



# Solomon Systech (International) Limited

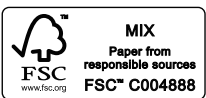
## 晶門半導體有限公司

(Incorporated in Cayman Islands with limited liability)  
Stock Code: 2878



# 2023

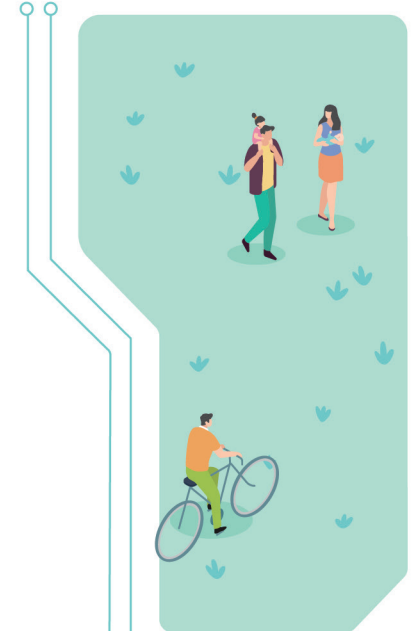
## Environmental, Social and Governance Report

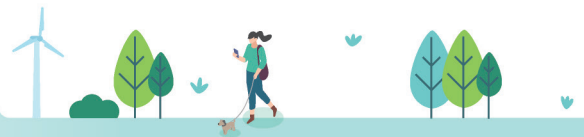


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## ABOUT SOLOMON SYSTECH

Solomon Systech (International) Limited and its subsidiaries ("**Solomon Systech**", "**the Group**" or "**we**") is a leading semiconductor group providing integrated circuit ("**IC**") products and system solutions. Adopting a "fabless" business model, the Group specialises in the design, development and sales of IC products and system solutions that enable a wide range of display and touch applications for smartphones, tablets, TVs/monitors, notebooks and other smart devices, including electronic shelf labels ("**ESL**"), wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

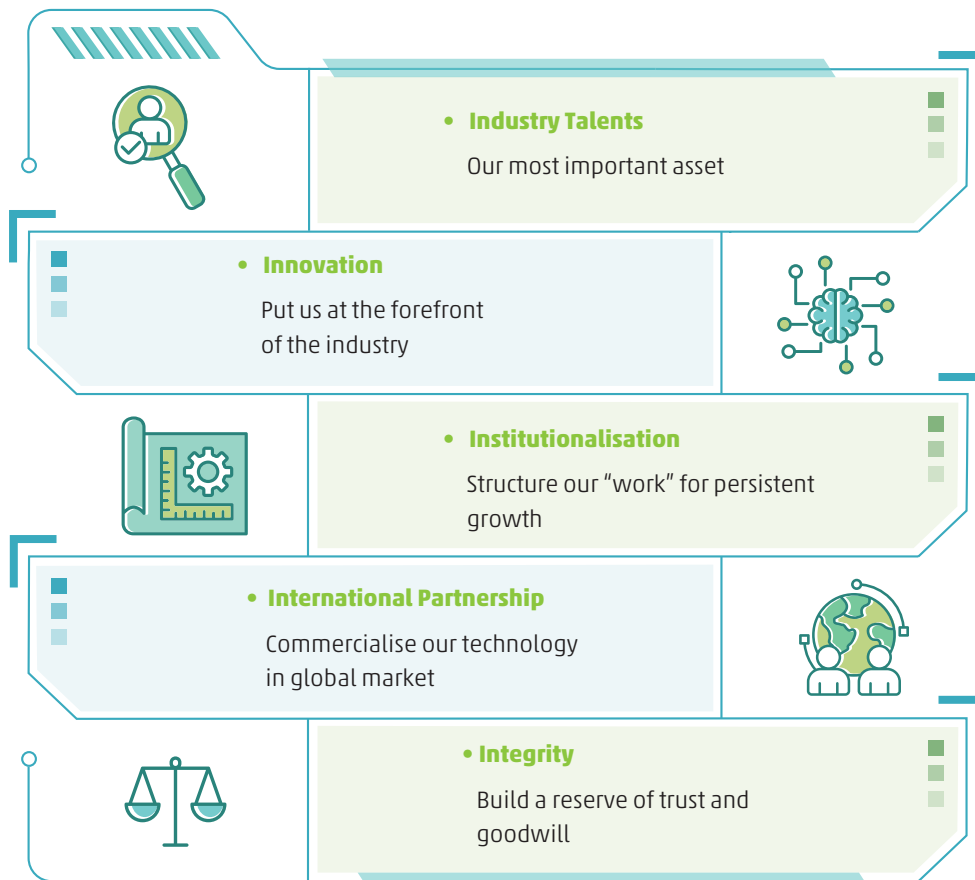
Solomon Systech has a high calibre and experienced design team to develop its intellectual properties ("**IP**") for highly integrated IC products and total system solutions. The Group serves a number of renowned brands and well-established companies across the globe. Over the years, the Group has received a wide array of prestigious awards that have been widely recognised by the market and the industry.

The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 8 April 2004.

### OUR VISION

Provide the ultimate silicon solution for every display system.

### OUR FOUNDATION – THE 5 "I"'S FOR SUSTAINABLE DEVELOPMENT



# ESG APPROACH

## WHAT DOES "ESG" MEAN TO SOLOMON SYSTECH

ESG is an integral part of the Group's business strategies in order to achieve business excellence and enhance long-term competitiveness. Therefore, the Group has always insisted on incorporating ESG responsibilities into corporate operation and management, and has established effective risk management and internal control systems in relation to ESG. The Group's ESG strategy is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. The Group has also established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community.

Solomon Systech's customer base comprises some of the world's most renowned and respected electronics corporations, including leading ePaper technology companies, multinational technology conglomerates, game console developers, various hand-held medical device and home appliance operating companies, and display module makers. In this context, the Group is committed to providing high-quality products and customer services through continually improving the product quality, minimising the environmental impact, ensuring sustainable operating practices through managing its supply chain in a socially and environmentally responsible manner, and also fulfilling applicable statutory and regulatory requirements.

As a technology company, the Group has been committed to supporting lifelong learning, nurturing talents and providing its employees with an open and healthy workplace. The Group firmly believes that for a company to be sustainable in the long term, it is essential for it to create value for both its stakeholders and society as a whole. It has been the Group's strategy to leverage its expertise and resources to support the communities in which it operates.

## The 4-pillar Approach





### *Employment and Labour Practices*

- Respect labour and human rights
- Foster continuous learning and development
- Provide an open, supportive and healthy workplace
- Motivate and reward our people



### *Sustainable Operating Practices*

- Supply chain management and product responsibility
- Internal control, risk management and information security
- Code of conduct and anti-fraud policy



### *Community Investment*

- Nourish industry talents
- Contribute to the community to fulfil our responsibilities as a good corporate citizen



## MESSAGE FROM THE BOARD



Dear Valued Stakeholders,

The Group is pleased to present the ESG Report for the year ended 31 December 2023 ("**2023**"). As an annual summary of the Group's sustainable development, this ESG Report fully demonstrates how the Group attaches great importance towards sustainable development, discloses the Group's performance in all the aspects of sustainable development, shows its vision and commitment to sustainable development, and at the same time provides the Group with the opportunity to understand its key stakeholders' expectations and demands regarding the Group's sustainable development.

The management of the Group is committed to incorporating corporate social responsibilities into business operations. In 2023, the Board continues to support in prioritising the Group's ESG issues and ensure the effective delivery of ESG strategies, as well as evaluate the Group's progress towards the ESG targets. Specifically, an ESG Task Force Committee (the "**Task Force**") was established to demonstrate the Group's commitment to sustainability with transparency and accountability. The Group has formulated clear terms of reference that sets out the authority delegated by the Board to it, as well as its duties and responsibilities. The Task Force is primarily responsible for identifying and evaluating the Group's ESG risks and ensuring the effectiveness of ESG-related risk management, controls and activities. In 2023, the ESG Report and ESG-related performance and matters are reviewed and confirmed by the Task Force and the Board.

The Group continuously communicates with its stakeholders to understand their concerns and fulfil their expectations. In order to identify and assess the material concerns of the Group's stakeholders, the Group has worked with an independent third party and conducted materiality assessment surveys through stakeholder engagement. The assessment helped the Group to determine and prioritise the factors that have material impacts on its sustainable growth and incorporated them in the development of its ESG strategies and targets. The Group's material ESG areas include quality products and customer services, business ethics, customer data protection and privacy, IP rights, and supply chain management.



Recognising that ESG is increasingly a focus for investors and other stakeholders, the Board fully supports the environmental goals on climate change and resources conservation, including greenhouse gas (“GHG”) emissions, electricity usage, water consumption and waste disposed to landfills. Aiming to achieve the targets, the Group is committed to implementing various measures, which will be mentioned in this ESG Report. The achievement status of these targets is reviewed by the Board and Task Force annually to ensure that the Group’s headquarters, offices, and testing center are at a satisfactory pace to achieve the respective targets. A more elaborative description of the progress of such goals and targets related to the Group’s contribution towards the environment will be discussed in “Environmental Targets” section under the topic Environmental Protection on page 17.

Moreover, the Group endeavours to develop proprietary and customised display IC driver solutions incorporated into IC products for its customers, including high-speed and high-resolution solutions, as well as low-power consumption and low-carbon content advantages products such as ESL and e-readers, to minimise the environmental impacts.

In addition to conserving the environment, the Group also believes that giving back to the community is indispensable to society’s sustainable development. Through the philanthropic initiatives of donating to selected beneficiaries and encouragement to employees to actively participate in voluntary activities, the Group hopes to deliver warmth to the vulnerable and establish an inclusive society where everyone feels valued.

Finally, the Board would like to express its gratitude to the management team, all employees and stakeholders for their continuous contributions to the Group’s sustainable development throughout 2023. Looking forward, the Group will expend more effort into ESG-related issues and consistently enhance its sustainability strategy to create the greatest value for its stakeholders.

Hong Kong, 26 April 2024



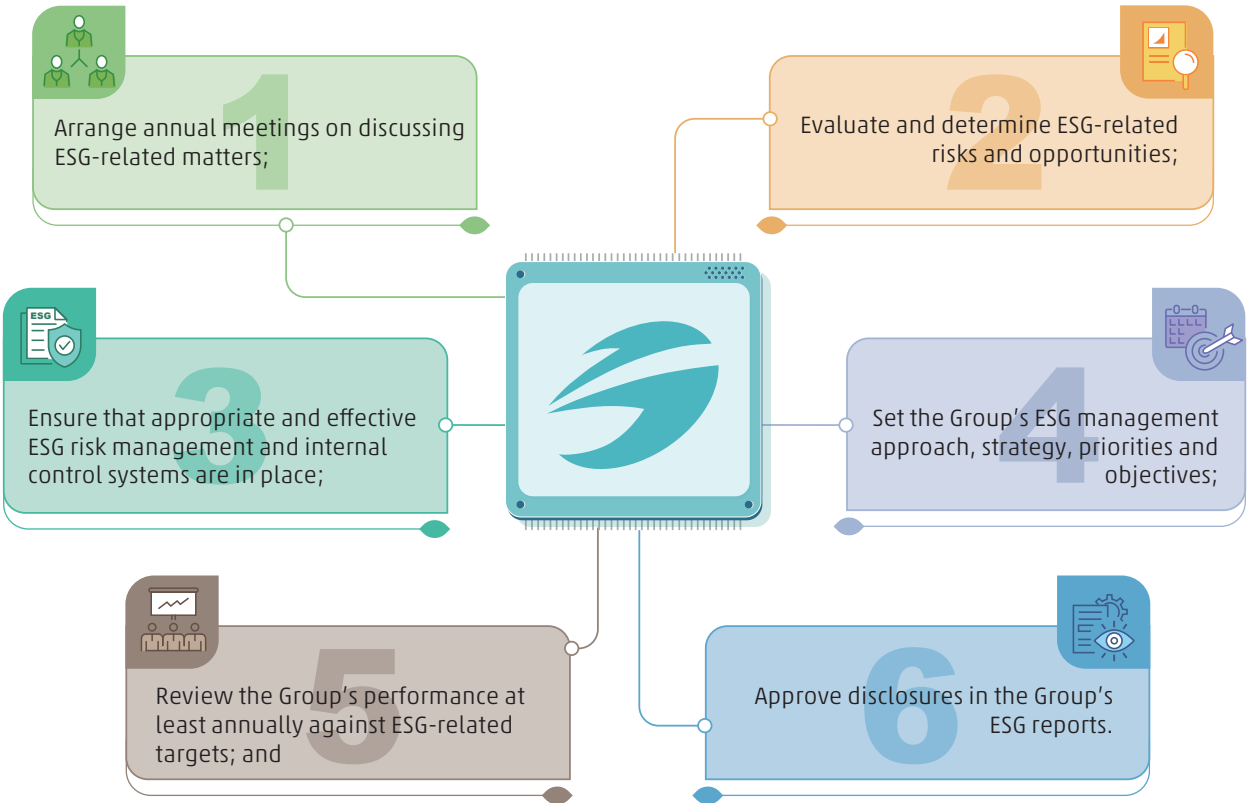


# ESG GOVERNANCE STRUCTURE

The Group is committed to the principles of good corporate governance and strives to integrate ESG initiatives into its business strategies and management approach. A systematic governance structure has been established within the organisation consisting of the Board, the Task Force and the business units to holistically integrate ESG strategies and targets into the Group’s development plan. The following diagram illustrates the Group’s sustainability governance framework:

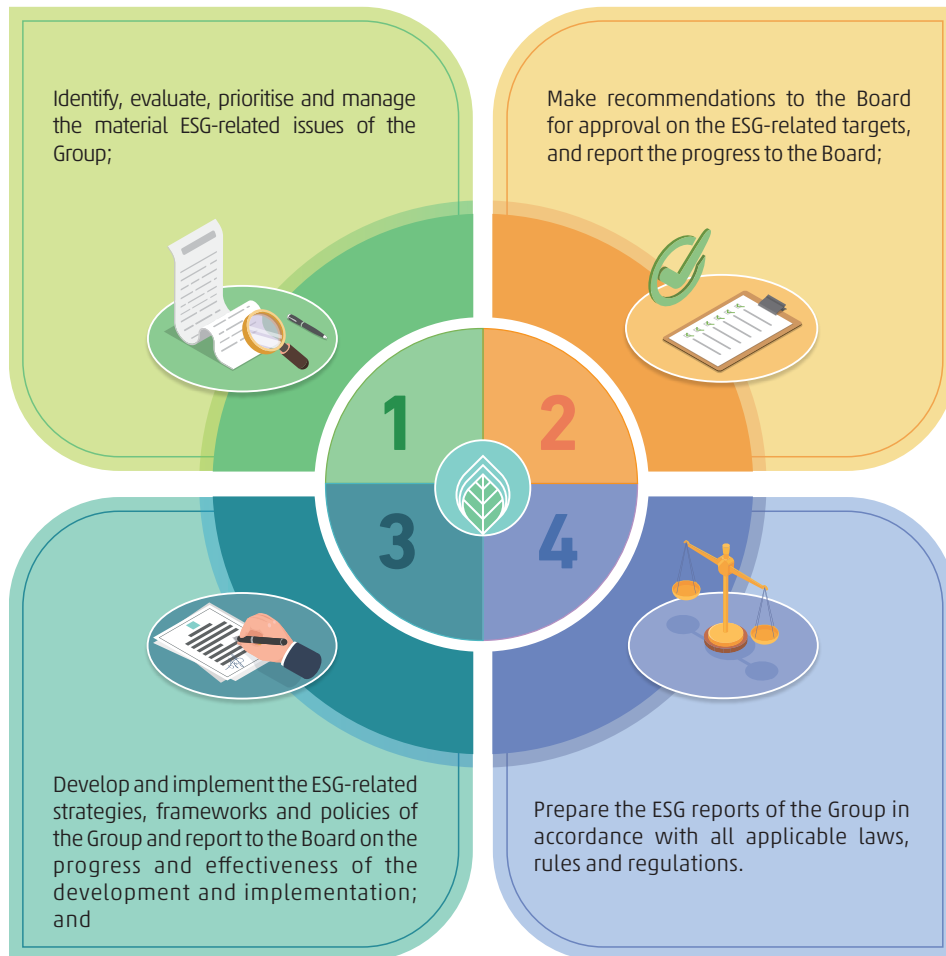


At Solomon Systech, the Board bears the collective and overall responsibility for the Group’s strategy and reporting in respect of the ESG issues, which includes:





Under the Board's delegation, the Task Force, chaired by the Executive Director comprising the Company Secretary and staff from relevant departments, is set up to systematically manage the Group's ESG issues. The Task Force assists the Board in fulfilling the oversight responsibilities and reports to the Board annually. The main responsibilities of the Task Force include the following:



The implementation of the sustainability approach of the Group relies on the support of the designated personnel from various business units who are responsible for executing ESG-related policies and assisting in data collection. Through normal operation channels, all the business units are required to report to and support the Task Force in implementing the approved strategies and policies.

## ABOUT THIS ESG REPORT

This ESG Report is prepared by Solomon Systech to present the Group's approach and performance with regard to relevant ESG issues in 2023.

Committed to enhancing the ESG information disclosed and the quality of ESG Report, the Group's ESG practices and reporting processes are continuously being reviewed. Based on the principle of materiality, and considering its core business and main revenue sources, the scope of this ESG Report covers the ESG performance of the Group's principal business which includes the design, development and sales of IC products and system solutions of the Company and its major operating subsidiaries in Hong Kong, Mainland China and Taiwan, details of which are set out in section 4 of the Appendix. The scope of this ESG Report is consistent with that for the year ended 31 December 2022 ("**2022**"). Although reporting entities remained consistent, the Group experienced multiple events in 2023. These include the relocation of a Mainland China office and increased production volume at the Dongguan Testing and Packing Center. These changes may have contributed to natural fluctuations in the Group's ESG performance such as waste generation and electricity consumption. In addition, the Group uses revenue in calculating certain environmental key performance indicators ("**KPIs**"), particularly intensity metrics. However, due to inherent uncertainties and potential changes in economic, social and other external factors, the Group's revenue may fluctuate beyond the Group's control, impacting the reported intensity figures.

The content of this ESG Report has been prepared in compliance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as depicted in Appendix C2 of The Rules Governing the Listing of Securities by the Stock Exchange. In preparation for this ESG Report, the Group strives to ensure that the information disclosed herein follows the three reporting principles, namely materiality, quantitative and consistency.





### MATERIALITY



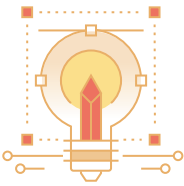
Materiality assessment was conducted to prioritise material ESG issues during 2023. The materiality of ESG issues was reviewed and confirmed by the Board and the Task Force. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

### QUANTITATIVE



The standards and methodologies used in the calculation of relevant data in this ESG Report, as well as the applicable assumptions were disclosed separately under each section. The KPIs were supplemented by explanatory notes to establish benchmarks where feasible.

### CONSISTENCY



The statistical methodologies applied to this ESG Report were substantially consistent with those applied to 2022, and explanations were provided regarding the calculation methodologies.

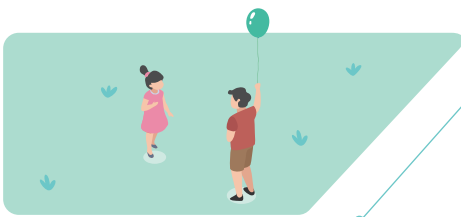
The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG Report has been approved by the Task Force and the Board.

## STAKEHOLDER ENGAGEMENT

In order to facilitate the Group’s sustainable growth, the Group identified the key stakeholders and engaged them to identify the most material sustainability issues and the potential risks that may arise. Key stakeholders include, but are not limited to, employees, shareholders and investors, customers, suppliers and distributors, the government and other regulatory authorities, and the media and the public.

Stakeholders’ expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Expectations	Communication Channels
<p>Employees</p> 	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Safe working environment</li> <li>• Career development</li> <li>• Equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Training activities, seminars and briefings</li> <li>• Internal email</li> <li>• Regular meetings</li> <li>• Performance appraisal</li> <li>• Volunteering activities</li> </ul>
<p>Shareholders and investors</p> 	<ul style="list-style-type: none"> <li>• Sustainable profitability</li> <li>• Shareholder return</li> <li>• Business strategies and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Interim and annual reports</li> <li>• Email</li> <li>• Investor and conference meetings</li> </ul>
<p>Customers</p> 	<ul style="list-style-type: none"> <li>• Possession of technical capability</li> <li>• Ability to provide accurate and efficient processing</li> <li>• High quality products and services</li> <li>• Customer privacy protection</li> <li>• Operation compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service hotline</li> <li>• Customer meetings</li> </ul>





## Stakeholders

## Expectations

## Communication Channels

## Suppliers and distributors



- Fair and open procurement
- On-time payment
- Sustainable relationship

- Site visits
- Business meetings and discussions

## Government and other regulatory authorities



- Pay taxes as required by law
- Business ethics and reputation
- Legal compliance

- Compliance check
- Due diligence
- Regulatory filing and statutory announcements
- Conferences and seminars
- Site visits

## Media and the public



- Transparency of ESG issues and financial disclosure
- Legal compliance
- Corporate governance
- Community investment

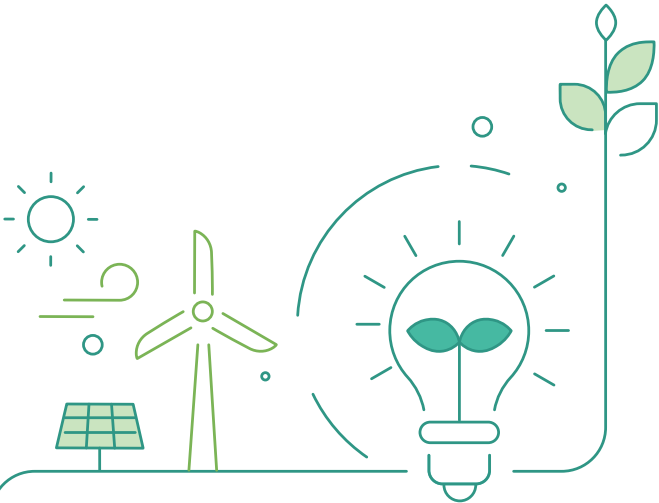
- Reports and announcements
- Press release
- Corporate website



The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and maintaining the success of the Group's business in the challenging market.

# MATERIALITY ASSESSMENT

The materiality assessment process helps the Group to identify and prioritise ESG topics that have the most significant impact on the Group’s businesses and its stakeholders’ assessments and decisions. The process is summarised below:



## TOPIC IDENTIFICATION



- With reference to the nature of the Group’s businesses, a list of 14 material ESG topics was identified based on the Group’s sustainability strategy, industry standards, emerging sustainability trends and relevant ESG guidelines.

1

## TOPIC PRIORITISATION



- A survey was distributed to both internal and external stakeholders. The Board and management were tasked to rate the importance of material issues towards the Group’s sustainable development, while stakeholders such as general employees, customers, suppliers, media and investors ranked in order of perceived impact on stakeholders’ assessments and decisions.

- A materiality matrix was formed by prioritising the material topics based on the result of survey.

2

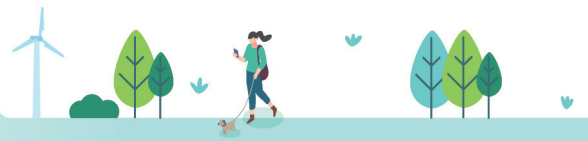
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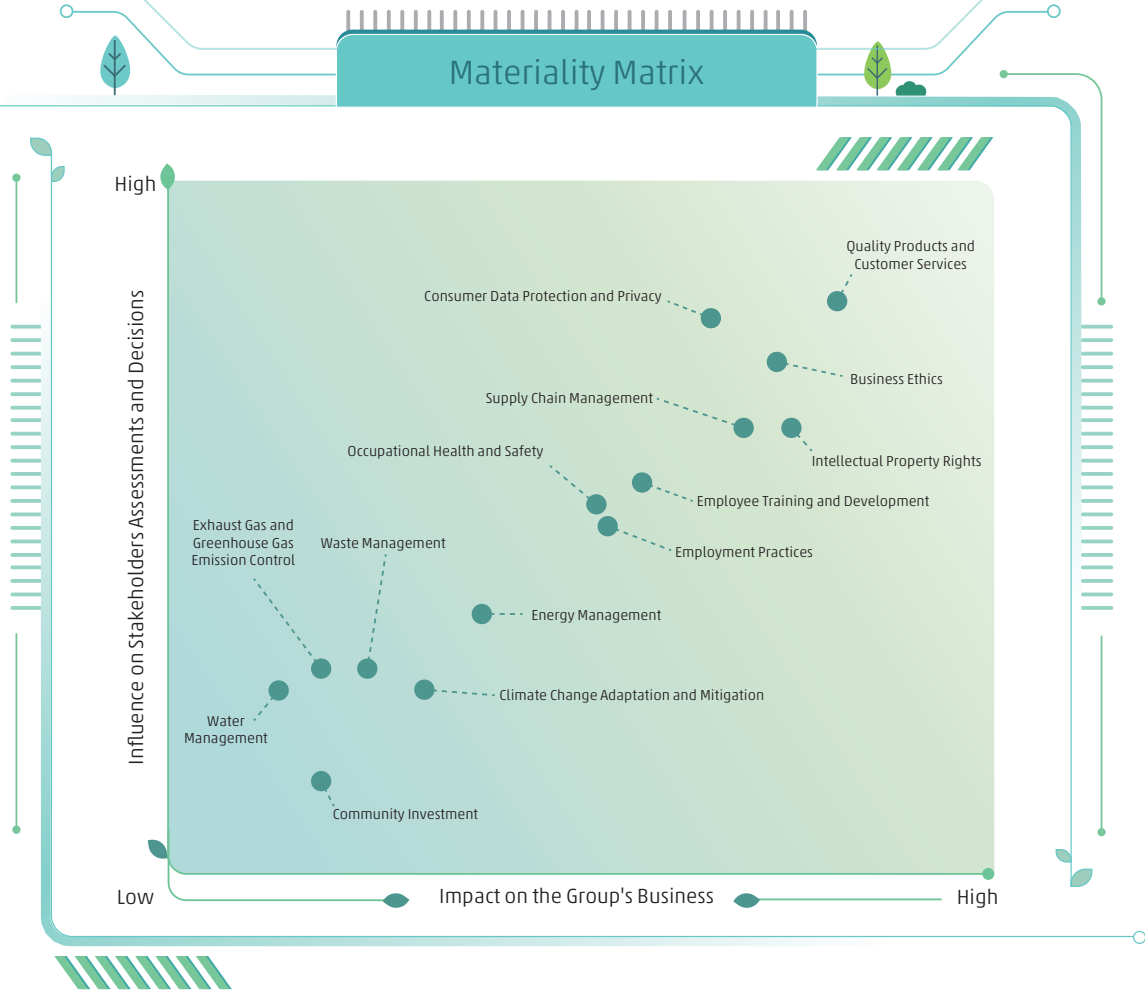
- The materiality assessment result was reviewed and approved by the Board and the Task Force.

## VALIDATION





The following matrix is a summary of the Group's material ESG topics:



Considering the impact of relevant ESG topics, 5 highly material issues were identified, namely quality products and customer services, business ethics, customer data protection and privacy, IP rights, and supply chain management. Each focus area provides the Group with clear direction and guidance in deploying resources whilst strengthening its business strategies. The policies and management measures in all material aspects specified in the ESG Reporting Guide issued by the Stock Exchange are set out in the relevant sections of this ESG Report. For details, please refer to the index table in the Appendix.



## CONTACT US

The Group welcomes your feedback and your valuable input will help it continue to improve. If you have any suggestions or questions on its ESG approach and performance, please share your views with the Group through any channel below:

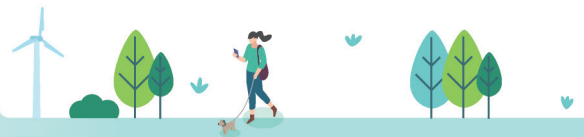
Address: Unit 607-613, 6/F Wireless Centre, 3 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong

Tel: (852) 2207 1111

Fax: (852) 2267 0800

Website: [www.solomon-systech.com](http://www.solomon-systech.com)





## ENVIRONMENTAL PROTECTION

Solomon Systech adopts a “fables” business model and focuses on the design, development, as well as quality control and marketing of IC solutions. As the Group has outsourced the manufacturing processes, it does not impose a significant direct impact on the environment in the course of business operations. However, the Group is committed to reducing the possible adverse impact of its operations on the environment. Environmental considerations are integrated into the Group’s business operations through its environmental management system (“EMS”) certified with the ISO14001 standard. The Group believes its EMS creates a robust framework for managing its environmental and energy performance.

The Group’s Environmental Management Policy highlights its commitment to providing benefits to interested parties and the environment, protecting the environment by restricting the use of hazardous substances in products and utilising natural resources prudently and rationally conserve resources, as well as fulfilling applicable statutory or regulatory requirements and compliance obligations. To supplement the Environmental Management Policy, the Group has the Environmental Office Practices outlining the practices to be adopted for minimising the environmental impacts of office activities. The above-mentioned policy and practices are communicated to the Group’s employees and are reviewed by the Task Force periodically.

In 2023, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. These include but not limited to the Air Pollution Control Ordinance (Cap.311), the Water Pollution Control Ordinance (Cap.358), the Waste Disposal Ordinance (Cap. 354) of Hong Kong, the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution and the Basic Environment Act of Taiwan.



## ENVIRONMENTAL TARGETS

To fulfil the aforementioned environmental policies, the Group has set clear environmental objectives and targets to manage its environmental impact, covering energy efficiency, water conservation, GHG emission control and waste reduction. The Group strives to meet its targets through stringent management and regular review. The following table is the summary of the Group's relevant major environmental targets:

Aspect	Indicators	Progress
<b>Energy Efficiency</b>	<i>Group-wide (ex-Dongguan Testing and Packing Center)</i> Reduce total electricity consumption by 0.2% gradually by the year ending 31 December 2025 ("2025"), using the year ended 31 December 2021 ("2021") as the baseline year.	⌚ Compared with 2021, the Group's total electricity consumption decreased by approximately 4.90% in 2023. The Group will continue to monitor its performance, strive for improvement and review the progress made against the target in coming years.
	<i>Hong Kong Headquarter</i> Support and participate in energy-saving campaigns at least once a year from 2022 onwards.	✓ Participated in CLP Holdings Limited's Electrical Equipment Upgrade Scheme and replaced the lighting with LED lighting.
	<i>Dongguan Testing and Packing Center</i> Reduce total electricity consumption by 0.2% gradually by the year ending 31 December 2027 ("2027"), using 2022 as the baseline year.	⌚ Compared with 2022, Dongguan Testing and Packing Center's total electricity consumption increased by approximately 11.63% mainly due to the increase in production volume in 2023. The Group will continue to monitor its performance, strive for improvement and review the progress made against the target in coming years.
<b>Water Conservation</b>	<i>Group-wide (ex-Dongguan Testing and Packing Center)</i> Provide notices to staff to arouse water reservation awareness at least once a year from 2022 onwards.	✓ Posted notices on our internal portal and through electronic communications; and provided water-saving tips near the water taps in the offices.



Aspect	Indicators	Progress
	<p><i>Dongguan Testing and Packing Center</i> Reduce total water consumption by 0.2% gradually by 2027, using 2022 as the baseline year.</p>	<p>⌚ Compared with 2022, Dongguan Testing and Packing Center's total water consumption increased by approximately 21.34% mainly due to increase in production volume in 2023. The Group will continue to monitor its performance, strive for improvement and review the progress made against the target in coming years.</p>
<b>GHG Emission Control</b>	<p><i>Group-wide (ex-Dongguan Testing and Packing Center)</i> Reduce GHG emissions by 0.2% gradually by 2025, using 2021 as the baseline year.</p>	<p>⌚ Compared with 2021, the Group's GHG emissions decreased by approximately 17.35% in 2023. We will continue to monitor its performance, seek to reduce its GHG emissions and review the progress made against the target in coming years.</p>



Aspect	Indicators	Progress
<b>Waste Reduction</b>	<i>Group-wide (ex-Dongguan Testing and Packing Center)</i> Provide waste separation recycling bins for the collection of recyclables including wastepaper, plastics, metals and glass in each of the Group's offices from 2022 onwards.	✓ Installed recycling bins in office areas, laboratories, and common areas, such as reception, pantry, and printing room.
	<i>Group-wide (ex-Dongguan Testing and Packing Center)</i> Provide notices to inform staff on the reduce, reuse and recycle principle at least once a year from 2022 onwards.	✓ Communicated the principle of reduce, reuse, and recycle to staff through postings in the printing room and electronic communications.
	<i>Hong Kong Headquarters</i> Reduce total non-hazardous waste by 5% gradually by 2025, using 2021 as the baseline year.	⌚ Compared with 2021, the total non-hazardous waste generated in the Hong Kong headquarters decreased significantly from approximately 3,100.44 kg to approximately 2,237.53 kg in 2023. The Group will continue to monitor its performance, strive for improvement and review the progress made against the target in coming years.
	<i>Hong Kong Headquarters</i> Reduce total paper consumption by 0.5% gradually by 2025, using 2021 as the baseline year.	⌚ Compared with 2021, the amount of paper consumed in the Hong Kong headquarters increased by approximately 5.59% from approximately 895.44 kg to approximately 945.53 kg in 2023 mainly due to administrative needs. The Group will continue to monitor its performance, strive for improvement and review the progress made against the target in coming years.

\*✓ Achieved

⌚ In Progress



## EMISSIONS MANAGEMENT

### Air Emissions

Given the Group's business nature, the Group does not generate a significant amount of air emissions directly during its operations. The Group's emissions are mainly from petrol consumed by vehicles. The Group has actively adopted measures to minimise emissions, such as regularly maintaining and repairing vehicles to prevent them from generating excessive air emissions from broken parts or other reasons and encouraging employees to take public transport for business trips.

A summary of the Group's performance on air emissions is as follows:

Indicator <sup>1</sup>	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
Nitrogen oxides (NO <sub>x</sub> )	Kg	<b>2.18</b>	–	1.58	–
Sulphur oxides (SO <sub>x</sub> )	Kg	<b>0.04</b>	–	0.04	–
Particular matter (PM)	Kg	<b>0.16</b>	–	0.12	–

Note:

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.

### GHG Emissions

The major sources of the Group's GHG emissions are direct GHG emissions from the combustion of petrol consumed by vehicles, emissions from refrigeration (Scope 1) and indirect GHG emissions from purchased electricity (Scope 2). In view of the above emissions sources, the Group has actively adopted proactive measures to reduce vehicle emissions, which are described in the section headed "Air Emissions" and conserve energy, which are described in the section headed "Energy Consumption". Furthermore, the Group focuses on nurturing and strengthening the employees' awareness of environmental protection in their daily work processes, and actively implements environmental protection initiatives. In addition, detailed guidelines of environmental design requirements are introduced for employees to follow during the design process, aiming to minimise GHG emissions. The Group replenishes its refrigerants strictly as needed, and emissions from refrigeration are recorded upon refilling of refrigerants. Consequently, the Dongguan Testing and Packing Center reported direct (Scope 1) GHG emissions from refrigeration in 2023, while no such emissions were reported from the site in 2022.

A summary of the Group's performance on GHG emissions is as follows:

Indicator <sup>2</sup>	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
Scope 1 – Direct GHG emissions • Petrol consumed by vehicles • Use of refrigeration <sup>3</sup>	tCO <sub>2</sub> e*	7.53	17.60	6.97	–
Scope 2 – Energy indirect GHG emissions • Purchased electricity	tCO <sub>2</sub> e	531.63	2,674.16	642.51	3,378.16
<b>Total GHG emissions (Scope 1 and 2)</b>	<b>tCO<sub>2</sub>e</b>	<b>539.16</b>	<b>2,691.76</b>	<b>649.48</b>	<b>3,378.16</b>
Indicator	Unit	The Group		The Group	
<b>Total GHG emissions (Scope 1 and 2)</b>	<b>tCO<sub>2</sub>e</b>	<b>3,230.92</b>		<b>4,027.64</b>	
<b>Total GHG emissions intensity<sup>4</sup></b>	<b>tCO<sub>2</sub>e/million revenue (US\$)</b>	<b>21.10</b>		<b>21.10</b>	

\* tCO<sub>2</sub>e: tonnes of carbon dioxide equivalent

Notes:

- GHG emission data is presented in terms of carbon dioxide equivalent and are based on, 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, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Sixth Assessment Report (AR6), the "Notice on Carrying out Work in Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025" issued by the Ministry of Ecological Environment of the People's Republic of China, the 2022 electricity carbon emission factor published by the Energy Administration, Ministry of Economic Affairs and the 2023 Sustainability Report published by the CLP Holdings Limited.
- The Dongguan Testing and Packing Center reported direct (Scope 1) GHG emissions from refrigeration in 2023. This represents a change from 2022, when the Dongguan Testing and Packing Center did not require refrigerant refills and consequently reported no such emissions.
- In 2023, the Group has recorded a total revenue of approximately US\$153,151,000 (2022: US\$190,842,878). The data is also used for calculating other intensity data.



## Waste Management

### Hazardous Waste

In daily office operations, the Group generates an insignificant amount of hazardous waste, including toner cartridges and fluorescent lamps.

During the Group's research and development process of IC products, hazardous waste such as waste oil, batteries, oil filters, and waste packaging are unpreventably generated. Hence, the Group has formulated a comprehensive Operating Instruction Manual for Hazardous Chemicals Management (《作業指導書-化學危險品管理》)(**"MHCM"**), aiming to enhance the Group's storage, manage the usage of hazardous chemicals, as well as prevent spills and environmental pollution. The Group actively executes the following measures as stated in the MHCM:

- Control the storing temperature and humidity of each hazardous chemical based on the chemicals' properties;
- Store the particularly hazardous chemical in specified containers only, and clean the containers before using them to prevent potential waste due to contamination;
- Keep records of the names and quantities of each raw material during the process of materials requisition, issuance and restoration in the Inbound and Outbound of Hazardous Chemicals Record Form (《危險化學品出入庫記錄表》);
- Inspect the quality, quantity, weight, and packaging, and act promptly if there are leaks or shortages of stabilisers; and
- Collect and reuse waste computer accessories or systems wherever practicable.

Meanwhile, being aware that hazardous waste shall be discharged, disposed of, or transported with extreme carefulness to prevent the toxic substances from damaging the environment, the Group has authorised qualified third-party companies to collect hazardous waste for further treatment. Warehouse keepers of the Group are responsible to fill in the Storage Form of Hazardous Waste (《危險廢物儲存環節記錄表》) which records the outbound of hazardous waste from the warehouse. The Group has also maintained high standards in the implementation of the waste management system and formulated relevant procedures to standardise and manage its waste management operations and ensure all disposal records are traceable and controllable.

In 2023, the Group's total hazardous waste intensity was approximately 1.68 kg/million revenue (US\$) (2022: approximately 1.39 kg/million revenue (US\$)). The increase was attributed to the timing of lubricating oil replacements, which is an irregular exercise. Consequently, annual waste oil figures may encompass a portion of waste oil generated in the previous year. In addition, the Group's revenue decreased in 2023. Thus, despite the absolute decrease in the Group's total hazardous waste, the intensity figure increased year-on-year.



A summary of the Group's performance on hazardous waste disposal is as follows:

Indicator	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
Waste oil <sup>5</sup>	kg	–	113.93	–	51.50
Batteries	kg	2.80	–	1.90	–
Toner cartridge	kg	24.82	–	37.61	1.00
Florescent lamp	kg	26.36	26.00	56.78	25.00
Oil filters	kg	–	49.74	–	74.50
Waste packaging	kg	–	13.00	–	16.50
<b>Total hazardous waste</b>	<b>kg</b>	<b>53.98</b>	<b>202.67</b>	<b>96.29</b>	<b>168.50</b>
Indicator	Unit	The Group		The Group	
<b>Total hazardous waste</b>	<b>kg</b>	<b>256.65</b>		<b>264.79</b>	
<b>Total hazardous waste intensity</b>	<b>kg/million revenue (US\$)</b>	<b>1.68</b>		<b>1.39</b>	

Note:

- The recorded weight of waste oil is influenced by the timing of lubricating oil replacements, meaning the annual waste oil figures may include some oil generated in the previous year. This creates an inherent limitation in reflecting the amount of waste oil generated within a single year.



### **Non-hazardous Waste**

The non-hazardous waste generated during the Group's operations is mainly used paper in offices and general waste involving the disposal of defective plastic film and the plastic component of malfunctioning IC products in the test center. With the aim of minimising the amount of non-hazardous waste generated in its business operations and achieving its targets, the Group has made relentless efforts at reducing waste. The Group has also implemented the Environmental Office Practices and other relevant policies to raise environmental awareness and promote environmentally friendly attitudes among its employees.

In the office, the Group greatly encourages employees to reduce waste generation through reducing the use of office paper to strive for a paperless office and reusing or recycling materials before disposal when appropriate. Furthermore, with reference to the Environmental Office Practices, the Group has implemented waste management approach and initiatives including but not limited to the following:

- Introduce a Human Resource Self-Service System to handle employee benefits scheme online applications, aiming for creating a paperless office;
- Install recycling facilities to facilitate the recycling of general solid wastes;
- Communicate and provide paper-saving guidelines to staff including the double-sided printing setting guideline to staff;
- Collect and reuse waste computer accessories in other computers or systems wherever practicable; and
- Collect scraped information technology equipment and contact appropriate contractors to pick up for recycling where possible.

The Group also recognises the importance of properly handling general waste generated during the process of design and testing of IC products. To handle such waste, the Group contacts experienced contractors to pick up scraped materials for recycling where possible. Meanwhile, warehouse keepers of the Group are required to fill in the General Industrial Solid Waste Inbound and Outbound Record Form (《一般工業固體廢物進出儲存記錄表》) when wastes are directed to third-parties.

In 2023, the Group's total non-hazardous waste intensity was approximately 259.61 kg/million revenue (US\$) (2022: approximately 96.66 kg/million revenue (US\$)). The increase can be attributed to several factors. For the Group (ex-Dongguan Testing and Packing Center), the main reason was the relocation of one of its Mainland China offices in 2023, which contributed to a rise in general waste. For the Dongguan Testing and Packing Center, its production volume rose in 2023, leading to a corresponding increase in both its general waste and reported silicon dust waste. In addition, the timing of data collection in the Dongguan Testing and Packing Center resulted in 2023's non-hazardous waste figures potentially encompassing non-hazardous waste generated in 2022. Therefore, the increase in the total non-hazardous waste intensity in 2023 was influenced by the events encountered by the Group and data limitations.

A summary of the Group's performance on non-hazardous waste disposal is as follows:

Indicator	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center <sup>6</sup>
General waste <sup>7,8</sup>	kg	19,200.00	10,030.00	10,219.50	1,190.00
Paper	kg	1,227.36	341.79	1,312.51	324.19
Silicon dust <sup>9</sup>	kg	–	8,960.00	–	5,400.00
<b>Total non-hazardous wastes produced</b>	<b>kg</b>	<b>20,427.26</b>	<b>19,331.79</b>	<b>11,532.01</b>	<b>6,914.19</b>
Indicator	Unit	The Group		The Group	
<b>Total non-hazardous waste</b>	<b>kg</b>	<b>39,759.05</b>		<b>18,446.20</b>	
<b>Total non-hazardous wastes intensity</b>	<b>kg/million revenue (US\$)</b>	<b>259.61</b>		<b>96.66</b>	

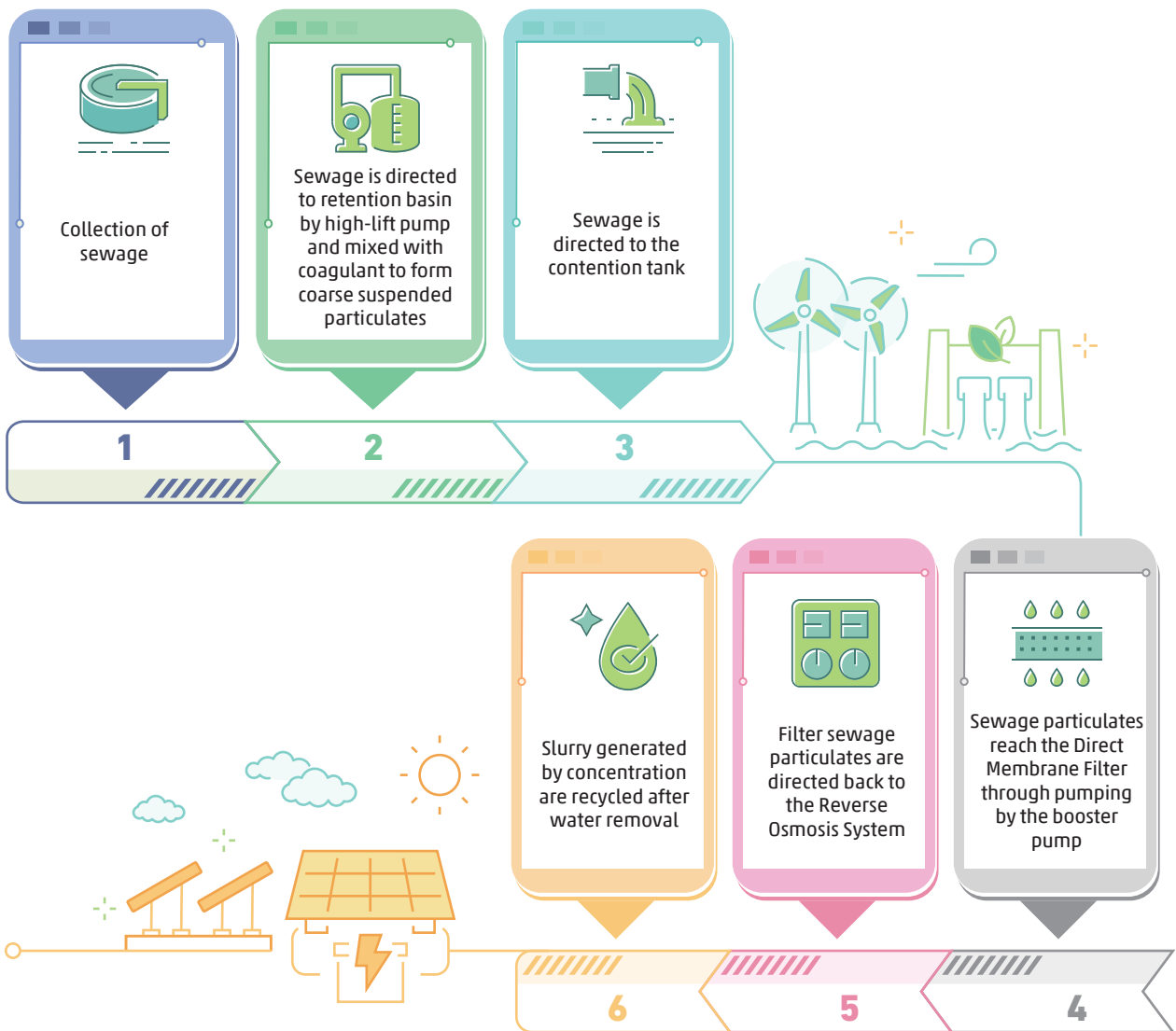
Notes:

6. Non-hazardous waste data for the Dongguan Testing and Packing Center in 2022 was restated to reflect the reclassification of silicon dust from general waste to a separate non-hazardous waste category.
7. The increase in general waste of the Group (ex-Dongguan Testing and Packing Center) in 2023 was mainly due to the relocation of one of the Group's offices in Mainland China.
8. The Dongguan Testing and Packing Center reported 7,680 kg of recycled packing material in its 2023 general waste figures. This amount includes both 2022 and 2023 packing materials received with raw materials and disposed of in 2023. Additionally, the Dongguan Testing and Packing Center experienced an increase in production volume in 2023, which further contributed to the rise in its general waste.
9. The recorded weight of silicon dust is influenced by the timing of data collection, meaning the annual silicon dust waste figures may include some silicon dust waste generated in the previous year. Additionally, the Dongguan Testing and Packing Center experienced an increase in production volume in 2023, which further contributed to the rise in its silicon dust waste.



**Sewage Discharge**

The Group does not consume a significant volume of water through its business activities, therefore its business activities did not generate a material portion of discharge into water. Yet, the Group has established an Operating Instruction Manual of Sewage System and Maintenance (《作業指導書-污水系統操作和維護保養》) to ensure the sewage treatment operates properly, fulfil the goal of water purification and management of sludge disposal, as well as abide by relevant standards and regulations in where it operates to protect the environment. In 2023, the Dongguan Testing and Packing Center has recycled a total of 26,464.00 m<sup>3</sup> of wastewater. The procedures of sewage treatment are as follows:



As the sewage discharged by the Group is discharged into the municipal sewage pipe network, the amount of sewage discharge is considered as the water consumed. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Consumption".

## RESOURCE UTILISATION

### Energy Consumption

During its daily production and operations, the Group's major sources of energy consumption are mainly petrol consumed by the vehicles for transportation means and electricity consumption for its daily operations in offices and the testing center. Adhering to the Group's commitment to saving energy and improving energy efficiency, the Group has established a sound energy management system to improve energy efficiency and has incorporated various measures to reduce energy consumption for different operations. Below are some of the energy-saving practices:

#### *Energy Management in Offices*

- Switch off unnecessary lights, the last person leaving the meeting room and office should switch off all the lights;
- Maintain optimal room temperature at the offices by switching off unnecessary air-conditioners;
- Select and purchase energy-efficient office equipment where possible;
- Share "Green Tips" with employees every week, i.e. simple but feasible energy-saving measures in the workplace; and
- Activate power management features on computers so that computers would enter power-saving mode when idle.

#### *Energy Management in Testing Center*

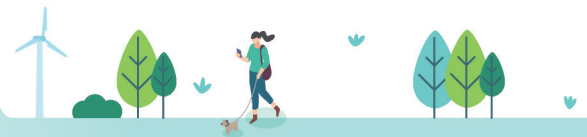
- Minimise the number and use of facilities for production; and
- Adopt the use of inverters for high-power motors.

#### *Evaluation of Energy Efficiency*

- Assign designated personnel to inspect the usage of electricity for all electrical equipment;
- Record the overall electricity consumption of different departments on the Electricity Consumption Record Form monthly; and
- Instruct the financial department to summarise and verify the energy data, as well as gather all the information and present them in form of a report.

The Group has taken concrete actions to reduce energy consumption by raising energy efficiency. In 2023, the Group continued to replace its lighting equipment in the office of its headquarters with LED lighting which consumes up to 81% less electricity and applied the Electrical Equipment Upgrade Scheme organised by CLP Holdings Limited. Looking ahead, the Group would continually make efforts in reducing its energy consumption and regularly review possibilities to improve energy management across its operations.

In 2023, the Group's total energy consumption intensity was approximately 37.99 MWh/million revenue (US\$) (2022: approximately 28.08 MWh/million revenue (US\$)). The increase was mainly due to the rise in Dongguan Testing and Packing Center's production volume in 2023, leading to a corresponding increase in its electricity consumption.



A summary of the Group's performance on energy consumption is as follows:

Indicator <sup>10</sup>	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
Direct energy consumption • Petrol consumed by vehicles	MWh	27.36	—	23.50	—
Indirect energy consumption • Purchased electricity <sup>11</sup>	MWh	1,102.02	4,689.04	1,134.79	4,200.65
<b>Total energy consumption</b>	<b>MWh</b>	<b>1,129.38</b>	<b>4,689.04</b>	<b>1,158.29</b>	<b>4,200.65</b>
Indicator	Unit	The Group		The Group	
<b>Total energy consumption</b>	<b>MWh</b>	<b>5,818.42</b>		<b>5,358.94</b>	
<b>Total energy consumption intensity</b>	<b>MWh/million revenue (US\$)</b>	<b>37.99</b>		<b>28.08</b>	

Note:

10. The unit conversion method of energy consumption data is formulated based on the Energy Statistics Handbook issued by the International Energy Agency.
11. The Dongguan Testing and Packing Center experienced an increase in production volume in 2023, which contributed to the rise in its electricity consumption.

### Water Consumption

The Group's water consumption is mainly for domestic use, sourcing from the municipal water supply. The Group does not face any problems or risks when accessing sufficient water sources. Since water is one of the most precious resources in the world, the Group makes every effort to cherish water resources and reduce unnecessary water consumption. The Group has always been seeking effective ways to use water, and encourages all employees to develop a good habit of conserving water consciously to reduce water consumption. To further enhance the utilisation efficiency of water resources, the Group has adopted the following water-saving practices:

- Promote and educate staff to save water through posters and seminars;
- Fix dripping taps and other defects in the water supply system promptly;
- Conduct regular leakage tests on water taps and joint rings; and
- Require designated personnel in each operating site to fill in the Water Consumption Record Form for the financial department to summarise, verify and present the data in the form of a report monthly.

In 2023, the Group's total water consumption intensity was approximately 145.66 m<sup>3</sup>/million revenue (US\$) (2022: approximately 98.23 m<sup>3</sup>/million revenue (US\$)). The increase was mainly due to the rise in Dongguan Testing and Packing Center's production volume in 2023, leading to a corresponding increase in its water consumption.

A summary of the Group's performance on water consumption is as follows:

Indicator	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
<b>Total water consumption</b> <sup>12</sup>	<b>m<sup>3</sup></b>	<b>2,137.46</b>	<b>20,171.00</b>	<b>2,122.00</b>	<b>16,624.00</b>
Indicator	Unit	The Group		The Group	
<b>Total water consumption</b>	<b>m<sup>3</sup></b>	<b>22,308.46</b>		<b>18,746.00</b>	
<b>Total water consumption intensity</b>	<b>m<sup>3</sup>/million revenue (US\$)</b>	<b>145.66</b>		<b>98.23</b>	

Note:

12. The Dongguan Testing and Packing Center experienced an increase in production volume in 2023, which contributed to the rise in its water consumption.



### Use of Packaging Material

Packaging materials used in finished products of the Group consists of paper and plastic. To improve the product packaging and make them more sustainable and eco-friendlier, the Group continues to work on reducing excessive packaging and exploring the use of eco-responsible materials as substitutes for conventional packaging. The use of recyclable packaging materials is preferred in the Group, especially those containing recycled constituents or environmentally certified products such as recycled paper.

A summary of the Group's performance on packaging material consumption is as follows:

Indicator	Unit	2023		2022	
		The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center	The Group (ex-Dongguan Testing and Packing Center)	Dongguan Testing and Packing Center
Paper	kg	138.60	14,068.00	215.11	11,592.00
Plastic	kg	24.96	28,543.00	24.96	21,277.90
<b>Total packaging material consumption</b>	<b>kg</b>	<b>163.56</b>	<b>42,611.00</b>	<b>240.07</b>	<b>32,869.90</b>
Indicator	Unit	The Group		The Group	
<b>Total packaging material consumption</b>	<b>kg</b>	<b>42,774.56</b>		<b>33,109.97</b>	
<b>Total packaging material consumption intensity</b>	<b>kg/million revenue (US\$)</b>	<b>279.30</b>		<b>173.49</b>	

## THE ENVIRONMENT AND NATURAL RESOURCES

### Green Operations

The Group's business mainly involves the design, development and sales of goods and there are no significant manufacturing or production activities, therefore, its operations do not directly have a significant impact on the environment and natural resources. Nevertheless, the Group strives to mitigate the indirect impact of its operations on the environment. Committed to fulfilling its corporate social responsibility and aiming to be a responsible and sustainable enterprise, the Group has implemented the aforementioned environmental policies and an effective EMS to reduce natural resource consumption and pollution, as well as ensure that it strictly abides by all relevant laws and regulations.

### Design to Minimise Environmental Impact

By integrating environmental consideration into the Group's business strategies, Solomon Systech aims to be an environmentally sustainable enterprise. The Group recognises low power design that improves the battery life by minimising power consumption is a huge differentiator and extremely important to the end users' applications such as smartphones, tablets, smartwatches and video game controllers. In striving for environmental excellence while also enhancing customer satisfaction, the Group is committed to continuously developing products and solutions with eco-features and enhanced energy efficiency.



## CLIMATE CHANGE ADAPTATION AND MITIGATION

The Group is committed to managing the potential climate-related issues which may impact its business activities. The Group constantly identifies and analyses the risks and opportunities associated with climate change and takes those factors into consideration in the formulation of business strategies. The Group has also established relevant policies with defined environmental objectives and programmes to minimise its impact on climate change.

The Group has adopted the recommendations of the Task Force on Climate-related Financial Disclosures and made reference to industry best practices to identify and assess the risks associated with climate change, with a view to formulating countermeasures accordingly. The following is a summary of the Group's disclosures on climate change-related risks and opportunities:

### *Transition Risks*

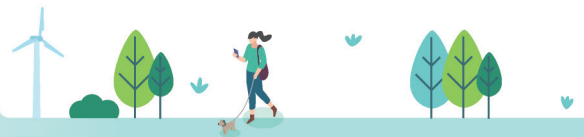
To support the global vision for decarbonisation, climate legislation and regulations will become more stringent in the future. The Group believes that there is no significant impact to its operations, revenue or expenditure since the Group's financial performance is not sensitive to the level of utility expenditures for its energy requirements. Nevertheless, the Group regularly monitors legal requirements related to GHG and energy efficiency regulations to understand and evaluate impacts on its business, customers, and the communities where we operate. Besides, the Group continues to be proactive in implementing energy-efficient measures and applying low emissions technology. The Group also delivers green tips every Thursday through intranet to promote climate change adjustment and encourage efficient use of resources.

The Group also acknowledges that the shift in market preference is leading to an increasing demand for environmental-friendly products and increasing consideration of environmental criteria. Failure to satisfy the shift in customer preference may hinder the Group's own overall market effectiveness, relevance and competitiveness. To demonstrate its commitment to combating climate change and outperform peers in capturing the shift in market preference, the Group has implemented the EMS according to ISO14001 standard and has committed to achieving a sustainable value chain with continual improvement.

### *Physical Risks*

As the frequency and magnitude of extreme weather events intensify, the Group's supply chain would be affected to a degree that it would disrupt product flow and shipping worldwide, including the material supply. To strengthen business resiliency in face of extreme weather events, the Group has developed strategies for mitigating and responding to them across its value chain. For instance, the Group has maintained a diverse source of suppliers and set up a supply chain contingency plan to manage the event of supply interruption. Detailed measures taken by the Group to stabilise the supply chain will be mentioned in the section headed "Sustainable Supply Chain".

In addition, extreme weather may also have a short-term impact on the operation of the Group. Although energy use does not comprise a significant portion of our operating costs, and disruptions caused by extreme weather events would not make a substantive impact on our financial performance; extreme weather events may lead to reduced capacity and productivity, damage to power grids and communications infrastructure, employee injuries during their work, and exposing the Group to risks associated with non-performance and delayed performance. Particularly, Dongguan, one of our operation locations, is located in the subtropical south, where typhoons and floods occur frequently during summer. To minimise the potential risks and hazards, the Group has implemented business contingency plans and provides alternate solutions for remote work during bad or extreme weather conditions. In addition, the Group has increased the use of video conference facilities to conduct virtual meetings worldwide, thereby reducing the need for employee travel and minimising the potential for business interruption.



### *Opportunities*

Against the backdrop of increasing customer interest in sustainable products, Solomon Systech considers developing technologies that improve energy efficiency in devices and other applications as a significant business opportunity. Therefore, the Group collaborated with E-Ink Holdings Inc. ("**E-Ink**") and jointly created the state-of-the-art low-carbon electronic paper display panels. The electronic paper display can effectively reduce carbon emissions by replacing the regular single-use paper price tags with colour ESL. In addition, it enables users to receive real-time dynamic updates of product prices and promotional offers, thus improving the efficiency of store operations and customers' experience. Moreover, the Group as a leading supplier of E-Ink for display driver ICs, has developed IC supporting 7-colours, a next-generation e-paper display panel. The 7-colours display panels will add more vibrant and rich colours to the ESL and various retail-related signage displays. According to the number of ESL installed worldwide, it is estimated that ESL could help to reduce more than 30,000.00 tCO<sub>2</sub>e emissions annually. To grasp the market opportunities and contribute to a more sustainable future, the Group will continue to develop and promote green products that help reduce GHG emissions and power consumption.

Solomon Systech has commenced mass production of Advanced Colour e-Paper products and set a solid footprint in the e-Reader market. The Group will continue to launch the full-colour Touch Display Driver IC specialised for wearables and IoT devices, which are characterised by high-cost effectiveness and low power consumption. Looking ahead, Solomon Systech will endeavour to develop green products with designs to minimise environmental impact, and provide environmentally friendly products to our customers in order to create sustainable shareholder value.

## EMPLOYMENT AND LABOUR PRACTICE

### EMPLOYEES AND WORKPLACE QUALITY

The Group's business development and growth rely heavily on the skills, passion and commitment of its employees, thus the Group considers its employees as its most valuable asset. The Group strives to maintain a work environment that respects and supports human rights, foster a "continuous learning" culture, encourage innovation as well as provide employees with an open, supportive and healthy workplace. The Group also motivates and rewards its people for their hard work and achievements. The Group thus has established related employment policies, including but not limited to the Guidelines on Staff Movement Recommendation and the Leave Policy. For Dongguan Testing and Packing Center, we have also implemented the Labour Contract Supervision and Management System (《勞動合同安全監督管理制度》), the Protection System for Female Workers and Minor (《女工和未成年人保護制度》), and the Insurance of Work-related Injury and Insurance of Production Safety Responsibility Management System (《工傷保險、安全生產責任保險管理制度》) and the Code of Conduct, covering employment-related practices, including compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity, equal opportunity, anti-discrimination, health and safety and other benefits and welfare for employees.

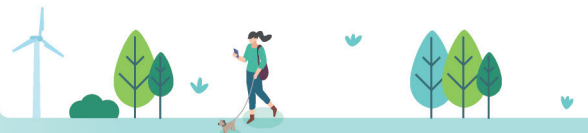
In 2023, the Group was not aware of any material non-compliance with labour laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance (Cap.57), the Employees' Compensation Ordinance (Cap. 282), the Minimum Wage Ordinance (Cap. 608) of Hong Kong, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Labour Standards Act of Taiwan.

### Recruitment, Promotion and Dismissal

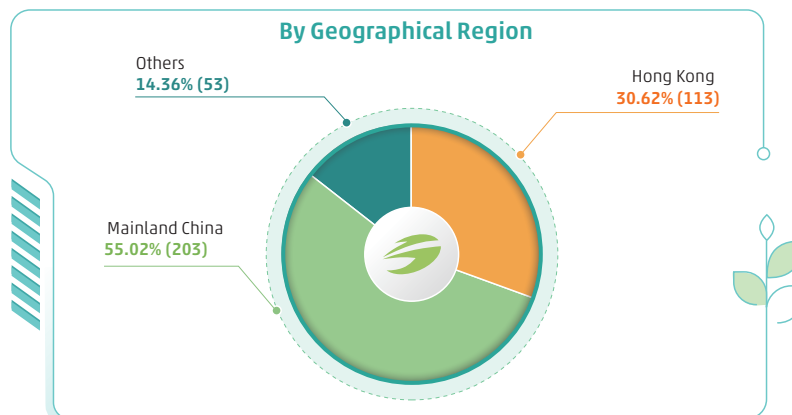
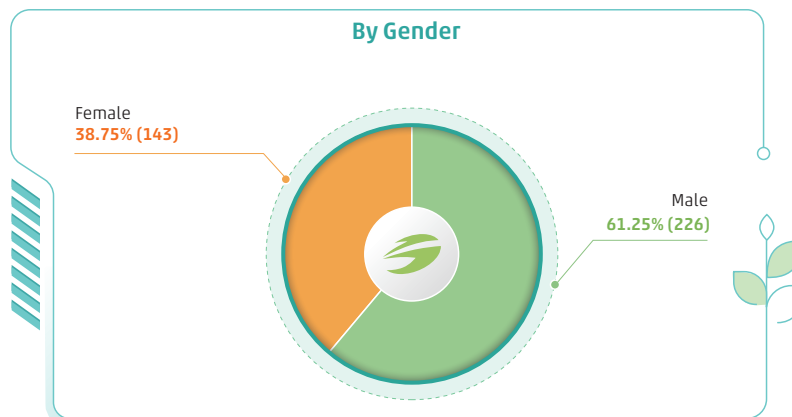
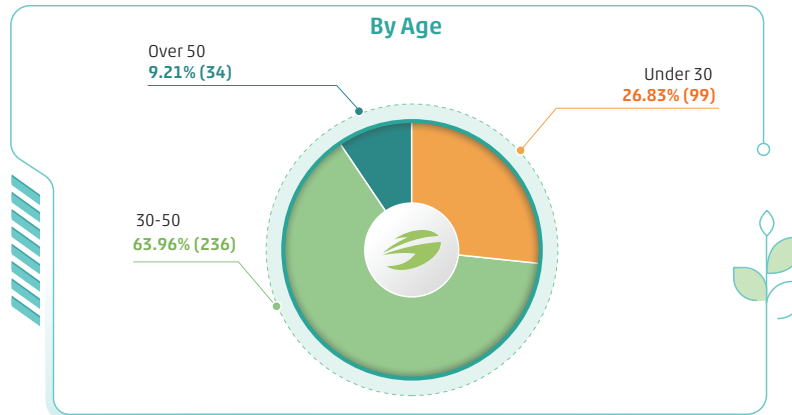
The Group adopts a robust and transparent recruitment process based on merit. To guarantee that the employees and applicants are treated and evaluated fairly, the recruitment and promotion of individuals are solely based on their suitability for the position and potential to fulfil the Group's current and future needs.

The Group is committed to providing career advancement opportunities for employees to develop and utilise their potential whenever possible, while at the same time recognising their outstanding performance and enabling the Group to retain qualified staff. Standardised procedures are established in the Guidelines on Staff Movement Recommendation with an aim to review employees' performance on an ongoing basis. The process is designed to meet the needs and align expectations of both management and employees while ensuring that all employees have the opportunity to develop and succeed in their careers.

To protect the employees' rights, the Group strictly prohibits any kind of unfair or unreasonable dismissal. Termination of employment contracts will only proceed with reasonable, lawful grounds and internal policies.



As at 31 December 2023, the Group had a total workforce of 369 employees (as at 31 December 2022: 358). The number of workforce (shown in bracket) and its relative distribution by gender, age group and geographical region are as follows:



As at 31 December 2023, 73.71% of the Group's employees had a bachelor's degree or higher (as at 31 December 2022: 73.18%), and 27.64% had a master's degree or higher academic qualifications (as at 31 December 2022: 23.46%). The Group's emphasis on new product innovation is reflected in the composition of its workforce. As at 31 December 2023, 58.27% of the Group's employees specialised in product design and development (as at 31 December 2022: 56.98%).

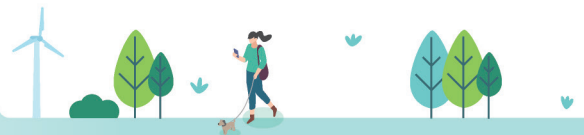
As at 31 December 2023, 100% (as at 31 December 2022: 100%) of the employees were working on a full-time basis.

In 2023, the Group's overall turnover rate<sup>13</sup> was approximately 13.28% (2022: approximately 21.51%). The Group's employee turnover rate by gender, age group and geographical region are as below:

	Turnover Rate (%) <sup>14</sup>	
	2023	2022
<b>By Gender</b>		
Male	14.16	26.05
Female	11.89	14.69
<b>By Age Group</b>		
Under 30	14.14	19.44
30-50	12.29	21.05
Over 50	17.65	36.36
<b>By Geographical Region</b>		
Hong Kong	7.96	21.90
Mainland China	12.32	16.43
Taiwan	28.30	43.48

Notes:

- The overall turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the number of existing employees as at the end of the reporting period.
- The turnover rate by specified category is calculated by dividing the number of employees leaving employment during the reporting period by the number of existing employees as at the end of the reporting period.



## Remuneration and Benefits

The Group's remuneration policy is built upon the principles of providing equitable and market-competitive remuneration packages that can stimulate and drive staff at all levels to work towards achieving the Group's objectives. To motivate and retain talent, the Group ensures that employees are recognised by the Group appropriately with respect to their efforts and contributions. In this context, employees' remuneration is determined with reference to the prevailing market level as well as their competence, performance, qualifications and experiences.

For employees with outstanding performance, the Group offers incentives, including promotion, bonuses, salary increases or additional allowances, based on the overall assessment. In particular, the Group offered the NPI First Order Award, which was granted for new products garnered design wins for mass production with the first successful sample attempt, and also performance-based cash reward schemes, including the KPI Incentive Program, the Profit-Sharing Incentive and the ES1 Mass Production Incentive, for enhancing the quality of work, revenue generation and cost reduction. The Patent Granted Award was also in place to encourage and reward technological innovation, while the Long Service Award was granted to employees of long standing.

Meanwhile, as stated in the Group's Leave Policy, employees are entitled to leaves including statutory festive holidays, paid annual leave, family caring leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave. Employees are also provided with benefits such as medical, life and disability insurance coverage. In addition, retirement schemes are included as part of their remuneration packages.

## Diversity, Equal Opportunities and Anti-discrimination

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. To promote the values of equal opportunities, the Group's policy is committed to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. This covers all aspects of employment, including selection, job assignment, compensation, discipline, termination and access to benefits and training.

In compliance with applicable laws and regulations, the Group has zero tolerance for workplace discrimination or harassment for any reason. Employees are also encouraged to report any discrimination incidents to the Human Resources and Administration Department of the Group. The Group strives to ensure that complaints, grievances and concerns are handled fairly, promptly and confidentially.

## Working Hours and Rest Periods

The Group has formulated policies for determining working hours and rest periods in accordance with local employment laws and regulations. The Group tracks employees' working hours through an attendance system to avoid violation of the policy. To allow employees to have more flexibility to meet family needs and personal obligations, the Group has also formulated the Flexible Work Hours Policy. This policy allows employees to adjust their time of reporting and leaving work, hence achieving work-life balance.

Various types of paid leaves, such as examination, paternity, maternity, marriage, and bereavement, are provided by the Group to cope with the employees' needs. The Group also adopts family caring leave to assist its employees in balancing their work and family life.

## PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT

Ensuring the health and safety of all employees is a crucial priority for the Group as it cares for them and their well-being, whilst mitigating occupational health and safety risks. Therefore, the Group has implemented the Occupation Health Management Policy and the Occupational Disease Prevention and Implementation Plan, to ensure that employees are entitled to work in environments where risks to their health and safety are properly controlled. Employees are required to strictly follow the relevant safety guidelines to safeguard their safety and health. No work-related fatalities occurred between 1 January 2021 and 31 December 2023.

In 2023, the Group's lost days due to work injury was 18 (2022: Nil). In 2023, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong, the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Occupational Health and Safety Act of Taiwan.

### Occupational Safety Management

The Group always puts occupational health and safety in the first place, and thus takes various measures to reduce the occurrence of safety accidents, which effectively eliminates factors that endanger the health of employees. For its Dongguan Testing and Packing Center, the Group has formulated an effective safety management mechanism which is certified with OHSAS 18001:2007- Occupational Health and Safety Management System and abides by GB/T 33000 Guideline of China Occupational Safety and Health Management System. In addition, the Group has implemented the Safety, Health and Environmental Policy, the Occupational Health Management Policy, the Occupational Disease Prevention and Implementation Plan, and Safety Manual, covering aspects such as safety operation management, safety inspection, hazard identification and assessment, safety monitoring account setting, and training of safety education.

In order to identify and analyse the risk factors in our operation and develop effective risk control measures, our testing and packing center has formulated the Safety Assessment and Hazard Identification Procedure. Under the procedure, the Group set up a Risk Evaluation Team to collect information and conduct on-site inspections to identify potential hazards and prevent accidents. The Risk Evaluation Team is responsible to analyse and evaluate the risk associated with those identified hazards, determine appropriate elimination plans, and control the risk when the hazard cannot be eliminated.

Moreover, the Group believes that maintaining a high degree of emergency preparedness is important for minimising the occurrence of health and safety incidents at workplace. The Group has developed the Emergency Preparedness and Response Procedure to address any emergency. The Emergency Preparedness and Response Procedure lists various work procedures, safety measures and inspection procedures, and covers standard procedures for the prevention and handling of security incidents. The Group has also paid attention to fire safety in its operations and has formulated the Emergency Evacuation Procedure. This procedure outlines the steps to be taken in the event of fire emergencies, and is intended to ensure the orderly and safe evacuation of personnel. Emergency response drills and safety inspections are also arranged by the Group regularly to secure a safe working environment for its employees.



### **Hazardous Substances Management**

The Group also recognises the risk of handling hazardous chemicals, hence, guidelines on management of hazardous substances at workplace are formulated to ensure employees' health and safety. The Group only sources from licensed chemical suppliers. During procurement, suppliers are required to provide the Material Safety Data Sheet which specifies the characteristics, dangers, safety precautions and emergency measures of the hazardous chemicals.

The Group keeps all hazardous chemicals away from fire while good ventilation of warehouses is maintained, and approval is required before any operation that may involve fire. The storage spot is also aloof from non-explosion-proof electrical appliances, power switches, electric sockets and wires. Any trial, welding, oxy-fuel cutting or any other activities that may cause conflagration are strictly prohibited.

In addition, training on the potential hazards of the chemicals and knowledge related to chemical hazardous warning signals are conducted for the employees working in the testing centre who are prone to handle the hazardous chemicals. Operators and managers are allowed to perform their duty only if they passed the assessment about the dangers of hazardous chemicals, relevant rule of law, safety precautions and emergency measures. While stock keepers are required to pass the assessment on fire safety.

### **Employee Engagement and Open Working Environment**

Solomon Systech promotes a culture of honest and transparent communication to create an open and collaborative work environment that increases job satisfaction. The Group uses the intranet as a key platform to disseminate information about corporate strategy, activities, events and achievements. Also, there is a direct communication email platform, namely the "CEO Mailbox" to encourage anonymous communications between individual employees and the chief executive officer.

The Group advocates sharing and interactive communications among employees to foster collective creativity and a long-term commitment to Solomon Systech. All departments are encouraged to hold information-sharing sessions and departmental gatherings.

### **FOSTER CONTINUOUS TRAINING AND DEVELOPMENT**

Building a professional and competent team is the key to maintaining the overall competitiveness of the Group. As a technology company, the Group actively invests in employee training and helping employees to develop their core skills and expertise. Committed to unleashing the full potential of the Group's employees, the Group provides a wide range of training courses and workshops to employees (including Orientation, Quality and Environmental Management Introductory, Internal Control and Information Protection, Information Security Awareness, 6 Sigma Quality and Product Training), and strive to ensure that they become continuous learners with enhanced capabilities to create and innovate according to the Group's development objectives, the latest industry standards and knowledge and management goals. Apart from in-house training, the Group has also encouraged and sponsored employees to take external job-related courses.



In 2023, the Group dedicated a total of approximately 10,354.05 hours (2022: approximately 8,795.35 hours) to both in-house and external training and development, covering technical and soft skill training. In 2023, the overall training percentage of the Group was approximately 75.84%<sup>15</sup> (2022: approximately 69.89%) and the average training hours per employee was approximately 24.77 hours<sup>16</sup> (2022: approximately 20.22 hours). A summary of the Group's training statistics is presented as follows:

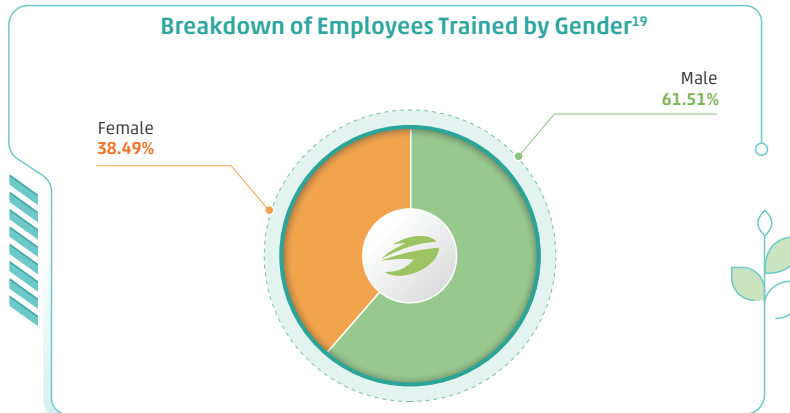
Indicator	2023		2022	
	Percentage of Trained Employees <sup>17</sup> (%)	Average Training Hours <sup>18</sup> (Hours)	Percentage of Trained Employees <sup>17</sup> (%)	Average Training Hours <sup>18</sup> (Hours)
<b>By Gender</b>				
Male	75.58	15.37	67.53	19.35
Female	76.25	39.93	73.78	21.65
<b>By Employee Category</b>				
Product Development	85.06	13.03	63.85	14.26
Quality and Manufacturing	73.26	76.52	80.26	33.69
Others	53.85	6.97	77.78	25.53

Notes:

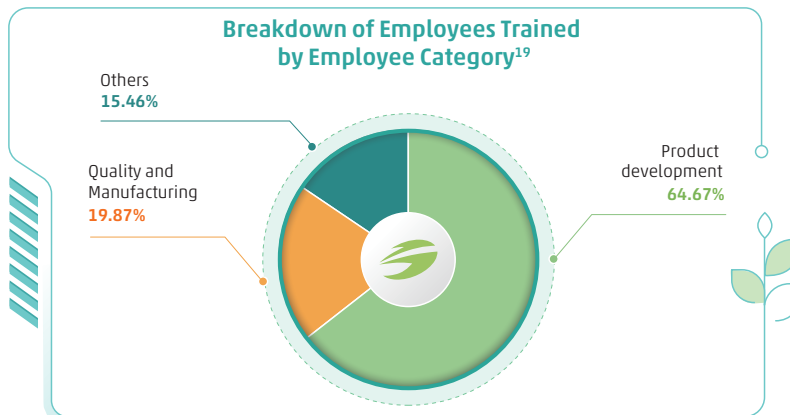
15. The overall training percentage is calculated by dividing the total number of employees who took part in training during the reporting period by the total number of employees as at the end of the reporting period, covering the existing and resigned employees.
16. The average training hours per employee is calculated by dividing the total number of training hours during the reporting period by the total number of employees as at the end of the reporting period, covering the existing and resigned employees.
17. The percentage of trained employees by category is calculated by dividing the number of employees in the specified category who took part in training during the reporting period by the total number of employees in the specified category as at the end of the reporting period, covering the existing and resigned employees.
18. The average training hours by category is calculated by dividing the number of training hours for employees in the specified category during the reporting period by the number of employees in the specified category as at the end of the reporting period, covering existing and resigned employees.



Breakdown of Employees Trained by Gender<sup>19</sup>



Breakdown of Employees Trained by Employee Category<sup>19</sup>



Note:

19. The breakdown of employees trained by category is calculated by dividing the number of employees in the specific category who took part in training during the reporting period by the total number of employees who took part in training during the reporting period.

## RESPECT LABOUR AND HUMAN RIGHTS

The Group strictly prohibits the recruitment of child labour and forced labour as defined by laws and regulations. The Group has formulated Protection System for Female Workers and Minor (《女工和未成年人保護制度》) according to relevant laws and regulations. At the same time, the Group has established a well-defined recruitment process which examines the background of candidates and a formal reporting procedure for handling any exception. During the recruitment process, personal data of the candidates, including age, is collected and verified against the identity documents of the candidates. If an employee suspects child or forced labour, the employee should report to the department head or executive director. Once the Group discovers any case which fails to conform to the relevant labour laws, regulations or standards, the relevant employment contract will be immediately terminated.

In 2023, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance (Cap.57) of Hong Kong, the Labour Law of the People's Republic of China and the Labour Standards Act of Taiwan.

## SUSTAINABLE OPERATING PRACTICES

### SUPPLIER ASSESSMENT FRAMEWORK

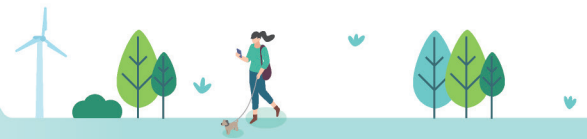
The Group recognises the importance of supply chain management practices in mitigating environmental and social risks, as well as sustaining its business operations and development. Solomon Systech prioritises engagement with suppliers who can demonstrate their commitment to not only offering high-quality products, but also improving sustainable performance in the social and environmental aspects. As part of its commitment to product quality, the Group has also developed a comprehensive Supplier Quality Management System, covering the entire product life, from careful selection of suppliers, regular product inspection, process control to supplier evaluation, ensuring that its suppliers deliver high-quality products and services.

Prior to developing formal business relationships, relevant departments of the Group will evaluate potential candidates according to their corresponding operational needs, as well as the business status, operating practices, and product characteristics of the supplier. Under the Group's standardised procurement procedure, the responsibility of each department is as follows:

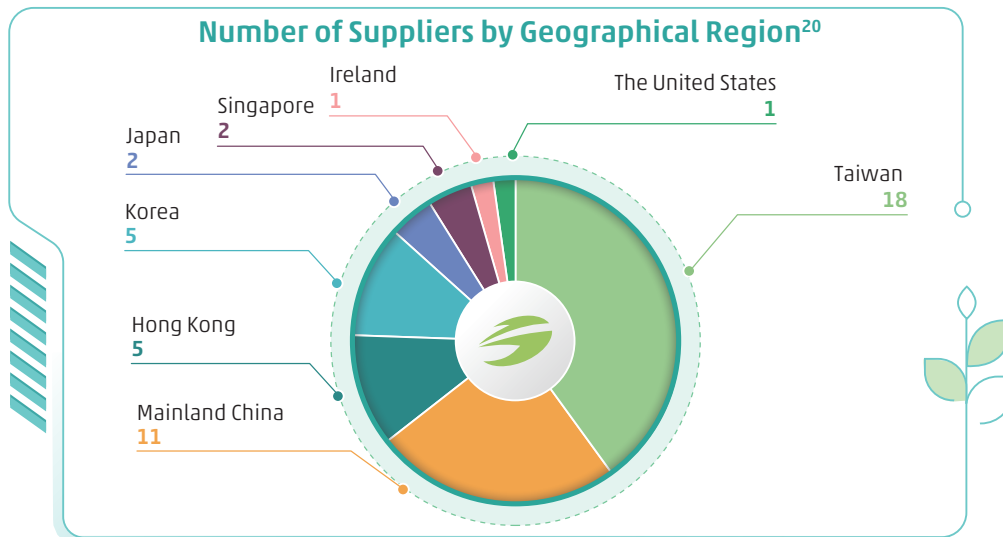
Relevant Departments	Responsibilities
Purchasing Department	<ul style="list-style-type: none"> <li>Responsible for identifying qualified suppliers and regular supplier evaluation</li> <li>Communicate the quality and environmental requirements of purchased products to suppliers</li> <li>Retain records of supplier and purchasing information</li> </ul>
Quality Assurance Department	<ul style="list-style-type: none"> <li>Ensure raw materials, outsourced processed goods, production auxiliary materials and packaging materials are up to quality standards</li> <li>Collaborate with the Purchasing Department for supplier evaluation</li> </ul>
Finance Department	<ul style="list-style-type: none"> <li>Review all documents related to procurement, including procurement budgets</li> <li>Ensure compliance with internal control policies</li> </ul>

Meanwhile, to manage potential environmental and social risks in its supply chain, the Group has established a stringent procurement system which is formally documented in the Procurement Policy. The policy stipulates a standardised procurement process, the selection criteria of suppliers, supplier evaluation and other relevant practices relating to engaging suppliers. Additionally, to fulfil the aim of environmental sustainability in supply chain management, the Group prioritises the procurement of environmentally friendly products where possible and financially viable.

The Group's employees should adhere strictly to principles stated in the Code of Conduct to ensure that the suppliers and distributors could compete in an open and fair way. The Group does not differentiate or discriminate against certain suppliers and it strictly monitors and prevents all kinds of business bribery. Employees or personnel who have an interest relationship with the supplier will not be allowed to be involved in the related business activity.



The Group engages suppliers to manufacture, assemble and test its designed products. In 2023, the Group had a total of 45 suppliers and subcontractors (2022: 50), all of which have undergone the standardised procurement process. The number of suppliers by geographical region is as follows:



Note:

20. This data cover only suppliers of the Group who have been involved in its key business activities, including manufacturing, assembling and testing of IC products.

### SUSTAINABLE SUPPLY CHAIN

The Group is aware of its ability to influence environmental and social performance not only within its operations but also throughout its value chain and investment decisions. In order to minimise the potential impact of the Group's supply chain on the environment, the Group has formulated Internal and External Environment Identification, Evaluation and Risk and Opportunity Evaluation and Response Plan (《內部和外部環境識別、評價及風險與機遇應對策劃》). All of the suppliers are required to conduct laboratory analysis of raw materials supplied and sign an Environmental Requirements Warranty Letter to ensure their raw materials and the manufacturing processes comply with international environmental standards.

The Group strives to prevent risks posed to the environment related to the management of electronic and electrical waste along its supply chain. In particular, the supplier shall assure that all products shipping to the Group are halogen free and comply with the Restrictions on the use of Hazardous Substance. Suppliers are required to provide updated substance test reports annually to ensure compliance. The Group also exercises due diligence within its supply chain on the source of conflict minerals used in its IC products and complies with the Conflict Minerals Regulations.

To ensure the credibility of the suppliers and their performance, the Group managed and monitored suppliers by conducting supplier ratings, quality reviews and audits. The Group has also established Control of Subcontracted Manufacturing specifying that evaluation shall be performed on the basis of their ability to meet the requirements in terms of customer run-rate, price, technology, cost, device size, development cost, profitability, timing, capacity, service and any specific quality assurance requirements. Moreover, according to the Supply Management Procedure, the Group also conducts quality reviews annually with its suppliers who supply over 30% of any specific materials or services in order to identify any potential environmental and social risks. Manufacturing supplier audits are conducted for suppliers to evaluate their qualifications on various environmental and social aspects on a regular basis. The Group also assesses suppliers' sustainability performance through

its business scorecard. Site audits will be conducted with suppliers based on the rating on the scorecard, and also when any issues or problems arise regarding the quality of products.

Additionally, the Group strives to maintain a stable and flexible supply chain and minimise the risk of supply chain interruption caused by critical events such as pandemics and natural disasters. Therefore, the Group has set up a supply chain contingency plan to manage the event of supply interruption. The Group has maintained multiple supply sources for high run-rate items, meanwhile, for sole-source items, the Group has always maintained an inventory buffer against supply chain disruption.

To assure that the product can be produced at a high-quality level on a continual basis, all of the Group's suppliers are expected to comply with relevant local laws and also the international quality and environmental management standards that the Group has attained. As stated in the Group's Supply Management Procedure, suppliers are expected to have ISO14001 certification (or equivalent) or have a formal and documented EMS that fulfils the Supply Management requirement listed in the Control of Subcontracted Manufacturing as a minimum. In 2023, 100% of the Group's major suppliers (2022: 100%) have achieved ISO9001 Quality Management Certification and ISO14001 Environmental Management Certification.

## PRODUCT RESPONSIBILITY

The Group is committed to providing the highest quality of products and services to its customers and actively safeguards the quality of its products with the internal control process as stated in the Quality and Environmental Manual. The Group maintains ongoing communication with customers to ensure understanding and satisfaction of their demands and expectations, and to improve its service quality. The Group also keeps track of international treaties, local and foreign laws and regulations that are relevant to its products in places where its business operates as well as regularly updates its management policies governing products and services in terms of health, safety, labels, privacy, and other areas.

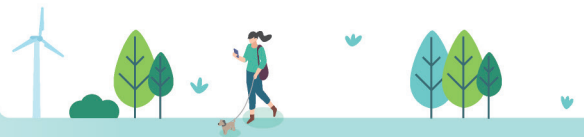
In 2023, the Group was not aware of any material non-compliance with any laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance (Cap.486) and the Copyright Ordinance (Cap.528), the Trade Descriptions Ordinance (Cap.362) of Hong Kong, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China and the Consumer Protection Act of Taiwan.

### Quality Assurance

The IC design operation of the Group comprises the design of IC and the development of application systems. The Group is not directly involved in aspects such as manufacturing and assembling, albeit adhering to the tenet of "zero defect" in provision of products and services to customers. The Group advocates comprehensive quality management with the involvement of all staff, striving to control and improve continuously the entire process of production of products.

The Group has established corresponding management measures for aspects such as product design and development, risk control, outsourcing production control, and performance evaluation, in accordance with the requirements of ISO9001 Quality Management System, so as to meet the market demands for diversification, personalisation and refinement through systematic management. Regular inspections of final products by sampling are also conducted to ensure our products meet the legal and customers' requirements.

For substandard products found during operation, the Group will deal with the substandard products in accordance with the requirements of the internal procedures, while arrangements will be made for the responsible departments to analyse the reason for the generation of substandard products, formulate rectification and preventive measures, and be responsible to follow up on their implementation and the effectiveness of these measures. In 2023, there was no record of any material recall of the Group's products sold or delivered due to safety and health concerns.



### Customer Service and Satisfaction

Maintaining excellent customer service and high satisfaction rate are of utmost importance when measuring the Group's product quality. With regard to customers, the Group has in place well-established working instructions and a two-level system to encourage communication with customers, and to ensure efficient handling of customer enquiries and requests for material returns. The first level is for customer incidents ("CI") which focus on the investigation and handling of customer enquiries or complaints. The Group targets to complete each CI with investigation report generated within 7 days of the customer enquiries or complaints. The second level is for return material requests through which the Group handled valid CIs that lead to the return of materials. In 2023, the Group received 1 complaint that was related to the Group's products and services (2022: less than 5). The Group responded to customer complaints by taking corrective actions. The effectiveness of the improvement actions would be monitored in the Group's monthly operation review management meeting for 6 months.

The Group also conducts customer satisfaction survey ("CSS") annually to closely monitor its performance in terms of product development, logistics arrangement, services, quality and price. During 2023, the Group conducted the CSS with customers in different regions and achieved a customer satisfaction rate of 82%.

### Protecting IP Rights

The proper handling and dissemination of inside information is one of the key considerations in assessing the effectiveness of Solomon Systech's risk management and internal control. With regard to the protection of proprietary information, the Group has in place the Protection and Proprietary Information Policy which aims to identify, classify and protect information that is confidential or sensitive from inadvertent or unauthorised disclosure, theft, fraud, misappropriation and loss. The policy is posted on the Group's internal intranet site for easy access of employees.

IP rights contribute significantly to a company's assets and market value, in particular to a technology company like Solomon Systech. To encourage patent development to reduce IP risk and strengthen its IP portfolio, Solomon Systech has set up Intellectual Property Incentive Program and Patent Granted Award to acknowledge patent inventors. The Patent Committee of the Group is responsible for evaluating new patent applications with respect to development status, IP status, market potential, market maturity, and competing technologies. It also works with a patent attorney on patent applications to facilitate the process.

As at 31 December 2023, the Group is in possession of over 690 patent rights granted worldwide covering various display design and application areas.

### Customer Data Protection and Privacy Policies

Solomon Systech is practicing a business-to-business model which targets display module makers and electronic devices manufacturers instead of the consumer market, the Group's has formulated the Protection and Proprietary Information Policy focusing on protecting business-related information, confidential and proprietary information or trade secrets. Placing strong emphasis on privacy and information confidentiality, the Group has incorporated clauses and signed non-disclosure agreements with its business partners and customers to safeguard data privacy and security. The Group has also taken appropriate steps to ensure security controls and measures are in place to prevent any unauthorised access to personal data. Access to any sensitive and personal information is restricted to only designated personnel. The Group will only keep the personal data of customers as long as necessary to fulfil the purpose for which the data was collected unless the personal data is also retained to satisfy any applicable statutory or contractual obligations. Personal data which are no longer required will be destroyed.

By signing the confidentiality contract, employees confirm that they would not disclose any information and trade secrets. Employees undertake to do their best to prevent any unauthorised access, use, publication or disclosure of trade secret or confidential information related to the business and finance of the Group. Employees violating the confidentiality undertakings are subject to disciplinary actions including summary dismissal.

## BUSINESS ETHICS AND BUSINESS CONDUCT

The Group upholds a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in its businesses. The Group's Code of Conduct and Anti-Fraud Policy Group has outlined relevant procedures to guide employees in preventing possible violations of bribery, corruption and conflicts of interest. The Group also established the Entertainment and Gift Policies to provide guidelines regarding the administration of entertainment and gifts offering for business purposes. The Group specifically stipulates that employees must discharge their duties with loyalty and integrity, and shall not abuse their positions to seek any improper interests.

In 2023, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Criminal Law of the People's Republic of China and the Anti-corruption Act of Taiwan. Meanwhile, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees in 2023 (2022: Nil).

## Whistle-blowing Mechanism

The Group has established a complete whistle-blowing mechanism and implemented the Whistleblowing Policy. The Group encourages all stakeholders to report on any possible fraudulent, economic extortion, and illegal activities related to its business by submitting a written report to the Audit Committee regarding the suspected misconduct with supporting evidence. The Group will conduct a thorough investigation if necessary, upon making a preliminary analysis on the report.

Internally, employees are encouraged to report on any possible improprieties, misconducts, malpractices or irregularities to their supervisors. Supervisors must maintain confidentiality and report matters related to corrupt or criminal conduct, criminal involvement or serious improper conduct to the Anti-Fraud Management Team ("**AFM Team**") within one working day their acquiring knowledge of the matters or, in cases where this is not practicable, as soon as possible. The AFM Team is formed by the Executive Director, Finance Director, Head of Operations, Human Resources Director and Planning & Customer Service Director and responsible for the control and administration of the Group's Anti-Fraud policy.

The Group intends to protect the whistle-blower from common concerns such as potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

## Anti-corruption Training

Recognising that anti-corruption training is essential for creating a healthy corporate culture, the Group has established guidelines for gift handling and has provided relevant training to Directors and employees. The Group strives to cultivate good professional ethics among personnel at all levels. In 2023, 7 (2022: 7) Directors and 49 (2022: 11) employees of the Group received approximately 60 hours (2022: 18 hours) of anti-corruption training in total on anti-corruption-related legislation, corporate integrity governance and ethics. In addition, the Group strives to strengthen compliance training and encourages employees to actively explore the latest developments and future trends of global anti-corruption and compliance work.



## COMMUNITY INVESTMENT

### CONTRIBUTE TO THE COMMUNITY

The Group is committed to emboldening and supporting the public through various means of social participation and contribution as part of its strategic development. The Group has established the Donation Policy to ensure all donations made by or on behalf of Solomon Systech are consistent with its code of conduct and ethics. The Group has also formulated the Community Engagement Policy on community investment to encourage employees to become involved in their communities and positively impact the quality of life within these communities. The Group has actively participated in various community initiatives, underscoring its dedication to fostering meaningful change in both societal and environmental spheres.

In 2023, the Group made donations to different charity organization such as Orbis, WWF, Red Cross and a charity programme benefitting students in the Keelung City of Taiwan, which amounted to over HK\$130,000. The Group continuously encourages the employees to actively participate in voluntary services and charitable activities coordinated by non-profit organisations. The Group believes that promoting the awareness of corporate social responsibilities among staff not only helps the society and business in general, but also contributes to their personal growth.

### “eRead for the Future” Project

In its second year to support E Ink Holdings’ “eRead for the Future” Project, the Group helped establish mobile libraries for all of the 39 elementary schools and 10 public libraries in Keelung City of Taiwan as one of the sponsors of the e-book procurement (with sponsorship amount of NT\$300,000). In collaboration with 21 e-paper ecosystem partner companies including E Ink Holdings, Netronix Inc., Analog Integrations Corporation, Readmoo, Wacom, Fitipower, Xuan Tong System Integration, Uniflex Technology, Hsu Kuang Foil Technology, Kuen Yuh Machinery Engineering, Himax Technologies, EFUN Technology, Global Lighting Technologies, Sharp Display Technology, Innolux, Elan Microelectronics, Crown Machinery, Integrated Solutions Technology, Ushine Photonics, Lian Cang Jiao Tong, and Lee Ming Construction, a total of 1,075 color e-book readers and nearly 110,000 e-books (each reader contains 102 quality e-books for lower, middle and upper grades), with a total value of NT\$29.11 million were donated. The e-books will benefit more than 15,000 students in Keelung City and enhance their overall learning.

The “eRead for the Future” project provides students with means of eye-friendly digital reading by utilizing the e-paper core technology, e-book readers that are especially devised for reading, and a variety of e-books with rich content. The e-books donated to Keelung City this year include reading materials on sustainable education selected based on the theme of the United Nations Sustainable Development Goals (SDGs), which will help schoolchildren establish the concept of ESG sustainable development in daily class reading activities.





### Orbis Braille Experience Workshop

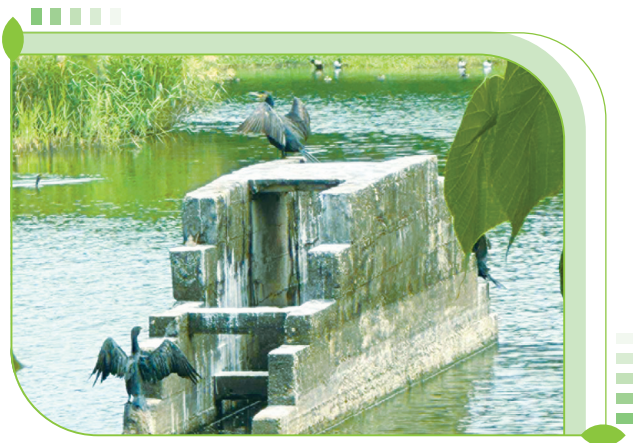
In order to support Orbis' mission of eliminating avoidable blindness, while allowing our colleagues to connect with the braille users more, the Group has joined the organisation's braille experience workshop with a donation of HK\$20,000 during July 2023. During the workshop, in addition to learning braille writing, our colleagues also have the chance to participate in mini blindfold games to understand the difficulties faced by the visually impaired, as well as to have a brief understanding of common eye diseases and global blindness.





### WWF Walk for Nature Charity Walkathon

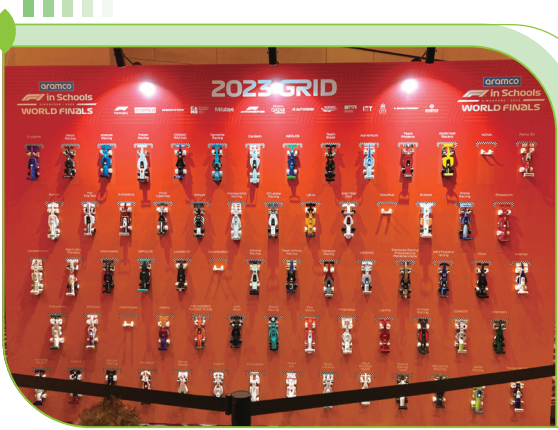
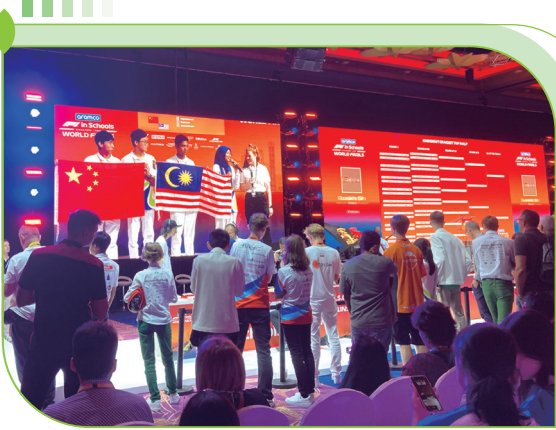
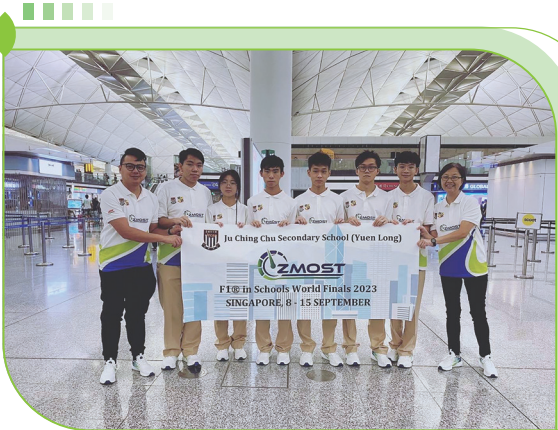
As an initiative to support WWF's efforts in wildlife conservation, the Group has participated in the organization's Walk for Nature Charity Walkathon, which was held in Mai Po Nature Reserve, Hong Kong's "Bird Paradise" in December 2023. While raising funds for WWF, the participating colleagues also spent a meaningful day exploring the Reserve's diverse landscapes with their family members.

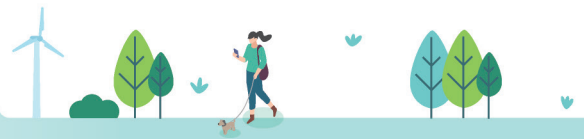


### F1 in Schools Sponsorship

The Group has sponsored the Hong Kong team from Ju Ching Chu Secondary School (Yuen Long) to participate in the F1 in Schools World Finals 2023. In the 5-day competition held in Sentosa, Singapore, the team collaborated with the Malaysia team and competed against 68 teams from around the world for the championship.

The competition, "F1 in Schools" is a global multi-disciplinary challenge in which teams of students aged 9 to 19 deploy CAD/CAM software to collaborate, design, analyse, manufacture, test, and then race miniature compressed air powered cars made from F1 model block, offering a way to learn Science, Technology, Engineering and Maths (STEM) related subjects in an exciting way.





### Orbis' Charity Merchandise Program

Sharing the festive joy of Mid-Autumn Festival with the staff, the Group has supported Orbis' charity merchandise program by purchasing its charity mooncakes as festive gift. In addition to a purchase amount of over HK\$7,000, the Group also made a donation of HK\$11,000 to Orbis. The proceeds raised will help Orbis' sight-restoring work in developing countries, bringing new hope to thousands of blind people worldwide.



### Donation to Caritas Computer Workshop

In support of reuse and recycling, the Group has donated nearly 70 retired desktop computers, along with a number of retired monitors, projectors and scanner to Caritas Computer Workshop. The donated equipment were then donated or sold at a very low price to the needy by the Workshop. Through this initiative, e-waste can be reduced as the electronic equipment found their second life.

### Hong Kong Red Cross "Pass-it-on Campaign 2023" Christmas eCard

In support of the humanitarian works of the Hong Kong Red Cross, the Group has participated in the organization's "Pass-it-on Campaign 2023" charity sale program by ordering its Christmas eCard. While sending seasonal greetings to the stakeholders, the Group also hope to bring warmth to the vulnerable people.



### AWARDS AND RECOGNITION

#### Caring Company 2022/2023

The Group was named a "Caring Company" by the Hong Kong Council of Social Service in 2023 in recognition of its active involvement in social and community activities, as well as its commitment to environmental protection.

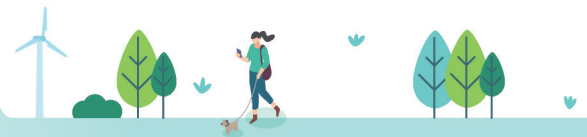


#### BOCHK Corporate Low-Carbon Environmental Leadership Awards 2022

The Group was also named as an "EcoPartner" at the BOCHK Corporate Low-Carbon Environmental Leadership Awards 2022 by the Federation of Hong Kong Industries for its environmental accomplishment.



EcoPartner 環保傑出伙伴  
**中銀香港 BOCHK**  
**企業低碳環保領先大獎2022**  
 Corporate Low-Carbon Environmental Leadership Awards



## APPENDIX

### 1. CONTENT INDEX OF THE ESG REPORTING GUIDE

Mandatory Disclosure	Section/Statement
Governance Structure	Message from the Board, ESG Governance Structure
Reporting Principles	About this ESG Report
Reporting Scope	About this ESG Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	Environmental Protection
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions Management
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GHG Emissions
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	Environmental Targets; Emissions Management
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets; Waste Management



Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>A. Environmental</b>		
<b>Aspect A2: Use of Resources</b>	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Resource Utilisation
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Consumption
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Energy Consumption
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Water Consumption
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Packaging Material
<b>Aspect A3: The Environmental and Natural Resources</b>	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	The Environmental and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations, Design to Minimise Environmental Impact
<b>Aspect A4: Climate Change</b>	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	Climate Change Adaptation and Mitigation
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Adaptation and Mitigation

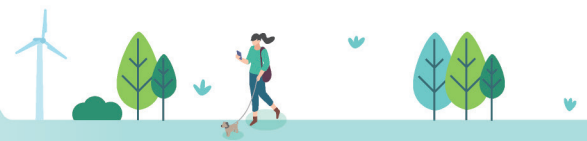


Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>B. Social</b>		
<b>Aspect B1: Employment</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees and Workplace Quality
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Recruitment, Promotion and Dismissal
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Recruitment, Promotion and Dismissal
<b>Aspect B2: Health and Safety</b>	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.	Provide a Safe and Healthy Work Environment
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Provide a Safe and Healthy Work Environment
<b>KPI B2.2</b>	Lost days due to work injury.	Provide a Safe and Healthy Work Environment
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Safety Management
<b>Aspect B3: Development and Training</b>	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Foster Continuous Training and Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Foster Continuous Training and Development
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Foster Continuous Training and Development





Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>B. Social</b>		
<b>Aspect B4: Labour Standards</b>	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.	Respect Labour and Human Rights
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Respect Labour and Human Rights
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Respect Labour and Human Rights
<b>Aspect B5: Supply Chain management</b>	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Supplier Assessment Framework
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Supply Chain
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Assessment Framework



Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>B. Social</b>		
<b>Aspect B6: Product Responsibility</b>	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.	Product Responsibility
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Assurance
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Customer Service and Satisfaction
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Protecting IP Rights
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Quality Assurance
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Consumer Data Protection and Privacy Policies
<b>Aspect B7: Anti-corruption</b>	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.	Business Ethics and Business Conduct
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics and Business Conduct
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Whistle-blowing Mechanism
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Anti-corruption Training



Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>B. Social</b>		
<b>Aspect B8: Community Investment</b>	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.	Contribute to the Community
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contribute to the Community
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Contribute to the Community

## 2. MANAGEMENT SYSTEM CERTIFICATION AND HAZARDOUS SUBSTANCE COMPLIANCE

<b>ISO 9001:2015</b>	Quality Management System
<b>ISO14001: 2015</b>	EMS
<b>RoHs</b>	Restrictions on the use of Hazardous Substance

## 3. GOVERNANCE STRUCTURE AND COMPOSITION OF THE BOARD & COMMITTEES

The Group has established six governance committees. The composition of the Board and committees are listed as follows:



	Position	The Board	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee
Mr. Ma Yuchuan	Chairman and Non-Executive Director	C*			C	✓
Mr. Wang Wah Chi, Raymond	Chief Executive Officer and Executive Director	✓*				C
Dr. Kang Jian	Non-executive Director	✓	✓			
Mr. Wang Hui	Non-executive Director	✓		✓		✓
Mr. Chan Chi Kong (appointed on 1 November 2023)	Independent Non-executive Director	✓	C			✓
Dr. Kwok Hoi Sing (appointed on 1 November 2023)	Independent Non-executive Director	✓		✓	✓	
Dr. Chan Philip Ching Ho	Independent Non-executive Director	✓	✓	C	✓	✓
Mr. Leung Heung Ying (resigned with effect on 1 November 2023)	Independent Non-executive Director	✓	C	✓	✓	✓
Mr. Sheu Wei Fu (resigned with effect on 1 November 2023)	Independent Non-executive Director	✓	✓	C	✓	✓



	Position	Task Force	AFM Team
Mr. Wang Wah Chi, Raymond	Executive Director	C	C
Mr. Yu Chon Man	Finance Director & Company Secretary	✓	✓
Ms. Lo Oi Yee, Mabel	Human Resources Director	✓	✓
Mr. Wong Ka Kei	Planning & Customer Service Director	✓	✓
Ms. Caley Chan	Corporate Communications Manager	✓	

\*C Chairmans

✓ Member

#### 4. MAJOR OPERATING SUBSIDIARIES

	Place of registration/ incorporation and kind of legal entity	Principal activities and place of operation
Solomon Systech Limited	Hong Kong, China, LLC*	Design, development, sales of IC and system solutions, Hong Kong
Jing Guang Semiconductors (Dongguan) Limited	China, LLC	Testing and packing of IC, Mainland China
Solomon Systech (Shenzhen) Limited	China, LLC	Design and distribution of IC, Mainland China
Solomon Systech Taiwan Limited	Taiwan, China, LLC	Design and development of IC, Taiwan
Solomon Systech (China) Limited	China, LLC	Design and distribution of IC, Mainland China

\*LLC: Limited Liability Company

## CORPORATE AND SHAREHOLDER INFORMATION

### Financial Calendar

#### Financial Year End

31 December

#### Announcement of Annual Results

20 March 2024

### Share Listing

#### Listing Venue and Date

Main Board of The Stock Exchange of Hong Kong Limited  
8 April 2004

#### HKSE Stock Code

2878

#### Board Lot

2,000 shares

#### Trading Currency

HKD

#### Issued Shares

2,495,652,351 (as at 31 December 2023)

### Principal Share Registrar and Transfer Agent

Tricor Services (Cayman Islands) Limited  
Third Floor, Century Yard, Cricket Square  
P.O. Box 902  
Grand Cayman KY1-1103  
Cayman Islands

### Hong Kong Branch Share Registrar

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185  
Website: [www.tricoris.com](http://www.tricoris.com)

### Independent Auditor

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor

### Hong Kong Legal Advisor

Loeb & Loeb LLP

### Board Members

#### Executive Director

Mr. Wang Wah Chi, Raymond (Chief Executive Officer)

#### Non-executive Directors

Mr. Ma Yuchuan (Chairman)  
Mr. Wang Hui  
Dr. Kang Jian

#### Independent Non-executive Directors

Mr. Chan Chi Kong (appointed on 1 November 2023)  
Dr. Chan Philip Ching Ho  
Dr. Kwok Hoi Sing (appointed on 1 November 2023)  
Mr. Leung Heung Ying  
(resigned with effect from 1 November 2023)  
Mr. Sheu Wei Fu  
(resigned with effect from 1 November 2023)

### Authorized Representatives

Mr. Wang Wah Chi, Raymond  
Mr. Yu Chon Man

### Company Secretary & Qualified Accountant

Mr. Yu Chon Man  
CPA, FCCA

### Corporate Communications/Investor Relations

Email: [ir@solomon-systech.com](mailto:ir@solomon-systech.com)

### Principal Office

Unit 607-613, 6/F Wireless Centre  
3 Science Park East Avenue  
Hong Kong Science Park  
Shatin, New Territories  
Hong Kong  
Tel: (852) 2207 1111  
Fax: (852) 2267 0800

### Website

[www.solomon-systech.com](http://www.solomon-systech.com)



This 2023 ESG Report (bilingual version in English and Chinese) has been posted on the Company's website at [www.solomon-systech.com](http://www.solomon-systech.com).

Shareholders who have chosen to receive the Company's corporate communications (including but not limited to annual reports, summary financial reports (where applicable), interim reports, summary interim reports (where applicable), notices of meeting, listing documents, circulars and proxy forms) via the Company's website and for any reason have difficulty in gaining access to the ESG Report posted on the Company's website will promptly upon request be sent by post the ESG Report in printed form free of charge.

**Shareholders may at any time change their choice of means of receipt of the Company's corporate communications.**

Shareholders may request for printed copy of the ESG Report or change their choice of means of receipt of the Corporate Communications by sending reasonable notice in writing to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong or by sending an email to [solomon2878-ecom@hk.tricorglobal.com](mailto:solomon2878-ecom@hk.tricorglobal.com).

本2023 ESG報告的中英文雙語合併本已登載於本公司網站[www.solomon-systech.com](http://www.solomon-systech.com)。

選擇透過本公司網站收取本公司的公司通訊（其中包括但不限於年報、財務摘要報告（如適用）、中期報告、中期摘要報告（如適用）、會議通告、上市文件、通函及代表委任表格），及因任何理由以致在接收載於本公司網站的ESG報告上出現困難的股東，可即時要求以郵寄方式獲免費發送ESG報告的印刷本。

**股東可隨時更改收取本公司的公司通訊方式**

股東可在給予本公司合理時間的書面通知，要求索取ESG報告的印刷本或更改收取本公司之公司通訊的方式，該書面通知應交予本公司之香港股份過戶登記分處—卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心54樓，或將該通知電郵至[solomon2878-ecom@hk.tricorglobal.com](mailto:solomon2878-ecom@hk.tricorglobal.com)。



[www.solomon-systech.com](http://www.solomon-systech.com)

### CORPORATE GOVERNANCE STRUCTURE

### 企業管治架構

