V & V TECHNOLOGY HOLDINGS LIMITED
時騰科技控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8113)

Environmental, Social and Governance Report
2025

2025 Environmental, Social and Governance Report

REPORTING PERIOD AND SCOPE

V & V 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 the Group 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 2025 to 31 December 2025 (the "**Reporting Period**") with reference to the requirements of the Environmental, Social and Governance Reporting Code 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 interim and annual report and reported to investors through the Group's official website (www.vvtholdings.com). We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

Stakeholders	Expectations and concerns	Communication channels
The Board	• Corporate governance • Regulatory compliance • Financial performance • Strategic development	• 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 • 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

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.

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 emissions[1]

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 increased by approximately 10%. The Group will continue to dedicate its efforts and will review the target periodically.

	Unit	2025	2024
Nitrogen oxides	g	**3,050**	2,936
Sulphur oxides	g	**86**	92
Particulate matter	g	**225**	216
Total air emissions	g	**3,361**	3,244
Total air emissions intensity[2]	g per square metre	**1.10**	1.16

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 Hong Kong Stock Exchange.*

2. *As at 31 December 2025, the office space of the Group is 3,044 square metres in total. Unless specified otherwise, the data are also used for calculating other intensity data.*

Greenhouse gas emissions

GHG Emissions[3]	Unit	2025	2024
Direct GHG emissions (Scope 1)	kg CO_2e	**15,550**	16,659
Energy indirect GHG emissions (Scope 2)	kg CO_2e	**81,407**	69,326
Total GHG emissions	kg CO_2e	**96,957**	85,985
Total GHG emissions intensity	kg CO_2e per square metre	**31.85**	30.69

Note:

3. *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 2024" published by CLP Holdings Limited, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" and "Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework" 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 the inclusion of the use of air-conditioning for calculating the consumption of electricity in order to attain a more accurate figure. Comparing to the baseline of approximately 19.13 kg CO_2e per square metre in 2021, the total GHG emissions intensity has increased by approximately 66.5%, 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 increased approximately by 17.9% to about 651.2 kg (2024: 552.3 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 0.7% in the Reporting Period, which was to about 3,706 kg (2024: 3,932 kg). Comparing to the baseline of approximately 4,090 kg in 2021, the non-hazardous waste has been decreased by approximately 3.4%, thus the Group is still in progress of achieving the target.

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.

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 36.73% due to the increased use of electricity. The Group is still in progress towards achieving the target.

Use of resources	**Unit**[4]	**2025**	**2024**
Unleaded petrol	kWh	**56,654**	60,498
Electricity	kWh	**148,609**	146,014
Electricity intensity	kWh per square metre	**49**	52
Total energy consumption[4]	kWh	**205,263**	206,512
Total energy consumption intensity	kWh per square metre	**67**	74

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. Compared to the baseline of approximately 0.77 cubic metre per square metre in 2021, the water consumption intensity has decreased by approximately 97.40%, with the reason of relocation of Shenzhen office of which the water usage is included to the rent. 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**	**2025**	**2024**
Water consumption	Cubic metre	**68**	57
Water consumption intensity	Cubic metre per square metre	**0.02**	0.02

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. The increase of packaging materials was mainly due to relocation of the warehouse. The total packaging materials used during the Reporting Period are shown as below:

Packaging materials	Unit	2025	2024
Plastic	kg	2,685	813.92
Paper	kg	295	1,843.00[5]
Metal	kg	0	0

Note:

5. *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 formulate 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.

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 2025, the Group had a total of 60 employees (as at 31 December 2024: 60), and the distribution of employees within the Group were as follows:

Distribution of employees	**2025** **%**
By Employment Type	
Full-time	**100**
Part-time	**0**
By Gender	
Male	**53**
Female	**47**
By Age Group	
Below 30	**10**
30 to 50	**68**
Over 50	**22**
By Region	
The PRC	**83**
Hong Kong	**17**

During the Reporting Period, the overall employee turnover rate[6] was around 13% (2024: 37%). The breakdown of turnover rate was as follows:

Employee turnover rate	2025 %
By Gender	
Male	19
Female	7
By Age Group	
Below 30	0
30 to 50	20
Over 50	0
By Region	
The PRC	10
Hong Kong	30

Note:

6. *Calculation method of the turnover rate: Number of employees who left during the Reporting period/Number of employees at the end of the Reporting period × 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 by maintaining high standard of hygiene in the offices and other workplaces. We 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.

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 2025 was 476 hours, average 7.9 hours per employee (2024: 354 hours in total, average 5.9 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:

	2025 **%**
Number of employees trained	**73**
Percentage of employee trained[7]	
By Gender	
Male	**52**
Female	**48**
By Employee category	
Senior management	**7**
Middle management	**11**
General employees	**82**

Note:

7. *Calculation method of the percentage of employee trained: Number of employees trained in the category during the Reporting Period/Total number of employees trained during the Reporting Period × 100%*

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

	2025
Total no. of hours of training received by employees	476
Average hours of training per employee[8]	
By Gender	
Male	11.1
Female	10.5
By Employee category	
Senior management	16
Middle management	28
General employees	8

Note:

8. *Calculation of average training hours: Number of training hours in the specified category during the Reporting Period/Number of employees in the specified category at the end of the Reporting Period*

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:

	2025
Total number of suppliers	29
The PRC	12
Hong Kong	11
Taiwan	3
South Korea	1
Singapore	1
Others	1

During the Reporting Period, we procured from 29 (2024: 12) renowned brands as our major suppliers. Over 96% goods were supplied from Taiwan, the PRC, South Korea, and Singapore.

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 were chosen according to the aforementioned 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 is provided or procured by suppliers. The successful attainment of ISO 9001 certification by our Shenzhen office in 2025 serves as a significant milestone, formalizing our long-standing dedication to operational integrity and quality excellence. This achievement reflects our strategic focus on integrating sustainable practices into our core management framework.

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 (2024: 0) material cases of product or service-related complaints, and there were 0 (2024: 0) products sold or shipped subject to recalls for safety and health reasons.

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 is 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.

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 9 hours and 3 hours were provided to 8 Directors and 3 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.

CLIMATE-RELATED DISCLOSURES

1. Governance

Board Oversight of Climate-Related Risks and Opportunities

The Board has ultimate responsibility for overseeing the Group's climate-related risks and opportunities. The Board plays a supervisory role in collecting data, drafting and reviewing the ESG Report, and is also responsible for ensuring the effectiveness of the Group's risk management and internal control mechanisms.

Management's Role

An ESG Working Team (the "**Team**") was established in 2021 and is responsible for the collection of relevant climate-related information, preparation of climate-related disclosures, and implementation of climate-related policies. To develop a systematic management approach for climate and ESG issues, the Group has arranged designated personnel from various departments to manage ESG matters as a working group. The Team is responsible for:

- Collecting relevant information on climate-related and ESG aspects for the preparation of the ESG Report
- Periodically reporting to the Board on climate-related matters
- Assisting in identifying and assessing the Group's climate-related and ESG risks
- Evaluating the implementation and effectiveness of the Group's internal control system to evaluate, prioritise and manage material climate-related issues
- Examining and reviewing the Group's climate and ESG performance against the Group's ESG-related goals and targets, including environmental targets

Climate-Related Remuneration

The Group currently does not formally factor climate-related considerations into its executive remuneration policy. The Group will continue to assess the feasibility of incorporating climate-related key performance indicators (KPIs) into future remuneration frameworks, as encouraged under Paragraph 35 of the ESG Code.

2. Strategy

Climate-Related Risks and Opportunities

The Group has identified and assessed the following climate-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital over the short, medium and long term:

Physical Risks

Risk	Description	Time Horizon	Potential Financial Impact
Acute physical risks (extreme weather)	Increased frequency and intensity of heavy rainfall, flooding and typhoons may disrupt operations at the Group's offices and warehouses in Hong Kong and Shenzhen, PRC	Short to medium term	Damage to facilities and equipment; operational downtime; increased maintenance costs; supply chain disruption for electronic component delivery
Chronic physical risks (rising temperatures)	Gradual increases in ambient temperature may raise cooling costs and affect working conditions in warehouse operations	Medium to long term	Increased electricity consumption and associated costs
Transportation disruption	Adverse weather events may hinder logistics for warehouses and employee commuting	Short to medium term	Delayed deliveries to customers; productivity losses

Transition Risks

Risk	Description	Time Horizon	Potential Financial Impact
Policy and legal risks	More stringent climate legislation and regulations, including enhanced HKEX climate-related disclosure requirements effective from 1 January 2025	Short to medium term	Higher compliance costs; capital investment required for disclosure capabilities; potential fines or sanctions for non-compliance
Reputation risks	Failure to meet climate-related compliance requirements or stakeholder expectations for environmental performance	Medium term	Decline in corporate reputation; reduced access to finance or increased cost of capital
Market risks	Shift in customer preferences toward suppliers and distributors with demonstrably lower carbon footprints	Medium to long term	Potential loss of business from environmentally conscious customers
Technology risks	Need to adopt energy-efficient technologies and low-emission vehicles	Short to medium term	Capital expenditure for technology upgrades

Climate-Related Opportunities

Opportunity	Description	Time Horizon	Potential Financial Impact
Resource efficiency	Continued implementation of energy-saving measures (LED lighting, optimal air conditioning maintenance, paperless operations) to reduce operating costs	Short term	Reduced electricity and consumable costs
Low-emission transportation	Increased adoption of online meetings/visits to replace physical meetings, reducing vehicle usage and associated fuel costs	Short to medium term	Lower petrol consumption and air emissions; reduced travel costs
Green supply chain	Promoting environmental awareness among suppliers and business partners to strengthen climate resilience across the supply chain	Medium term	Enhanced supply chain reliability; potential preferential terms from environmentally compliant suppliers
Market positioning	Demonstrating strong climate governance and disclosure practices as a GEM-listed company to attract ESG-conscious investors	Medium to long term	Improved access to sustainable finance; potential reduction in cost of capital

Impact on Business Model and Value Chain

The Group is primarily engaged in the sale of electronic components (mainly integrated circuits and panels) for consumer electronics products, together with the provision of IDH (Independent Design House) services. Climate-related risks and opportunities are concentrated in the following areas of the business model and value chain:

- **Operations (offices and warehouses):** Physical risks from extreme weather events directly affect office and warehouse operations in Hong Kong and Shenzhen, PRC. Energy consumption (electricity and petrol) at these locations represents the Group's primary source of greenhouse gas emissions.

- **Supply chain (upstream):** The Group sources products from 28 major suppliers located in Taiwan, the PRC, Hong Kong, South Korea and Singapore. Climate-related disruptions at supplier locations could affect product availability and delivery timelines.

- **Distribution (downstream):** Physical risks could disrupt the transportation of finished goods to customers, particularly packaging and logistics operations.

Strategy and Decision-Making (Transition Plan)

The Group has responded to climate-related risks and opportunities through the following strategic measures:

- **Climate Change Policy:** Established a comprehensive Climate Change Policy to identify, monitor and manage climate-related issues, embedded within the enterprise risk management framework.

- **Five-year emission reduction targets:** Set targets to reduce air emissions intensity, GHG emissions intensity and non-hazardous waste intensity by 5% over a five-year period from the 2021 baseline, and to reduce energy consumption intensity and water consumption intensity by 2% over the same period.

- **Operational efficiency measures:** Implemented LED lighting, regular air conditioner maintenance, workplace temperature policies (25°C during summer), double-sided printing, and electronic document handling to reduce energy and resource consumption.

- **Transportation optimisation:** Increased adoption of online meetings to reduce vehicle-related emissions following the relocation of the management office from Hong Kong to Shenzhen.

- **Green supply chain management:** Encouraged suppliers and business partners to consider climate change risks and actively mitigate environmental impacts during supplier management meetings and events.

Climate Resilience

Given the Group's business nature as an electronic components distributor and IDH service provider, climate-related issues do not currently pose significant financial impacts on the Group. However, the Group has taken the following measures to enhance resilience:

- Strengthened flooding prevention measures at offices and warehouses.

- Established contingency plans for execution in advance of adverse weather events.

- Increased frequency of equipment maintenance to prevent and reduce damage from extreme weather.

- Engaged compliance advisory services where necessary to respond to evolving regulatory requirements.

3. Risk Management

Process for Identifying, Assessing and Managing Climate-Related Risks

The Group's climate risk management is integrated into its overall enterprise risk management framework. The process includes:

Identification: The ESG Working Team identifies climate-related risks through regular monitoring of regulatory developments, stakeholder engagement, and assessment of the Group's operational exposure to physical and transition risks. The Group continuously monitors any changes in laws or regulations relevant to climate change.

Assessment: Climate-related risks are assessed based on their nature, likelihood, and the magnitude of potential effects on the Group's operations and financial position. The Group considers both quantitative and qualitative factors.

Prioritisation and management: Material climate-related risks are prioritised and reported periodically to the Board. The Team evaluates and manages these risks through implementation of mitigation measures such as energy conservation policies, contingency planning for extreme weather, and engagement of compliance advisory services.

Monitoring: The Team examines and reviews the Group's climate and ESG performance against targets, including GHG emissions, energy and water consumption intensity targets.

Mitigation Measures for Physical Risks

To minimise disruptions from extreme weather caused by climate change, the Group has implemented:

- A set of contingency measures for adverse weather conditions
- Appropriate back-up of important information to minimise negative impact on business operations
- Comprehensive typhoon and rainstorm arrangements to protect employees' health and safety
- Flexible off-duty day schedules and real-time weather notifications via communication software and email
- Consideration of individual employee circumstances (residence, nearby roads, traffic conditions) under extreme weather

Mitigation Measures for Transition Risks

The Group has adopted a series of measures against possible legal and regulatory risks:

- Continuous monitoring of changes in climate-related laws and regulations
- Engagement of compliance advisory services to reduce legal risks
- Comprehensive environmental protection measures, including GHG emissions reduction initiatives, to exceed current compliance requirements and facilitate swift adaptation to future, more stringent regulations

Integration with Overall Risk Management

The Group's climate-related risk management processes are integrated into its overall enterprise risk management framework, ensuring that climate-related risks are considered alongside other business risks in strategic decision-making. During the Reporting Period, there were no material changes to the risk management processes compared with the previous reporting period.

4. Metrics and Targets

Greenhouse Gas (GHG) Emissions

Please refer to the A1 Air emissions for the Scope 1 and Scope 2 emissions and the targets.

Assets/business activities vulnerable to physical risks: The Group's offices and warehouses in Hong Kong and Shenzhen are exposed to physical risks from extreme weather events. The Group has implemented flooding prevention and contingency measures to mitigate these risks.

Assets/business activities vulnerable to transition risks: The Group's business as an electronic components distributor and IDH service provider is subject to transition risks primarily through evolving regulatory compliance costs. The quantification of assets or business activities vulnerable to transition risks is under development.

Assets/activities aligned with climate-related opportunities: The Group has invested in energy-efficient equipment (LED lighting, maintained air conditioning systems) and adopted online meeting practices to reduce emissions. The quantification of assets aligned with opportunities is under development.

Capital deployed toward climate-related risks and opportunities: The Group has allocated resources for energy-efficient equipment installation, regular maintenance works and climate-related compliance activities.

Internal Carbon Pricing: The Group has not yet adopted an internal carbon price for decision-making purposes. The Group will continue to evaluate the adoption of an internal carbon pricing mechanism to better quantify the financial implications of its carbon footprint and to support capital expenditure and strategic decisions, as encouraged under Paragraph 34 of the ESG Code.

5. Application of the Implementation Reliefs

The Group is currently in the foundational stage of its sustainability journey. While we are committed to enhancing our environmental transparency, we currently face limitations regarding the specialized technical capabilities and data infrastructure required for certain advanced disclosures.

Capabilities and Financial Effects Reliefs are applied. Due to current constraints in internal resources and the high degree of uncertainty in quantifying specific financial impacts, the Group has omitted the disclosure of current and anticipated quantitative financial effects of climate-related risks and opportunities.

Reasonable Information Relief is applied. Given the unavailability of high-quality primary data and the significant challenges in estimation, we have not included current and anticipated quantitative financial effects and climate-related scenario analysis in this report. These omissions are based on our assessment that such information cannot be obtained without undue cost or effort at this stage.

Looking forward, leveraging the experience and reasonable judgement of our ESG Working Team and the ongoing refinement of our internal monitoring systems, the Group is actively working to bridge these data gaps. We are committed to a process of continuous improvement and intend to progressively enhance our climate-related disclosures through iterative learning and the systematic strengthening of our sustainability framework.