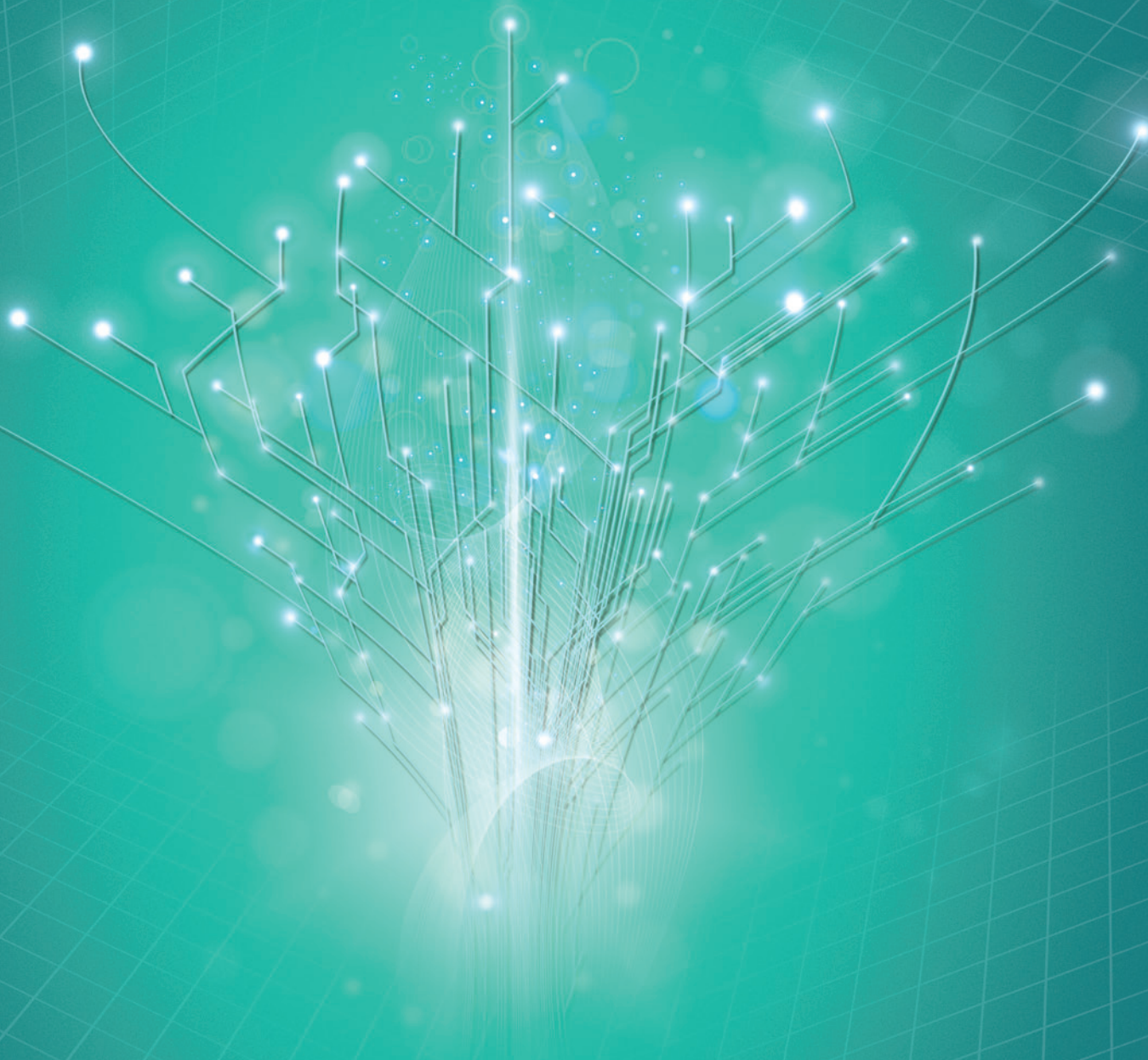


Apex Ace Holding Limited 光麗科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code : 6036



Environmental, Social and Governance Report 2017

* for identification purpose only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ABOUT THIS REPORT

This is the first Environmental, Social and Governance report (the “Report”) published by Apex Ace Holding Limited (the “Company”), which explains the environmental, social and governance performance of the Company and its subsidiaries (collectively the “Group”). The Report was prepared in accordance with the ‘comply or explain’ provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

Available in both Chinese and English, the Report has been uploaded to the websites of SEHK and the Company www.apexace.com.

Reporting Boundary

The Report covers the operation of three principal business divisions, namely, trading of (i) Memory products; (ii) Data and Cloud products and (iii) General components for the year ended 31 December 2017 (the “Reporting Period”). The reporting boundary includes the warehouse and office in Hong Kong headquarter and the office in Shenzhen¹ (referred to as “sites of operation”). The Group will continuously upgrade its internal data collection procedure and gradually expand the scope of disclosure.

Confirmation and Approval

Information disclosed in this Report is sourced from the internal documents and statistical data of the Group. This Report has been confirmed and approved by the board of directors of the Company on 23 July, 2018.

Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content of this Report, please contact the Group through the following channels:

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¹ The warehouse and office in Hong Kong headquarter and the office in Shenzhen are operated by the Company’s wholly owned subsidiaries AVT International Limited and Shenzhen Lisigao Electronics Company Limited* (深圳麗斯高電子有限公司), respectively.

* The English name is translated for identification purpose only.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

PROTECTING THE ENVIRONMENT

Environmental sustainability is a key focus of the Group's corporate social responsibility. The Group has formulated the Environmental Protection Policy Statement to demonstrate its determination to protect the environment.

Emissions

The Group is committed to the following:

- Minimise emission of air pollutants and greenhouse gases;
- Adopt internationally recognised standards or equivalent local standards in assessing and disclosing the emission of greenhouse gases in its operation;
- Prevent and minimise hazardous and non-hazardous waste; and
- Properly discharge hazardous and non-hazardous waste produced in its operation.

During the Reporting Period, the Group commissioned a consultant to conduct a carbon assessment to quantify the greenhouse gas emissions (or 'carbon emissions') of its operation. The process of quantification was conducted with reference to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and The Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

Since the business activities covered by this Report mainly involve office operation, there was no emission that would have significant environmental impacts other than greenhouse gases produced indirectly in the course of electricity consumption. Domestic waste water produced by the Group was sent through local pipe network to sewage treatment plant.

The main sources of carbon emissions of the Group were purchased energy. To address the main sources of carbon emissions, the Group has adopted policies on efficient use of energy as described in the section headed "Use of Resources" below and will continue to assess, record and disclose its greenhouse gas emissions and other environmental data on a yearly basis. Using data of the Reporting Period as the baseline, comparison with future data can be made to evaluate the effectiveness of current measures and to help formulate carbon reduction targets in the future.

As the Group's business activities mainly involve office operation with no material manufacturing of products, there are no significant environmental laws and regulations that have a significant impact on the Group. During the Reporting Period, there were no cases of non-compliance with laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The Group will formulate detailed measures for handling and reducing wastes in the future for more effective management of emissions.

During the Reporting Period, our Group did not produce any hazardous waste, and non-hazardous waste generated were handled by the property management company of our headquarter and office in Shenzhen, respectively.

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Data of emissions for the Reporting Period is set out in Appendix I of this Report.

Use of Resources

The Group is well aware that reasonable use of resources is essential to sustainable development. The Group is committed to the following:

- Adopt the principles of reduce, reuse and recycle to increase the consumption efficiency of energy, paper, water, high quality plastic stretch film (packaging material) and other resources in its business operation;
- Nurture the culture of environmental protection within the Group to increase the environmental awareness of employees;
- Formulate achievable and measurable goals with regard to environmental protection;
- Maintain continuous communication with employees with regard to environmental protection policies; and
- Regularly review the implementation of the Environmental Protection Policy Statement to ensure effective execution.

The Group seeks to encourage its employees to adopt efficiency measures in the use of lighting, computer, water, paper and packaging material.

Lighting:

- Switch off unnecessary lighting in public areas (such as reception area, pantry, lavatory and corridors) during less busy hours (such as lunch-time and non-business hours);
- Divide space into zones with individual lighting control system to provide flexibly; and
- Paint light color for the office walls and ceilings to reduce unnecessary lighting.

Air-conditioner:

- Switch off some air-conditioners during less busy hours (such as lunch-time and non-business hours);
- Switch on the air-conditioner only when the meeting room is occupied. Switch off the air-conditioner upon leaving the meeting room; and
- Replacing old, inefficient systems with energy-efficient air-conditioning systems when necessary.

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Computer:

- Adjust the computer setting to activate the standby or hibernation mode of computers so that the display monitor will switch off automatically or enter energy saving mode when left idle for a prescribed period of time;
- Adjust the brightness of the display monitor; and
- Switch off personal computers (including the display monitor) after use.

Paper:

- Reuse envelopes and folders for sending internal documents and letters; and
- Adopt electronic communication and filing.

Water:

- Turn off the water tap promptly after use; and
- When using dual-flush toilets, choose the amount of water for flushing according to one's needs and avoid unnecessary flushing.

Others:

- Maintain or replace malfunctioning equipment; and
- Give priority to environmentally friendly products or materials in the procurement process.

The Group plans to adopt more resource saving measures next year, such as holding regular internal environmental awareness seminars for employees, turning off all electrical equipment when not in use at its offices and warehouses, and conducting regular inspection for water leaking faucets and toilets.

Data of use of resources in the Reporting Period is set out in Appendix I of this Report.

The Environment and Natural Resources

Due to the nature of the Group's business, its daily business operation posed no significant adverse impact on the environment. Looking ahead, the Group will continuously assess its environmental risks so as to formulate appropriate response measures and regularly review and update its Environmental Protection Policy Statement.

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EMPLOYMENT AND LABOUR PRACTICES

The Group abided by all laws and regulations adopted in all sites of operation and has formulated the Employment and Labour Practices Policy Statement. The aim of the Employment and Labour Practices Policy Statement is to provide employees with a workplace that is free of discrimination and harassment and emphasises diversity, health and safety.

Employment

The Group regards talents as a key to corporate success and sustainability. As at 31 December 2017, it had a total of 102 employees in Hong Kong and mainland China.

The Group stipulates in the Employment and Labour Practices Policy Statement and Staff Handbook that the Group will:

- Provide equal opportunities in employment, training and career development regardless of gender, age, nationality, race, skin colour, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status;
- Provide employees with internal guidelines in relation to equal opportunities, discrimination and harassment; and
- Create a diverse working environment within the Group.

The Group abided by the employment laws and regulations that apply to its sites of operation, including but not limited to the Employment Ordinance (Cap. 57), the Employees' Compensation Ordinance (Cap. 282), the Minimum Wage Ordinance (Cap. 608), the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong and the labor law of the People's Republic of China. During the Reporting Period, there were no cases of non-compliance in relation to compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

In the future, the Group will establish a grievance mechanism to timely manage and respond to grievance and suggestions raised by employees.

Health and Safety

To build a healthy and safe working environment, the Group has stated its commitment in the Employment and Labour Practices Policy Statement that it will:

- Formulate occupational health and safety measures to minimize the risk of employees being injured, infected, or exposed to occupational hazards in the workplace; and
- Prepare for emergencies to ensure that the Group can respond in a timely and effective manner.

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The Group abided by the relevant laws and regulations that apply to its sites of operation, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong. During the Reporting Period, there were no cases of non-compliance in relation to providing a safe working environment and protecting employees from occupational hazards.

Looking ahead, the Group will refine its occupational health and safety management system and organise occupational health training to improve the health awareness of employees.

Development and Training

The Group values the employees' development and training and has stated in the Employment and Labour Practices Policy Statement that it will:

- Invest in the training and career development of employees;
- Provide sufficient training opportunities to enhance the knowledge and skills required for employees to perform their job duties; and
- Continuously improve the employment system and create a positive environment for the career development of employees.

During the Reporting Period, the Group conducted technical product training as well as training on information technology for all employees. To communicate with its employees on their career development and performance, management also held staff review with employees on an annual basis.

The Group plans to build a system to assess the performance of employees annually and periodically review and update its development and training measures.

Labour Standards

The Group has formulated the Employment and Labour Practices Policy Statement and prohibits the use of child labour and forced labour. The Group undertakes timely communication with employees regarding overtime work arrangements. For example, if there is any need for regular overtime work, the Group will make forward planning and discuss with the relevant employees beforehand. Before hiring, various documents related to the age of applicants are checked to verify his/her age and identity to avoid child labour and forced labour.

The Group abided by the relevant laws and regulations that apply to its sites of operation, including but not limited to the Employment Ordinance (Cap. 57). During the Reporting Period, there were no cases of non-compliance in relation to child labour and forced labour.

The Group will review the implementation of its Employment and Labour Practices Policy Statement to ensure effective execution of its practices on prohibiting child labour and forced labour.

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OPERATING PRACTICES

The Group abided by laws and regulations that apply to all sites of operation and has formulated the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement in order to manage environmental and social risks in its daily operation.

Supply Chain Management

The Group believes that proper management of supply chain is essential to a socially responsible company and is committed to the following:

- Stringently select suppliers and review their performance regularly;
- Identify environmental and social risks in the supply chain and formulate corresponding measures; and
- Ensure continuous communication with suppliers and provide them with timely support.

In the future the Group will establish a risk assessment procedure to identify environmental and social risks of suppliers and formulate a supplier code of practice that covers issues of environmental protection and community care.

Product Responsibility

The Group is principally engaged in the sales of electronic components and is committed to the following:

- Ensure the quality of our products to safeguard the health and safety of our clients;
- Protect client's privacy when collecting, saving, using and sending personal information of clients;
- Formulate remedial measures and contingency plan when there is client information leakage in a timely and effective manner;
- Adopt adequate measures to maintain and protect the Group intellectual property rights; and
- Ensure continuous communication with employees and clients regarding product responsibility.

Currently, the Group has developed internal quality monitoring standards to ensure our product safety. To ensure the safety and privacy of client information, the Group will only collect client data for purposes permissible under the applicable law.

The Group's operation does not involve advertising or labelling issues. The Group abided by the relevant laws and regulations that apply to its sites of operation, including but not limited to the Trade Descriptions Ordinance (Cap. 362) of Hong Kong. During the Reporting Period, there were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided.

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In the future, the Group will continue to pay attention to amendments of relevant laws and regulations in relation to product responsibility. This will enable the Group to take follow-up action in due course.

Anti-corruption

To maintain a fair, ethical and efficient business and working environment and prevent any form of corruption, the Group is committed to the following:

- Nurture an anti-corruption atmosphere within the Group to improve employees's anti-corruption awareness;
- Ensure continuous communication with employees and clients with regard to anti-corruption policy and execution; and
- Adopt measures to prevent behaviour such as bribery, extortion, fraud and money laundering.

Employees were prohibited from accepting or granting gifts for business partners, such as customers and suppliers. As detailed in the Staff Handbook, the Group has specified the circumstances that allow their employees in accepting and granting gifts. Employees must declare and obtain approval from management for cases that are deemed inevitable.

The Group abided by the relevant laws and regulations that apply to its sites of operation, including but not limited to the Prevention of Bribery Ordinance in Hong Kong (Cap. 201) and the Criminal Law of the People's Republic of China. During the Reporting Period, there were no cases of non-compliance in relation to bribery, extortion, fraud and money laundering.

In the future, the Group will introduce terms related to anti-corruption in the employment contract and formulate a corruption risk assessment mechanism. It will regularly review and update its anti-corruption policy and measures.

COMMUNITY INVESTMENT

The Group has formulated the Community Investment Policy Statement to fulfil its corporate responsibility and contribute to the community where it operates. The Group is committed to the following:

- Promote a responsible corporate culture within the Group;
- Encourage and arrange employees to participate in voluntary services and charity activities; and
- Leverage its expertise to contribute to the community where it operates.

The Group selects and approves volunteering and charity activities organised by external organisations and encourages employees to participate in and organise their own volunteering and charity activities. During the Reporting Period, the Group made a donation of HK\$234,000.

In the future, the Group will continue to understand the needs of the communities in its sites of operation to determine the focus of contribution.

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APPENDIX I – ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Data of the Reporting Period	Page Index
A. Environmental			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) 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.	–	2-3
A1.1	The types of emissions and respective emissions data ¹ :	–	–
	Nitrogen oxides	Not applicable	–
	Sulphur oxides	Not applicable	–
	Particulate matter	Not applicable	–
A1.2	Greenhouse gas emissions in total (tonnes of CO ₂ -e).	47.4	–
	Intensity of greenhouse gas emissions (tonnes of CO ₂ -e/sq ft).	0.006	–
A1.3	Total hazardous waste produced.	No hazardous waste was produced	–
	Intensity of total hazardous waste produced.	Not applicable	–
A1.4	Total non-hazardous waste produced ² .	Data not available	–
	Intensity of non-hazardous waste produced.	Data not available	–
A1.5	Description of measures to mitigate emissions and results achieved.	–	2-3
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	–	2

¹ The Group's sites of operation did not involve substantial production or manufactory works and therefore the emission of air pollutants in the Reporting Period is neglectable.

² Non-hazardous waste generated by the Group's sites of operation were handled by the property management company and therefore the amount produced in the Reporting Period could not be quantified. The Group will consider quantifying the amount produced in future.

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Material Aspect	Content	Data of the Reporting Period	Page Index
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	–	2-4
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh).	91.8	–
	Direct energy	Not applicable	–
	Electricity	91.8	–
	Direct and/or indirect energy intensity by type (e.g. electricity, gas or oil) (MWh/square feet).	0.011	–
A2.2	Water consumption in total (m ³)	349	–
	Water intensity (m ³ /sq ft)	0.04	–
A2.3	Description of energy use efficiency initiatives and results achieved.	–	3-4
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No issue in sourcing water	4
A2.5	Total packaging material used for finished products (tonnes).	0.42	–
	Packaging material intensity. (tonnes / sq. ft)	0.00005	–
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	–	2,4
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	4

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Material Aspect	Content	Data of the Reporting Period	Page Index
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) 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.	–	4-5
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) 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.	–	5
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	–	5
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	–	5-6
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	–	6

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Material Aspect	Content	Data of the Reporting Period	Page Index
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) 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.	–	6
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	–	7
B8 Community Investment			
General Disclosure	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.	–	7