

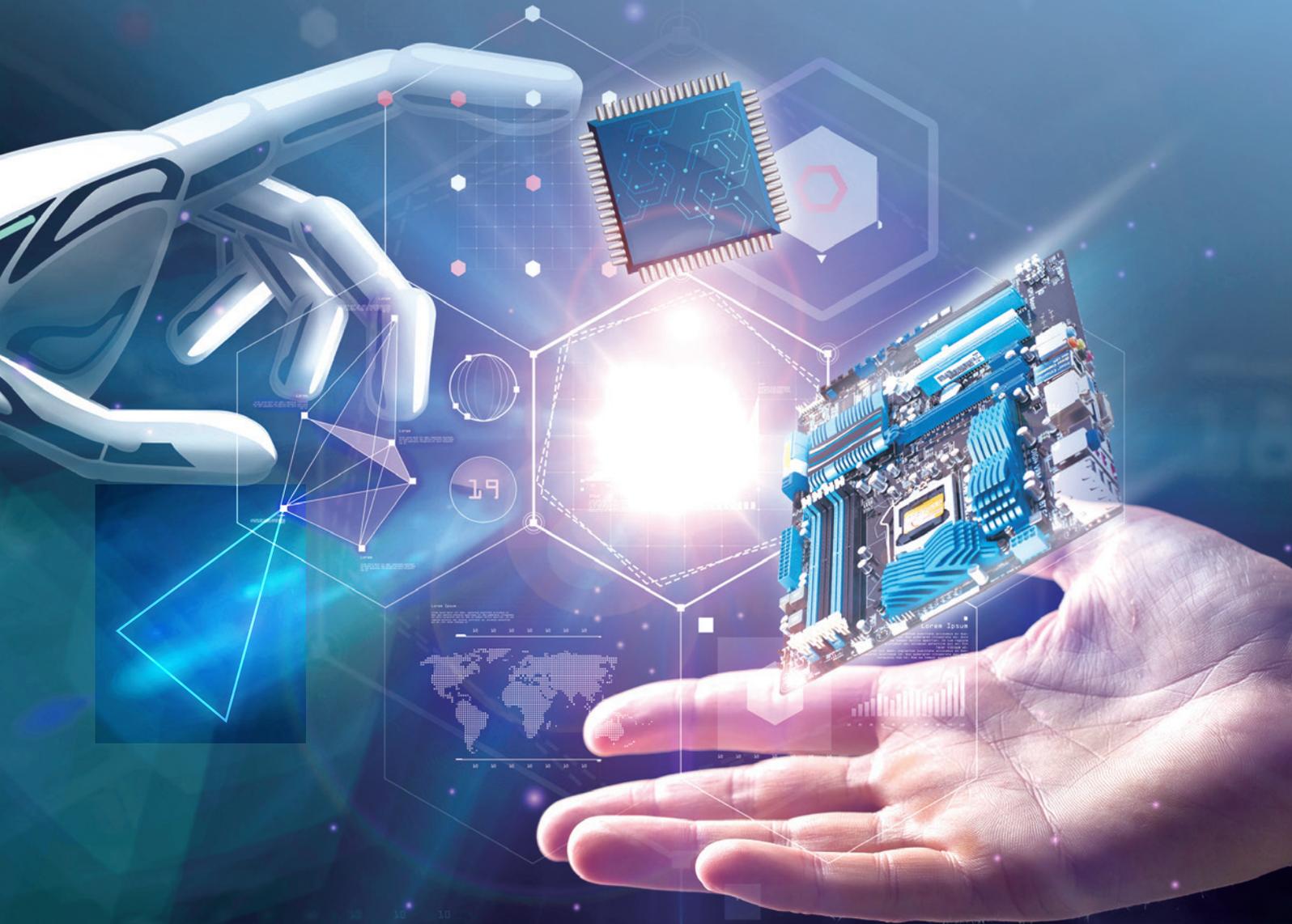


Hi-Level Technology Holdings Limited

揚宇科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8113



***Environmental, Social and
Governance Report***

2023

2023 Environmental, Social and Governance Report

REPORTING PERIOD AND SCOPE

Hi-Level Technology Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**” or “**we**” or “**our**” or “**us**”) is primarily engaged in the sale of electronic components (mainly integrated circuit and panels) for consumer electronics products such as mobile internet devices, electronic learning aids, multi-media players (car infotainment system), smartphone panel modules, set-top boxes and video image devices together with the provision of IDH services to original brand manufacturers and original design manufacturers.

The board (the “**Board**”) of directors (the “**Director(s)**”) of is pleased to present this report (the “**Report**”) setting out matters relating to the environmental, social and governance (“**ESG**”) of the Group’s operation in Hong Kong and the People’s Republic of China (the “**PRC**”). for the period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”) with reference to the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board believes that a sound ESG is vital for continued sustainability and development of the Group’s operation. The Board has taken overall responsibility for the Group’s ESG strategy and reporting and has a strong commitment to environmental protection with the mission to promote the environmental culture among our staff to maintain a sustainable development for the Group.

ESG GOVERNANCE STRUCTURE

The Group acknowledges the need to have effective and strong ESG governance in place. Good governance ensures accountability and a balance of authority by clearly defining the roles and responsibilities of different parties within the Group. The Board has the overall responsibility for the Group’s ESG strategy and reporting. An ESG Working Team (the “**Team**”) has been set up in 2021 and is responsible for collecting relevant information on the ESG aspects for the preparation of the Report. A Board Statement has been approved to guide our strategy to achieve a better ESG performance in different areas of works, such as the process used to set targets, evaluate, prioritise and manage material ESG-related risks to our business. The Board will continue to review the progress made against the ESG-related goals and the targets related to our business in annual board meetings. In addition, the Team is required to provide a follow-up action plan to address any shortfall (if any) in the ESG-related goals and the targets to the Board. If necessary, an interim report on the progress of the follow-up action plan will also be submitted to the Board.

STAKEHOLDER ENGAGEMENT

The Group strives to accommodate views and interests of stakeholders (including but not limited to shareholders, customers, employees, suppliers, regulatory authorities, and the public) through constructive communications with them to determine the direction of the Group’s long-term development and maintain close relationships with stakeholders. The financial performance of the Group is summarised in the Group’s quarterly, interim and annual report and reported to investors through the Group’s official website (www.hi-levelhk.com). We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

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Stakeholders

The Board

Expectations and concerns

- Corporate governance
- Regulatory compliance
- Financial performance
- Strategic development

Communication channels

- Board meetings
- Committee meetings
- Annual general meeting

Shareholders and investors

- Compliance with laws and regulations
- Corporate governance system
- Business strategies and performance
- Investment returns

- Annual general meeting and other shareholder meetings
- Financial reports
- Press releases and circulars
- Company website

Customers

- Good customer service
- High-quality control
- Customers' right
- Business integrity and ethics

- Customer service team
- Quarterly, interim and annual reports
- Corporate website
- Routine communications

Employees

- Remuneration and compensation
- Career development
- Health and safety

- Training, seminars and briefing sessions
- Internal meetings
- E-mails
- Staff appraisals

Suppliers

- Payment schedule
- Stable demand
- Fair and open tendering

- E-mails
- Regular assessment of suppliers' performance
- Supplier management meetings and events
- On-site visits

Government and regulatory bodies

- Regulatory compliance
- Prevention of tax evasion
- Sustainable development
- Occupational health and safety

- Ad-hoc enquiries
- Interaction and visits
- Company website

Community and the public

- Environmental protection
- Employment and community development
- Public welfare

- ESG reports
- Company website

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MATERIALITY ASSESSMENT

In order to better manage our sustainability strategy and efforts, we reviewed our business performance, benchmarked against new trends in industry developments and disclosure practices, and analysed capital market assessment priorities to assess our material ESG issues. During the Reporting Period, we continued to focus on the ESG-related issues identified by the stakeholder engagement exercise carried out in 2021 and they are still applicable as there were no significant changes to the Group's business. The results show that "Emissions" is the top priority because this aspect is the primary focus for the environmental protection. Other environmental aspects are also the main concerns for the stakeholders as these are the fundamental elements for sustainable business. The Group aims to continue improving these environmental aspects to satisfy stakeholders' needs.

QUANTITATIVE ASSESSMENT

Materiality

In conclusion, environmental aspects are of utmost importance for all different stakeholders as both the global and the national environmental standards have been rising, various stakeholders put strong emphasis on reducing air emissions and conserving the natural resources.

Materiality assessment was conducted and reviewed to identify material ESG issues during the Reporting Period, thereby adopting the confirmed material issues as the focus of the Report. The materiality of ESG issues was reviewed and confirmed by the Board and the Team. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative

Our assessment standards, methodologies, calculation tools, source of conversion factors used are mainly based on the document "How to prepare an ESG Report" issued by the Stock Exchange. The environmental KPIs are calculated based on its Appendix 2 "Reporting Guidance on Environmental KPIs", while the social KPIs are calculated based on its Appendix 3 "Reporting Guidance on Social KPIs" and are supplemented by explanatory notes.

Consistency

In this Report, there is no material change to the methods or key performance indicators used or any other relevant factors affecting a meaningful comparison of this Report with previous reports. Explanations regarding data will be provided if there are any changes in the scope of disclosure and calculation methodologies that may affect the comparisons with previous reports.

Balance

We aim to keep our report balanced and make fair disclosures on critical aspects of our performance, both in terms of progress made and continuing challenges that we are dealing with. We endeavour to report ESG issues based on an objective and impartial manner in order to give a holistic view of the Group's sustainability performance.

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A. ENVIRONMENTAL

A1. Emissions

The Group has integrated environmental consideration into our decision-making process and embraced the responsibilities to create an environmentally sustainable business. We have implemented relevant environmental protection policies, and communicated such policies to our employees. During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in Hong Kong and the PRC that would have a significant impact on the Group, including, but not limited to, the Air Pollution Control Ordinance (Cap.311) of Hong Kong and Environmental Protection Law of the PRC.

As the Group has strived to keep the emission and waste generation to the minimum, we have set the target to further reduce 5% on the air emissions (intensity), the greenhouse gas (“GHG”) emissions (intensity) and the non-hazardous wastes (intensity) over the five-year period from the year 2021.

During the Reporting Period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the emissions and seeks less harmful ways to the environment in the operations.

Air emissions¹

The Group’s major sources of air emissions were originated from vehicles. With increasing use of vehicles, the air emissions have increased during the Reporting Period. The Group will increase adoption of online meetings/visits instead of physical meetings/visits to lower air emissions and greenhouse gas emissions generated from transportation. Comparing to the baseline of approximately 1.00g per square metre in 2021, the total air emissions intensity has decreased by approximately 4.00%, thus the progress towards achieving the target is on track. The Group will continue to dedicate its efforts and will review the target periodically.

	Unit	2023	2022
Nitrogen oxides	g	2,452	1,913
Sulphur oxides	g	60	36
Particulate matter	g	180	141
Total air emissions	g	2,692	2,090
Total air emissions intensity ²	g per square metre	0.96	0.60

Notes:

1. The calculation method of air emissions is based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
2. As at 31 December 2023, the office space of the Group is 2,802 square metres in total (as at 31 December 2022: 3,506 square metres). Unless specified otherwise, the data are also used for calculating other intensity data.

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Greenhouse gas emissions

GHG Emissions ³	Unit	2023	2022
Direct GHG emissions (Scope 1)	kg CO ₂ e	10,830	6,599
Energy indirect GHG emissions (Scope 2)	kg CO ₂ e	56,820	47,745
Total GHG emissions	kg CO ₂ e	67,650	54,344
Total GHG emissions intensity	kg CO ₂ e per square metre	24.14	15.50

Note:

- GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry in 2023-2025" issued by the Ministry of Ecology and Environment of the PRC, the "Sustainability Report 2023" published by CLP Holdings Limited, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "Global Warming Potential Values" from the IPCC Sixth Assessment Report (AR6).

The Group's scope 1 emissions were mainly from the petrol consumption of vehicles, and Scope 2 energy indirect emissions was mainly from purchased electricity. The increase on total GHG emissions of the Group during the Reporting Period was partially due to higher usage of vehicles for off-site business activities and inclusion of electricity consumption of air conditioners in PRC office. Comparing to the baseline of approximately 19.13 kgCO₂e per square metre in 2021, the total GHG emissions intensity has increased by approximately 26.19%, thus the Group is still in progress towards achieving the target.

Non-Hazardous Waste

To create a green workplace, we have internal guidelines to encourage reducing, reusing and recycling of materials to minimising office wastage in daily operations. The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. Ecofriendly stationery is used, environmentally friendly paper to print financial reports, recycling bins are provided at our workplace with waste paper and used toner cartridges collected for recycling. In addition, we arrange conference calls or video conference instead of face-to-face meetings where possible. During the Reporting Period, the paper consumption has decreased approximately by 27.5% to about 723.5 kg (2022: 997.9 kg).

Non-hazardous solid wastes mainly comprise of the domestic and commercial wastes generated in our offices and warehouses during our operations. With effective implementation of the above measures, amount of non-hazardous waste has slightly decreased by approximately 2.2% in the Reporting Period, which was to about 3,958 kg (2022:4,045 kg). Comparing to the baseline of approximately 4,090 kg in 2021, the non-hazardous waste has been decreased by approximately 2.9%, thus the Group is still in progress of achieving the target.

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Hazardous Waste

Due to the Group's business nature, it did not generate a significant amount of hazardous waste during its business operation. Despite that the Group did not generate hazardous waste during the Reporting Period, it has established guidelines to govern the management and disposal of hazardous waste. In the event that hazardous waste is produced, the Group must engage a qualified chemical waste collector to handle such waste and comply with the relevant environmental laws and regulations.

Sewage Discharge

We do not consume a significant volume of water through our business activities. Therefore, our business activities did not generate a material portion of discharge into water. As the sewage discharged by the Group is discharged directly into the municipal sewage pipe network, the amount of water consumed is considered as the sewage discharged. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Resource" under aspect A2.

A2. Use of Resources

The Group has always placed great emphasis on resources conservation. The resource consumed during the Group's operation are mainly petrol consumed by company vehicles, electricity in offices, water as well as packaging materials. To achieve this, the Group has formulated relevant policies. As the Group has strived to keep the consumption of resources to the minimum, we have set the target to further reduce 2% on the energy consumption (intensity) over the five-year period from the year 2021.

Energy

The Group continually applies efficient consumption strategy to improve energy saving and reduce energy consumption. We continue to request our employees to turn off lights and air conditioners when no staff is at the workplace, to unplug the appliances, computers, printers and equipment which are not in use, to maintain room temperature at 25 Celsius degree when using air conditioners during summer.

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The Group's total energy consumption increased during the Reporting Period due to addition of air conditioner's consumption to the mix of energy consumption. For energy saving and GHG emission reduction, LED lamps for offices and warehouse are installed. Air conditioners filters are cleaned and maintained regularly. The Group-wide energy saving measures have been implemented in all our offices and warehouse. The measures include increasing the reminders to the staff members to conserve the energy. Comparing to the baseline of approximately 49 kWh per square metre in 2021, the total energy consumption intensity has increased by approximately 16.33%, thus the Group is still in progress towards achieving the target.

Use of resources	Unit	2023	2022
Unleaded petrol	kWh	39,327	24,042
Electricity	kWh	121,219	102,129
Electricity intensity	kWh per square metre	43	29
Total energy consumption ⁴	kWh	160,547	126,171
Total energy consumption intensity	kWh per square metre	57	36

Note:

4. The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.

Water Resource

The Group's water consumption is supplied by municipal water suppliers, therefore we do not have any issue in sourcing water that is fit for purpose. As for water consumption, our staff are reminded to shut the water taps tightly after use. As the Group has strived to keep the consumption of resources to the minimum, we have set the target to further reduce 2% on water consumption (intensity) over the five-year period from the year 2021. Comparing to the baseline of approximately 0.77 cubic metre per square metre in 2021, the water consumption intensity has decreased by approximately 55.80%, thus the progress towards achieving the target is satisfactory. The Group will continue to dedicate its efforts and will review the target periodically.

Use of resources	Unit	2023	2022
Water consumption	Cubic metre	950	2,280
Water consumption intensity	Cubic metre per square metre	0.34	0.65

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Packaging materials

Packaging materials such as plastic trays and paper wraps are mainly used for delivering the finished goods. Metal was occasionally used upon special requests from our customers. We tried all means to minimise the use of the packaging materials. This year we have reduced the usage of plastic trays which are replaced with paper wraps. The total packaging materials used during the Reporting Period are shown as below:

Packaging materials	Unit	2023	2022
Plastic	kg	400.80	616.00
Paper	kg	118.09	12.60
Metal	kg	2.40	4.50

The Group will further encourage reducing the use of plastic trays on delivery of finished goods.

A3. The Environment and Natural Resources

Although the core business of our Group has remote impact on the environment and natural resources, we recognise the responsibility and formulated relevant policies on minimising the negative environmental impact of our business operations and our investment portfolio.

The Group complies with the applicable environmental laws and regulations and has adopted effective measures to reduce wastage. Our employees are fully aware that it is important for the operation of the Group to minimise the impact on the environment and natural resources. Our management also closely monitors the utilities consumption in different offices and encourages employees to work together to reduce utilities consumption.

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A4. Climate Change

Extreme weather events are becoming more frequent and severe, while tackling climate change has become a global consensus. Due to the Group's business nature, climate-related issues do not pose significant impact on it. Nevertheless, the Group has recognised the need to address the universal concern. Material climate-related risks are identified and managed under our enterprise risk management framework. Therefore, the Group has established a robust set of policies and procedures, such as the Climate Change Policy, to identify, monitor and manage climate-related issues.

Physical Risks

Climate change may impact our core business when the operations are disrupted due to adverse and extreme weather such as more frequent and intense heavy rainfall, flooding and typhoons. Strengthened flooding prevention measures are in place. The Group will closely monitor the weather to execute contingency plans in advance. Adverse and extreme weather brought by climate change may hinder the transportation for warehouses and travelling of our employees commuting to our offices. In addition, the facilities and equipment at our offices and warehouses may be damaged. To minimise the impact of climate change, more regular checking and maintenance works are being carried to prevent and reduce the damage due to extreme weather. In view of all these measures, based on our judgement, the impact on our revenue due to the risk of climate change is not a major issue.

Transition Risks

There are more stringent climate legislations and regulations to support global vision for 11 ecarbonisation. For example, the Stock Exchange has required the listed companies to enhance the climate-related disclosures in their ESG reports. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate to avoid cost increments, non-compliance fines or reputational risks due to delayed responses. We are prepared to alert the top management and obtain compliance advisory services where necessary. In order to enhance the Group's resilience to climate-related risks, the Group will continue to assess the effectiveness of its actions to incorporate climate change into its development plans.

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B. SOCIAL

B1. Employment

Employees are our valuable assets. To attract, motivate and retain experienced staffs, we review their pay packages annually with prevailing market conditions. Our full-time employees are entitled to maternity, paternity, compassionate leaves, medical allowance, performance related bonus and mandatory provident fund. Our PRC full-time employees are also entitled to nursing leave. The Group has adopted a share option scheme as an incentive to eligible employees. Social and recreational activities are arranged for the employees in achieving work-life balance. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Labour Law, the Labour Contract Law, the Social Insurance Law and Regulation on Work-Related Injury Insurances of the PRC, as well as the Employment Ordinance of Hong Kong. We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations.

As at 31 December 2023, the Group had a total of 71 employees (as at 31 December 2022: 84), and the distribution of employees within the Group were as follows:

Distribution of employees

2023

By Employment Type	
Full-time	71
Part-time	0
By Gender	
Male	41
Female	30
By Age Group	
Below 30	13
30 to 50	47
Over 50	11
By Region	
The PRC	58
Hong Kong	13

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During the Reporting Period, the overall employee turnover rate⁵ was around 31% (2022: 26%). The breakdown of turnover rate was as follows:

Employee turnover rate	2023 %
By Gender	
Male	20
Female	47
By Age Group	
Below 30	31
30 to 50	28
Over 50	45
By Region	
The PRC	24
Hong Kong	62

Note:

5. Calculation method of the turnover rate: $\text{Number of employees who left during the Reporting period} / \text{Number of employees at the end of the Reporting period} \times 100\%$

B2. Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees. The Group did not encounter any lost days caused by injury. There were no work-related fatalities during the past three years including the Reporting Period.

We have taken good care of our employees' health and well-being during the COVID-19 outbreak, by maintaining high standard of hygiene in the offices and other workplaces. While the pandemic began to ease off at the beginning of the Reporting Period, we still adhered to placing the health and safety of employees as its top priority. Air purifiers were placed in work place to improve air circulation. We have related policies for our employees to follow to safeguard the health and safety of our employees. Resources and efforts will be continuously devoted to reducing the risks concerning health and safety.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Occupational Safety and Health Ordinance (Cap. 509), and Factories and Industrial Undertakings Ordinance (Cap.59) of Hong Kong, and Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Fire Protection Law of the People's Republic of China and Provisions on the Supervision and Administration of Fire Protection of Construction Projects of the PRC.

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B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as our Group. We have internal policies to encourage our employees in personal and professional training. We support our employees through sponsoring training programmes, seminars, workshops and conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. Total training hours offered in 2023 was 422 hours, average 5.9 hours per employee (2022: 528 hours in total, average 6.3 hours per employee), which reflected our continuous commitment. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the Reporting Period, the percentage of employees trained by the Group's employees were as follows:

	2023
Number of employees trained	55
Percentage of employee trained ⁶	
By Gender	
Male	56%
Female	44%
By Employee category	
Senior management	9%
Middle management	18%
General employees	73%

Note:

6. Calculation method of the percentage of employee trained: $\text{Number of employees trained in the category during the Reporting Period} / \text{Total number of employees trained during the Reporting Period} \times 100\%$

During the Reporting Period, the training hours received by employees within the Group were as follows:

	2023
Total no. of hours of training received by employees	422
Average hours of training per employee ⁷	
By Gender	
Male	10.3
Female	4.3
By Employee category	
Senior management	12.4
Middle management	7.3
General employees	7.2

Note:

7. Calculation of average training hours: $\text{Number of training hours in the specified category during the Reporting Period} / \text{Number of employees in the specified category at the end of the Reporting Period}$

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B4. Labour Standards

The Group considers child and forced labour unacceptable and ought to be prevented. The Group has instituted a comprehensive screening and recruitment process to avoid the use of child labour. To avoid illegal employment of child labour and underage workers, personal data are collected during the recruitment process to assist in the selection of suitable candidates and to verify candidates' identities. The Human Resources Department also ensures identity documents are carefully verified. Employee work schedules are set up fairly to keep within standard working hours. All employees are provided with appropriate leave entitlements including annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave etc. We have relevant policy to specify the working hours and leave policies.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Occupational Safety and Health Ordinance (Cap. 509), and Factories and Industrial Undertakings Ordinance (Cap.59) of Hong Kong, and Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Fire Protection Law of the People's Republic of China and Provisions on the Supervision and Administration of Fire Protection of Construction Projects of the PRC.

B5. Supply Chain Management

Relationship is the fundamental of business. Sound supply chain management ensures the Group to sustain its business operations and development. We have maintained close relationship with our suppliers to meet our customers' needs in an effective and efficient manner.

The geographical distribution of the Group's major suppliers is as follows:

	2023
Total number of suppliers	9
The PRC	2
Hong Kong	1
Taiwan	5
Singapore	1

During the Reporting Period, we procured from 9 (2022: 8) renowned brands as our major suppliers. Over 88% goods were supplied from Taiwan, the PRC and Hong Kong.

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The Group has established a standardised procurement system that all suppliers are evaluated carefully and subject to regular monitoring and assessments. The Group has also formulated relevant policy to regulate and ensure completeness, accuracy and timeliness of all purchases or expenses and payments. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. Suppliers provide warranty on the products they supply to the Group for distribution of electronic components. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations. All of our suppliers was chosen according to the aforesaid requirements.

The Group undertakes onsite inspections regularly to monitor the suppliers' or subcontractors' business procedures to reduce its social and environmental risks along the supply chain. Any non-compliance to relevant environmental and social laws and regulations discovered by the designated personnel from the Group during the onsite inspection will be promptly reported to the management. Corrective action plan will be carried out to remediate the identified risk in a timely manner.

Green Supply Chain

The Group also pays close attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier management meetings and events.

B6. Product Responsibility

The Group recognises good customer service is the key to the success and sustainability of a corporation. Relevant policies have been devised to safeguard our customers' rights and provide maximum protection for the information we hold. In-warranty service to the end customers are provided or procured by suppliers.

The Group also adopts the following quality control policies on the products to be sold:

- a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the supplier for replacement.

During the Reporting Period, the Group received 0 (2022: 0) material cases of product or service-related complaints, and there were 0 (2022: 0) products sold or shipped subject to recalls for safety and health reasons.

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The Group seeks to protect our clients' information and data by employing data security measures such as firewall and anti-virus software. Employees are committed not to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known. Any violations shall be subject to disciplinary action including judicial proceedings. Employees shall not copy or disclose any information, including but not limited to designs, techniques and trade information, to third parties without the Group's consent. During the Reporting Period, we have not received any material cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products that we distributed in the Reporting Period.

Advertising and Labelling

The Group conducts limited advertising campaigns and therefore does not involve any significant advertising-related risks. Nevertheless, in terms of the advertisement for products and services, the Group strictly regulates and monitors products and services promotion to ensure that they comply with laws and regulations related to advertising and labelling. Such marketing and promotion must accurately reflect the quality of the Group's products and performance of the Group's services.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to Product Eco-responsibility Ordinance (Cap. 603), Sale of Goods Ordinance (Cap. 26), Consumer Goods Safety Ordinance (Cap.456), Copyright Ordinance (Cap.528), Personal Data (Privacy) Ordinance (Cap.486), Supply of Services (Implied Terms) Ordinance (Cap.457) and Trade Descriptions Ordinance (Cap.362) of Hong Kong, and Patent Law, Copyright Law and Trademark Law of the PRC.

B7. Anti-Corruption

The Group is committed to ethical conduct in doing business. All forms of bribery, extortion, fraud and money laundering are prohibited. The Group makes clear its expectations on employees in relevant policies to specify the standard of behaviours on anti-corruption, handling of conflicts of interest and data privacy and confidentiality that employees shall abide by in their business dealings. To ensure professional and ethical conduct. Employees are informed of the Group's expectations and relevant guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds and money laundering.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Cap.201) of Hong Kong, and Company Law, Bidding Law and Interim Provisions on Banning Commercial Bribery of the PRC and other laws and regulations that call for integrity and ethical conduct in operating a business.

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The Group is committed to strengthening compliance training. Reading materials in relation to business ethics and anti-corruption conducted by the Independent Commission Against Corruption are circulated annually to the Directors and employees of the Group, so as to enhance understanding on anti-bribery and anti-corruption. During the Reporting Period, the Group provided anti-corruption training to both Directors and employees, with approximately 16 hours and 24 hours were provided to 8 Directors and 12 employees respectively.

The Group has adopted a whistle-blowing policy, which was formulated and approved by the Board. The Company Secretary of the Group has been designated to handle any complaint received under the policy, and the Audit Committee of the Board (the "**Audit Committee**") is responsible for monitoring the implementation of the policy. The whistle-blowing policy details the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasises protection of whistle-blower's identity and confidentiality of reported cases and the information involved, and sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group's designated personnel.

The Audit Committee meets regularly to review the effectiveness of internal controls and risk management of the Group. As far as the Group is aware, no concluded legal cases regarding corrupt practices have been brought against the Group or its employees during the Reporting Period.

B8. Community Investment

Corporate social responsibility is considered one of the Group's material issues, and we are committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. We strive to nurture corporate culture and practice corporate citizenship in daily work life. To fulfil our corporate social responsibility, the Group has adopted a policy on community engagement.

We encourage our employees to participate in social and community events and to volunteer for good causes with our main focus on environmental concerns for contribution. We will continue to shoulder the social responsibility by caring the community, employees and the environment in order to build a cohesive society. The Group also believes that participating in activities that give back to the society can raise our employees' civic awareness while establishing correct values. The Group embraces the human capital into social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

During the Reporting Period, the Group did not make contribution to any specific organisation but incorporated the corporate social responsibility into daily operations. More resources will be allocated to community investment in the future.