the Group is committed to building a team of highly qualified personnel who are committed, courageous, pragmatic and honest, so as to provide solid talent protection for the sustainable development of the enterprise. Through comprehensive development and training programmes, the Group provides diversified development opportunities for its staff and promotes the mutual growth of individuals and the enterprise.

The following is the percentage of the Group’s employees trained in 2024:

		Unit	2023	2024
by position grade level	Senior Management	%	0.8	0.7
	Middle Management	%	9.1	4.8
	Technical staff	%	23.1	22.4
	General staff	%	66.9	72.2
by gender	Male	%	57.0	59.1
	Female	%	43.0	40.9

Note:

- Calculation of “Percentage of Employees Trained” = number of employees trained in that category/total number of employees in that category* 100%. Data as at 31 December 2024 is used for “total number of employees in the category”.

The following is the average training hours per employee to complete training for the Group in 2024:

		Unit	2023	2024
by position grade level	Senior Management	hours	16.69	9.52
	Middle Management	hours	20.30	12.11
	Technical staff	hours	18.33	22.62
	General staff	hours	8.39	8.90
by gender	Male	hours	11.63	10.90
	Female	hours	12.13	10.69

Note:

- Calculation of “average training hours per employee” = total training hours for that category of employees/total number of employees in that category. Data as at 31 December 2024 is used for “total number of employees in the category”.

6.4. LABOUR STANDARDS

The Group's management system strictly complies with relevant laws, regulations and labour standards to ensure that the legal rights of employees are protected in all aspects, and has adopted a series of policies and measures to prevent the employment of child labour and forced labour. We are committed to creating a working environment that respects human rights and safeguards the well-being of labour, and have established systematic management procedures to ensure compliance with laws, regulations and ethical standards.

During the recruitment process, the Group clearly stipulates that all candidates must be of legal working age (namely, not less than 16 years old) and possess health conditions that meet the requirements of the position. All recruiters are required to receive professional training on the prevention of child labour and forced labour, and fully understand and strictly implement the relevant policies. We have set up an identification and prevention mechanism, including age and identity verification of applicants, and require the submission of legally valid identity documents. In case of misrecruitment of child labourers, the Group will take immediate remedial measures, including ceasing the work, providing health checks, paying wages and benefits, and safely escorting them back to their place of residence to ensure that they continue to complete their studies, as well as co-operating with the local government and guardians to safeguard their rights.

In order to further protect the legal rights of vulnerable groups (such as female and underage workers), the Group has formulated special protection policies to minimise the any challenges they may face at work due to their physiological factors. We also explicitly prohibit any form of forced labour, and all labour must be performed on a voluntary basis, with the rights and obligations of both employers and employees ensured through the signing of legal contracts. In order to prevent forced labour, the Group has established a monitoring and reporting mechanism whereby employees can anonymously report problems, which will be immediately investigated by the Group and corresponding measures will be taken. At the same time, we strictly prohibit the seizure of employees' documents, unreasonable restriction of personal freedom or other means to force employees to work, and will seriously deal with the relevant responsible persons in accordance with the Company's regulations once the case is substantiated.


The Group conducts regular internal reviews and supervision to ensure that all operations are in compliance with the requirements of the Hong Kong Employment Ordinance, the Labour Law of the People's Republic of China and other relevant laws and regulations, and there was no non-compliance during the Reporting Period. By this way, the Group has developed institutionalised and standardised processes in recruitment and training management to ensure that all operational activities are in compliance with international and domestic labour standards, always upholding the core values of respecting human rights, promoting fairness and safeguarding well-being. We will continue to improve the relevant policies and procedures in order to provide our employees with a safer, more inclusive and fairer working environment.

6.5. SUPPLY CHAIN MANAGEMENT

The Group is committed to establishing an efficient, transparent and sustainable supply chain management system to ensure that the supply chain meets the standards in terms of quality, cost, environmental protection and deliverability through well-established management procedures, performance evaluation and risk monitoring. We have adopted a stringent supplier management process, which covers the selection and introduction of new suppliers, product introduction monitoring, as well as regular supplier assessment and continuous improvement, to ensure the stable operation of the supply chain and compliance with the Group's requirements.

In order to ensure the stability of the supply chain, the Group conducts on-site audits on its major suppliers every year in accordance with the "Annual Audit Programme for Suppliers (《供應商年度稽核計劃》)", which covers aspects such as quality management, environmental compliance and delivery capability. Suppliers with an audit score of 70 points or above are deemed to have passed the audit, while those with a score below the standard are required to implement corrective measures within a certain period of time. Failure to do so will result in the termination of their cooperation qualification. If a supplier has major quality problems, delivery delays or environmental management is not up to standard, we will take measures such as reducing orders, suspending co-operation or terminating the contract. All suppliers are required to comply with environmental regulations, provide proof of compliance, and receive regular audits and counselling. In the course of management, we also attach great importance to the risk control of suppliers. According to the "Supplier Quality Risk Level Assessment Standard (《供應商品質風險等級評估標準》)", we regularly classify suppliers' quality risk level from low to high in four levels, and take corresponding preventive measures in time to ensure the quality and stability of our products.

When selecting new suppliers, the Group will carefully review their past adverse records and require them to submit integrity references. At the same time, existing suppliers are subject to regular appraisals, covering areas such as reputation in the industry, quality, environmental and health and safety management systems, test reports and sample quality audits, with clear requirements and standards in place. If a supplier's performance fails to meet the requirements, we will ask it to take corrective measures and if it still fails to meet the requirements, the co-operation will be cancelled. New suppliers must comply with the "New Supplier Introduction Regulations (《新供應商導入管理規範》)" and go through stringent admission and assessment procedures, including sample verification, technical capability review and environmental compliance audit, to ensure that they can meet the production and environmental requirements.



We carry out environmental control on the materials used by our suppliers and conduct regular on-site audits to provide guidance to our suppliers to improve their environmental management system. At the same time, in order to strengthen the monitoring of environmental and social risks in the supply chain, the Group requires suppliers to sign the “Supplier Corporate Social Responsibility Management Agreement (《供應商企業社會責任管理協議》)”, which ensures that suppliers produce products or provide services in a socially responsible manner. The agreement covers requirements such as no child labour, prohibition of forced labour and implementation of environmental protection. Once non-compliance is identified, we will take immediate measures to terminate the co-operation and require the suppliers to make improvements. In addition, the Group has been actively leading the green transformation of industries and organising training seminars on green supply chain management for enterprises, with a view to encouraging suppliers to work together to achieve sustainable development.

During the Reporting Period, the Group reviewed 20 new suppliers and 93 existing suppliers, all of whom passed the audit. During the year, all suppliers were from Mainland China and the total number of the Group’s major suppliers increased to 113, an increase of 1 over the previous year-on-year.

6.6. PRODUCT RESPONSIBILITY

The Group has established a series of comprehensive management systems centred on the enhancement of product quality and innovation capabilities to promote product development, quality control and intellectual property protection to ensure the competitiveness and compliance of its products in the market.

In order to encourage technological innovation, the Group has established the Patent Incentive System to stimulate staff’s initiative in scientific and technological inventions and patent applications, and to reward outstanding inventions and creations. Meanwhile, we have established the “Knowledge Management Procedures (《知識管理程序》)” to effectively protect the Group’s intellectual property rights, stimulate the creativity of our staff, and strengthen the management of research and development results to prevent the loss of intangible assets. Through the “Product Development Planning Procedures (《產品開發策劃程序》)”, we have regulated the entire process of design and development, from planning, input and output to evaluation, verification and validation, to ensure that product development is carried out in a controlled manner. In addition, our Design Change Management Procedures ensure that product design and process changes are subject to clear application, review and execution processes to control quality and cost changes. As of 2024, we hold a total of 31 non-invention patents and 15 invention patents, demonstrating our strength in technological innovation.

In terms of product quality management, the Group has established an ISO 9001 management system and obtained a number of domestic and international certifications, including CCC in the PRC, UL and FCC in the United States, GS in Germany, CE (EMC/LVD) in the European Union, PSE in Japan, KC in South Korea and BSMI in Taiwan, etc. In addition, the Group’s laboratories have been accredited with ISO/IEC 17025 and recognised by the China National Accreditation Service for Conformity Assessment (CNAS) as state-level professional laboratories. These accreditations demonstrate our professional competence and compliance in product testing and quality management.

With regard to the protection of customers' data, the Group has obtained the ISO 27001 information security management system certification, strictly complies with the relevant data protection laws and regulations, and takes technical measures to safeguard the security of personal data and avoid unauthorised use or access. We ensure that customers' personal data are used only for the purposes for which they were collected and are kept in a secure manner. In addition, the Group adheres to the principle of fair promotions to ensure that all product information is true and accurate, without exaggeration or misrepresentation, and regulates the words and behaviour of our sales staff in promotions to avoid misleading customers.

The Group has also established a comprehensive customer service system and a customer complaint mechanism has been set to respond quickly to customer needs. In the event of a complaint, we record the relevant information and promptly assign it to the relevant department for handling. During the Reporting Period, the percentage of products that the Group had to recall for safety and health reasons was 0%, and there were no significant customer complaints. We take advantage of complaints as an opportunity for continuous improvement. By analysing the root causes and developing follow-up plans to prevent similar problems from recurring, we are able to enhance the quality of our products and services.

The Group strictly complies with relevant laws and regulations on product health and safety, advertising, labelling, remedies and protection of intellectual property rights, including the Copyright Ordinance, the Intellectual Property Rights Ordinance and the Trade Descriptions Ordinance. In mainland China, we also comply with the Advertising Law of the People's Republic of China and the Law on the Protection of Consumer Rights and Interests, as well as the relevant regulations on privacy protection. During the Reporting Period, the Group did not violate any of the above laws and regulations, which demonstrated our perseverance and commitment to operating in compliance.

6.7. ANTI-CORRUPTION

The Group always upholds high legal and ethical standards and is committed to combating corruption and building a culture of integrity and self-discipline throughout the organisation. We have put in place a robust integrity management system setting out the relevant codes and penalties, as well as a whistleblowing mechanism, including anonymous reporting channels by mail, email and telephone, for stakeholders to report any suspicious or inappropriate conduct. The Group is committed to actively investigating all reports and keeping the identity of whistleblowers strictly confidential to ensure that they are protected from retaliation or harassment. If the report is substantiated, the whistleblower will be rewarded in recognition of his/her contribution to the interests of the Group.

Employees newly joined are required to receive training of integrity and anti-corruption, sign integrity and confidentiality agreements, and commit to protecting corporate intellectual property and client confidentiality. We organise integrity training and case studies of corruption on a regular basis to employees and require our suppliers to sign integrity agreements to ensure the transparency and compliance in the supply chain. At the same time, the Group regularly issues notices to employees reminding them that they should not accept red envelopes or gifts from suppliers and to disclose possible conflicts of interest. Our Board regularly reviews the internal control mechanism to ensure effective implementation of the integrity policy and to strengthen the culture of integrity in the workplace.

The Group strictly complies with relevant laws and regulations, including the Prevention of Bribery Ordinance in Hong Kong and The Anti-Corruption and Bribery Law of the PRC, and has established an internal control system to prevent and respond to potential corruption. We actively communicate our anti-corruption policy and code of conduct to our employees and partners and promote a culture of zero-tolerance for corruption. During the Reporting Period, the Group did not experience any major irregularities involving bribery, extortion, fraud or money laundering, nor were any of our employees or the Company subject to litigation for such behavior. We will continue to uphold integrity and responsibility, promote ethical behavior and set a good example for the industry.

6.8. COMMUNITY INVESTMENT

While focusing on risk management and business ethics, the Group is committed to supporting the development of a diverse and inclusive society through active community investment and engagement. Through various programs and collaborations, we create opportunities, promote inclusion and equality, making a positive impact on the community and contributing to long-term sustainable development. In 2024, the Group participated in and supported a number of charitable programs with a total investment of over RMB1 million, demonstrating the corporate commitment to caring for the community.

To promote the diversified development of the society, we support a wide range of communities and areas, including caring for the silver-haired people, helping the underprivileged and supporting the education of the new generation. Relevant projects include but not limited to: 2024 Ruhu Love and Dream Scholarship Program (2024汝湖愛心筑夢行獎學助學項目), Hardship Employee Assistance Program (困難職工幫扶計劃), Amity Foundation's Annual Fundraising Event and other charitable projects (愛德基金會週年籌款活動及其他慈善項目). In addition, the Group was honored with a number of awards, such as the "Caring Enterprise" of Huizhou Hong Kong and Hui Caring Foundation, the Bronze Sponsor Award of Tianbao Shande Foundation, the "Caring Enterprise" of Overseas Chinese Love for the Disabled Charity Project, and the "Caring Unit" of the First Senior Citizens' Culture and Arts Festival of Dazhu County. The "Caring Unit" award was also given to the first Senior Culture and Art Festival in Dazhu County.

In the future, we will continue to fulfill our corporate social responsibility, support more community charity activities, promote the diversity and harmonious development of society, and create a better future for society through action.



2024 Huizhou Charity Show & Charity Sale



Hongkong Shine Tak Foundation 10th Anniversary Shining Charity Gala



Huizhou Ganghui Charity Foundation and Huicheng District Foreign Investment Enterprise Association
"Caring for the Next Generation — Scholarship Program"



Huizhou Ganghui Charity Foundation and Huicheng District Foreign Investment Enterprise Association
Charitable Donation Program



2024 Huicheng District Foreign Investment Enterprises Association Mid-Autumn Sympathy Activity for Welfare Institutions



"Walk for Living Water" for Charity

7. HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX:

INDEX SORTED ACCORDING TO HONG KONG STOCK EXCHANGE APPENDIX C2 ESG REPORTING GUIDE

Hong Kong Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
Aspect A Environmental		
A1 Emissions	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 waste.	Environmental — Emissions
KPI A1.1	Types of emissions and respective emissions data.	Environmental — Emissions

Hong Kong Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
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 — Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental — Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental — Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental — Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental — Emissions
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental — 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 — Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental — Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental — 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 — 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 — Use of Resources
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental — Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and action taken to manage them.	Environmental — 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 — 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 — Climate Change

Hong Kong Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
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.	Social — Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social — Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social — 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.	Social — 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.	Social — Health and Safety
KPI B2.2	Lost days due to work injury.	Social — Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social — Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social — Development and Training
KPI B3.1	The average training hours completed per employee by gender and employee category (e.g. senior management and middle-level management).	Social — Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social — 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.	Social — Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social — Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social — Labour Standards

Hong Kong Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B5 Supply Chain Management	Policies on the management of environment and social risks of supply chain.	Social — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Social — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social — 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.	Social — Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social — 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.	Social — Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social — Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social — Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social — Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Social — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social — Product Responsibility
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.	Social — 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.	Social — Anti-corruption

Hong Kong Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social — 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.	Social — Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social — Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social — Community Investment