

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

GUANGDONG PAK CORPORATION CO.,LTD.



📍 Address: No.293 Caixin Road, Lanhe Town Nansha District, Guangzhou,China

☎ Tel: +86-020-28660333 extension 7198

🌐 Website: www.pak.com.cn

Stock Code: 300625

三雄极光 Pak

CONTENTS

- 02 **About This Report**
- 04 **Message from the Chairman**
- 06 **Sustainable Development Highlights in 2023**

08 **Glance at Pak**

- 08 Company Profile
- 09 Ownership Structure
- 10 History
- 12 Overview of Businesses
- 14 Honors

16 **Fulfillment of Responsibilities:**

Consolidating Cornerstones for Sustainable Development

- 16 Governance philosophy for sustainable development
- 17 Sustainable Development Governance Objectives
- 20 Communication with Stakeholders
- 22 Analysis of Substantive Issues

01 **PART**

24 **Compliance Governance:**

Building a Solid Foundation for the Company

- 26 Corporate Governance
- 29 Risk Control and Internal Control
- 34 Rights and Interests of Investors
- 35 Business Ethics
- 36 Information Security
- 39 Party-building Governance

02 **PART**

42 **Low-carbon Development:**

Leading to a Green Future

- 44 Environmental Management
- 48 Green Lighting
- 53 Energy Management
- 54 Responding to Climate Change
- 57 Water Resources Management
- 58 Environmental Impact Control
- 61 Green Operations

03 **PART**

62 **Enhancing Quality:**

Efficiency to Drive Value Growth

- 64 Research and Development (R&D) and Innovation
- 70 Product Liability
- 75 Elevating Customer Experience
- 78 Supply Chain Management
- 81 Dealer Management

04 **PART**

84 **Team Building:**

Shaping Workforce Cohesion

- 86 Labor Relations Management
- 95 Employee Development
- 99 Occupational Health and Safety Production

05 **PART**

106 **Devoted to Community Welfare:**

Spreading Social Warmth

- 108 Lighting up Social Responsibility
- 110 Lighting up Rural Revitalization
- 111 Lighting up Health Booster

112 **Smart Strategies:**

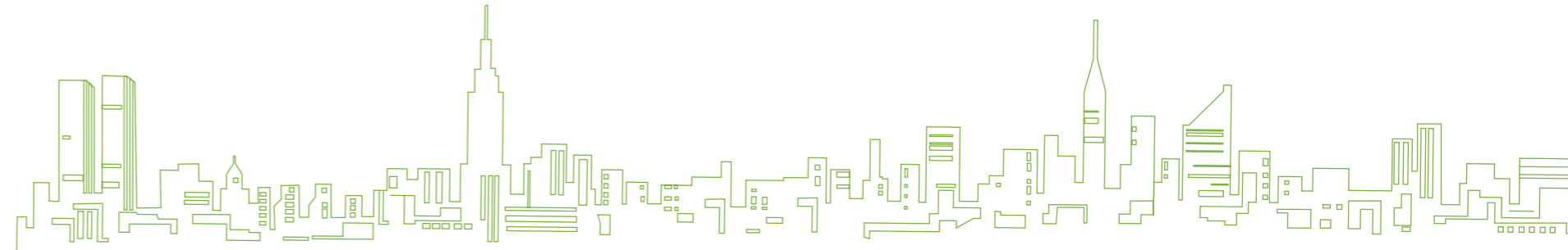
Illuminating the Path Ahead

114 **Appendix**

- 114 Performance Appraisal
- 120 Indicator Index
- 122 Feedback Form

About This Report

This report is the first Environmental, Social and Governance Report ("ESG Report") issued by Guangdong PAK Corporation Co., Ltd. ("PAK", "the Company", or "we") In the principles of objectivity, standardization, transparency and comprehensiveness, this report elaborates the Company's environmental, social and corporate governance practice and performance in 2023.



Reporting Scope

The subject of this report is "PAK" and its subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the Company's annual report.

Reporting Period

This report covers a period from January 1, 2023 to December 31, 2023 ("Reporting Period"). To enhance the comparability and foresight of this report, some sections will appropriately refer back to previous years or include forward-looking statements. This report is released on an annual basis to coincide with the financial year.

Preparation Basis

- *No. 2 Guidelines of the Shenzhen Stock Exchange for the Self-discipline Regulation of Listed Companies - Standardized Operation of Companies Listed on the ChiNext (Revised in December 2023)*
- *Guidelines on Social Responsibility of Listed Companies of the Shenzhen Stock Exchange (2006)*
- *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* issued by Chinese Academy of Social Sciences (CASS)
- *Sustainability Reporting Standards of Global Sustainability Standards Board (GRI) (GRI Standards, 2021 Edition)*
- Sustainable Development Goals (SDGs) of the United Nations
- *Sustainability Accounting Standards Board (SASB) Standards*
- *Guiding Opinions on the Fulfillment of Social Responsibility by Central Enterprises* of the State-owned Assets Supervision and Administration Commission of the State Council
- *Summary Report of Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board*

Description of Data

The data used in this report include the actual operational data of the Company, public data from government departments, annual financial data, and those data collected from internal relevant statistical statements, third-party questionnaires and third-party evaluation interviews. The financial data in this report is presented in CNY. For any discrepancy between this report and the financial statements, the financial statements shall prevail. In the quantitative performance data, the data of "Nansha Base" is the sum of the data of the production base at No. 293 Caixin Road in Nansha District and the LED intelligent lighting production base in Nansha District.

Confirmation and Approval

This report was approved by the Board of Directors of the Company on 23 April 2024 and was released concurrently with the annual report. The Board of Directors has committed to monitoring the contents of this report to ensure it contains no false records or misleading statements. They are accountable for the truthfulness, accuracy, and completeness of the report.

This report was released in Chinese and then translated into English. For any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

Access to this Report

This report can be accessed and downloaded from the website of the Company (<http://www.PAK.com.cn>) and the website of the Shenzhen Stock Exchange (<http://www.szse.cn>).

Message from the Chairman

To all respected stakeholders,

Following the consecutive releases of our social responsibility reports, we have prepared our first ESG report to provide you with a more comprehensive and in-depth understanding of our efforts in environmental protection, social responsibility, corporate governance, and other aspects of sustainable development. We appreciate your time in reading this report, and we also eagerly anticipate your constructive feedback. Your insights will greatly assist us in achieving better growth and serving consumers and society more effectively.

It has been nearly 33 years since the founding of PAK. Over these years, we have been dedicated to the lighting industry, evolving from nothing to a leading enterprise with a high market reputation in the domestic lighting industry. Every achievement of the Company would not have been possible without the support of all stakeholders, and is attributable to our business philosophy of upholding prudent management and conducting business in good faith.

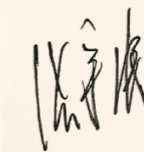
Guided by this philosophy, we are committed to building an environment-friendly enterprise that prioritize sustainable development across our entire business chain, including product development and design, enterprise management, and project construction. To reduce carbon emissions throughout our production and operation processes, we have implemented several energy-saving and environmental protection initiatives. These include replacing the fuel forklifts used in warehousing and logistics with electric forklifts, prioritizing the use of energy-saving and environmentally friendly materials in our products, and constructing a distributed photovoltaic power generation project on the rooftop of our Nansha Base to provide clean energy. Additionally, our subsidiary company (a production base) in Zhaoqing has obtained provincial certification as a clean production enterprise. In addition to our commitment to environmental protection in our production and operations, we closely monitor the technological evolution and development trends within the lighting industry. Whenever more energy-efficient technologies emerge, we promptly follow up relevant research and swiftly integrate these innovations into our product applications. This proactive approach has enabled us to evolve our products from

incandescent lamps to fluorescent lamps and then to LED lamps, always staying at the forefront of technological progress. The application of new technologies has improved the energy efficiency of our products, and reduced energy consumption and carbon emissions, thereby better protecting the environment and mitigating global climate change. In 2023, to enhance the energy-saving capabilities of our existing LED lighting products, we increased investment in the research and development of high-efficiency lighting solutions. We vigorously promoted intelligent lighting solutions to achieve maximum energy savings and reduce carbon emissions, thus contributing to a better global environment. The comprehensive energy-saving effects of the intelligent lighting renovation projects implemented by the Company for clients are remarkably evident. In some projects, the energy savings rate reached as high as 80%, significantly reducing the carbon emissions associated with these projects.

Under the guidance of the philosophy of conducting business in good faith, we consistently prioritize corporate social responsibility, making positive contributions to both the industry and society and spreading positive energy. To promote the development of the industry, we have established the PAK Lighting School which provides a platform for internship and growth for college students free of charge while promoting the training of industry designers. We have initiated the "Lighting for Dreams: Rural Classroom Lighting Renovation" program, a public welfare initiative aimed at providing healthy and comfortable campus lighting environments for rural children and teenagers in underdeveloped areas to support their healthy growth.

Guided by the philosophy of conducting business in good faith, we uphold our corporate values of integrity, dedication, innovation, and win-win cooperation. We are committed to balancing the interests of all stakeholders throughout our development journey. We prioritize providing high-quality products and services to our customers, fostering a conducive working environment for our employees' career advancement, and supporting our distributors and suppliers in realizing their own value. Through these efforts, we strive to achieve win-win outcomes and foster mutual development.

We believe that making money is not the sole purpose of a company. Creating value for customers and meeting the needs of society and customers is the true value and foundation of a company's existence. We will persist in adhering to our business philosophy of upholding prudent management and conducting business in good faith. Starting with benevolence and aiming for excellence, we will continuously enhance our efforts in sustainable development and ESG practices. We remain committed to our mission of "letting everyone feel the charm of light" by creating a more comfortable, healthy, and intelligent lighting environment for consumers. We will relentlessly pursue our vision of "becoming a leader in China's lighting industry". Let's conduct business in good faith and share a better future together.



The Chairman of PAK



Sustainable Development Highlights in 2023

Economic Performance

CNY 2,351.8234 million	CNY 204.8793 million
Operating Income	Net Profit Attributable to Shareholders of the Listed Company
CNY 3,388.6397 million	CNY 2,201.3333 million
Total Assets	Net Equity of Shareholders

R&D Performance

CNY 67.9620 million
Investment in R&D
8
New Application for Invention Patent
505
Cumulative valid patents granted
169
Total Valid Trademarks Registered at Home And Abroad
17
Cumulative Software Copyrights

Governance Performance

3 times	6 times	10 times
General Meeting of Shareholders Convened	Meetings of the Board of Supervisors Convened	Internal Audits
5 times	100%	5 times
Meetings of the Board of Directors Convened	Signature Rare of the Integrity Commitment in crucial positions	Training on Laws and Regulations

Environmental Performance

CNY 1.1711 million	22,087,897 kWh
Environmental Input	Electricity Consumption
151,795 t	15,746.73 tCO ₂ e
Water Consumption	Carbon Emissions

Social Performance

CNY 156.1154 million	CNY 31.45 ten thousand
Total Taxes	Input in Public Welfare
194 times	565 hours
Employee Training	Total Employees' Training Duration

Glance at PAK

Company Profile

Founded in 1991, "PAK" is a brand focusing on the development of lighting. In 2010, Guangdong PAK Corporation Co., Ltd. ("PAK", "the Company", or "we") was officially established to meet the growing market demand and provide comprehensive lighting solutions. The Company is committed to promoting innovation and development in the lighting technology and offering industry-leading overall lighting solutions and professional services to customers. As one of the lighting brands with very comprehensive competitive strength in China, the Company is headquartered in Guangzhou City, and has 4 major production bases in Guangzhou, Zhaoqing, Chongqing, etc. The Company was successfully listed on the Shenzhen Stock Exchange on March 17, 2017, with the stock abbreviation being "PAK" (stock code: 300625).

After years of development, the product lines of the Company have covered fields such as light sources, electrical appliances, commercial lighting, engineering lighting, outdoor lighting, household lighting, intelligent lighting, electrical engineering and HVAC. While maintaining our leading position in commercial lighting, we have vigorously expanded into household lighting and electrical projects, bringing products to thousands of households. At the same time, we actively enter the overseas market and strive to become an international lighting enterprise.



Nansha LED Smart Lighting Production Base

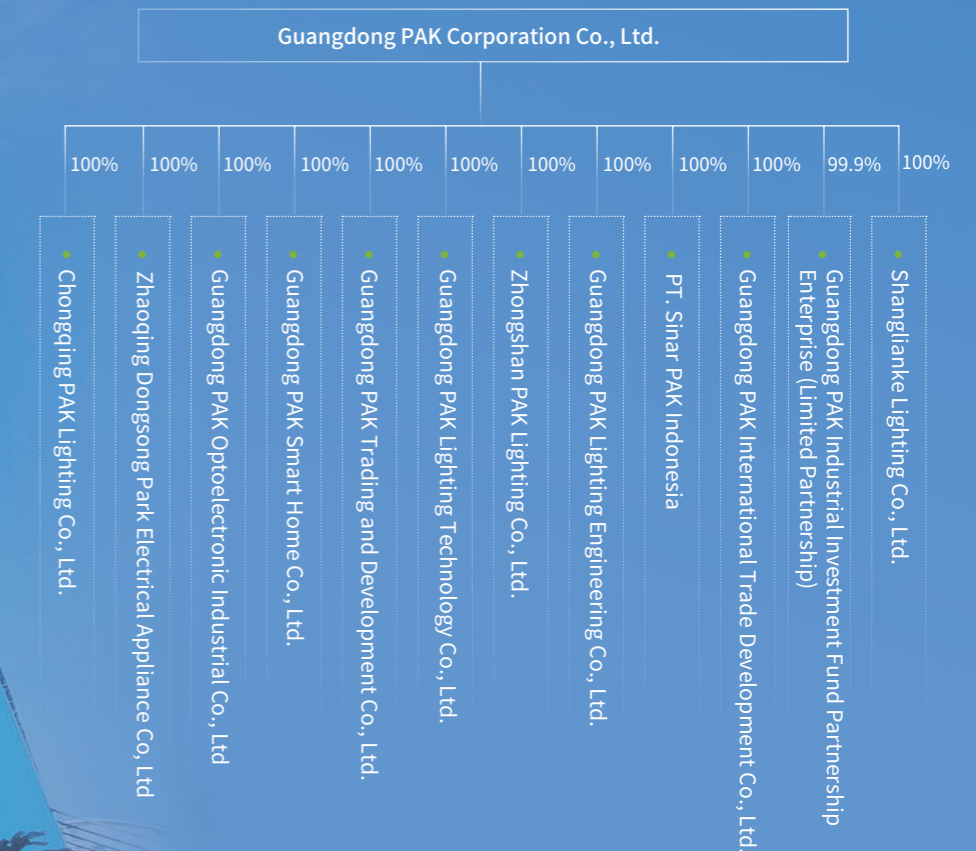


Zhaoqing Production Base



Chongqing Production Base

Equity Structure



Production Base No. 293, Caixin Road, Nansha District



History

2023

1991-1995

- Founded and produced the first electronic ballast in 1991.
- Launched the first electronic ballast for fluorescent tubes, and established a product development strategy focused on energy saving
- Launched electronic supports for fluorescent lamps, taking the first step towards energy-efficient lighting fixtures.

1996-2000

- Officially established the "PAK" brand, laying out a nationwide marketing network.
- Launched energy-efficient CFL, forming a complete product line covering light sources, electrical appliances, and lighting
- Launched panels for fluorescent lamps and formally entered the field of industrial lighting.

2001-2005

- Obtained the national inspection-free product qualification as the first lighting fixtures and light source company in the industry
- Become the first company advocating the lighting concept of "Light Health" in the industry.
- Obtained certification for energy-saving products in China.
- Introduced the most comprehensive series of T5 fluorescent lamps in the industry, and became a leader in new energy-saving and environment-friendly lighting products.
- Launched several series of metal halide electronic ballasts and lamps and formally entered the field of commercial lighting.

2006-2010

- Launched LED series products and explored and tried new energy-saving lighting products.
- Awarded as the Recommended Brand of Beijing Olympic Games 2008 Gymnasiums construction and won the tender of multiple Olympic Games
- Products used in 15 Olympic venues such as the National Stadium (Bird's Nest) and China National Convention Center, and won the "Olympic Project Contribution Award" by China's Building and Electrical Industry.
- Launched a full range of household lighting products and formally entered the field of household lighting.

2011-2015

- Established the PAK Lighting School
- Launched a full range of LED products and fully entered the LED era.
- Launched intelligent lighting products, and explored the combination of lighting products and Internet technology.
- Conducted "light health" voluntary clinic activities in residential communities.

2016-2020

- Won the "Second Prize of National Scientific and Technological Progress Award" issued by the State Council.
- Became the official partner of Manchester City Football Club in China for the 2016-2020 seasons.
- Listed on the Shenzhen Stock Exchange in 2017 (Stock Code: 300625) with a brand-new logo launched online, and fully upgraded the brand image.
- Conducted "light health" voluntary clinic activities in office buildings
- Expanded into intelligent products and intelligent systems
- Initiated the "Lighting for Dream" series of public welfare activities for the lighting renovation of rural classrooms

2021

- Embarked on a new journey after 30-year development, and established five-year strategic goals and plans.
- Fully promoted commercial/household smart products.
- Selected as the pilot projects for building a strong nation through brands

2022

- Supported Chinese athletes to win gold medals in World Skills Competition

2023

- Certified by Intertek's "Satellite Program"
- Supported the lighting construction of venues for the Hangzhou Asian Games



Overview of Businesses

Main Businesses

PAK is mainly engaged in the research, development, production, and sales of LED lighting fixtures, lighting sources, and lighting control products, providing customers with comprehensive lighting solutions and related professional services to create a favorable lighting environment. Our products are applied in various fields including commercial lighting, office lighting, industrial lighting, household lighting, and outdoor lighting. For outdoor lighting projects, we have comprehensive service capabilities covering design, product provision, construction, installation, commissioning, and project handover.

The Company holds a strong brand and market advantages in professional lighting fields such as commercial lighting and industrial lighting. We are a holistic provider of lighting solutions in the industry that possess comprehensive capabilities of providing integrated lighting solutions covering the design of lighting projects, the R&D and after-sales service of lighting products, etc.

Business Layout

PAK possesses a comprehensive sales network and service system. By the end of the period, the company's commercial lighting business segment had established 55 offices nationwide, and the home lighting business segment had 23 offices across the country. Each office is responsible for market operations and sales management in its respective region. By the end of the period, the company's total number of sales outlets across the country had exceeded 30,000, including approximately 3,000 exclusive stores, exclusive sales areas, and exclusive walls. At the same time, the company actively expands its emerging e-commerce business. Customers can enjoy professional services in areas such as product selection, lighting design, technical consultation, installation and maintenance, and product after-sales service.

Development Strategy

With the mission of "letting everyone feel the charm of light" and the vision of "becoming a leader in China's lighting industry", the Company focuses on the development of the large-scale lighting industry, and adheres to the design philosophy of supplying green, energy-efficient, healthy, and intelligent lighting products. Based on the marketing network throughout the country, the Company provides consumers with high-quality lighting products and creates a healthy, comfortable and pleasant lighting environment.

In 2021, the Company formulated the *Strategic Plan of Guangdong PAK Lighting Co., Ltd. for the Next Five Years (2021-2025)*, specifying the strategic positioning of the businesses and development fields of the Company for the next five years:



Honors

During the Reporting Period, the Company received the following honors:

Award	Awarder
Integration of Informatization and Industrialization Management System Certificate (Level 2A)	Taier Authentication Center
National Intellectual Property Advantageous Enterprise	China National Intellectual Property Administration
2023 Green Sustainable Development Contribution Award	syobserve.com, and gongyidaily.com
Top Ten Lighting Appliance Enterprises in China's Light Industry	China National Light Industry Council, and China Association of Lighting Industry
Preferred Brand of Xinhua Best in 2023	xinhuanet.com
(Industrial) Influential Brand in 2023	China Finance Summit
Kapok Design Award · 2023 Annual Product Design Award	Kapok Design Award Committee
Provincial Enterprise Technology Center	Department of Industry and Information Technology of Guangdong Province
2023 Guangdong Famous High-tech Products	Guangdong High-tech Enterprise Association
2023 FT Quality Award	Feiteng Quality Data (Xiamen) Co. Ltd.
2023 Comfortable Fan Lamp Award	Feiteng Quality Data (Xiamen) Co. Ltd.
2023 Comfort Performance Benchmarking Award	Feiteng Quality Data (Xiamen) Co. Ltd.
Guangdong High-Value Trademark Brand	Guangdong High-Value Trademark Brand Evaluation Committee under the Guangdong Trademark Association
2023 Gaogong Golden Ball Award - Outstanding Contribution Enterprise Award	Shenzhen Gaogong Consulting Co., Ltd.
2023 Leader Brand in China's Lighting Industry	Guzhen Lighting Report, Highlight Award Evaluation Committee
2023 Top 10 Engineering Lighting Brands in China's Lighting Industry	Light Award - Big Lighting in All Platforms
2023 Top 10 Intelligent Lighting Brands in China's Lighting Industry	Light Award - Big Lighting in All Platforms
Top 10 Competitive Brands of Building and Electrical Light Source and Lamps at the 12th Summit of China's Engineering Survey and Design Industry	<i>Intelligent Building and Electrical Technology</i>
Top 10 Competitive Brands of Lighting Control Systems at the 12th Summit of China's Engineering Survey and Design Industry	<i>Intelligent Building and Electrical Technology</i>
2023 Top 10 Influential Lighting Brands in the Lighting and Electrical Industry	cnjiaju.net.cn, and cali-light.com
2022 Top 10 Overall Advantage Enterprises in China's Education Lighting Industry	Shenzhen Lighting and Display Engineering Industry Association
Influential Brand for China's Healthy Education Lighting	www.alighting.cn, Guangdong Guangya Lighting Research Institute
Outstanding Contributors to China's Education Lighting Industry White Paper in 2022	Shenzhen Lighting and Display Engineering Industry Association

Some Honorary Certificates



Fulfillment of Responsibilities:
 Consolidating Cornerstones for
 Sustainable Development

Governance Philosophy for Sustainable Development

PAK prioritizes green and low-carbon development. We have deeply integrated the governance philosophy for sustainable development into our corporate strategy and daily operation, considering it the cornerstone for enhancing our compliance management, development quality, and competitiveness. In accordance with the requirements of the China Securities Regulatory Commission and other authorities, we continuously improve our environmental, social, and governance systems, and strengthen the supervision and participation of the Board of Directors in our governance efforts for sustainable development. The Board of Directors, as the highest decision-making body, is responsible for assessing the potential impacts and risks of our sustainability governance on our business modes, ensuring that sustainable strategies are incorporated into business decisions. Additionally, it is also responsible for reviewing annual ESG reports.

The evolution of lighting fixtures has undergone numerous innovations, from halogen lamps to fluorescent lamps, and then to LED lights, and finally to today's intelligent lighting technology. With every step, the company has firmly moved towards a new realm of energy efficiency and environmental protection, demonstrating its unremitting efforts in technological innovation and its deep recognition and emphasis on the concept of sustainable development. Sansung Lighting has always been committed to promoting the green transformation of the lighting industry, contributing to the protection of the earth's environment through practical actions, and demonstrating a company's firm commitment to social responsibility and environmental protection while pursuing economic benefits.

In 2023, we won honorary awards on the theme of social responsibility. This fully demonstrates our commitment to green and low-carbon construction and social responsibility.



Sustainable Development Governance Objectives

SDGs	Specific Actions in 2023	Relevant Chapters and Sections
	1. Participated in the "6-30" Rural Revitalization Assistance Activities in Nansha District of Guangzhou in 2023 to deepen the "Yangcheng Charity for the People" Initiative, and donated to the rural revitalization projects in Lanke Town; 2. Actively participated in the "6-30" Rural Revitalization Assistance Activities in Panyu District of Guangzhou in 2023 to deepen the "Yangcheng Charity for the People" Initiative, and donated to the "Yangcheng Charity for the People" Initiative.	Devotion to Public Welfare: Passing on Social Warmth
	Provided nutritious meals for employees	Team Building: Shaping Workforce Cohesion
	1. Improved the Company's occupational health and safety as well as safety production management systems; 2. Conducted occupational disease hazard detection and took qualified protective measures; 3. Conducted regular training and emergency drills to provide employees with safe working conditions; 4. Initiated a nationwide Light Health Free Clinic Tour to provide free retrofitting to families and organizations that fail to meet the "light health" standard and care for the eye health of residents; 5. Hosted the "PAK: Public Welfare Grassland Hiking for Household Decoration Elites Designing Light" event, and donated to the Red Cross Branch in Duolun County to purchase eye-protecting desk lamps for local Hope Schools, caring for students' eye health.	Team Building: Shaping Workforce Cohesion Devotion to Public Welfare: Passing on Social Warmth
	1. Cooperated with more than a hundred colleges and universities to build teaching cooperation and practice bases and provided relevant training activities; 2. Continuously innovated and developed high-quality campus-specific lamps, and completed campus lighting renovation projects for more than a hundred colleges and universities nationwide; 3. Initiated the "Lighting for Dreams: Rural Classroom Lighting Renovation" program, donated eye-protecting desk lamps to rural children in underdeveloped areas, and improved the lighting of rural campus classrooms.	Quality and Efficiency Improvement: Promoting Value Growth Devotion to Public Welfare: Passing on Social Warmth
	1. Adhered to the principles of fairness and impartiality in the hiring and promotion of female cadres in the management of the Company to ensure that every employee receives equal opportunities and respect; 2. Formulated the <i>Management Procedures for the Protection of Female Workers (Pregnant Women)</i> and the <i>Management Procedures for the Protection of Female Workers (Pregnant Women)</i> , to reduce and solve the special difficulties caused by the physiological characteristics of female workers in labor and work; 3. Guaranteed the right of female workers during pregnancy, childbirth and lactation to enjoy leave such as prenatal examination leave, maternity leave and breastfeeding leave.	Team Building: Shaping Workforce Cohesion

	<p>1. Provided clean drinking water for employees; 2. Regularly arranged professionals to clean and disinfect sanitary facilities.</p>	<p>Team Building: Shaping Workforce Cohesion</p>
	<p>Installed photovoltaic panels to increase the proportion of clean energy use</p>	<p>Low-carbon Development: Leading to a Green Future</p>
	<p>Provided fair and competitive compensation and benefits for employees, and established a performance appraisal system covering all employees in production bases</p>	<p>Team Building: Shaping Workforce Cohesion</p>
	<p>1. Took the lead in entering the field of green lighting technology, innovated and developed intelligent and interconnected LED lighting and other efficient energy-saving lighting products; 2. Launched the Indoor Simulated Sunshine System, simulated natural light through photoelectric fusion to provide a warm and comfortable light environment, and alleviated the pressure brought by the indoor environment.</p>	<p>Low-carbon Development: Leading to a Green Future Quality and Efficiency Improvement: Promoting Value Growth</p>
	<p>1. Prohibited all forms of discriminatory behaviors and allowed all individuals who meet the recruitment criteria to submit their resumes; 2. Gave equal opportunities for competitive employment to individuals with disabilities.</p>	<p>Team Building: Shaping Workforce Cohesion</p>
	<p>Innovatively applied green smart manufacturing technologies, and launched a full-scenario intelligent lighting solutions to help various industries build intelligent green factories</p>	<p>Low-carbon Development: Leading to a Green Future</p>

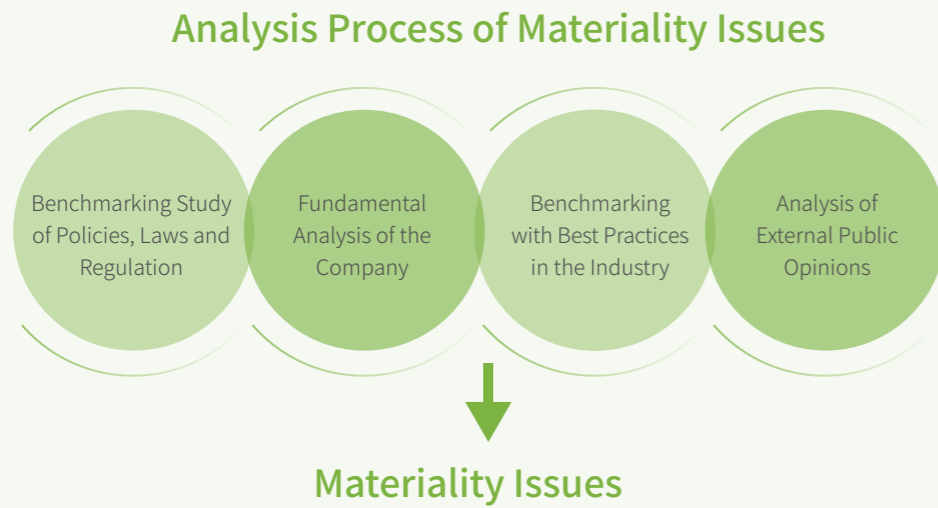
	<p>1. Integrated green ideas into product design, fully implemented carbon emission reduction in the whole life cycle of products, and led the trend of green consumption; 2. Improved the product quality management of the Company, and provided users with high-quality products and services; 3. Enhanced the supplier management of the Company, and put forward specific requirements for upstream suppliers in terms of clean supply chain and supply chain quality; 4. Improved dealer management and maintained market order.</p>	<p>Low-carbon Development: Leading to a Green Future Quality and Efficiency Improvement: Promoting Value Growth</p>
	<p>1. Reduced carbon emissions during the Company's production and operation by replacing energy-saving equipment and laying photovoltaic panels; 2. Implemented green office and saved the use of office consumables; 3. Conducted the research and development of energy-saving products to help users save energy and reduce emissions.</p>	<p>Low-carbon Development: Leading to a Green Future</p>
	<p>Standardized water resource protection and wastewater discharge to ensure that the use of water resources and wastewater treatment comply with national and regional requirements</p>	<p>Low-carbon Development: Leading to a Green Future</p>
	<p>1. Conducted compliant disposal of factory solid wastes, improved the recycling rate of packaging materials, and reduced the impact on the living environment of terrestrial animals; 2. Firmly implemented the concept of "three synchronizations" and regularly monitored the ecological environmental impacts within the vicinity of the Company's factory boundaries.</p>	<p>Low-carbon Development: Leading to a Green Future</p>
	<p>1. Integrated the concept of sustainable development into corporate governance; 2. Prioritized compliance governance and improved the Company's internal control capability; 3. Standardized the information disclosure process, broadened investor communication channels, and provided investors with continuous and scientific profit distribution; 4. Continuously improved the business ethics system of the Company, and regularly conducted anti-corruption and anti-unfair competition training.</p>	<p>Fulfillment of Responsibilities: Consolidating Cornerstones for Sustainable Development Compliance Governance: Building a Solid Foundation for the Company</p>
	<p>1. Improved the stakeholder communication system, actively absorbed the opinions of all parties, and promoted two-way communication; 2. Established a sound supply chain management system and established long-term stable cooperative relationships with suppliers; 3. Oriented towards customer needs, improved customer satisfaction, and achieved long-term stable development for both the Company and customers; 4. Provided training and further education opportunities to promote the career development of employees.</p>	<p>Fulfillment of Responsibilities: Consolidating Cornerstones for Sustainable Development Quality and Efficiency Improvement: Promoting Value Growth Team Building: Shaping Workforce Cohesion</p>

Communication with Stakeholders

PAK prioritizes the maintenance of relationship with stakeholders, actively absorbs the opinions and suggestions of all parties in the principle of fairness, and promotes two-way communication, to build a harmonious interactive relationship.

Stakeholders	 Government and Regulatory Agencies	 Customers	 Employees	 Community	 Suppliers	 Distributors	 Shareholders and Investors	 Industry Associations and Professional Organizations	 Media
Expectations and Demands	<ul style="list-style-type: none"> Economic Performance Business Ethics Environmental Management Energy Management Carbon Emission Management Water Resource Management Circular Economy Health and Safety 	<ul style="list-style-type: none"> Product Quality Management Customer Relationship Management Circular Economy Innovation and R&D 	<ul style="list-style-type: none"> Employee Training and Development Employment Compliance Compensation and Benefits Health and Safety 	<ul style="list-style-type: none"> Environmental Management Energy Management Carbon Emission Management Water Resource Management Health and Safety Social Welfare 	<ul style="list-style-type: none"> Supply Chain Management Product Quality Management Health and Safety Digital Intelligence Transformation 	<ul style="list-style-type: none"> Distributor Management Business Ethics Product Quality Management Customer Service 	<ul style="list-style-type: none"> Economic Performance Corporate Governance Risk and Compliance Management Business Ethics Innovation and R&D 	<ul style="list-style-type: none"> Innovation and R&D Strategic Cooperation Industry Co-construction 	<ul style="list-style-type: none"> Governance Structure Anti-Corruption Social Welfare Information Disclosure
Communication and Response	<ul style="list-style-type: none"> Government Communications & Visits Information Disclosure and Submission Daily Communication and Reporting Listed Company Activities 	<ul style="list-style-type: none"> Visits by Customers Visits to Factories Customer Satisfaction Survey Customer Communication Hotline 	<ul style="list-style-type: none"> Workers' Congress Employee Symposiums Suggestion Box Employee Satisfaction Survey Corporate Culture Activities Regular Training Internal Journal 	<ul style="list-style-type: none"> Social Activities for Public Good Community Supervision and Feedback Environmental Risk Assessment 	<ul style="list-style-type: none"> Supplier Training Supplier Audit & Monitoring Supplier Exchange Meetings Technical Exchange and R&D Cooperation Email & Telephone 	<ul style="list-style-type: none"> Distributor Training Distributor Exchange Meetings Email & Telephone 	<ul style="list-style-type: none"> General Meeting of Shareholders Regular Reports and Provisional Announcements Important Project Progress Announcement Investor Hotline Online Interactive Platform Email 	<ul style="list-style-type: none"> Symposiums Market Promotion Meetings Other Conferences 	<ul style="list-style-type: none"> Official Website WeChat Official Account Exchange Meetings

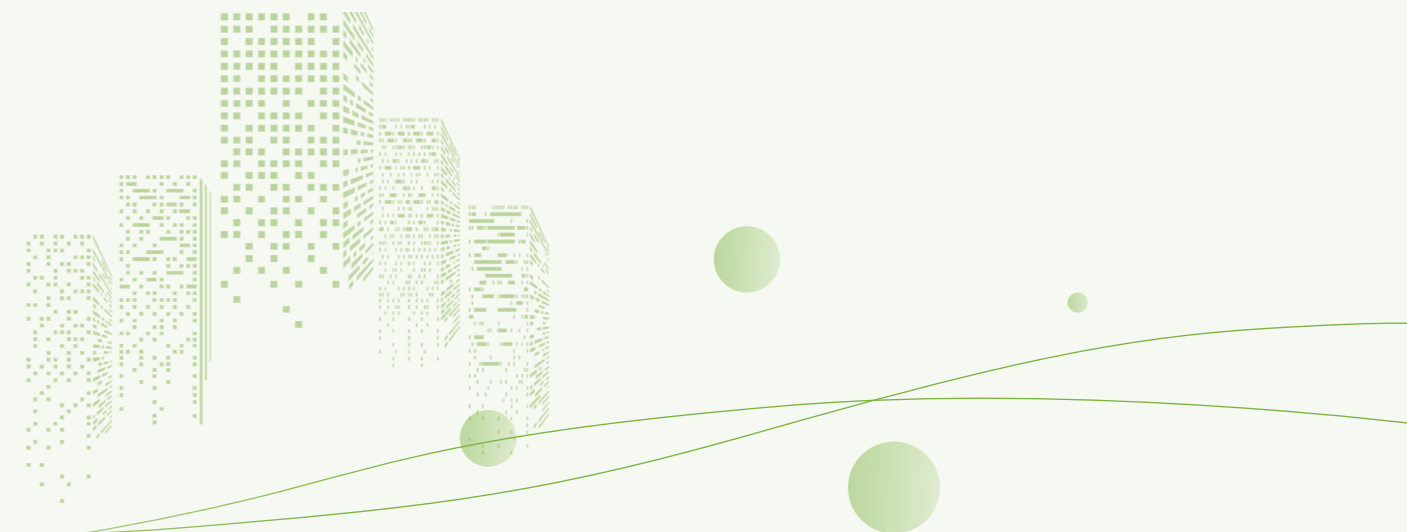
Analysis of Materiality Issues



PAK pays attention to ESG rating indicators in the capital market, takes into account national policies, industry trends and company strategies, analyzes its own sustainable development challenges, regularly identifies and evaluates the importance of materiality issues of sustainable development, sorts out the Company's key issues of concern, and developed a matrix of materiality issues based on their "Importance to Company Development" and "Importance to Stakeholders".



 In Environment	 In Society	 In Governance
<ul style="list-style-type: none"> 1 Green Product 2 Energy Management 3 Environmental Management 4 Responding to Climate Change 5 Wastewater Management 6 Green Office 7 Biodiversity Conservation 	<ul style="list-style-type: none"> 1 Research and Development 2 Occupational Health and Safety Production 3 Supply Chain Management 4 Product Liability 5 Labor Relations Management 6 Employee Development 7 Elevating Customer Experience 8 Dealer Management 9 Intellectual Property Management 10 Community Welfare 	<ul style="list-style-type: none"> 1 Three-tier Governance Structure 2 Risk Control and Internal Control 3 Business Ethics 4 Rights and Interests of Investors 5 Regulating Information Disclosure 6 Party Building 7 Information Security





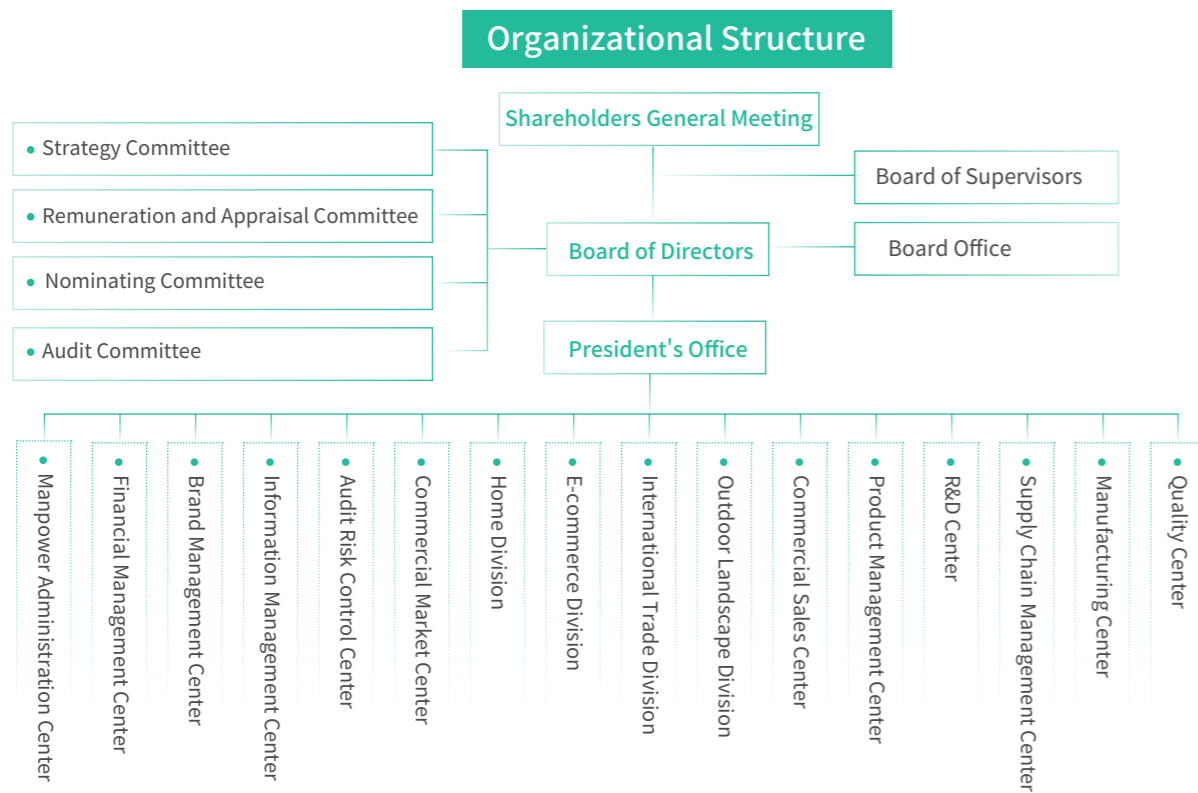
Compliance Governance: Building a Solid Foundation for the Company

Corporate Governance	Risk Control and Internal Control	Rights and Interests of Investors	Business Ethics	Information Security	Party-building Governance
026	029	034	035	036	039

Corporate Governance

Governance System

PAK strictly follows relevant laws, regulations, and regulatory requirements. To strengthen economic cooperation and technological exchanges, promote the development of the national economy, and obtain satisfactory returns, we have established a scientific and efficient corporate governance mechanism and continuously improved the governance structure to ensure the stable and healthy development of the Company. The Company has formulated the Articles of Association of Guangdong PAK Corporation Co., Ltd., and clarified the duties and responsibilities of the governance structure composed of the "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management". We standardize the operation mechanism of decision-making bodies, and create a sound system of governance responsibilities and rights, and ensure efficient decision-making and smooth communication, to lay a solid foundation for the sustainable development and success of the Company.



Three-tier Governance Structure

The General Meeting of Shareholders

PAK follows relevant laws, regulations, and the Articles of Association to standardize the procedures of the General Meeting of Shareholders. The Company issues a written notice before convening a General Meeting of Shareholders to inform all shareholders of the matters to be considered at the meeting as well as the date and place of the meeting, and the meeting adopts a combination of on-site and online voting to facilitate shareholders' participation.

The Company has formulated the Administrative Measures for Separate Counting of Votes of Small and Medium-sized Investors to protect the rights and interests of small and medium-sized investors. For major issues involving the interests of small and medium investors, the votes of small and medium investors are separately counted and disclosed in a timely manner to ensure that all shareholders exercise their rights equally and fully.

During the Reporting Period:

3 General Meetings of Shareholders were held, including: **1** annual General Meeting of Shareholders

2 extraordinary General Meetings of Shareholders, at which: **28** proposals were reviewed

Relevant announcements were disclosed on the website of the Shenzhen Stock Exchange.

Board of Directors

During the Reporting Period

The Meeting of the Board of Directors

5 times

Has Deliberated

46 Proposals

Attendance Rate of Directors

100%

The Board of Directors is the decision-making body of the Company and answers to the General Meeting of Shareholders. PAK's Board of Directors consists of 9 directors, including 3 independent directors and 6 non-independent directors. The Company has formulated the Rules of Procedure of the Board of Directors of Guangdong PAK Corporation Co., Ltd. to standardize the deliberation methods and decision-making procedures of the Board of Directors, promote the effective performance of directors and the Board of Directors in fulfilling their duties, and to ensure the efficiency and scientific decision-making of the Board of Directors.

The Company selects and appoints the members of the Board of Directors with full consideration of many factors such as gender, age, educational background, professional knowledge and industry experience, aiming at realizing a diversified composition of the Board of Directors with a reasonable professional structure to meet the business needs of the Company.

Members of the Board of Directors		Number of Directors
Director Type	Non-Independent Directors	6
	Independent Directors	3
Age	50-60	6
	40-50	3
Gender	Male	8
	Female	1
Academic Degree	Doctor's Degree	1
	Master	2
	Bachelor	2
	Associate Degree	4

PAK attaches importance to the key role of independent directors in the standardized operation of the Company, and emphasizes their professionalism and independence. We have formulated the "System of Work of Independent Directors" to ensure that they provide independent and objective suggestions and opinions in the decision-making process and contribute to the sustainable and sound development of the Company. The Board of Directors sets up four specialized committees, namely the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration and Assessment Committee, which answer to the Board of Directors, perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and submit their proposals to the Board of Directors for consideration and decision.

	Independent Directors	Non-independent Directors	Whether the Independent Director Serves as the Chairman of the Committee	Responsibilities of Committees
Strategy Committee	1	2	No	Conducting research on the Company's long-term development strategy and major investment decisions
Nomination Committee	2	1	Yes	Formulating the criteria, procedures and qualification requirements for the selection and assessment of directors and senior management
Audit Committee	2	1	Yes	Auditing financial information and disclosure of the Company, and supervising and assessing the internal and external audit and internal control
Remuneration and Assessment Committee	2	1	Yes	Formulating assessment criteria for directors and senior management, conducting assessments of directors and senior management, and formulating and reviewing remuneration policies and programs for directors and senior management.

During the Reporting Period:

The Strategy Committee held **1** meeting, and deliberated **3** proposals;

The Audit Committee held **7** meetings, and deliberated **21** proposals;

The Remuneration and Assessment Committee held **1** meeting and deliberated **2** proposals;

The Independent Director held **1** meeting, and deliberated **1** proposal.

Board of Supervisors

The Board of Directors is the supervisory body of the Company and answers to the General Meeting of Shareholders. PAK strictly follows the procedures for the election of supervisors stipulated in the *Company Law and the Articles of Association*. To standardize the operation procedures of the Board of Supervisors, improve the supervisory functions of the Board of Supervisors and strengthen the standardized management of the Company, the Company has formulated the Rules of Procedure of the Supervisory Board of Guangdong PAK Corporation Co., Ltd. to urge supervisors to diligently fulfill their duties in supervising the production and operation, financial operations, and the lawful and compliant performance of directors and other senior management in the Company.

The Board of Supervisors of PAK consists of 3 supervisors, including one employee supervisor.

During the Reporting Period

The Board of Supervisors has held **6** meetings

Attendance Rate of Supervisors **100%**

Deliberated **28** Proposal

Risk Control and Internal Control

Internal Control Management

In accordance with basic laws and regulations concerning securities and the *Basic Rules of Internal Control*, and based on the actual business needs of the Company, we have formulated the *Internal Control System of Guangdong PAK Corporation Co., Ltd.* and the *Internal Audit System of Guangdong PAK Corporation Co., Ltd.*, to clarify the objectives, principles, processes and key control points of internal control, and to build up a set of complete and scientific internal control systems.

At the same time, the Company implements an internal audit system, establishes an internal audit institution, and assigns dedicated audit personnel. We follow the main principles of "strengthening audit supervision, expanding audit fields, highlighting internal control management, and playing the role of audit evaluation", and conduct the internal audit and supervision on the financial income and expenditure and economic activities of the Company, to prioritize the development of importance business and achieve effective supervision and service for our production and operation performance.

Position	Duty
Audit Committee	<ul style="list-style-type: none"> Auditing the financial information and its disclosure, supervision and evaluation of the Company Assessing the internal and external audit and internal control
Audit Department	<ul style="list-style-type: none"> Evaluating the completeness, rationality, and implementation effectiveness of the internal control system Assisting in the establishment of anti-fraud mechanisms Conducting regular audits on the deposit and utilization of funds raised Following the rectification of audit issues Reporting to the Audit Committee on a regular basis
Full-time Auditors	<ul style="list-style-type: none"> Conducting internal audit and supervision of the financial income, expenditure and economic activities of the Company

To ensure the stability of the internal control, we regularly carry out internal control evaluation for PAK and all of our affiliates, and evaluate the effectiveness of the design and operation of our internal control in terms of the internal governance environment, development strategy and social responsibility, internal auditing, asset management, capital activities, and the management of our holding subsidiaries, etc. We also issues the *Annual Internal Control Self-Assessment Report of Guangdong PAK Corporation Co., Ltd.*

During the Reporting Period

PAK has conducted a total of **10** internal audits, including **6** special audits, **1** financial audit and **3** other auxiliary audits.

There are no major or significant defects have been found in the company.

Enhancement of Compliance Awareness

During the Reporting Period

5 Trainings on Legal-Related Knowledge
 With Over **300** Participants

The Company continues to strengthen the construction of the risk management organization system, integrating risk awareness and risk management concepts into daily business management activities. Personnel in positions responsible for risk management conduct standardized management of risk identification, risk assessment, risk response, and risk monitoring in production and operation. The Company also provides internal risk control training for employees to enhance risk management capabilities and ensure legal and compliant operation and management.

Training on Contract Related Legal Risks and Preventive Measures

To enhance employees' awareness and practical skills in preventing and controlling legal risks in contracts and reduce contract-related legal risks, the Legal Department provided training on the Contract-related Legal Risks and Preventive Measures in June 2023. The training primarily focused on legal risks during the signing and performance of contracts, introduced main risk points at these stages, analyzed and discussed risk points based on the realities of the Company, and shared prevention and mitigation methods for each risk point.



Training on Legal Risks and Preventive Measures Concerning Construction Engineering Contracts, Intermediary Contracts, and Agency Contracts on Purchasing from OEM

According to the needs of business departments, the Legal Department invited external consultants and lawyers to provide the Training on Legal Risks and Preventive Measures Concerning Construction Engineering Contracts, Intermediary Contracts, and Agency Contracts on Purchasing from OEM for employees responsible for the lighting projects. Focusing on construction engineering contracts, intermediary contracts, and agency contracts on purchasing from OEMs, the training provided explanations of basic knowledge and common risk points, conducted case analyses, shared risk response and prevention measures and experiences, and addressed questions and confusions of employees in businesses.



Comprehensive Risk Management

In accordance with established development strategies, the Company has established effective risk assessment mechanisms through daily management, supervision, external audits, etc. We have formulated a series of risk management procedures to ensure that the management can timely identify and fully assess risks faced, including internal and external risks. Based on risk identification and analysis results in combination with risk tolerance, the Company weighs risks against returns and adopts corresponding risk response strategies to ensure the realization of internal control objectives.

Risk Sources	Risk Estimation	Risk Control System	Risk Control Activities
Supplier Risks	<ol style="list-style-type: none"> 1.Improper supplier selection leads to increased procurement costs, unstable supply quality, or supply interruptions; 2.Suppliers manipulate prices in the Company's procurement activities by means of collusive bidding and price pushing. 	<i>Internal Control System on Procurement and Payment of Guangdong PAK Corporation Co., Ltd.</i>	Enhancing supplier screening to ensure supply quality and stability.
Payment and Contract Risks	<ol style="list-style-type: none"> 1.Suppliers may engage in fraudulent behaviors, such as providing false invoices or duplicate collections; 2.The payment process is not standardized; 3.Purchase contracts contain ambiguous terms and conditions or legal risks. 		<ol style="list-style-type: none"> 1.Strictly reviewing fund payments and reducing payment risks 2.Standardizing business processes and authorization approvals for sales activities 3.Providing training to ensure that sales activities are standardized, compliant and legal.
Purchasing Corruption Risks	<ol style="list-style-type: none"> 1.Employees in the purchasing department may take advantage of their positions to collude with suppliers and obtain improper benefits; 2.Purchasing decisions may be monopolized by individual leaders or employees, resulting in a lack of fairness and impartiality in the purchasing process. 		<ol style="list-style-type: none"> 1.Separating Incompatible Duties 2.Specifying clear authorization and approval procedures 3.Strengthening audit supervision 4.Improving reporting mechanisms 5.Optimizing the organizational structure of the supply chain management center to ensure the clarity and transparency of the entire supply chain
Sales and Collection Risks	<ol style="list-style-type: none"> 1.Mistakes in sales planning result in non-prospective sales forecasts or unscientific pricing policies, resulting in a decline in the market competitiveness of the Company. 2.Improper management of customers' credit leads to difficulties in recovering receivables and risks of bad debts. 3.Sales contracts are not properly authorized, contain ambiguous terms or involve legal risks 4.Unstandardized management of accounts and notes receivable and inaccurate aging analysis result in revenue loss and legal litigations. 5.Errors in issuing sales invoices cause tax-related risks. 	<i>Internal Control System on Sales and Collection of Guangdong PAK Corporation Co., Ltd.</i>	Standardizing various business processes and authorization approval matters related to sales planning, customer management, sales pricing management, sales contract approval and signing, order management, shipment management, accounts receivable management, and customer complaint handling
Inventory Management Risks	<ol style="list-style-type: none"> 1.Improper inventory storage leads to inventory depreciation and expiration risks; 2.Inventory backlog occupying a large amount of enterprise funds increases storage and capital costs. 3.Insufficient inventory leads to delayed raw material supply, and affects the normal production of the Company. 4.Untimely accounting treatment of inventories causes inconsistency between accounts and facts 	<i>Inventory Internal Control System of Guangdong PAK Corporation Co., Ltd.</i>	<ol style="list-style-type: none"> 1.Standardizing the life-cycle management of inventory from warehouse-in, warehouse-out, scrap disposal to inventory counting 2.Clearly stipulating the inventory management process and the responsibilities and authority of all relevant personnel, as well as the approval procedures and accounting treatment methods

Risk Sources	Risk Estimation	Risk Control System	Risk Control Activities
Fixed Asset Management Risks	<ol style="list-style-type: none"> Newly purchased fixed assets have risks of improper acceptance and recognition procedures The use and custody of fixed assets may be subject to the risk of failure to authorize the sale of fixed assets in accordance with the prescribed procedures, use specific assets or take responsibility for the custody of fixed assets, which may result in the use of fixed assets, and the risk of loss of fixed assets due to improper custody The depreciation and impairment of fixed assets have not been promptly checked and counted, and the conversion of self-constructed fixed assets has not been timely, leading to increased tax risks for the Company. 	<i>Internal Control Management System for Fixed Assets and Engineering Projects of Guangdong PAK Corporation Co., Ltd.</i>	<ol style="list-style-type: none"> Specifying the processes and accounting rules for links such as the purchase, valuation, depreciation, stock checking, and disposal of fixed assets, and the management of engineering projects Implementing effective division of responsibilities, clarifying authorization approval procedures, and ensuring the security of fixed assets Standardizing accounting procedures, strengthening accounting supervision over the management of fixed assets, and ensuring that the accounting is compliant and that accounts are consistent with facts
Risks of Financial Activities	Unqualified fund management causes restricted fund flows, increased capital costs, and decreased investment returns	<i>Capital Management System of Guangdong PAK Corporation Co., Ltd. Foreign Investment Management System</i>	Standardizing the responsibilities, business processes, and authorization permissions of each position in fund management
Disclosure Risks of Financial Reports	<ol style="list-style-type: none"> Information leakage results in risk of insider trading. Inaccurate or untrue data or omission of important information in financial reports cause risks of misleading investors and stakeholders. The preparation and disclosure of financial reports do not meet the requirements of relevant laws, regulations and accounting standards, resulting in the Company facing compliance risks such as legal proceedings and penalties. 	<i>Financial Management System of Guangdong PAK Corporation Co., Ltd. Internal Control System for Financial Reporting of Guangdong PAK Corporation Co., Ltd.</i>	Clearly defining the responsibilities of the financial management center, the judgment and handling of significant financial matters, the preparation and submission of financial statements, financial analysis, and other processes
Management Risks of Holding Subsidiaries	<ol style="list-style-type: none"> Improper governance structure and unreasonable allocation of responsibilities lead to management risks in subsidiaries Incorrect formulation and execution of subsidiary accounting systems, or inaccurate and incomplete information in consolidated financial statements, may lead to the inability to accurately reflect the overall operation of the Company 	<i>Internal Control System of Guangdong PAK Corporation Co., Ltd.</i>	<ol style="list-style-type: none"> Dispatching directors and corresponding management personnel to control the operation and decision-making of our subsidiaries Assigning financial officers to the holding subsidiary to supervise the authenticity and legality of the holding subsidiaries' financial status Ensuring that accounting methods and policies adopted by the controlling subsidiaries are consistent with those of the Company, to realize effective control over the holding subsidiaries

Risk Sources	Risk Estimation	Risk Control System	Risk Control Activities
Risks of Related Transactions	<ol style="list-style-type: none"> Unfair transactions between related parties and unreasonable pricing of related transactions cause profit transfer and damages to the interests of the Company and our investors Related transaction contracts may contain illegal or unclear terms and conditions Related transactions may lead to regulatory penalties and litigation risks 	<i>Financial Management System of Guangdong PAK Corporation Co., Ltd. Related Transaction Management System of Guangdong PAK Corporation Co., Ltd.</i>	<ol style="list-style-type: none"> Clearly defining related parties and the scope of related transactions, the basic principles of related transactions, decision-making authorization procedures for related transactions, and other aspects of related transaction management Making accurate and complete records of related transactions occurring with appropriate review and authorization

Tax Management

PAK places high importance on tax governance. We have clarified the process for tax declaration and invoice management in the Financial Management System of Guangdong PAK Corporation Co., Ltd. and established a Tax Management Department that centers on the Financial Management Center. Our subsidiaries at their discretion manage their own tax affairs through their own Finance Department under the guidance of our Financial Management Center.

The Financial Management Center regularly reviews and summarizes our tax operations and payments, inventories our tax resources, and ensures that our employees are kept up-to-date with tax regulations by disseminating information through monthly meetings and sharing experiences related to taxation.

During the Reporting Period:

156.1154

we paid a total of CNY **156.1154** million in taxes (excluding personal income tax), significantly contributing to local economic development.

Related Party Transactions

PAK has formulated the *Management System for Related Party Transactions of Guangdong PAK Corporation Co., Ltd.*, which clearly specifies procedures for the review, disclosure, and pricing principles of related party transactions, in accordance with applicable laws, regulations, and the reality of business to ensure that our related party transactions comply with the principles of fairness, justice, and transparency, enhance our internal controls, and protect the rights and interests of all shareholders. We strictly enforce a related party avoidance mechanism to ensure that relevant directors and shareholders shall recuse themselves from voting during the review of matters on related party transactions.

In addition, we have formulated the *Financial Management System of Guangdong PAK Corporation Co., Ltd.* for the management of funds transactions with related parties.

During the reporting period, all related party transactions of the company have been subject to the corresponding decision-making procedures in accordance with relevant laws, regulations, and internal management systems.

Rights and Interests of Investors

Protection of the Rights of Shareholders

PAK actively strives to provide shareholders with optimal investment returns and value creation. We strictly adhere to profit distribution and stock repurchase policies as stipulated in our *Articles of Association and the Financial Management System of Guangdong PAK Corporation Co., Ltd.* In addition, we have formulated the *Three-Year Shareholder Return Plan of Guangdong PAK Corporation Co., Ltd. (2023-2025)* to clarify our reasonable return policies for new and existing shareholders and enhance the transparency and operability of our profit distribution decisions, thus enabling shareholders to oversee our operation and profit distribution.



Implementation Status of the 2022 Annual Dividend Plan of PAK

Cash dividend **0.6** CNY /share Total cash distributed CNY **167.5986** million

The proportion of net profit attributable to shareholders of the listed company in the consolidated financial statements for 2022 **176%**

Regulating Information Disclosure

PAK rigorously upholds the principles of truthfulness, accuracy, completeness, timeliness, and effectiveness. We have developed the *Information Disclosure Management System of Guangdong PAK Corporation Co., Ltd.* to enhance our ability in information disclosure management and the quality of information disclosure, protect the legal rights and interests of investors, and ensure the confidentiality of undisclosed information.

During the Reporting Period, we disclosed 6 periodic reports and 122 ad hoc announcements while effectively enforcing and maintaining our responsibility mechanism for information disclosure.

Facilitating Communication with Investors

PAK places great emphasis on enhancing investor relations management. We continuously improve our channels for communication and strengthen our ability to manage these relationships. To deepen our engagement with investors and potential investors and enhance their understanding and recognition of our company, we have established the *Investor Relations Management System of Guangdong PAK Corporation Co., Ltd.* to accurately and promptly present our investment value to the capital market, ensuring that our investor relations efforts effectively serve as a bridge between conveying our company's values and facilitating investors' discovery of our value.

We proactively engage in investor communication activities and maintain strong relationships with our investors. We focus on building online communication platforms through performance briefings, our official website, investor surveys, emails and investors' hotline. Additionally, we have launched a series of communication campaigns to ensure efficient and effective channels for investor interactions

Channels for investor communication:

Hotline: 020-28660360

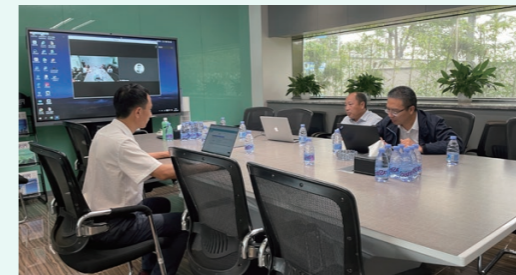
Fax: 020-28660327

Email: info@PAK.com.cn

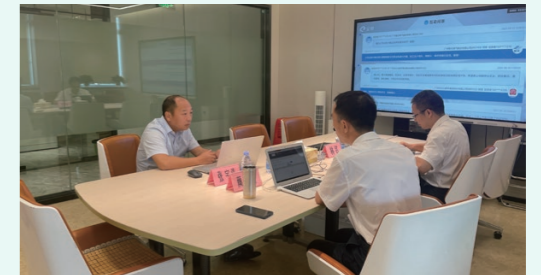
Mailing address: No. 293, Caixin Road, Liangdibu Industrial Zone, Lanhe Town, Nansha District, Guangzhou City, Guangdong Province, China.

During the Reporting Period:

We hosted **2** performance briefings and Investor Days. We received **5** institutional research visits.
We held **16** online interactions at irm.cninfo.com.cn.



Online Performance Presentation of PAK for 2022



PAK participated in the "Investor Collective Reception Day", one campaign of the "2023 Investor Relations Management Month for Listed Companies in the Guangdong Jurisdiction"



Business Ethics

PAK strictly adheres to the *Anti-Unfair Competition Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery*, and other laws and regulations relating to other laws and regulations related to anti-bribery, anti-extortion, anti-fraud, and anti-money laundering enforced in the regions where we operate to prevent illegal activities such as embezzlement and bribery.

We advocate for integrity and continuously enhance our compliance and integrity control levels to ensure our continuous, stable, and healthy development. We focus on strengthening anti-corruption education at critical positions, regularly organize specialized training, and implement requirements on work with integrity to ensure that employees in crucial positions, particularly within the Purchasing Department, maintain a 100% compliance rate in signing the *Integrity Commitment*.

The company has established multiple reporting channels and has included anti-commercial bribery clauses in the general procurement contracts signed with suppliers. Contact information for the company's president and vice president is also provided in the contracts to facilitate suppliers' complaints or reports. Additionally, a supplier complaint module has been set up on the company's supplier management platform, and the announcement posted to suppliers includes the contact email of the company's internal audit department, making it convenient for suppliers to directly report corrupt behaviors.

Specialized Training for Marketing System Managers

In November 2023, our Legal Department organized a Specialized Training for Marketing System Managers. The training focused on contractual business secrets, non-compete agreements, and legal discussions on unauthorized private orders by sales staff. It also emphasized integrity and anti-unfair competition, focusing on the management of trade secrets and professional ethics among our marketing personnel.

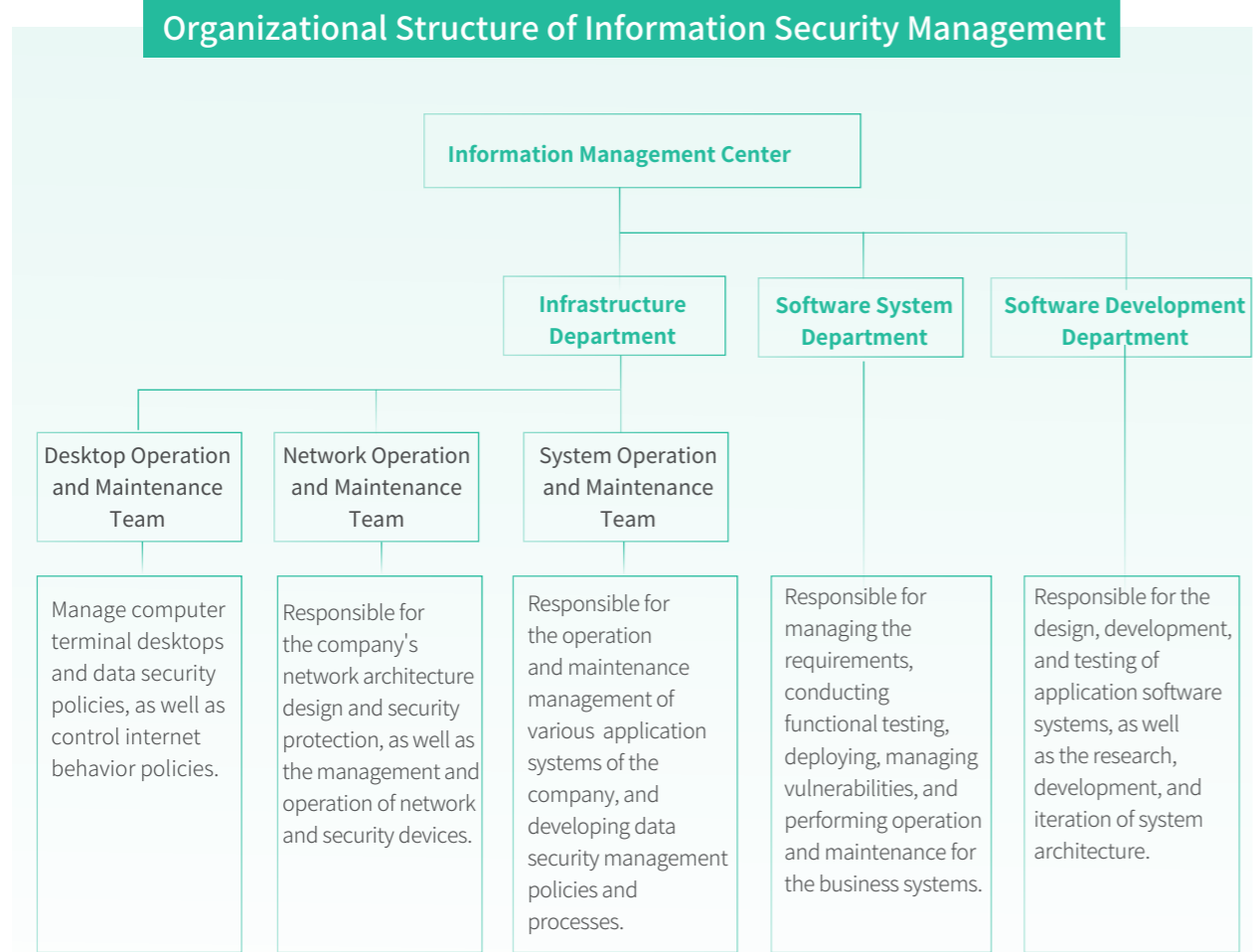


Information Security

Information Security Management System

PAK has established professional information security teams and a comprehensive information security management system in strict accordance with applicable laws and regulations. We also have developed and issued a series of management measures to ensure thorough information security and privacy protection.

Organizational Structure of Information Security Management



Enhancing the Ability to Safeguard Information Security

We employ the following measures to ensure the security of employee and customer information comprehensively.

System construction

1. Formulate systems, such as the *Measures for the Management of Information Security*, *Measures for the Management of Information System Failures*, *Measures for the Management of Server Rooms in the Information Center*, and *Measures for the Management of IT Terminal Equipment*;
2. Established a professional network security team to enhance network security defenses and emergency response capabilities;
3. Promote and strengthen information security education and training to develop skilled professionals and enhance our employees' awareness and capabilities in information security.

Operations and maintenance management

1. Network isolation and security: When connecting with external departments, use dedicated network devices and communication lines to ensure data exchange security through physical or logical isolation; and apply strict communication control, auditing, and recording measures;
2. Internal network isolation: Isolate computers in critical departments from the internet physically, while ensuring that security monitoring, as well as wired and wireless networks, operate independently, to reduce security risks;
3. Software and hardware updates and maintenance: Regularly inspect and update software and hardware and promptly address known vulnerabilities to enhance security and ensure system stability and reliability;
4. Anti-virus and software compliance: Equip all computer equipment with licensed anti-virus software, prohibit the use of pirated software, and ensure that all external software or discs are checked for viruses before installation and use;
5. Data security and backup: Establish a data backup and recovery mechanism to ensure that backup media are physically separated from the host system and that backup data are stored off-site to mitigate data loss risks;
6. Equipment and environmental protection: Ensure that the purchased computer equipment is highly reliable and provide necessary environmental safeguards for server rooms, including an uninterruptible power supply (UPS), appropriate temperature and humidity controls, fire protection, and static electricity prevention measures.

Technical management

1. Deploy and implement enterprise encryption and desktop management systems and implement decentralized management across various application systems;
2. Construct a secure and straightforward VPN network to ensure safe access to our intranet applications for employees working remotely;
3. Establish secure firewalls to filter traffic and prevent unauthorized external access to our internal network;
4. Collaborate with professional enterprise-level network security, cloud computing, IT infrastructure, and IoT service providers to perform comprehensive inspections of our information management systems, identify and fix security vulnerabilities, and strengthen threat management.

To further improve data management efficiency, ensure data security, and firmly grasp the control of data security, we have adopted a hybrid cloud model to build a new generation of IT infrastructure for enterprises: We host core businesses in the enterprise data center (private cloud) and transition non-core businesses to the public cloud to fully leverage the distinct advantages of characteristics of the private and public clouds, thus enabling us to independently control the security of critical data.



Data Collection Platform Server of PAK

Emergency Response

PAK takes proactive actions against potential information security risks to prevent significant data leakage and effectively manage emergencies such as deliberate attacks on our network systems, damage, and the unauthorized dissemination and attachment of illegal content. We have specifically developed the *Emergency Response Plan for Network and Information Security*, of which the scope and content are meticulously defined based on risk assessments of potential security incidents and the risk identification of information security threats. To ensure that the emergency response plan is feasible and complete, we regularly conduct information security emergency drills and continually revise and refine our emergency response plan based on the outcomes of these drills, ensuring that we can respond quickly and effectively to information security challenges.

During the Reporting Period:

A total of CNY **224.5** thousand have been invested in information security management.
3 information security training sessions were conducted
 The training covered **83%** of our employees.

Party-building Governance

Construction of Party Organizations

PAK established a Party branch at our headquarters in 2003 to foster stable development. As of the end of the Reporting Period, members of our business operation team, operations and maintenance team, and administrative office who are members of China's Communist Youth League or members of the Communist Party of China represented over 40%. They steadfastly implement the Party's lines, principles, and policies and applicable national laws and regulations.

Chongqing PAK Lighting Co., Ltd. ("Chongqing PAK"), Zhaoqing Dongsong Park Electrical Appliance Co, Ltd. ("Zhaoqing PAK") and Guangdong PAK Optoelectronic Industrial Co., Ltd. ("PAK Optoelectronic"), wholly-owned subsidiaries of Guangdong PAK Corporation Co., Ltd., established a Party branch in 2011 respectively, while PAK Optoelectronics set up its Party branch in 2016. Since their establishment, the Party branches in our subsidiaries insist on adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, diligently studying and implementing the Party's lines, principles, and policies, striving to integrate Party-building work with production and operation, and fully motivating Party members to become role models and Party branches to play a key role.

During the reporting period, the Chongqing PAK Party branch was awarded the title of "Advanced Grassroots Party Organization" by the Enterprise Work Committee of the Wanzhou Economic and Technological Development Zone of the Communist Party of China. Meanwhile, the PAK Optoelectronics Party branch was recognized as the "Outstanding Enterprise in Party Building Work among the 'Two New' Party Organizations in Langhe Town for 2022" by the Lanshe Town People's Government of Nansha District, Guangzhou City.

Party-building Activities

Strengthening Theoretical Study

PAK conducts learning sessions under the Three Meetings and One Lecture system and Themed Party Day Events to strengthen education and training for Party members and improve their understanding of relevant theories and political consciousness. We require our Party members to be proficient in their business; thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and guiding principles from the Party's 20th National Congress; play an exemplary role; watch shared classes and the movie *The Great War*; establish Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and establish the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; and uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee's authority and its centralized, unified leadership.

During the Reporting Period:

The HQ of PAK has convened **4** general meetings of party members, conducted three lectures on party theory, and has organized **12** themed party activities. Chongqing PAK, Zhaoqing PAK, and PAK Optoelectronics have held **11**, **1**, and **12** general meetings of party members respectively.



Party-building Meeting at Our Headquarters



Themed Party Day Event Held in Chongqing PAK: Study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era



Study of Party History in Zhaoqing PAK



General Meeting of PAK Optoelectronics Party Members

Consolidation of ideological education

PAK continuously refines our Party branch system to ensure that work is carried out in a standardized and institutionalized manner. We rigorously organize Branch party member sessions and strengthen ideological and political education to ensure the practical application of directives. Furthermore, we focus on cultivating applicants for Party membership, selecting key talents, inspiring the enthusiasm and initiative of our young members, and strengthening their sense of social responsibility.

Our Party branches actively embody an exemplary leadership role by engaging in charitable activities, such as participating in community volunteer services, fulfilling "micro-wishes", engaging in anti-fraud education, and caring for elderly people who live alone. In partnership with PAK, our Party branches have established educational scholarships to encourage and support outstanding students.

During the Reporting Period, the company headquarters' party members participated in 13 volunteer activities, claimed 15 "micro-wishes", and actively embraced social responsibilities, demonstrating the dedication of PAK's Party members.



Themed Party Day Activity: Learning Party History and Embarking on the Journey of Science and Technology



Hand-in-Hand Interaction at Chongqing PAK

Conducting Special Activities

PAK actively carries out distinctive activities for Party members, constantly expands the content and mediums of learning activities, and innovates the ways of party-building activities to boost the vitality of party-building efforts, further motivate Party members and cadres to bear responsibility, show initiative, and become role models, and significantly strengthen our cohesion and ability.



Bazaar Stalls by the Youth Model Unit Award in 2023



Watching a Patriotic-Themed Movie

Honors in Party-building

Honors in Party-building of Party branch at headquarters



Annual Advanced Party-building Organization Award for Non-State-Owned Enterprises



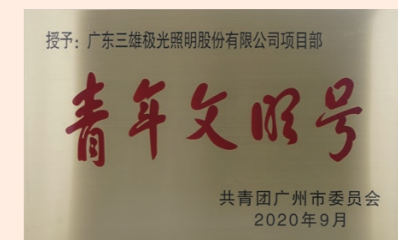
Advanced Party-building Organization Award for Non-State-Owned Enterprises



Pioneer Post for Party Members of Non-State-Owned Economic Organizations in Guangzhou City



Five-Star Party Branch



Youth Model Unit Award

Honors in Party-building of PAK Optoelectronics



"Two New" Party-building Model Enterprise in Lanhe Town

Honors in Party-building of Chongqing PAK



Advanced Primary-level Party Organization

Honors in Party-building of Zhaoqing PAK



Advanced Primary-level Party Organization



2



Low-carbon Development: Leading to a Green Future

Environmental Management	Green Lighting	Energy Management	Responding to Climate Change	Water Resources Management	Environmental Impact Control	Green Operations
044	048	053	054	057	058	061

Environmental Management

As a lighting company, PAK consistently adopts a responsible approach to environmental protection, both now and in the future. We implement proactive and effective strategies to minimize the environmental impacts caused by our operations. Moreover, we maintain close relationships with all stakeholders, including local communities where we operate, our employees, local governments, and various non-profit organizations.

During the Reporting Period:



Environmental Commitments

Our commitment to sustainability is rooted in making environmental protection the foundation of our long-term strategic goals. Our dedication to sustainability is evident in the following several key practices:

We implement all feasible measures to mitigate the negative environmental impacts caused by our production and operations.	
Environmental Management	<ol style="list-style-type: none"> 1. Regularly adjust and enhance our environmental management policies. 2. Conduct training to elevate employees' awareness about the environment. 3. Support employees to put forward methods to improve our environmental management systems.
Investment projects	<ol style="list-style-type: none"> 1. Support employees to put forward methods to improve our environmental management systems. 3. Engage third parties to perform assessments.. 3. Ensure that our investment projects do not impact highly sensitive and fragile natural environments or environmental reserves that require protection.
Energy Management	<ol style="list-style-type: none"> 1. Boost energy efficiency within production processes and reduce unnecessary energy consumption. 2. Increase the utilization of clean energy sources to improve our energy structure. 3. Implement measures aimed at reducing greenhouse gas emissions.
Product R&D	Our product technology R&D is closely aligned with environmental considerations, aiming to achieve the key objective of "creating lighting with high power and low energy consumption".
Emissions management	<ol style="list-style-type: none"> 1. Ensure that all our waste and emissions are processed in compliance with relevant regulations. 2. Invite qualified third parties for testing.
Environmental data	Regularly disclose our environmental data to all stakeholders.

Environmental Management System

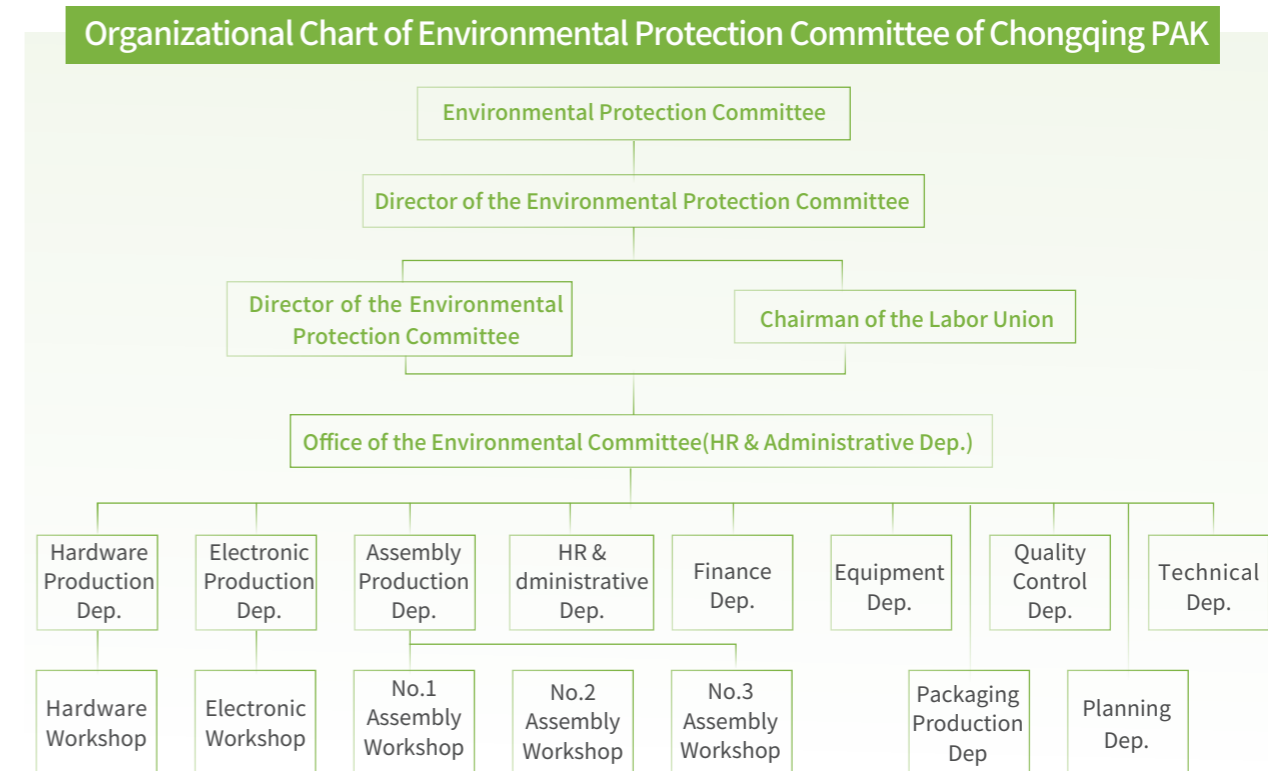
To standardize our daily environmental management efforts, ensure the health of our employees, and create a clean and suitable living and working environment, we have established a series of environmental protection regulations. Under the guidance of the policies of "comprehensive planning, rational layout, integrated utilization, turning harm into benefit, compliance with laws, clean production, building eco-enterprises, and pursuing sustainable development paths", we endeavor to comprehensively enhance the environmental management standards across our facilities.

As of the end of the reporting period, the company has obtained ISO 14001:2015 environmental management system certification, and its subsidiary, Zhaoqing PAK Lighting Co., Ltd., has passed the provincial-level certification for clean production enterprises.

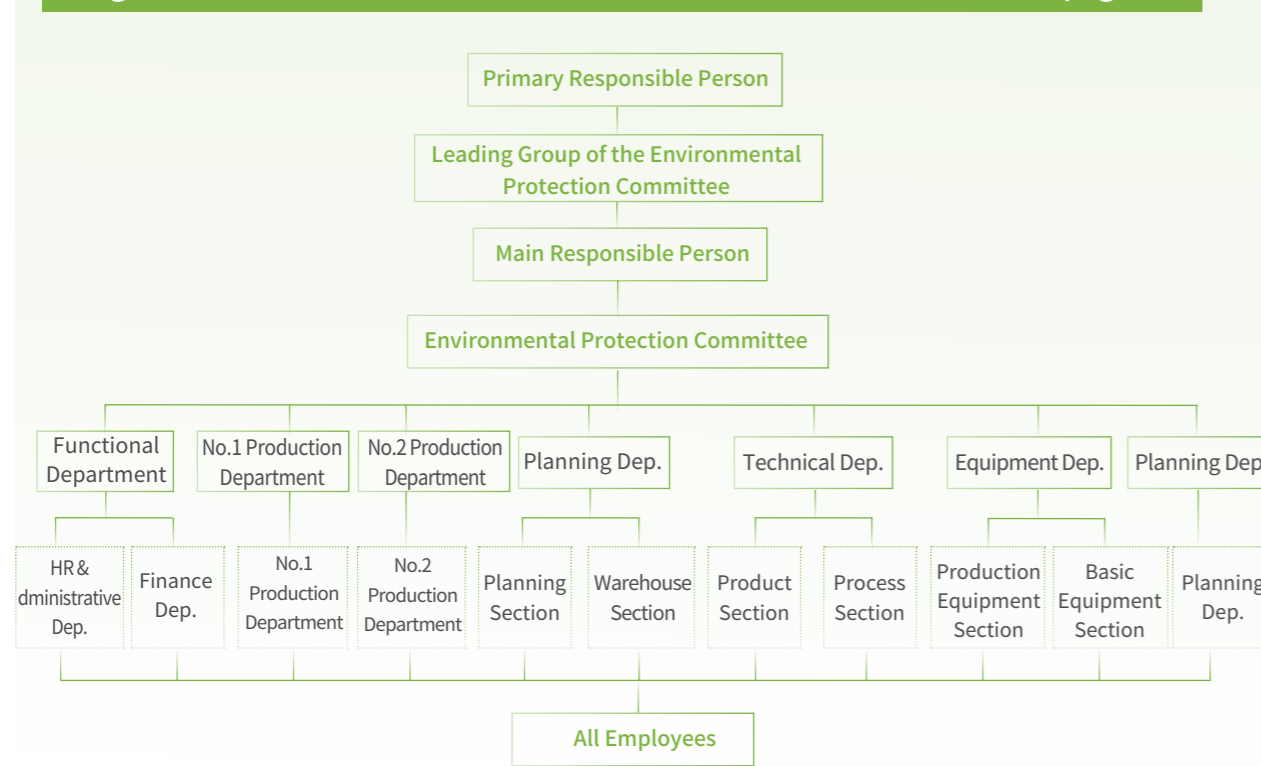
ISO 14001:2015
Environmental
Management
System Certification

Zhaoqing Clean Production Enterprise Certification

In order to align environmental protection management more closely with actual production and improve management efficiency, PAK has established environmental protection committees at each production base. These committees coordinate and guide the environmental protection work of each base, quickly respond to and address environmental issues, and minimize delays in information transmission and decision-making, according to the local environmental conditions, legal requirements, and societal expectations.



Organizational Chart of Environmental Protection Committee of Zhaoqing PAK



Environmental Risk Management

Risk Assessment

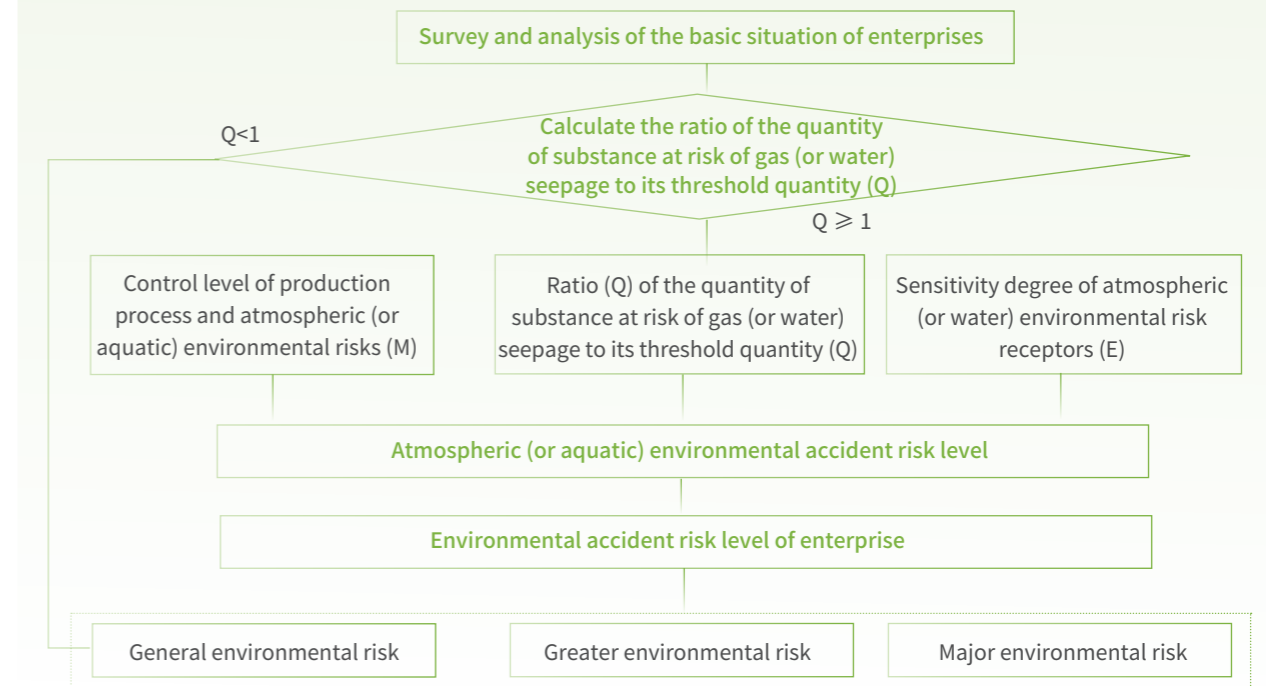
To ensure the environmental safety of each production base and the surrounding areas of production equipment, PAK has established mechanisms for environmental risk identification and assessment. We regularly carry out comprehensive environmental risk assessments based on risk categories and impacts, and develop appropriate response measures to ensure timely control of risks. The results of risk assessments will be detailed in our risk assessment reports.

Furthermore, we conduct regular environmental impact emergency response drills to ensure that frontline staff can respond quickly and effectively to major environmental emergencies, thereby safeguarding environmental safety.



Environmental Risk Emergency Response Drill

PAK's Classification Process for Environmental Accident Risk of Enterprise



Investigation of Hidden Dangers

Following the principle of "Prevention First", PAK consistently endeavors to minimize the potential impacts on the surrounding natural environment by regularly identifying potential environmental hazards, inspecting equipment, and monitoring the progress of our employees' work.



Sewage treatment station before rectification



Sewage treatment station after rectification (with the Safety Operation Procedures posted)



Hazardous waste warehouses before rectification



Hazardous waste warehouses after rectification (with debris removed)

During the Reporting Period:

Through the investigation of environmental hidden dangers, we identified a total of **20** sites with potential safety risks and achieved a rectification rate of **100%**.

Raising Environmental Awareness

PAK is committed to actively fostering environmental awareness among our employees, partners, contractors, and local communities in areas where we operate. Through various channels and modes such as environmental training, promotional campaigns, and community engagements, we convey to them the importance of environmental conservation, guide them to actively participate in environmental actions, and contribute to creating a green and sustainable ecosystem.



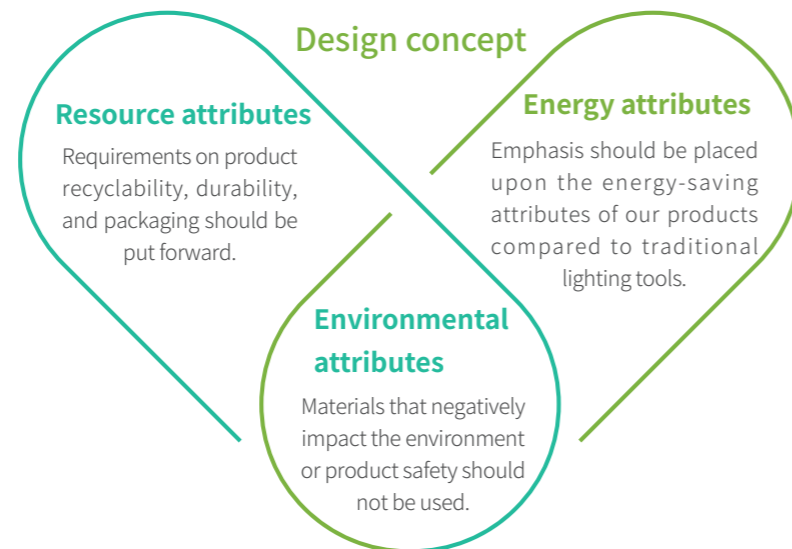
Training on Environmental Protection for Employees

Green Lighting

Lighting systems represent a rapidly evolving sector with immense potential for reducing energy consumption and carbon emission and accelerating progress towards "carbon peaking and carbon neutrality" goals. As one of the pioneers in China's green lighting technology sector, PAK is responsive to the national call for "energy conservation and emissions reduction". We are committed to green development, advancing urban and rural construction towards green and low-carbon goals through innovations in intelligent interconnected LED lighting and other high-efficiency, energy-saving lighting products.

Green Design

PAK upholds the core concept of green design, consistently pursues high-quality development, and incorporates energy-saving and consumption-reducing features into our product design. By fully implementing carbon reduction across the life cycle of our products, PAK sets a green development benchmark for the industry and leads the trend towards sustainable consumption.



Green Products

With increasing consumer demand for lighting, intelligent lighting emerges as the most effective response, poised to define the future of the lighting industry. To this end, PAK deploys three major intelligent lighting systems and integrates cutting-edge products and technology to cater to varied lighting needs across real estate, public spaces, commercial chains, industrial settings, intelligent emergency response, outdoor landscapes, and residential lighting for diverse populations and building types. By precisely controlling lighting parameters such as on/off switches, brightness, and color temperature, PAK minimizes energy waste. In addition, we use energy-efficient LED fixtures and eco-friendly materials to further reduce carbon emissions, and foster the innovative co-development of green energy-saving and intelligent solutions, thus supporting the achievement of the "carbon peaking and carbon neutrality" goals.

KNX series intelligent lighting system

Our intelligent lighting system of the KNX series (the "KNX Series") combines efficient light sources with an intelligent control system and user-centered design. Primarily used in large buildings like factories and airports, it employs advanced intelligent control techniques for precise manipulation of light switches and brightness levels, avoiding unnecessary and excessive lighting to optimize energy use.

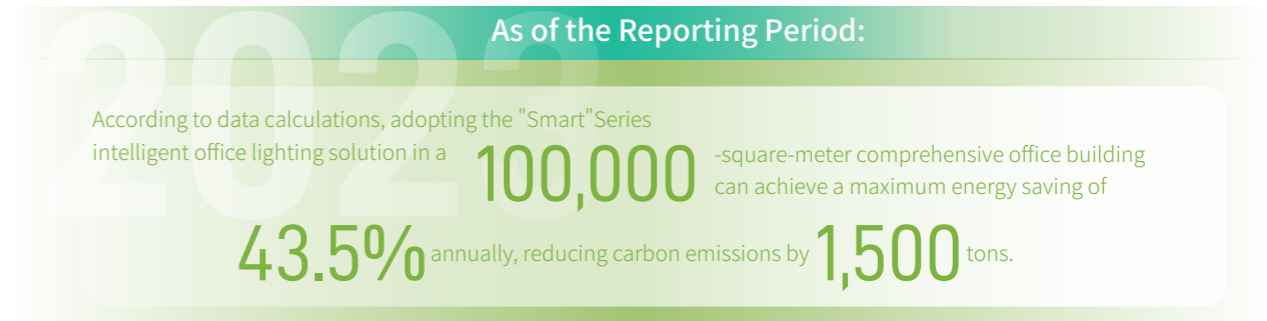
Furthermore, the KNX Series allows for the rational zoning and timing of lighting. It integrates illuminance and infrared technology to optimally utilize natural light, achieving unmanned intelligent control that further enhances energy efficiency and reduces emissions.

With the combination of radar sensing communication technology and human circadian rhythm intelligent lighting solutions, the KNX series of intelligent lighting systems can save more than **40%** of energy consumption compared to traditional lighting systems.

"Smart" series intelligent office lighting System

With the rapid economic and social development, the quantity of commercial office buildings is steadily increasing, leading to evolving office environments where scene-based lighting demands are becoming a focal point. In response to emerging trends, PAK has adeptly navigated the market dynamics, actively leveraging our technological innovation to develop the "Smart" Series of intelligent office lighting systems.

The "Smart" Series includes intelligent components designed to avoid energy wastage from difficult-to-control public area lighting such as "always-on lights" and "unmanned lights". Additionally, it uses a constant illuminance sensor to monitor outdoor light intensity and dynamically adjust indoor lighting levels to prevent "daytime lights" when natural light is abundant.



The "Smart" Series prioritizes both comfort and energy efficiency in office lighting. It leverages minimal effort for maximum impact to foster a green, low-carbon approach to both production and lifestyle, thus promoting the achievement of the "carbon peaking and carbon neutrality" goals.

Bluetooth/PLC lighting system

PAK's Bluetooth/PLC lighting system is an intelligent lighting control system that is based on the power line carrier communication technology. This system uses electrical wiring as a transmission medium, enabling the remote control and smart management of lighting fixtures. It significantly reduces the energy consumption of lighting fixtures and, consequently, lowers carbon emissions associated with electricity generation.

Additionally, through rational light regulation and intelligent control, the Bluetooth/PLC systems can reduce the overheating and excessive use of lighting fixtures, thereby extending their lifespan. This not only diminishes the frequency and cost of replacements but also lessens the environmental impact of discarded equipment.

With the combination of radar sensing communication technology and human circadian rhythm intelligent lighting solutions, the Bluetooth/PLC lighting system can save more than **40%** of energy consumption compared to traditional lighting systems.

Nanjing Focus Technology Building Fully Wireless Intelligent Sensor Lighting Project Case

Office buildings consume a significant amount of energy. Through intelligent solutions, PAK balances the comfort and energy efficiency of office lighting, helping the project achieve dual carbon goals.

In the Nanjing Focus Technology Building project, the company dedicated itself to creating a 120,000-square-meter fully intelligent lighting solution for the entire building. Depending on the usage functions and artistic needs of different spaces in the building, wireless intelligent communication control was adopted to achieve functions such as dimming, color temperature adjustment, and human body sensing. It can also automatically adjust indoor lighting intensity based on daylight conditions, ensuring constant indoor illumination and minimizing energy consumption. This fully reflects the green, energy-saving, and sustainable development concepts of the Nanjing Focus Technology Building, demonstrating high reliability, flexibility, and scalability.



Automatic control of workstation lighting, saving approximately **40%** energy in the office area. Constant illuminance effect in the conference room, saving approximately **60%** energy in the conference room area. Unattended and constant-illuminance smart lobby, saving approximately **30%** energy in the lobby and public areas.

Energy-Saving Lighting Renovation in the Comprehensive Office Building of He'nan Provincial Organs Case

To robustly promote energy resource conservation and ecological environmental protection in the public institution, achieve energy savings and green office environments, and create energy-efficient office spaces for the public institution, the Management Center of the Comprehensive Office Building of He'nan Provincial Organs implemented an energy-saving lighting retrofit. PAK was responsible for this renovation project and leveraged our professional expertise and extensive experience to tailor an efficient and energy-saving lighting system for the office building.



The project achieved an overall power-saving rate of **49.7%** which is projected to save approximately CNY **570** thousand in annual electricity costs.

Comprehensive Lighting Project for the Guangzhou Baiyun Railway Station - Illuminating a Low-Carbon Railway Station Case

Baiyun Railway Station is dedicated to constructing a green building that is energy-efficient, low-consumption, and comfortable. In high-speed rail operations, lighting systems account for a significant portion of energy usage, making their energy efficiency crucial. Through our lighting solution, which centered around green and energy-saving, we employed high-brightness, low-consumption fixtures that maximize the use of natural light to minimize energy waste. Additionally, we used indirect and anti-glare lighting techniques combined with botanical shading to create a comfortable, glare-free environment. Additionally, through intelligent control, we enable Baiyun Railway Station to automatically save energy during the night, thereby reducing energy consumption and light pollution to meet green and low-carbon objectives.



Baiyun Railway Station is dedicated to constructing a green building that is energy-efficient, low-consumption, and comfortable. In high-speed rail operations, lighting systems account for a significant portion of energy usage, making their energy efficiency crucial. Through our lighting solution, which centered around green and energy-saving, we employed high-brightness, low-consumption fixtures that maximize the use of natural light to minimize energy waste. Additionally, we used indirect and anti-glare lighting techniques combined with botanical shading to create a comfortable, glare-free environment. Additionally, through intelligent control, we enable Baiyun Railway Station to automatically save energy during the night, thereby reducing energy consumption and light pollution to meet green and low-carbon objectives.



China Environmental Labeling Product Certification

"Linear Lit V" Series LED Classroom and Blackboard Lights

China Green Building Materials Certification (Three-star Rating)

"Lit V" Series LED Light Panels
"Star" Series LED Downlights
"Tuxing" Series LED Street Lights

Green Standards

Since 2005, PAK has pioneered the concept of "light health" in the industry, focusing on four key indicators: energy efficiency, environmental protection, safety, and comfort. We have continually driven the development of corresponding green standards, aiming to enhance industry-wide green standards and foster collective progress. Furthermore, PAK has been deeply involved in drafting industry green standards and completed several standards for green and healthy lighting, including the *Code for Electrical Green Design Application of Civil Building*, *Standard for Lighting Design of Interior Decoration*, *Life Lighting Handbook for Healthy Lighting*, where the *Q/PAKJ001-2021 Requirements on LED Products for Indoor Lighting* was recognized as a leading corporate standard.

Leading Corporate Standard Certificate



Green Materials

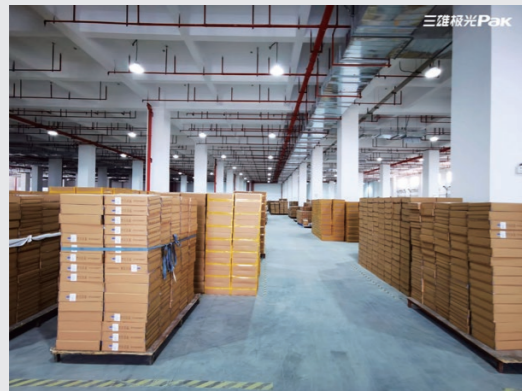
In our production activities, we primarily use paper-based materials for packaging. To achieve sustainable development goals for recycled materials, we actively promote the reuse of cartons and other packaging, continuously refine our materials recycling system, enhance the efficiency of using secondary packaging and in-fills, and substantially reduce the consumption of logistics packaging. Other packaging materials include plastics, foam and so on.

In the continuous effort to promote recycling, the company has discovered that wooden pallets have tremendous potential for secondary utilization compared to traditional materials. They are easy to repair and reuse, effectively improving the recycling rate of warehousing supplies.

Empowering Green Manufacturing

Industrial lighting accounts for approximately 70% of total lighting energy consumption, presenting a significant opportunity for energy savings. By implementing LEDs and smart interconnected lighting systems, energy consumption can be reduced by up to 80%. Therefore, PAK, committed to promoting green lighting, innovatively applies green smart manufacturing technologies to help various industries build intelligent green factories. We have developed full-scenario intelligent lighting solutions that have been successfully deployed in facilities such as Ningde Times, Oriental Yuhong, 3TREES, Mily, Vipshop, Yunda Express, and Rookie Logistics and enhanced their operational efficiency.

Reduce Electricity Consumption by **80%**



PAK & Mily Factory Smart Lighting Solution



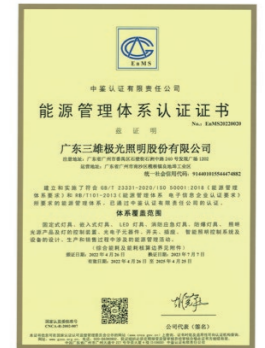
PAK & 3TREES Factory Smart Lighting Solution

Energy Management

Energy Management System

To enhance energy efficiency and foster sustainable development, we have established the Rules for the Management of Resource and Energy Conservation to promote the effective use of resources and the efficient management of energy through a series of measures and policies, thus ensuring the sustainability of our bases.

In 2022, the company has obtained ISO 50001 Energy Management System certification.



ISO 50001 Energy Management System Certification

Energy-saving Management Objectives

To bolster energy-saving management, we have revised our 2023 energy strategy to establish energy-saving targets and assessment criteria for key indicators such as industrial and domestic natural gas. Furthermore, we regularly analyze the performance against these indicators and the progress of energy-saving projects, making targeted improvements on critical aspects of energy conservation.



Energy-saving targets:

Industrial gas ≥ 3 (m²/m³)

Domestic gas ≤ 0.1 (m³/person/day)



Actions for energy conservation:

- Use natural gas economically and provide training for employees;
- Ensure full-capacity operation in workshops;
- Establish natural gas leak prevention facilities equipped with emergency procedures.

Energy Usage of PAK in 2023

Comprehensive Energy Consumption

4,526.52 tce

Indirect Energy Consumption

Purchased Electricity

22,087,897 kWh

Direct Energy Consumption

Natural Gas **106.57** ten thousand m³

Gasoline **43.77** t

Diesel Fuel **226.57** t

Responding to Climate Change

Carbon Management

PAK places great emphasis on managing carbon emissions across all stages from design and production to operation and maintenance of production facilities, striving to reduce the carbon footprint of our products. Our efforts to reduce carbon emissions include the installation of photovoltaic panels and the replacement of diesel vehicles with electric ones. Additionally, we actively explore energy-saving potentials in daily operations, like enhancing lighting efficiency, to achieve green, low-carbon, and efficient operations that contribute to sustainable development.

Renewable Energy

The company is committed to promoting the transition to green energy. PAK Lighting has currently invested nearly **1.2** million yuan in a distributed photovoltaic power generation project with a capacity of **533.60** kW on the roof of its factory, covering an area of **2,377** square meters. Adopting the model of "self-generation and self-consumption with surplus power grid connection," it is expected to generate **580,000** kWh of electricity annually. The company will continue to invest in promoting renewable energy projects, aiming to reduce electricity costs and improve the air quality of the local community, injecting new vitality into the path of sustainable development.



Installation of Photovoltaic Equipment

Green Transportation

PAK is transitioning from fuel-powered forklifts to electric forklifts for in-plant transportation and handling and eliminating exhaust emissions from the in-plant transportation process, thus significantly reducing energy consumption and achieving green transportation.

As of the end of the reporting period

The company has replaced over **20** electric forklifts



Electric Forklifts

PAK's GHG Emissions

During the Reporting Period:

Total greenhouse gas emissions	Greenhouse gas emissions (Scope 1)	Greenhouse gas emissions (Scope 2)
15,746.73 tCO ₂ e	3,150.01 tCO ₂ e	12,596.73 tCO ₂ e

Coping with Extreme Weather

Climate change, with its inherent uncertainty and complexity, leads to extreme weather such as typhoons and floods that may damage plant facilities, equipment, and office buildings, potentially causing significant asset losses for PAK.

Extreme weather trigger a series of knock-on effects, including equipment damage, disrupted employee attendance, and transportation route interruptions, all of which may severely hinder our stable production indirectly. In response, PAK has integrated extreme weather risk management into our overall risk management system, enhancing our resilience and ability to respond to catastrophic climate conditions.

Responsibilities for coping with extreme weather:

Position	Responsibilities
Group Leader	Listen to reports on the situation promptly, immediately convene group members to study and prepare countermeasures, and organize emergency response actions.
Deputy Group Leader	Under the unified direction of the Group Leader, promptly report to senior management and relevant managing departments and direct the related departments in carrying out emergency response and subsequent recovery actions as per the prepared disposal plans.
Group Members	Fulfill responsibilities and tasks assigned by the Emergency Response Leading Group and report the status and completion of these tasks in a timely manner.

Routine preventive actions	Emergency response measures
<ol style="list-style-type: none"> Maintain constant contact with local meteorological departments and emergency authorities to collect various weather warning information at any time and communicate it within the company. Conduct regular inspections and maintenance of production facilities and equipment. Strengthen the structures of important production facilities and buildings to enhance their resistance to wind, flood, and other natural disasters. Stockpile emergency supplies such as sandbags, water barriers, walkie-talkies, raincoats, etc. Regularly inspect and clean the drainage system to ensure its unobstructed flow and prevent water accumulation and flooding. Arrange for dedicated personnel to conduct patrols and prepare for production reduction or even shutdown based on the situation. Establish an emergency communication mechanism, set up an emergency duty position within the company, and ensure smooth communication channels. 	<ol style="list-style-type: none"> In case of abnormally high-temperature weather, closely monitor electrical facilities such as the company's power distribution room and distribution cabinets in the area to prevent fire hazards due to excessive power loads. In the event of natural disasters such as heavy rain and flooding, promptly inspect workshops and warehouses for leaks and take temporary measures to address them. Keep a close eye on the flow of water in the factory's drainage ditches and flood discharge channels to prevent flooding. Move vehicles to safe locations at higher elevations. Transfer outdoor materials stacked in the open to indoor storage in the warehouse as much as possible, and ensure that those that cannot be transferred are properly covered. For natural disasters such as heavy rain occurring during work hours, arrange work shifts and transportation scheduling based on information from meteorological departments. For natural disasters such as heavy rain and flooding occurring before work shifts, arrange work shifts reasonably based on traffic conditions. In the case of continuous heavy rain, simultaneously monitor the geological conditions of the surrounding mountains to prevent natural disasters such as landslides or mudslides. Promptly evacuate personnel from the surrounding areas of the factory and suspend production and operations.



Extreme Weather Response Drill - Install barriers at the entrance of the underground garage to block rainwater



Prevent Landslides - Reinforce the slope of the rear mountain



Prevent Flood Inundation - Raise the drainage channel

Water Resources Management

PAK places a high priority on water resource management and continually enhances our water management practices to ensure efficient water use and responsible wastewater discharge. As part of our strategy for environmental protection, we are committed to establishing partnerships with local communities, governments, and investors to collectively improve water resource management.

We also ensure the effectiveness of our water resource management strategies through regular monitoring and use advanced technologies to track and analyze the use of water resources, so as to identify and resolve problems in a timely manner. Furthermore, we conduct regular training on water resource protection to increase employee awareness of the importance of water resource management and encourage every employee to actively engage in water resource protection efforts.

Water resource management objectives:

Industrial water use target:¹ $\geq 1,100$ (m²/ton)

Domestic water use target:² ≤ 0.1 (tons/person/day)

Achievements:

All targets have been met.

¹Formula for industrial water use target: powder spraying area (m²) / monthly water consumption (tons)

²Formula for domestic water use target: domestic water use (tons) / total number of employees / days attended

Water Consumption of PAK

In 2023
151,795^t

Note: The above resource consumption figures are based on consolidated data.

Environmental Impact Control

PAK fully recognizes the significant responsibility of environmental protection. We not only strictly control pollutant emissions during the production process but also actively introduce advanced environmental technologies to ensure that every stage complies with environmental standards. Furthermore, we rigorously adhere to pollution compliance requirements and scientifically and effectively treat pollutants produced to ensure they cause no harm, thus achieving harmonious coexistence with the environment and laying a solid foundation for our sustainable development.

Environmental Testing

During the Reporting Period

Wastewater and Exhaust Gas Emissions Detection

15^{times}

PAK is committed to environmental protection and pollution minimization and considers them a solemn pledge to our stakeholders. To ensure this commitment is effectively fulfilled, we guarantee that all emissions either meet or surpass established standards. We regularly engage third-party assessment organizations to conduct rigorous testing of our wastewater, exhaust emissions, and noise levels. These organizations operate in accordance with national laws and regulations, ensuring the strictness and compliance of their evaluations.

During the Reporting Period, PAK conducted 15 tests on wastewater and exhaust emissions. According to reports from third-party assessors, our emissions meet all national legal standards, demonstrating our firm commitment and active engagement in environmental protection and pollution control.



Wastewater Management

Discharge of wastewater

To minimize wastewater discharge, we employ innovative wastewater treatment technologies and solutions. We implement the separation of industrial and domestic wastewater streams and enhance the efficiency of recycling drainage and reusing wastewater to significantly contribute to our efforts in building a greener and more beautiful environment.

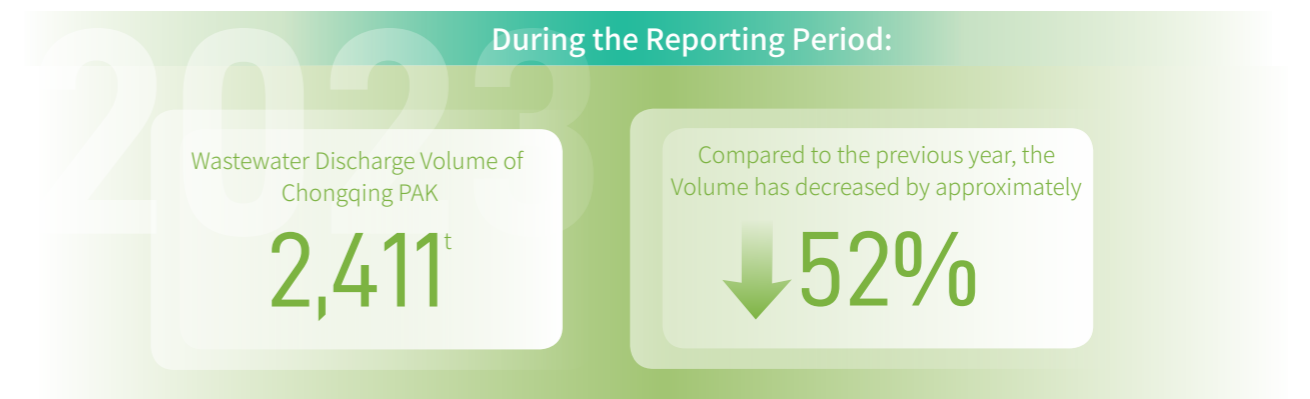
In 2023, the Chongqing Production Base adjusted the production methods of some production lines and adopted alternating production. This measure not only reduced the water consumption of the Chongqing Production Base, but also reduced wastewater discharge by over 50%. In addition, the Chongqing Production Base also implemented the "F21 Scheme to Reduce the Water Content of Sludge in Wastewater Treatment Stations". Through mechanical dehydration of the sludge in the wastewater treatment stations, the water content of the sludge was reduced to 60-70%, thereby reducing the weight of the sludge and saving costs on sludge clearing and hazardous waste disposal. This scheme officially began operating in March 2023 and successfully reduced the water content of sludge by 50%, achieving remarkable environmental protection benefits.



Wastewater Detection

PAK has prepared an annual plan for monitoring and observing environmental impacts to facilitate the organization and execution of environmental impact control and monitoring efforts.

To enhance our ability to detect and assess the impacts of our production activities on the surrounding environment, we regularly engage third-party agencies to conduct comprehensive assessments of our wastewater discharge. These assessments primarily focus on detecting and analyzing key parameters such as pH levels, chemical oxygen demand (COD), total suspended solids (TSS), phosphates and petroleum-based compounds in samples, enabling us to evaluate our facility's environmental footprint. These studies and data serve as the basis for the Company's understanding of the nature, magnitude and scope of its environmental footprint. The findings from these studies also inform the Company's efforts to refine its environmental management practices.



Waste Gas Management

Managing air pollutant emissions stands as a key component of PAK's environmental protection and climate strategy.

To regulate the release of air pollutants, PAK engages third-party testing entities to conduct rigorous assessments. This practice ensures the timely receipt of dependable insights into the environmental status of regions affected by the Company's manufacturing facilities. Armed with such timely analysis in the course of business operations, the Company can plan environmental protection measures, oversee their execution, and make informed managerial decisions.

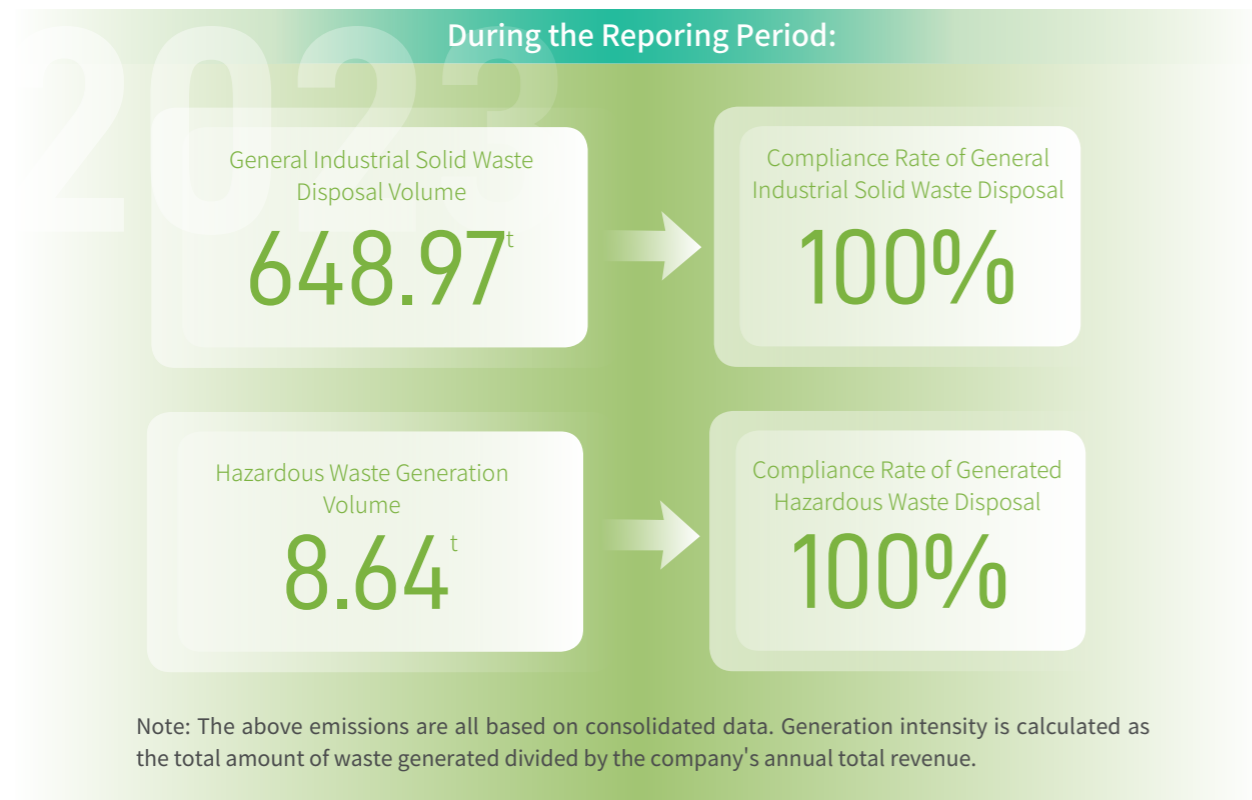
To further reduce the company's impact on the atmospheric environment during production activities, the Chongqing Production Base has implemented the "F22 Powder Spraying and Curing Exhaust Gas Treatment" scheme. This scheme involves treating the exhaust gas generated from powder spraying and curing with activated carbon and then discharging it through a 17m high exhaust stack. By upgrading the exhaust gas collection pipeline and adding new activated carbon integrated machines, the scheme aims to reduce emissions of non-methane total hydrocarbons. The scheme has been stably implemented since January 2023 and has achieved certain environmental, economic, and social benefits.

During the reporting period, Chongqing PAK emitted 0.26 tonnes of exhaust pollutants and Zhaoqing PAK emitted 0.12 tonnes of pollutants.

Solid Waste Management

Throughout its production and operation, the Company has been always committed to minimizing waste generation and amplifying recycling endeavors. To this end, the Company has devised a comprehensive, long-term strategy for managing hazardous substances. Employing cutting-edge tech innovations and equipment, it endeavors to reduce waste generation to the utmost degree while elevating recycling rates. Meanwhile, the Company has instituted a comprehensive hazardous waste classification framework, enabling precise comprehension of the attributes and disposal requisites of diverse waste categories. This facilitates the adoption of more scientifically informed and proper management practices, thereby mitigating the risks inherent in waste disposal and enhancing the overall efficacy of hazardous waste management.

Summary of PAK Solid Waste Disposal



Following the collection of hazardous waste, the Company labels each waste batch with discernible details such as description, ID and hazard categorization in strict accordance with regulatory requirements. This ensures accurate identification and control at every procedural node. Before the expiration of the waste storage duration, the Company submits transfer applications to the district environmental protection bureau by following the procedures for generating a duplicate form for hazardous waste transfer. This ensures the legality and regulatory compliance of each operation.

Moreover, the Company has forged closed alliances with specialized environmental protection entities to responsibly transfer hazardous waste generated during production for proficient disposal, thereby mitigating potential environmental hazards.

Green Operations

Green Office

In its day-to-day operations, the Company champions a paperless office culture, reducing the unnecessary use of paper documents and forms. Meanwhile, it implements an Office Automation (OA) system to facilitate seamless office workflows. This initiative is poised for wider adoption and implementation in the future, aiming to achieve full electronic office management.

Biodiversity Conservation

The Company upholds strict adherence to national environmental laws and standards, safeguarding maritime and terrestrial ecosystems from adverse impacts. Every capital investment project undertaken by the Company incorporates measures to minimize its environmental footprint. While responsibly exploiting natural resources, emphasis is placed on safeguarding ecological environment.

Throughout the Reporting Period, the Company refrained from establishing production bases or operational sites within or adjacent to natural reserves or biodiversity hotspots outside natural reserves. None of the Company's operational activities, products or services had a material adverse impact on biodiversity.

Garden Factory

Our Production Bases engage in the cultivation of diverse indigenous plants and trees in the vicinity, strategically designing the layout of factory areas for production, office and living spaces. This endeavor not only enhances the aesthetics of the environment and fosters biodiversity but also contributes to the absorption of carbon dioxide, release of oxygen, and reduction of air pollution. Consequently, the entire factory premises flourish with verdant landscapes, providing employees with a comfortable and harmonious work environment. Furthermore, it sets a shining example for the industry's green and sustainable development efforts.



Greening Initiatives Surrounding PAK



Enhancing Quality and Efficiency to Drive Value Growth

Research and Development (R&D) and Innovation
064

Product Liability
070

Elevating Customer Experience
075

Supply Chain Management
078

Dealer Management
081

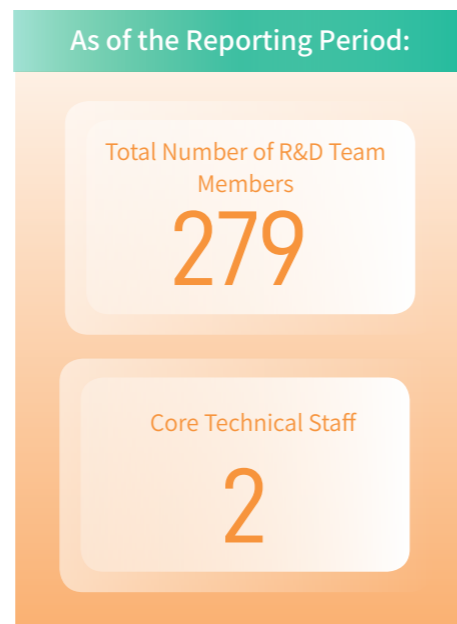
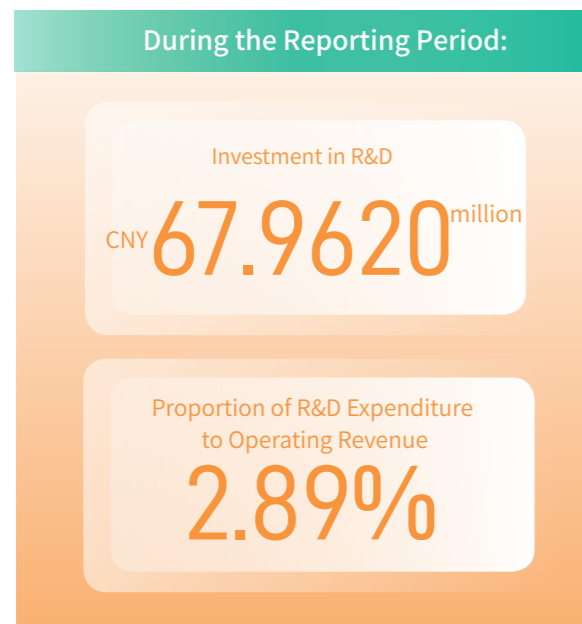
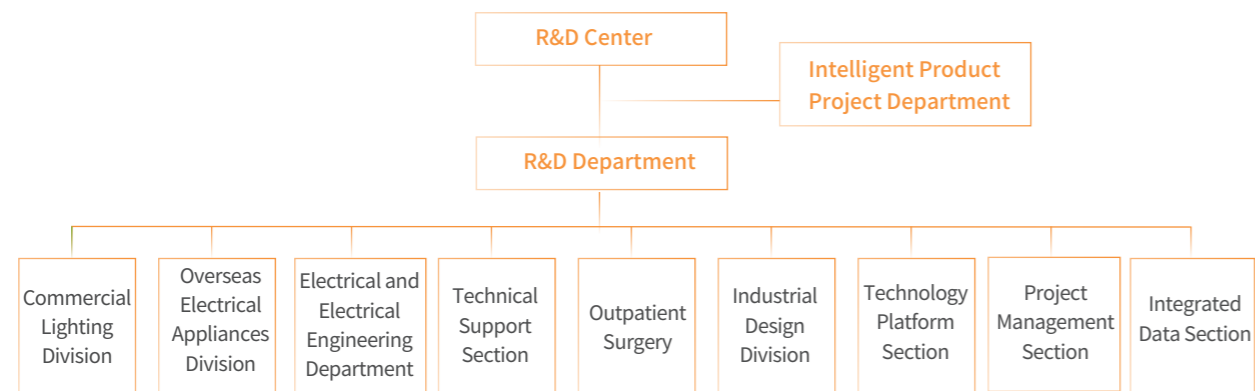
Research and Development (R&D) and Innovation

R&D System

The Company has developed the *Product Development Design Management Procedures* for the purpose of delineating the new product development process within the R&D Center and standardizing the collaborative requisites across various roles. This procedural document ensures that the features, cost, quality and temporal milestones of new product development meet the demands of the Marketing, R&D and Quality Control departments. Since 2022, the Company has embraced the Integrated Product Development (IPD) matrix governance model. This model segments the R&D process into six phases, interlinking them in a matrix format. Such practice guarantees not only the fulfillment of customer requirements but also the efficient allocation of design resources, thereby shortening product development cycles and reducing developmental costs.

The R&D Center is structured into two principal departments and nine specialized divisions based on functionality, with a primary focus on independent research and design for all new products. Each division is tasked with the research and design of various lighting fixtures, ensuring that products meet established standards in terms of functionality, aesthetics and usability. Moreover, there's seamless collaboration among the divisions. Through ongoing innovation and optimization efforts, they drive product upgrades to meet user needs and boost market competitiveness.

R&D Center Organization Chart



Scientific and Technological Innovation

Research and Development Field

Throughout the Reporting Period, the Company's R&D Center has been vigorously engaged in R&D endeavors in the fields of Thermodynamics, Optics, Electronic Control Technology and IoT. In the realm of mechanics, our pursuit lies in achieving unparalleled stability and durability of our products. Within optics, we continuously explore novel avenues, striving to deliver exceptional lighting experience to our users. In the domain of electronic control technology, we focus on developing highly efficient and stable control algorithms, enabling precise control in intelligent illumination systems. Concurrently, we actively embrace IoT technology to propel forward the evolution of remote control and intelligent adjustment functions of intelligent illumination systems. Through sustained innovation and breakthroughs in these pivotal domains, we're dedicated to providing users with superior, intelligently crafted lighting solutions, thus spearheading the illumination industry towards unprecedented heights.

Innovative Achievements

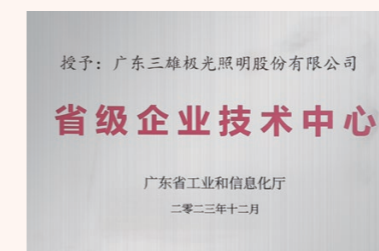
In the Reporting Period, the Company unveiled its Indoor Sunlight Simulation System, ingeniously blending optical and electrical elements to faithfully recreate the spectrum of natural light. Through a distinctive visual field folding design and the integration of diverse light sources and IoT technology, this system fosters a welcoming and tranquil lighting ambiance. It effectively mitigates the stresses of indoor environments, offering users a lighting experience that promotes both health and comfort.



CAF Lighting

CAF Lighting - Application in Healthcare Settings

The Company has garnered a host of prestigious honors, including recognition as a High-tech Enterprise, a Key Research and Development Entity in Guangzhou, an LED Lighting Control System Engineering Technology R&D Center in Guangdong Province, an Enterprise Technology Center in Guangdong Province, a Benchmarking Enterprise in the Innovative Technology Industry 2022, a National Intellectual Property Advantageous Enterprise, a participant in the Guangzhou High-Value Patent Cultivation Project, and an Intellectual Property Demonstration Enterprise in Guangzhou, etc. These accolades underscore the Company's expertise and prowess in the sphere of LED lighting control systems, highlighting its excellent performance in technological innovation and R&D capabilities.



Provincial Enterprise Technology Center



High-Tech Enterprise Certificate



Benchmarking Enterprise in the Innovative Technology Industry 2022

Incentive Mechanisms

To further enhance project management and optimize the internal collaboration mechanisms of the research and development department, the company has established clear assessment criteria and reward and punishment regulations to comprehensively and concisely evaluate the work performance of the company's research and development personnel.

The company actively implements a project reward system, regularly rewarding projects that have been completed and qualified. According to statistics, nearly 150 projects have received rewards during the reporting period, fully enhancing the work enthusiasm of employees and injecting new vitality into the company's continuous innovation and development.

During the Reporting Period

nearly **150** projects have received rewards

Industry-University-Research Collaboration

In November 2023, the College of Furniture and Art Design at Central South University of Forestry and Technology led a delegation of over a hundred students to embark on an academic study tour to PAK HQ. During the visit, an engineer from the Company's Intelligent Products Division delivered a lecture titled "Intelligent Lighting and High Quality Life", explaining the working principles of intelligent lighting systems through real-world applications. This immersive experience facilitated a profound comprehension among the students regarding the unique benefits of illumination in diverse spatial contexts.



Research and Study Activity

At present, PAK has forged partnerships with more than one hundred academic institutions, establishing educational collaboration hubs to facilitate practical training. We empower the next generation by infusing cutting-edge technological concepts into educational settings. Looking ahead, we will remain resolute in our commitment to progress, fostering resources sharing between academia and industry to invigorate endeavors toward high-caliber development.

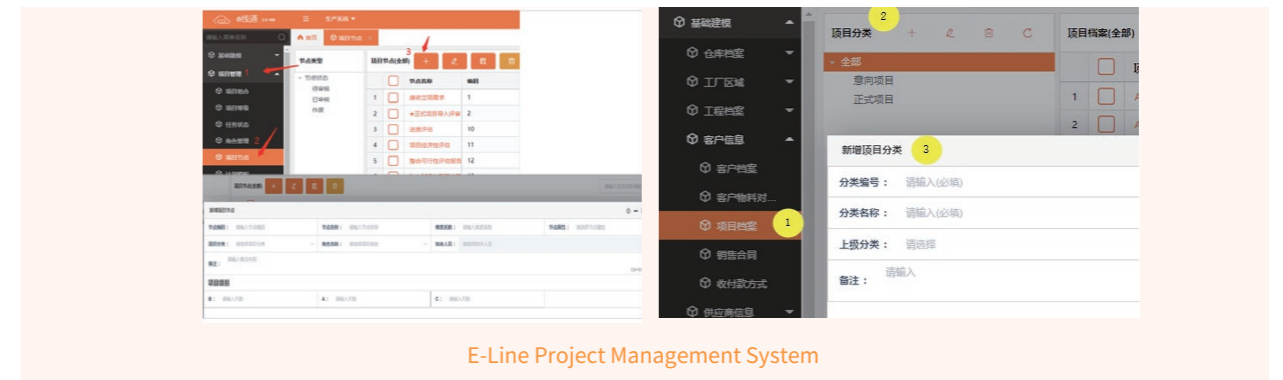
Driving Industry Development

The Company not only pursues excellence in R&D and production but also actively engages in industry standardization. By deeply immersing itself in these endeavors, the Company cultivates broad networks with experts, scholars and peers both within and beyond the industry. This move enables us to stay abreast of the latest industry dynamics and emerging trends, facilitating a better understanding of market demands.

Mainly Participated in the Formulation of Standards and Technical Specifications	Category
Specifications for Home Intelligent Lighting Design w/o Main Light	Social organization standards
Assessment Requirements for Quality Grading and Forerunner - LED Panel Lights for General Lighting Applications	Social organization standards
Assessment Requirements for Quality Grading and Forerunner - LED Indoor Lighting Products	Social organization standards
Technical Specifications for Outdoor Performance and Landscape Lighting Fixtures	Social organization standards
Technical Specifications for Rating Premium Spectrum in Healthy Lighting Products (Healthy Light Index)	Technical specifications for product certification

Intelligent Management

The Company is actively driving forward its digitization efforts to realize more efficient project management and enhanced R&D collaboration. During the Reporting Period, the R&D Center made significant strides in adopting and implementing cutting-edge project management software - E-Line. This initiative streamlined project management workflows, bolstered work efficiency and ensured the smooth progression of projects. Furthermore, the utilization of E-Line has strengthened interdepartmental coordination, facilitated real-time information sharing, fostered communication and collaboration, shortened project cycle, and elevated both the efficiency and quality of R&D efforts, injecting a fresh impetus into the Company's growth trajectory.



E-Line Project Management System

Intellectual Property Management

Intellectual Property System

The Company places paramount importance on safeguarding intellectual property rights. To streamline the management procedures pertaining to patent affairs within the R&D Department, we've formulated the *Regulations on Patent Affairs Management of the R&D Department*. These regulations standardize processes encompassing patent applications and administration, thereby fortifying our commitment to intellectual property protection. We've garnered accolades such as the First Prize of Guangdong Science and Technology Progress Awards, China Patent Award, and National Intellectual Property Advantageous Enterprise.



Top 50 Enterprises for Intellectual Property Prowess in China's LED Industry 2022

The Company has established dedicated roles for intellectual property management within the organizational framework. Among them, Technical Manager is responsible for planning of intellectual property initiatives and personnel oversight; Patent Engineer is responsible for the review, retrieval and evaluation of technical documentation; and patent specialists are responsible for tracking application fees and overseeing intellectual property documentation, ensuring the smooth progression of intellectual property initiatives.

During the reporting period, the company has filed for 8 new invention patents, and has obtained 1 invention patent, and 43 utility model patents.



End-to-End Intellectual Property Management	
Before Project Proposal	Patent navigation is performed before project proposal to understand the technological development trends and hotspots for the prior art. This insight not only informs specific project decisions but also sparks inspiration by leveraging prior art as design references.
During Research and Development	As design proposals take shape, risk assessments are conducted on the new proposals. Utilize patent searches across competitors and within the relevant field to gauge potential infringement risks, enabling proactive and orderly design around.
After Confirmation of R&D Solution	Swiftly implement measures to safeguard intellectual property rights once R&D strategies are finalized.

Intellectual Property Protection

Since its inception, the Company has embodied a spirit of pioneering innovation and unwavering progress, placing paramount importance on product technology research and talent cultivation. It has embraced the path of independent innovation and proprietary brand. The Company has undertaken the following measures to safeguard both its own and others' intellectual property rights:



Intellectual Property Training

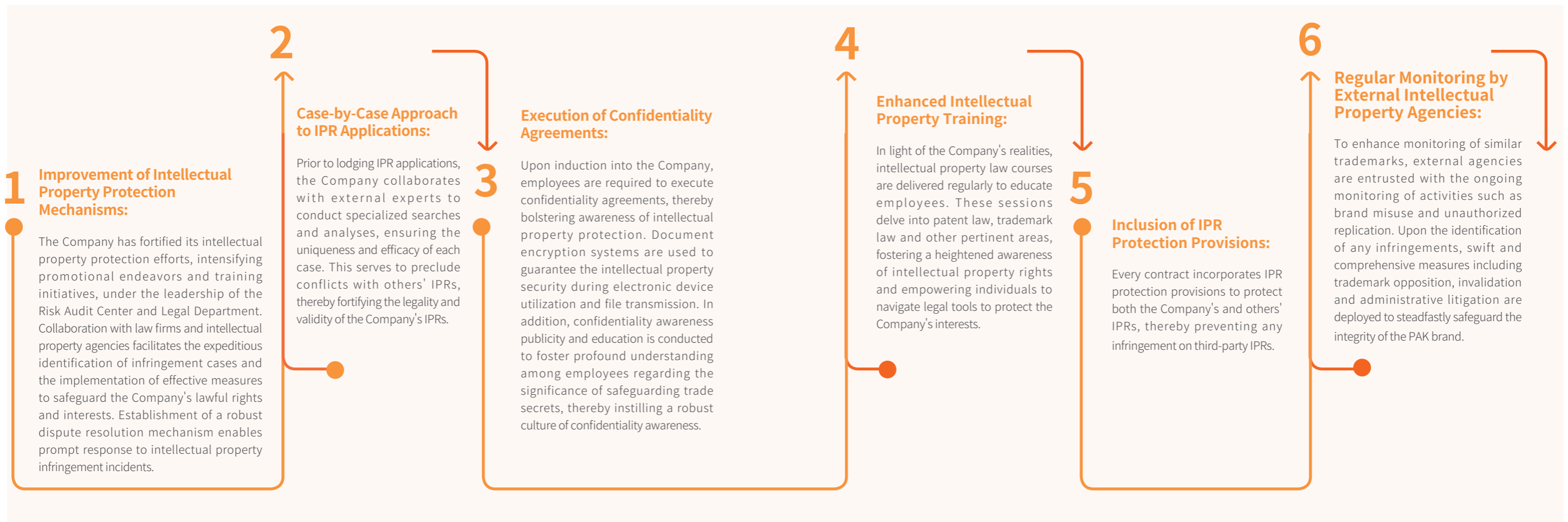
九、关于产品专利权的约定:

- 1、乙方各自拥有自己专利产品的所有权。
- 2、由甲方拥有专利保护和开发(指由甲方提供的生产技术或生产模具所生产的产品)的产品,乙方不得向除甲方外的其他方提供产品或技术图纸,未经甲方许可乙方不得擅自将甲方专利或知识产权转让给或许可第三方使用,否则,视为乙方违约,甲方有权要求乙方支付违约金人民币壹拾万元并能在甲方诉讼。
- 3、乙方所有的专利产品经甲方许可,将视为乙方授权甲方销售此类产品,甲方在任何时限内乙方为提供的专利产品,都属于乙方授权甲方销售。
- 4、乙方保证产品或服务(含配套软件)不侵犯任何第三方的知识产权或甲方的其他权益,对因乙方的产品或服务侵犯第三方的知识产权或甲方其他权益而引起的任何对甲方的索赔,乙方应为甲方应诉,或在甲方的帮助下应诉,赔偿甲方的全部支出(包括但不限于诉讼费、律师费、鉴定费、公证费、调查费、差旅费、律师费和应诉人员差旅费等)。在诉讼或仲裁已经发生或可能发生,乙方自行支付费用并承担以下责任:(1)使甲方得继续使用产品和服务的权利,或修改产品和服务使其不侵权并符合合同约定;或(2)如果甲方要求追究或终止服务,乙方应同意赔偿并退还甲方已支付的预付款或服务费;(3)如甲方因此产生的所有合理费用(包括但不限于律师费、调查费、差旅费等)。
- 5、在合作期限内,若乙方转让本合同项下产品所涉及的专利时,甲方在同等条件下,有优先购买权。若甲方放弃购买,乙方应保证专利的受让人继续在甲方合同范围内继续使用甲方使用、销售涉及该专利的产品,直至甲方合同履行完毕且甲方销售完毕所有产品之日止。
- 6、在乙方转让本合同项下产品所涉及的专利后,对于乙方所持有的专利维护由乙方负责,乙方同意甲方保留有产品销售完毕为止。

IPR Protection Provisions



Regular Monitoring



Product Liability

Quality Management System

The assurance of high-quality products is paramount for the sustained growth of any enterprise. During the production phase, we adopt a quality policy centered around "advocating scientific management, pursuing quality efficiency, creating distinguished brands, and ensuring customer satisfaction". We've established a robust quality management system and instituted frameworks such as the *E-commerce Product Management Regulations*, the *Sales, Supply and Delivery Management Procedures*, and the *Management Procedures for Corrective and Preventive Actions*. These frameworks facilitate product whole-process control, fortifying the defenses for both quality and safety.

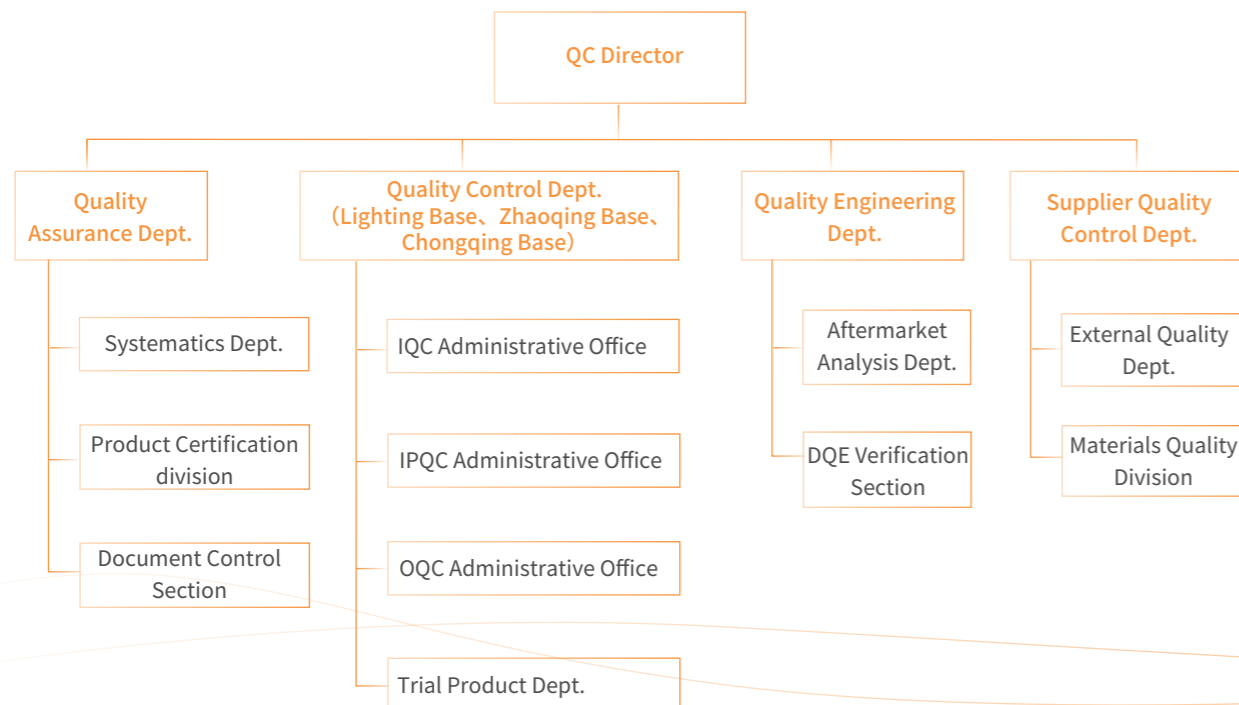


GB/T 19001-2016/ISO 9001:2015 Quality Management System Certificate

As of the end of the Reporting Period, the Company has obtained certification for its quality management system, compliant with the GB/T 19001-2016/ISO 9001:2015 standards.

Furthermore, the Company has established a Quality Center as the organizational body in charge of quality management and management system enhancement. Led by the Quality Center Director, this organizational structure oversees the quality management system's operation, defining the quality responsibilities and management requirements for each department. This integration ensures that quality permeates all facets of the product lifecycle.

Organizational of QC Center



Quality Risk Control

To thoroughly identify and respond to the array of risks and opportunities inherent in the Company's production and management activities, the Company has drafted the *Risk and Opportunity Management Procedures and the Procedures for Responses to Risks and Opportunities*. These documents clearly outline the operational imperatives for risk avoidance, mitigation and acceptance.

Concurrently, the Company conducts comprehensive evaluations and drafts *Tables of Risk and Opportunity Assessment Outcomes and Responses* for risks of varying levels. These tables set out specific hazards, potential impacts, corresponding risk levels and appropriate measures, facilitating a precise comprehension of the risk profile, fostering effective mitigation and advancing resilient growth.

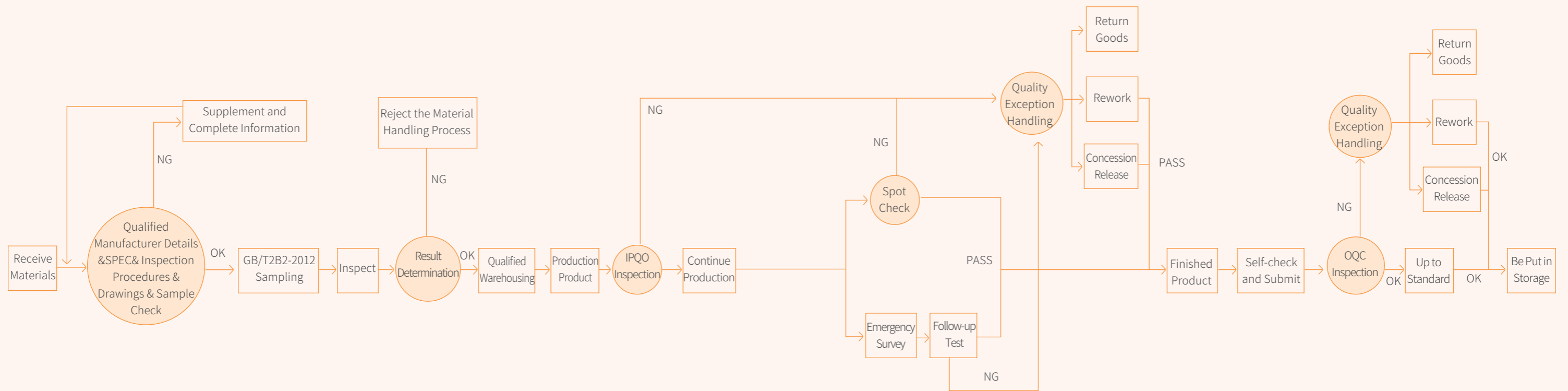
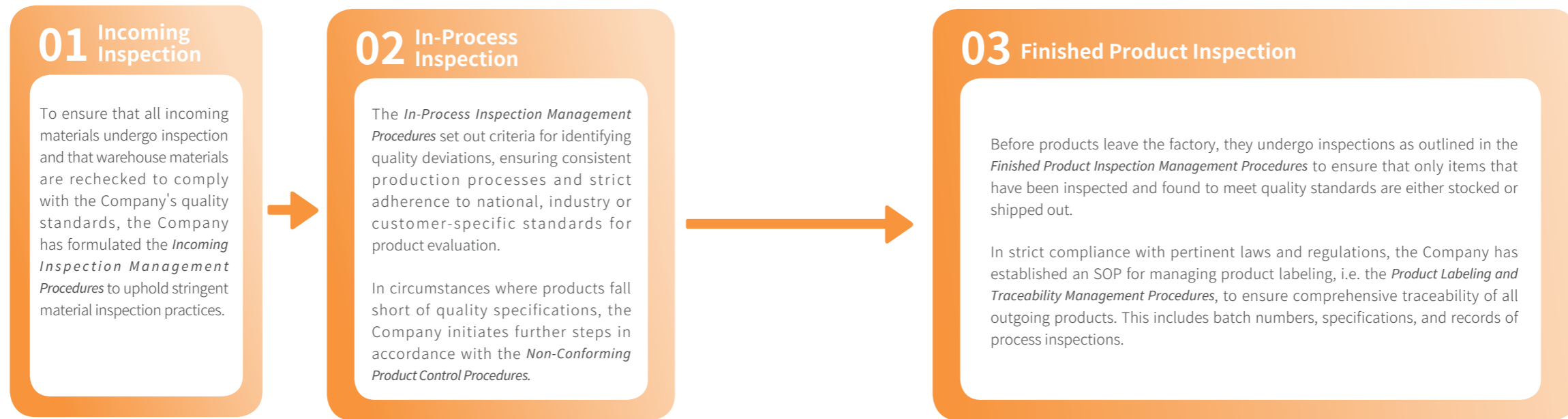
Hazard	Description	Risk Level	Mitigation Measures
Inadequate Equipment Maintenance	Select employees' environmental footprint, and deficiencies in the maintenance of waste collection and disposal equipment and workshop ventilation systems.	Low risk	Enhance on-site warning signage and enhance the routine maintenance and oversight of environmental protection facilities.
Product Quality Risk	During our production and operational processes, inadequacies in our quality management systems, coupled with lax enforcement and oversight, can lead to product non-conformities or quality issues, prompting customer complaints or non-compliance during inspections by regulatory authorities.	Low risk	Improve our quality management system; Factor in considerations of product quality and ease of production control during the design phase; Heighten inspection and testing efforts across raw materials and production processes; Ensure swift and effective resolution of complaints from customers and relevant regulatory bodies regarding product quality.
Production Process Risk	Suboptimal formulation of production control standards during manufacturing processes can disrupt production schedules or escalate costs.	Low risk	Tailor SOPs and parameter benchmarks to better align with our actual production processes.
Compliance Obligations	Non-adherence to compliance obligations may undermine the Company's reputation or cause legal procedures.	Low risk	Bolster our adherence to legal and regulatory frameworks, and fulfill compliance obligations with heightened diligence, thereby fortifying our corporate reputation.

Product Quality Assurance

Lifecycle Management

The Company implements a quality management framework covering the entirety of the product lifecycle, mandating full participation, adherence and continual improvement of quality management processes across all product lines.

Lifecycle Quality Management



Maintenance of Production Equipment

Through the implementation of the *Equipment Management Procedures*, the Company strives to allocate manpower and costs in the most efficient manner possible, ensuring the effective execution of maintenance plans. This guarantees that production equipment maintains optimal performance and precision, reduces the occurrence of malfunctions, extends equipment lifespan, and ultimately enhances overall production capacity.

Product Recall

To safeguard consumer rights and interests and ensure the safety of individuals and their properties, the Company has formulated the *PAK's Management Measures for Lighting Product Recall* in compliance with the *Law of the People's Republic of China on Product Quality* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. In a bid to improve the professionalism and efficacy of recall procedures, the Company has established a nationwide unified repository of technical experts specialized in lighting product recalls, implementing dynamic oversight to ensure the cutting-edge nature and applicability of the technology.

Moreover, we maintain close liaison and collaboration with governmental bodies to jointly advance the establishment and refinement of cooperative mechanisms for lighting product recalls. To heighten public awareness and attentiveness towards lighting product recalls, we proactively launch publicity and training campaigns to disseminate knowledge on quality safety and risk mitigation practices.

Throughout the Reporting Period, the Company remained free of any product recalls or significant product quality incidents.

Enhancing Quality Awareness

The Company attaches great importance to nurturing quality awareness among the staff, fostering a culture of relentless pursuit of quality excellence, and continually fortifying the practical skills of quality personnel. The Quality Center has devised a comprehensive training plan for 2023 to elevate employees' comprehension and proficiency in quality management through a curated series of courses and activities. This initiative aims to instill a company-wide commitment to quality and foster a culture of ongoing improvement. Furthermore, the Quality Center will conduct regular assessments of training effectiveness to ensure alignment with the practical needs of employees, thereby establishing a robust foundation for the Company's pursuit of exceptional quality management.



8D Analysis and Case Study



ISO 19001 Quality Management System Knowledge Training



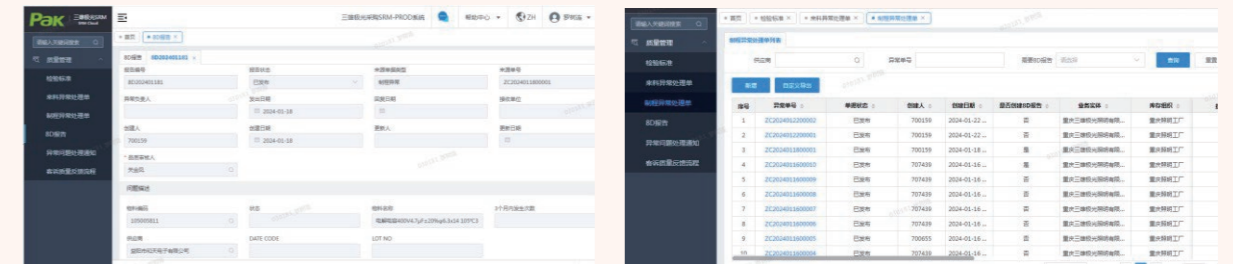
Failure Mode and Impact Analysis (FMEA)



Problem Analysis and Resolution - 5WHY Analysis Method

Digital Transformation

The deployment of SRM system streamlines the Company's quality management procedures, facilitating data-informed decision-making. By dynamically gathering and analyzing quality data, we can promptly identify potential issues and implement preemptive measures so as to mitigate quality risks. The system empowers the improvement of quality management practices, thereby fortifying our trajectory of robust development.



SRM System

Elevating Customer Experience

Customer Service Management

To ensure paramount oversight of after-sales service proceedings and guarantee customer satisfaction, we adhere to the ethos of "prioritizing service and delivering heartfelt and attentive care to customers". We have formulated pertinent internal governance frameworks such as the *E-commerce Customer Service Conduct Management Standards*, the *Commercial Sales Center's Commitment to After-sales Service*, and the *After-sales Service Management Procedures* to uphold warm, patient, and expert interactions with customers. We are committed to furnishing customers with exceptional after-sales service experience, thereby cultivating trust, loyalty, and fostering a sterling corporate reputation.

During the Reporting Period, the Company garnered recognition anew as a Premier Supplier of State-owned Enterprises, ranking among the top 3 in the lighting industry.

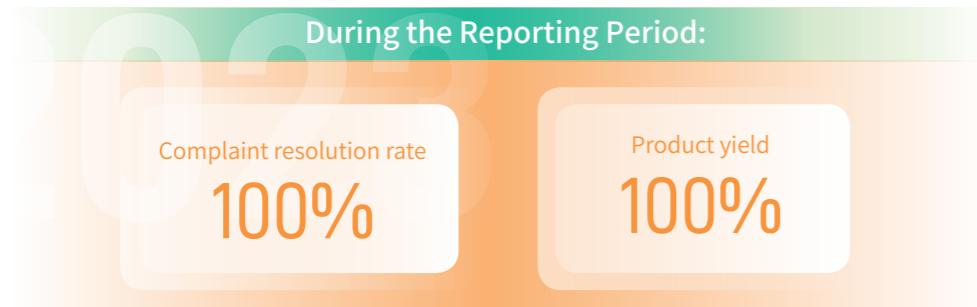
14 2023 国资国企精选供应商十强 - 照明灯具

品牌	公司名称	采购商推荐率
欧司朗	欧司朗照明股份有限公司	94.5%
雷士照明	惠州雷士光电科技有限公司	84.5%
三維·极光	广东三維极光照明股份有限公司	67.5%
飞利浦	飞利浦(中国)投资有限公司	61.8%
西屋照明	惠州西屋工业照明有限公司	55.7%
佛山照明	佛山电器照明股份有限公司	51.2%
松下Panasonic	松下电器(中国)有限公司	50.0%
欧普照明	浙江欧普照明股份有限公司	41.7%
西蒙 Simon	西蒙电气(中国)有限公司	37.8%
冠兰	冠兰照明科技股份有限公司	22.5%

Top Ten Suppliers of State-Owned Enterprises 2023

Customer Complaint Response

In order to ensure timely resolution of customer complaints and enhance overall satisfaction, the Company has instituted the *Customer Complaint Management Procedures* and the *Regulations on Handling After-sales Quality Defects*, setting out clear processes, roles and responsibilities, and timeframe requirements. Upon receipt of customer complaints or reports of quality defects, responsible departments are promptly mobilized to initiate the requisite procedures, conducting comprehensive investigations into the underlying causes of quality issues and swiftly implementing effective corrective actions to ensure thorough resolution.



Additionally, the Company actively broadens its channels for after-sales service consultation, primarily through channels such as the after-sales service hotline at 400-618-2219, dedicated after-sales service personnel stationed at offices, and hotline for escalating complaints, thus ensuring precise and expeditious communication with customers.

After-sales Complaint Resolution Handling Workflow



Product Quality Assurance Commitment

The Company is acutely aware of the pivotal role that product quality plays in consumer satisfaction. Therefore, it has devised explicit commitments regarding product quality assurance and claims, ensuring consumers enjoy comprehensive and meticulous protection when purchasing PAK products. Tailoring to the unique characteristics and applications of each product, the Company has established rational warranty periods and pledges to provide free-of-charge repair or replacement services for any damages or malfunctions attributable to product quality defects within the specified warranty periods.

Moreover, the Company has established and implemented a streamlined claims mechanism to swiftly address consumer concerns, showcasing its unwavering confidence in product quality and underscoring its profound sense of responsibility to both consumers and society.

Customer Satisfaction Assessment

The Company conducts in-depth satisfaction evaluations among its customers and dealers, encompassing various facets such as product aesthetics, quality consistency, the attitude and expertise of service personnel, and the promptness of issue resolution. These efforts are aimed at perpetually elevating product quality and customer satisfaction. Throughout the Reporting Period, the Company achieved a customer satisfaction rating of 90.48%.

Customer Service Training

PAK employs a multifaceted approach to persistently improve service quality, listen to the voices of our customers and elevate customer satisfaction. By organizing customer service training sessions and establishing customer service protocols, we endeavor to sharpen the customer service skills of our staff and refine the customer experience.

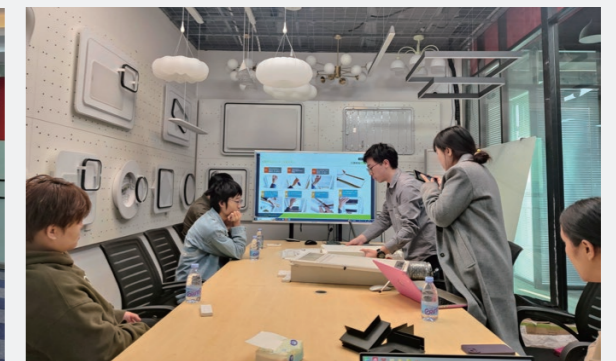
New Employee Product Training

On November 6, in a bid to seamlessly integrate new hires into our corporate ethos and equip them with profound product insights, the Company orchestrated an immersive product induction session. This session delved into the fundamentals of lighting, household and functional product lines, and their compelling selling propositions. Leveraging multimedia presentations, real-world case studies and interactive segments, this initiative was designed to furnish new recruits with a holistic grasp of our product portfolio's core strengths. After the training, a closed-book assessment was conducted to measure the learning outcome, supplemented by solicited feedback to refine and optimize future training endeavors. Concurrently, a repository of ongoing learning resources and mentorship programs stands ready to shepherd new recruits along their career trajectories.



Decoding "Light" and "Lighting"

As the illumination landscape garners heightened interest from the public, market expectations for industry practitioners soar commensurately. From December 19 to 21, PAK convened a training symposium themed "Decoding 'Light' and 'Lighting'", tailored to empower e-commerce specialists with a systematic understanding of lighting fundamentals. This initiative is aimed at fortifying their professional proficiencies and building a robust knowledge framework among the participants.



Supply Chain Management

Supplier Management

In a heightened effort to standardize and formalize the supplier onboarding process, ensure alignment of supplier products and services with our established quality standards, elevate the caliber of our supplier base and guarantee our product quality, we've drafted the *Supplier Development Management Procedures* and the *Procurement Management Procedures*. These protocols serve to delineate supplier responsibilities and streamline procurement workflows, ensuring our partnering suppliers not only have the capacity to meet our product demands but also continually deliver exceptional services and innovative solutions amidst an intensely competitive landscape.



Supplier Lifecycle Management

PAK places paramount importance on supplier management, implementing a suite of management measures and procedures to ensure supplier lifecycle management, encompassing onboarding, assessment, categorization, and exit.

Supplier Lifecycle Management of PAK	
Supplier Onboarding	Thorough on-site audits are conducted to vet supplier capacities and credentials, admitting only those meeting stringent criteria as qualified vendors.
Supplier Assessment	Purchasing staff conduct supplier assessments or audits guided by the <i>Supplier On-Site Assessment Form</i> to identify optimal suppliers.
Category-Based Supplier Management	Category-based supplier management is performed to enhance supply chain efficiency, reduce costs, optimize resource allocation, and bolster quality standards.
Supplier Performance Appraisal	Regularly appraisals are performed to gauge supplier performance across quality, delivery, cost and service, categorizing suppliers into four tiers (A, B, C, D) based on outcomes.
Supplier Improvement	Suppliers receiving a <i>Corrective Action Notice</i> are expected to promptly institute corrective actions, with pertinent improvement records disseminated and archived.
Supplier Exit	Suppliers persistently rated as C or below over three successive evaluations without improvement are demoted to D status and disqualified as our suppliers.
Supplier Grievances	Instituting a platform for supplier grievances enables timely resolution of concerns pertaining to PAK's quality, technology, delivery and settlement issues. Assigned personnel address these issues expediently to uphold supplier relations.

Responsible Supply Chain Management

Intelligent Procurement

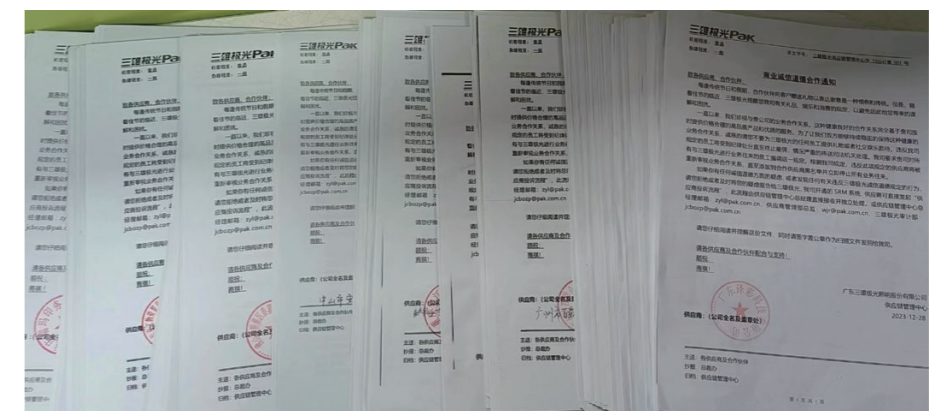
To comprehensively enhance the efficiency of supplier management and achieve digital management throughout the supplier lifecycle from onboarding to exit, the Company has introduced the SRM-PROD system. This system seamlessly integrates various modules including supplier performance appraisal, order confirmation, pricing, allocation, delivery, contract management, quality control and tooling, striving for real-time information sharing and updates to ensure transparency and precision in the procurement process. Concurrently, optimizing communication and collaboration between suppliers and the procurement team significantly enhances procurement efficiency.



SRM (supplier relationship management) System Login Interface

Ethical Procurement

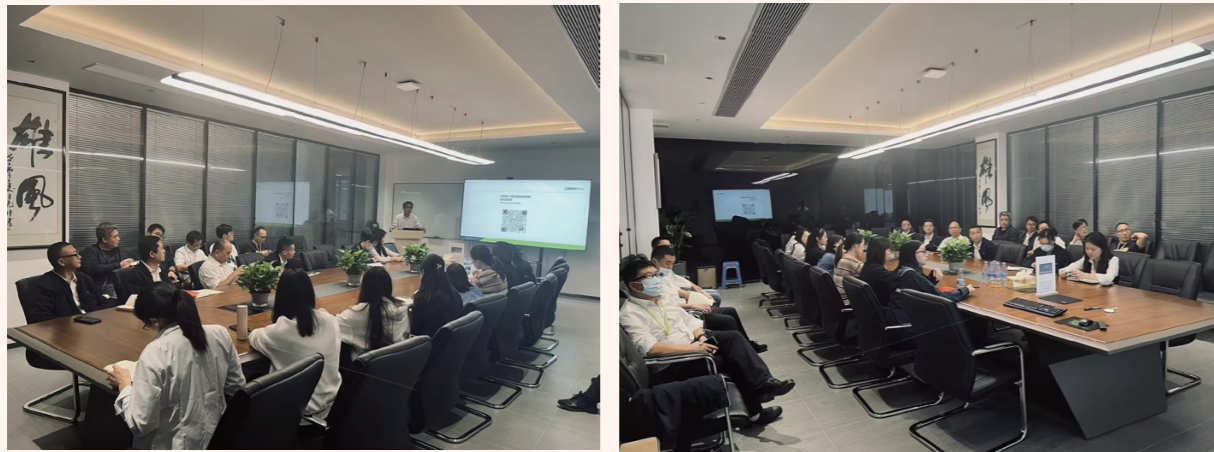
To advance the cultivation of a transparent and ethical supply chain, the Company has entered into *Supplier Integrity Commitment Letter* with its suppliers, rigorously adhering to principles of anti-corruption and anti-bribery. Furthermore, procurement contracts explicitly set out provisions against commercial bribery, ensuring both parties steadfastly uphold the principles of integrity throughout their collaboration. As of the Reporting Period, the percentage of suppliers executing the *Supplier Integrity Commitment Letter* stood at 83.94%.



Duly Signed Notices on Commercial Integrity and Ethical Cooperation

Supplier Quality Enhancement

To bolster suppliers' grasp of product quality management, the Company provides them with training in quality management, with the aim of fostering a deep appreciation for the importance of quality control and equipping them with practical techniques. Following the training sessions, suppliers offer positive feedback and complete evaluation forms assessing the training outcome, which serve as valuable input for improvement.



Supplier Quality Management Training

During the Reporting Period, the Company convened the Supplier Quality Management Summit 2023, reiterating the PAK's quality objectives and expectations, reviewing the quality performance of 2023, conducting a thorough analysis of prevailing issues, delineating subsequent prevention priorities, and extensively communicating quality standards to suppliers. This concerted effort seeks to drive continual enhancement, ensuring that product quality consistently aligns with the PAK's stringent standards.



Supplier Quality Management Summit

Dealer Management

Dealer Management System

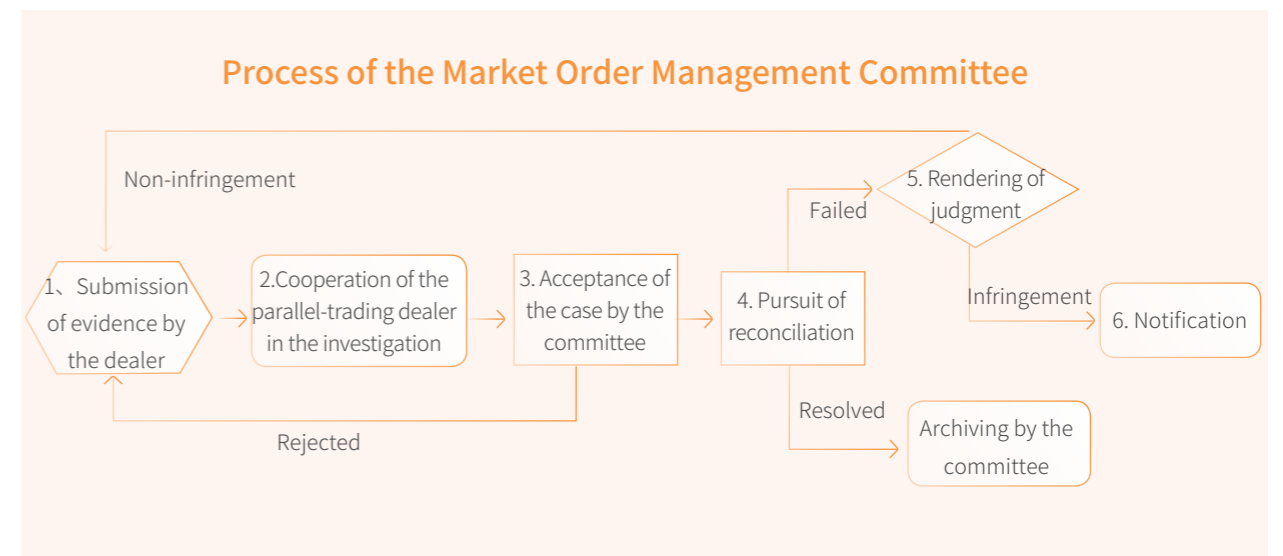
The Company is dedicated to fostering a symbiotic relationship with its dealers, promoting collaboration and mutual support among them to jointly expand market reach, minimize internal inefficiencies, and prevent unnecessary diversions of resources.

In order to uphold a fair and regulated market environment, and safeguard the mutual interests of the Company and its dealers, we've formulated internal standards such as the *Dealer Management Policy* and the *Market Order Management Policy*. Employing a strategy of "rigorously penalizing instances of illicit parallel trade while implementing comprehensive measures to address other infringements", we remain steadfast in maintaining market integrity and securing the enduring growth of both the Company and its dealer network.

Supplier management stands as a pivotal element in upholding market integrity and ensuring partner quality. During the supplier onboarding process, we adhere to stringent selection criteria to ensure the enlistment of reputable and financially robust suppliers, thereby laying a robust groundwork for collaboration. In instances where suppliers contravene the Company's market governance framework, we reserve the right to terminate collaboration, safeguarding the overall health and stability of the cooperative ecosystem.

Dealer Communication and Feedback

The establishment of a Market Order Management Committee, comprising representatives from the Audit and Risk Control Center alongside dealer delegates, underscores the Company's commitment to addressing complaints pertaining to parallel trades. This committee will receive complaints via the designated email address (sczxwyh@PAK.com.cn) and judiciously adjudicate the nature and magnitude of parallel trade based on substantiated evidence, imposing penalties as warranted.



The Company periodically conducts surveys among dealers on matters concerning product attributes and quality to gain a comprehensive understanding of their holistic evaluations, pricing strategies, product demand dynamics, and quality concerns across various dimensions. By assimilating and analyzing this invaluable data, we can better discern market demands, refine our pricing strategies, enhance product quality standards, and thereby fortify collaborative ties with dealers, fostering mutual growth.

Dealer Training

The Company places a premium on fostering the growth and evolution of its dealer network. To this end, it offers a plethora of training initiatives tailored to each dealer's unique needs, thereby catalyzing a continuous enhancement in their business acumen and professional expertise.

Special Training on Azure Light Products

On March 18, the Company conducted an immersive training session exclusively dedicated to CAF Lighting products for its dealers. The training meticulously elucidated the core attributes and competitive advantages of CAF Lighting offerings, while also conducting a thorough analysis of their market positioning and future growth prospects. Through the dynamic discourse led by seasoned instructors, enriched with illustrative demonstrations, the dealers gained a profound insight into the intricacies of CAF Lighting offerings. This comprehensive understanding lays a robust groundwork for the dealers' endeavors in future market penetration and sales endeavors.



Intelligent Emergency Project Department's New Product Presentation

In October, the Company launched a grand unveiling event for the latest innovations from the Intelligent Emergency Project Department. During this presentation, we showcased the avant-garde features, technological prowess and expansive utility of our intelligent emergency lighting solutions. Harnessing engaging demonstrations and professional explanation, we instilled in our dealers an intensive comprehension of the pivotal role played by these cutting-edge products in fortifying lighting safety and emergency responsiveness. This enlightenment serves as a cornerstone for their proactive promotion and widespread adoption within the market landscape.



"Empowering Dealers with Online Product Training" Survey

To ensure the efficacy of our training initiatives, we conduct periodic surveys to solicit feedback from our dealers. This collaborative endeavor enables us to refine our training curriculum and delivery methodologies, thus aligning with the evolving needs of our dealers and propelling collective business advancement.



During the Reporting Period:

Investment in dealer training
 CNY **441.8** thousand



4

**Team Building:
Shaping Workforce
Cohesion**

Labor Relations Management	Employee Development	Occupational Health and Safety Production
086	095	099

Labor Relations Management

Recruitment and Employment

PAK rigorously adheres to pertinent laws and regulations, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the Employment Promotion Law of the People's Republic of China. Tailoring policies to operational realities, the Company has devised the *Recruitment and Selection Management Policy* and the *Personnel Change Management System*, alongside the *PAK Employee Handbook*. These measures are designed to comprehensively safeguard employees' legitimate rights and interests concerning remuneration, termination, promotion, working hours, leave entitlements, diversity initiatives, equal opportunities, anti-discrimination efforts, and other welfare provisions. Such initiatives further foster the harmonious and stable development of the Company's human resources.

PAK Employment Compliance System	
Slavery and trafficking in persons are strictly prohibited	<ul style="list-style-type: none"> It is imperative to monitor and enforce anti-human trafficking policies. Verification of identity and background checks are mandatory for all foreign labor hires. Departments are expected to communicate the anti-human trafficking policy to employees in order to collectively advance labor safety. RBA management representatives are responsible for regular review of the Company's labor employment policies to ensure alignment with applicable laws and regulations as well as client requirements.
No child labor	<ul style="list-style-type: none"> The Company operates in strict adherence to pertinent laws, regulations and international labor pacts, refraining from engaging minors under the age of 16 in any capacity. In cases of inadvertent employment of child labor, designated personnel are responsible for safely repatriating them to their residences and handing them over to their parents or guardians. All associated transportation and accommodation costs are solely borne by the Company. The Company shall the prohibition of child labor and remedial policies are effectively communicated to employees and stakeholders.
No forced labor or bonded labor	<ul style="list-style-type: none"> Any department or individual found engaging in corporal punishment, physical abuse, body searches, verbal insults, or restricting employees' personal freedom by confining them within workplace premises or collective dormitories is strictly prohibited. Employing coercive or deceptive tactics in recruitment is strictly prohibited. No department or individual within the Company shall solicit currency or valuables from incoming staff as "entrance deposits", nor shall they seize or pledge employees' identity documents. Upon entry or exit, employees shall not be subjected to any form of deposit or training fees.
No discrimination	<ul style="list-style-type: none"> Discriminatory practices are expressly forbidden. We firmly uphold the principle of gender equality and the concept of equal pay for equal work. Exceptional employees, irrespective of gender, rank or nationality, may be promoted to higher positions following successful evaluations. We respect employees' freedom of religious belief, neither coercing nor exhibiting bias based on employees' religious affiliations. Should employees make reasonable requests for religious accommodations, we must duly oblige in accordance with statutory provisions and corporate protocols, thus ensuring the protection of customary religious practices. Under no circumstances shall employees be subjected to discriminatory medical examinations. Medical examinations, including pregnancy or contraception evaluations, shall not serve as prerequisites for employment, and requests for pregnancy or virginity tests shall be deemed unacceptable.



Diversified Recruitment Channels

The Company places a premium on talent acquisition, adhering steadfastly to the principle of "transparent hiring, equitable competition and meritocratic selection". To this end, it embarks on talent acquisition endeavors via two principal channels: campus recruitment and social recruitment.

As for campus recruitment, the Company's branch-level HR administrators and the Human Resources Center organize recruitment drives each spring and autumn, meticulously tailored to the requirements of diverse positions. Simultaneously, they intermittently engage in nurturing university student talent through initiatives such as establishing collaborative teaching and practical bases, sponsoring competitions, and spearheading joint study activities. These efforts are pivotal in fortifying the Company's reservoir of talent.



The College of Furniture and Art Design at Central South University of Forestry and Technology led a delegation to PAK HQ for a study tour.

During the Reporting Period

retirees got re-employed

46 Persons

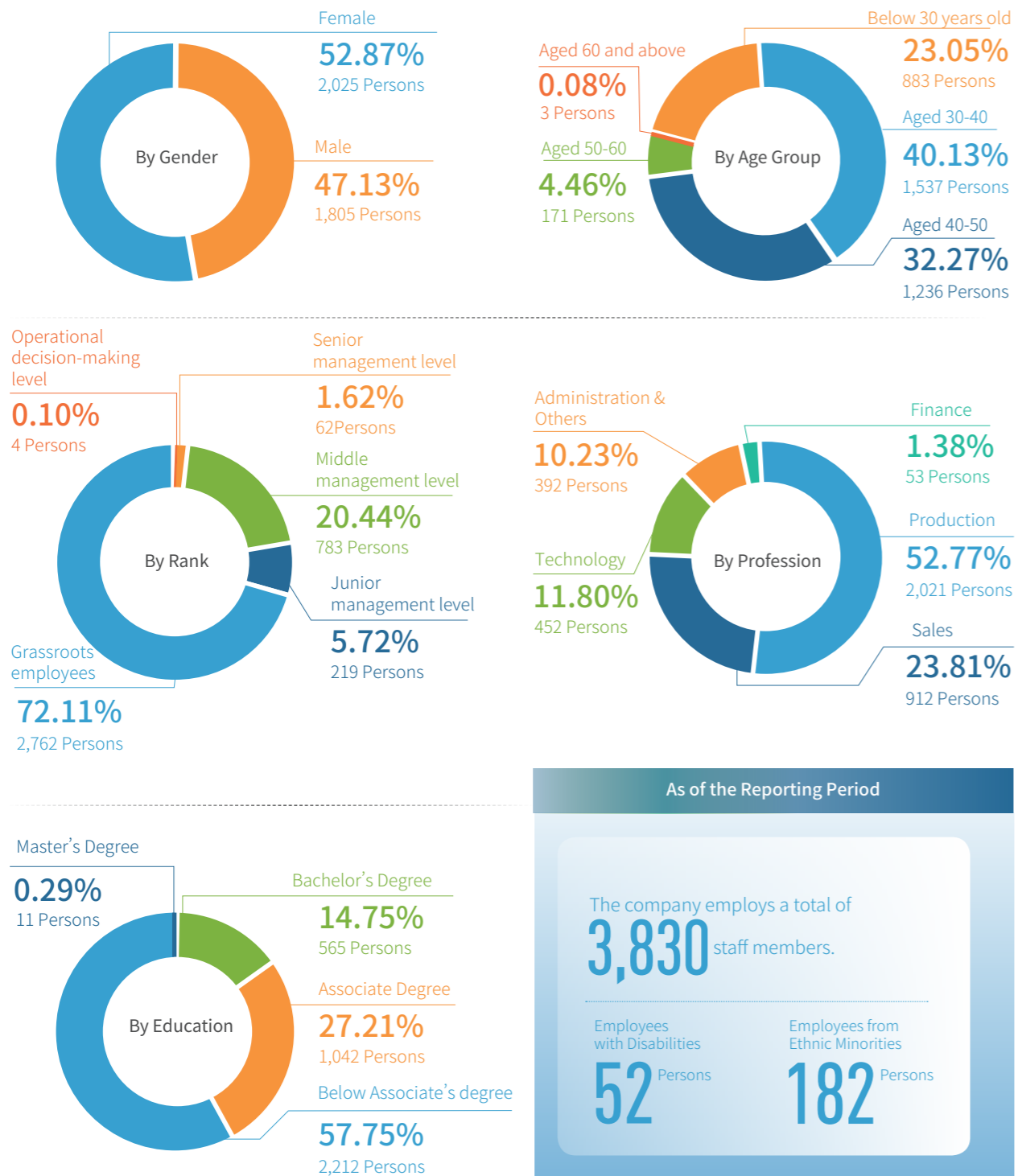
As for social recruitment, the Company forges partnerships with prominent domestic recruitment platforms and esteemed headhunting agencies. Additionally, it disseminates recruitment advertisements across mainstream media outlets and specialized publications, actively broadening the horizons of its recruitment landscape. Furthermore, the Company extends an invitation to its employees to explore internal job markets, thereby facilitating their pursuit of expansive career trajectories.

Moreover, in a bid to harness the wealth of experience and wisdom possessed by its seasoned personnel, the Company ventures into channels for the re-engagement of retirees. This gesture not only underscores the Company's appreciation for the professional acumen of its senior cohort but also serves as a beacon of positivity to both its workforce and the broader community, thereby effectively nurturing employee relations and fostering the steady evolution of the Company. Throughout the Reporting Period, a total of 46 retirees got re-employed by the Company.

Embracing Diversity and Ensuring Equal Opportunities

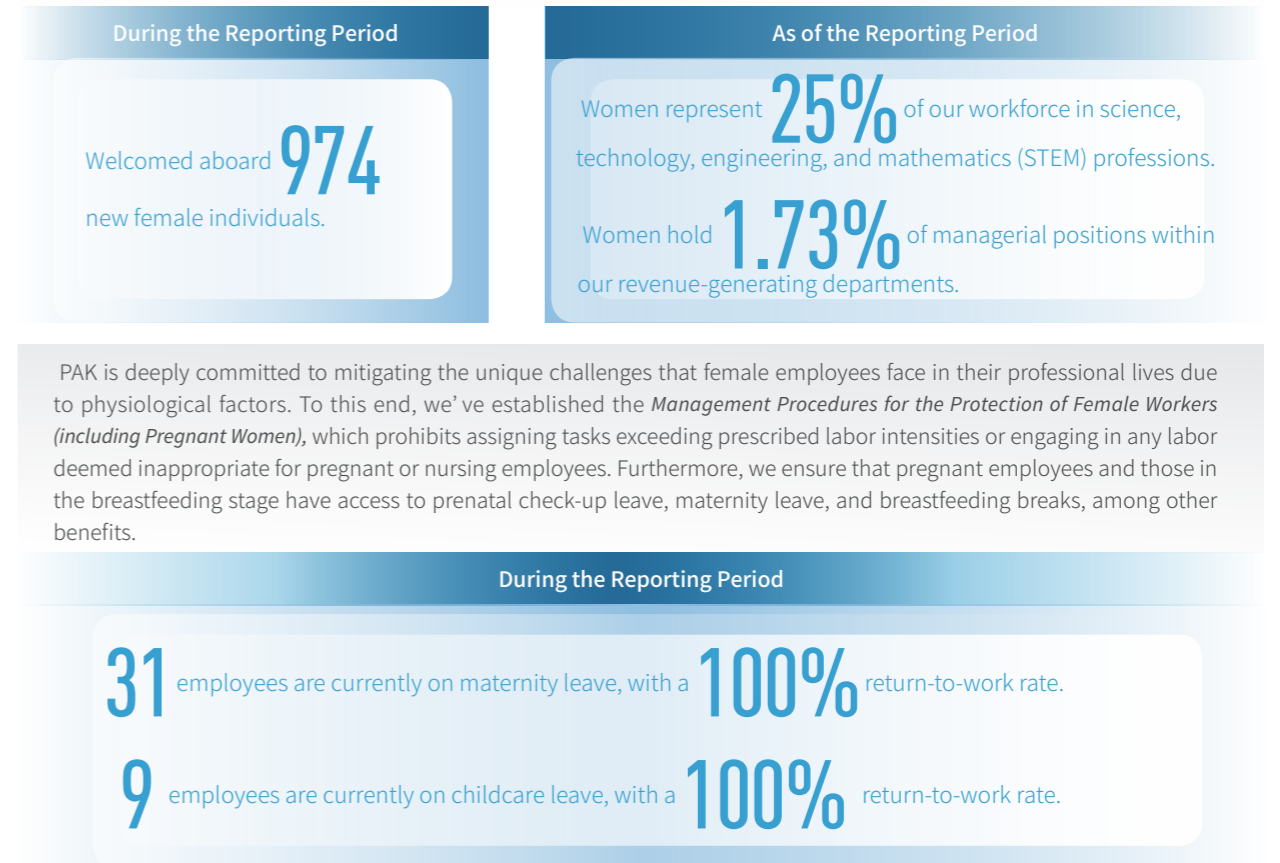
At PAK, we celebrate the uniqueness of each employee, fostering an inclusive environment that values diversity. Discrimination in any form is strictly prohibited, and we welcome applications from all qualified individuals, regardless of ethnicity, residency status, gender, marital status, or religious beliefs. Our commitment is to provide all job seekers with an equitable chance to compete for employment opportunities.

Workforce Structure in 2023



Advocating for Women's Rights

The Company ensures strict compliance with laws and regulations such as the *Law on the Protection of Women's Rights and Interests* and the *Regulations on Labor Protection of Female Workers*. We are dedicated to eradicating gender discrimination from our organizational culture and practices. When it comes to hiring and promoting female employees and leaders, we adhere to principles of fairness and impartiality, ensuring that every member of our team receives equitable treatment and respect.



PAK is deeply committed to mitigating the unique challenges that female employees face in their professional lives due to physiological factors. To this end, we've established the *Management Procedures for the Protection of Female Workers (including Pregnant Women)*, which prohibits assigning tasks exceeding prescribed labor intensities or engaging in any labor deemed inappropriate for pregnant or nursing employees. Furthermore, we ensure that pregnant employees and those in the breastfeeding stage have access to prenatal check-up leave, maternity leave, and breastfeeding breaks, among other benefits.

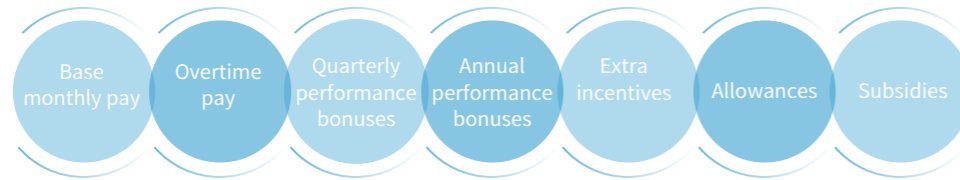


Compensation and Benefits

Compensation Structure

PAK ensures its employees receive fair and competitive compensation and benefits. To this end, we've prepared the *Guangdong PAK Corporation's Compensation Management Policy* and the *Guangdong PAK Corporation's Performance Appraisal Management Policy*. These policies seamlessly blend the "construction of the compensation framework" with the "PAK's development strategy" allowing compensation management to play a pivotal role in achieving our corporate goals.

Compensation Structure at PAK



PAK has implemented a performance appraisal system that covers all employees across our production bases. Through objective assessments of employees' work performance, attitudes and capabilities, we assist them in enhancing their professional standards. Furthermore, we conduct performance appraisals for all staff as directed by the performance appraisal management policy. The outcomes of these annual performance appraisals serve as crucial benchmarks for employees participating in internal job competitions, seeking promotions, considering job transfers, earning recognition as outstanding employees, engaging in talent development, and adjusting compensation.

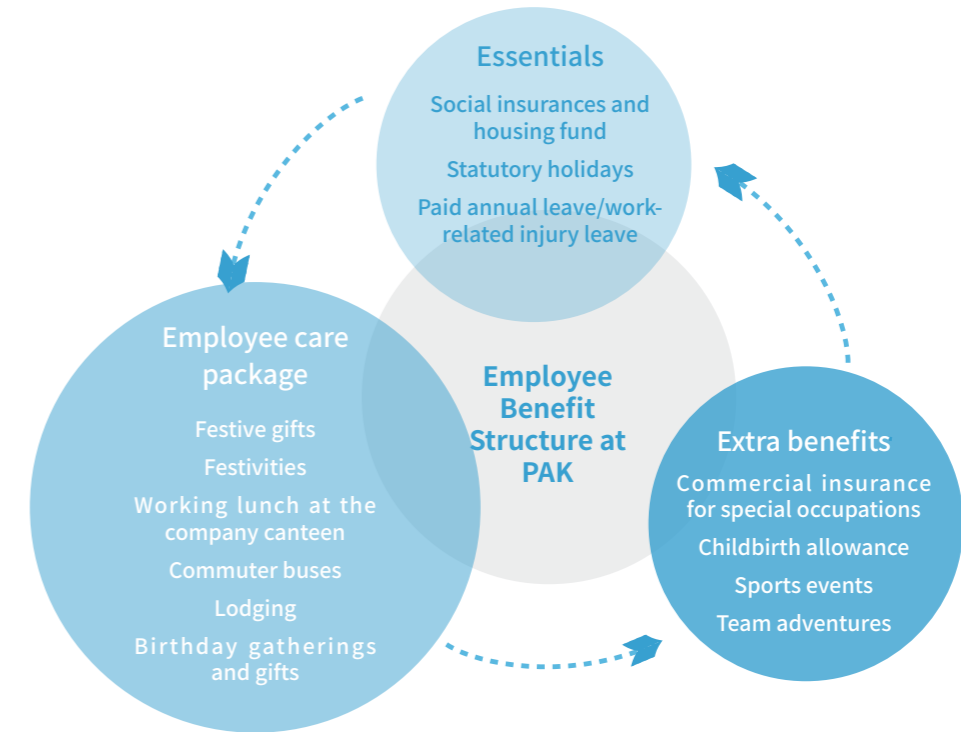
Type of Performance Indicator	Dimension Assessed	Data Source
Strategic performance	Company sales revenue	Finance Center Marketing Department
	Company gross profit margin	
	Company net profit margin	
Organizational performance	Decomposition of departmental indicators/responsibilities	Data-related departments Work plan indicators
	Personal performance commitment projects	
	Work attitude, cooperation and level of execution	

To foster better communication between management levels and enhance collaboration among departments, the Company prioritizes open dialogue between employees and their supervisors. This approach is seamlessly integrated into every stage of our performance evaluation process. Through face-to-face discussions, we provide employees with feedback on their performance appraisal results and the reasons behind our assessments. Together, we analyze any areas where performance may fall short and devise strategies for improvement and growth.

Should employees have any queries or doubts regarding their appraisal results, they are entitled to lodge a written appeal with the Compensation and Performance Department regarding their performance evaluation for the current cycle, specifying reasons for objection. This appeal mechanism offers employees a platform to voice their opinions and raise concerns, ensuring that the appraisal process remains fair and accurate, while also encouraging ongoing refinement and enhancement of our evaluation system.

Employee Benefits

At PAK, we're dedicated to providing top-notch, competitive benefits for our employees. Beyond the mandatory social insurances and housing fund, we've got commercial coverage for those in special roles. Moreover, we offer holiday gifts, bonuses, meal allowances, free lodging, shuttles, birthday treats, etc. It's all part of our mission to ensure our team has the best possible work-life balance.



Lantern Festival Activities



Birthday Party



Company Anniversary Sports Day



Qingyuan Expansion Activity

Democratic Governance

Democratic Management System

PAK has put in place protocols such as the *Labor Unions Management Procedures*, *Management Procedures for Freedom to Join Labor Unions*, and *Freedom of Association and Collective Bargaining Management Procedures* to bolster democratic governance. Leveraging avenues such as labor unions, forums and transparent factory meetings, we endeavor to uphold the legal rights and interests of our workforce.

Representation for Employees

In safeguarding the rightful interests of our employees, we've established a labor union at PAK as a conduit for employee representation. Elected by their peers, union members serve as liaisons between staff and management, advocating for employee rights and regularly conveying staff feedback and needs to leadership.

Freedom of Association

We respect our employees' autonomy, protecting their freedom to associate, join unions, participate in collective bargaining, and engage in peaceful assemblies in accordance with the law, while also upholding the independence of labor unions.

Channels for Employee Complaints

If employees have any dissatisfaction or suggestions regarding the company's management or other aspects, they can directly raise them to their department leaders or the human resources department. Alternatively, they can choose to submit their suggestions in written form to the suggestion box. The company will promptly address and deal with all types of complaints raised by employees, widely adopt their opinions, listen to their voices, and promptly resolve their difficulties and concerns.

Employee Satisfaction Survey

To better cater to our employees and accurately address their specific needs in both work and life, the Company routinely conducts satisfaction surveys targeted at the administrative management department. We compile an *Annual Report on Administrative Work Satisfaction*, analyzing employee satisfaction across different levels and departments regarding dining, accommodation, cleanliness, front desk services, environmental facilities, security, and transportation. Subsequently, we implement targeted improvements based on these findings.

Employee Communication

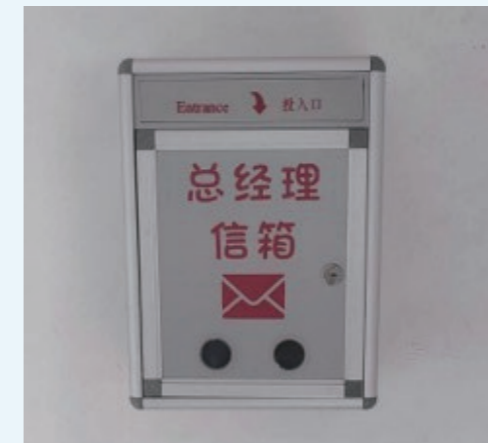
PAK is committed to cultivating an environment of open and democratic communication, fostering stronger interaction between the Company and its employees. We provide a variety of communication channels, including employee forums, WeChat groups, offline communication gatherings, and internal publications. These platforms cover a range of topics, including but not limited to enhancing production processes, adjusting employee benefits, and revising attendance policies.



Employee Symposium



Offline Communication Meeting



CEO's Mailbox



Company Internal Magazine Three Heroes' New Perspectives

Labor Dispute Resolution

The Company has established and implemented the *PAK Labor Dispute Mediation System* in an effort to safeguard the lawful rights and interests of both the Company and its employees and to foster a harmonious and stable work environment. This system aims to address disputes through non-litigious means, thus preventing their escalation and minimizing the legal burden on employees. By establishing an enterprise-level labor dispute mediation committee, we enhance our ability to proactively prevent and resolve conflicts, leading to mutually beneficial and harmonious labor relations.

Employee Development

Employee Training

PAK places a premium on employee development. To ensure that our training efforts are systematic, ongoing and effective, we've laid the foundation with the "PAK Training Center". Additionally, we've formulated the *Training Management Policy* and *Internal Trainer Management Policy* to provide a robust framework for employee growth. Tailored to the diverse needs of different roles and ranks, our training initiatives encompass onboarding, manager training, specialized skill enhancement, and the nurturing of internal trainers.

To ensure that our training efforts attain the desired effects, we conduct a diverse array of assessments and gather feedback on each training session. We look at everything from how employees rate the programs to what they've gained from them, how they've applied their newfound skills, and whether their performance has improved as a result. This holistic approach helps us fine-tune our training system, making it more robust and comprehensive. Plus, it gives employees insights into areas where they can grow, empowering them to reach their full potential while driving the Company forward.

During the Reporting Period

During the reporting period, the Training Department has conducted **194** employees' training sessions, with a total duration of **565** hours and a total participation of **10,813** person-times.

PAK Employee Development System

Type	Training System	Program
Cadre Training	Executive-level Management Cadre Development Program	Pilot Program
	Manager-level Management Cadre Development Program	Voyage Program
	Director-level Management Cadre Development Program	Sailing Program
	Team Leader Management Cadre Development Program	Green Ivy Program
Professional Training	Different operational skills training for different professional groups	Operational Skills Training
	<div style="display: flex; justify-content: space-around;"> <div>R&D</div> <div>Sales</div> <div>Production</div> <div>Supply Chain</div> <div>Product</div> <div>Quality</div> <div>HR</div> <div>Finance</div> </div>	
New Employee Training	General Competency and Quality Training Courses	
	Each department conducts targeted job training for new employees.	New Employee Forum
	<div style="display: flex; justify-content: space-around;"> <div>For Social Recruitment</div> <div>For Management Trainee</div> <div>Internship Development</div> </div>	Hello, New Radiance

SAP-HR System Online-Study

Instructor Team

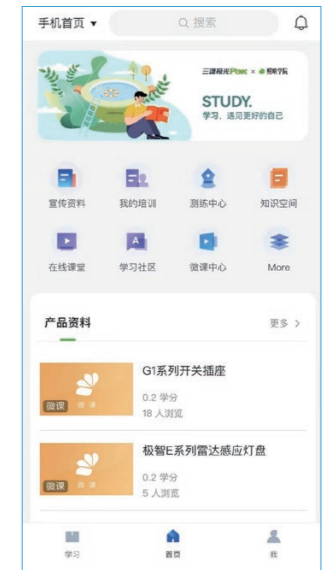
We've built a top-notch team of instructors to provide expert knowledge explanations and teaching, enrich course content and cultivate a positive atmosphere for internal sharing, communication and learning. These instructors, both internal and external, are selected, trained and evaluated by our dedicated Training Management Department. They cover a wide range of topics, ranging from leadership and generic managerial skills to post-specific skills, technical know-how and general professionalism.

During the Reporting Period

During the Reporting Period, we've brought on board **83** internal instructors, developed **104** internal training courses.

Online Learning Hub

PAK is constantly enhancing its hybrid training system, blending online and offline approaches to empower individual development within the Company. By harnessing the synergy between the "Brilliant Star Platform" online learning hub and offline talent development initiatives, we're empowering our team members from both ends.



PAK "Brilliant Star Platform"

During the Reporting Period

Throughout the Reporting Period, the Company expanded its offerings on the "Brilliant Star Platform", adding six categories of training courses totaling **4,292** sessions. A total of **1,073** employees engaged in online training, accumulating **107,171** hours of active learning.

Professional Skills Training

To bolster our pool of skilled talent and refine our assessment framework for skilled personnel, PAK's Zhaoqing Production Base initiated vocational skill level assessments for two key job categories: high and low-voltage electrical appliance assembly workers and stamping professionals. These assessments aim to provide a thorough, impartial evaluation of employees' vocational prowess.



Vocational Skill Level Assessment at PAK

Key Training Initiatives in 2023

Program	Trainee	Course Duration (hour)
PAK Sales Elite Training Camp 2023	106	48
Sales Elite Training Camp (Session 2)	53	72
Marketing System Manager Capability Enhancement Training (Session 1s)	54	46
"Spot Plan" Course (Session 1)	130	12
"Spot Plan" Course (Session 2): URA (user requirements analysis)	129	12
"Spot Plan" Course (Session 3): Marketing and Operations	111	12
Offline Instruction for "Spot Plan" Product Manager Training	29	8
LED Driver Basics Lecturing	38	1.5
ISO50001 Energy Management System Knowledge Training	43	3
Supplier Quality Management Training	31	2
Spark Plan - National Store Manager Training	267	6
Plastic Raw Materials and Testing Training	122	2
Plastic Mold Design Fundamentals Training	30	2
General-purpose Plastic Properties Lecturing	37	2
Transformer Precision Design Training	30	2



Spark Plan - National Store Manager Training

Marketing System Manager Capability Enhancement Training (Session 1s)

Offline Instruction for "Spot Plan" Product Manager Training

General-purpose Plastic Properties Lecturing

Employee Growth and Promotion

Employees are the lifeblood of our company’s future growth. To help them chart their career paths, PAK has mapped out four promotion routes - Managerial, Technical, Functional and Operational - for staff across our HQ, marketing/business units, and production/quality divisions. They can either deepen their expertise along a single route or pivot to different roles based on their skills and strengths. To keep our career paths running smoothly, we’re constantly fine-tuning our career development planning system year after year.

Employee Development Path at PAK

Position Type	Management Track (M)		Technical Track (T)		Professional Track (P)		Operational Track (O)					
Decision-making Level	M14	CEO	/		/		/					
	M13	VP										
Senior Management Level	M12	Board Secretary GM	/		/		/					
	M11	Deputy GM							T11	Chief Engineer		
	M10	Senior Director							T10	Senior Expert		
	M9	Director Office Manager of CEO							T9	Expert	P9	Senior Chief Specialist
	M8	Associate Director							T8	Senior Engineer	P8	Senior Chief Specialist/ Senior Accountant
	M7	Manager/Deputy Manager							T7	High-level Engineer	P7	Securities Affairs Representative/ Chief Specialist/Senior Accountant/ Senior HRBP
Middle Management Level	M6	Director	T6	Engineer	P6	Vice President Assistant/Vice President Secretary/General Manager Assistant/ Deputy General Manager Assistant/ High-level Senior Specialist/ Intermediate Legal Advisor/ Intermediate Accountant/ Logistics Support Specialist/ High-level HRBP	O6	Senior Technician				
	M5	Deputy Director	T5	Assistant Engineer	P5	Senior Specialist/Senior Accountant Senior Legal Advisor/HRBP	O5	High-level Technician				
	M4	Team Leader/Group Leader	T4	Technician	P4	High-level Specialist/Senior Accountant/ Senior Legal Advisor	O4	Technician				
Junior Management Level							O3	Senior Craftsman				
Execution Level	/		/		P3		Specialist/Accountant/Legal Advisor					
					P2		Clerk/ Assistant					
					/		O1		General Worker			

We’ve introduced internal job competitions to meet the Company’s evolving business needs, tap into the potential of our internal talent, optimize human resources allocation, and encourage employees to pursue continuous self-improvement. This move aims to provide our employees with a platform to showcase their talents and create more opportunities for career advancement. All current employees are eligible to compete openly for vacant positions.

During the Reporting Period

Employees Successfully Participated in Internal Job Competitions or Transfers.

857 Persons



Occupational Health and Safety Production

Occupational Health and Safety Management System



GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certificate

During the Reporting period, PAK achieved ISO 45001 certification for its occupational health and safety management system.

The Company places a high priority on the occupational health and safety of its employees, strictly adhering to laws such as the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases. It has established a robust system for occupational health, ensuring compliance with occupational disease prevention and control responsibilities to effectively safeguard employee well-being. At the Zhaoqing Production Base, multiple internal management protocols, including the *Safety Production and Occupational Health Management Policy*, have been implemented to standardize safety practices and enhance inherent safety levels.

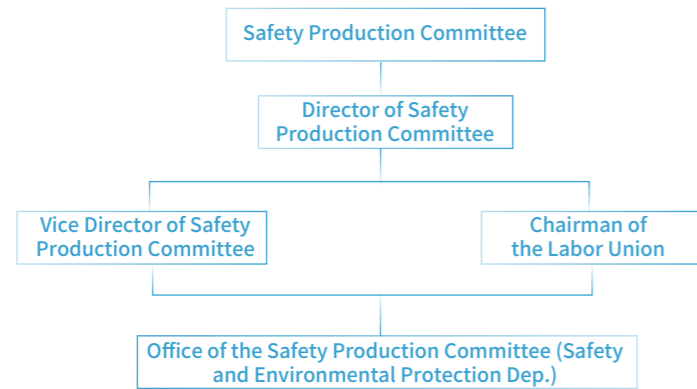
Concurrently, the Chongqing Production Base has introduced regulations like the *Safety Production Target Management Policy* and the *Safety Production Accident Management Policy* to delineate responsibilities across all levels of personnel, boost employee awareness of safety practices, and institute a rigorous safety assessment mechanism. Regular evaluations are conducted to reinforce safety consciousness and maintain seamless production operations.

Safety Production and Occupational Health Management Policy

Chongqing Production Base	Safety production policy: Safety first, prioritizing Prevention, and holistic control
	Occupational disease prevention and control policy: Prioritizing prevention, and integrating prevention with treatment.
Zhaoqing Production Base	Putting people first, with safety as the top priority; Prioritizing prevention for continuous improvement; Putting safety first for harmonious development.

To further clarify safety production responsibilities, strengthen safety management, and comprehensively ensure the safety of employees’ lives and property, the Zhaoqing Production Base has planned to establish a Safety Production Management Committee. Additionally, a Safety Office will be set up under it to enhance organizational leadership and oversee daily safety management. Simultaneously, the Chongqing Production Base has also formed a Safety Production Work Committee to drive the thorough implementation of safety measures and ensure their effectiveness.

Organizational of the Safety Production Committee at the Chongqing Production Base



During the Reporting Period

There were **3** industrial injury accidents at the Zhaoqing base, a decrease of **6** compared to 9 in 2022, representing a reduction of **66.7%**.

Safety Production Risk Management

Risk Identification and Response

The Company conducts a thorough analysis of potential hazards in the workplace and during personnel activities. By implementing the *Hazard Identification and Risk Assessment Control Procedures*, we ensure the safety and well-being of our employees and stakeholders, mitigating any potential harm or health risks.

Investigation of hidden dangers

We draft annual safety production responsibility statements and ensure that all staff members sign them, clearly outlining the safety obligations of every level of management, department, technical team, and operational staff. This meticulous approach ensures that accountability for safety production is ingrained in every employee, at every level, and in every aspect of our operations.

Through rigorous safety inspections and proactive hazard identification, we swiftly address any issues, enhancing our ability to prevent accidents and maintain a safe working environment.

During the Reporting Period

At the Zhaoqing Production Base, we identified **133** irregularities during safety inspections, promptly rectifying **133** of them, achieving an impressive on-time rectification rate of **100%**.

Similarly, the Chongqing Production Base conducted **40** comprehensive hazard investigations, uncovering **118** potential risks, and achieved a perfect on-time rectification rate of **100%**.

The Nansha Production Base organized **12** safety inspections and discovered **18** potential safety hazards. The rectification rate for these hazards is also **100%** as scheduled.

Emergency Plans and Drills

To ramp up our readiness for safety incidents and effectively tackle unforeseen emergencies, we've tailored emergency drill plans to fit our realities. These plans are geared toward executing rescue operations swiftly, efficiently, and in an organized manner, with the goal of curbing the potential fallout from accidents.

Emergency Response Training

Fire Evacuation and Emergency Drill

In June 2023, the Company orchestrated a fire extinguishing emergency drill with an aim to embed fire emergency know-how deep within the ranks, fostering a culture of "Workplace Risk: I See, I Know, I Control". The drill honed in on mastering the choreography of emergency firefighting and rescue at the scene of a fire, teaching participants the ropes of wielding fire extinguishers and navigating escape routes.



Special Training on Ammonia Leakage

In July, the Chongqing Production Base kicked off drills to bolster the oversight and management of liquid ammonia. Following our emergency simulation, the drill simulated scenarios like ammonia leaks, putting emergency response, personnel evacuation, and crisis management procedures to the test. The aim is to beef up the staff's ability to handle ammonia-related emergencies and heighten safety awareness, ensuring they're primed to take swift, decisive action in real-world scenarios to safeguard both personnel and the environment.



Safety Management

Stakeholder Safety Management

To diligently uphold the principle of “Safety First, Prioritizing Prevention, and Holistic Control” in production safety, the Chongqing Production Base has devised the *Stakeholder Safety Management Policy*. This Policy aims to enforce the safety production responsibility of personnel at all levels, enhance safety oversight of external individuals like contractors and visitors, and rigorously implement the Company’s safety incentive and penalty scheme to ensure a safe working environment. Meanwhile, the Zhaoqing Production Base, through its *Stakeholder Management Policy*, delineates clear management roles for all involved parties. The aim is to cultivate a secure, healthy environment, mitigating safety risks associated with external collaborative projects to ensure seamless company operations.

Hazardous Chemical Safety Control

To safeguard the management of hazardous chemicals at the Chongqing Production Base, the Company has drafted protocols such as the *Hazardous Chemical Management Policy* to bolster oversight. This ensures that the storage and utilization of hazardous chemicals adhere to relevant regulations and standards. Stringent monitoring and management protocols are in place for the procurement, storage, and handling of hazardous chemicals.

Procurement

- When procuring hazardous chemicals, the Planning Department must source them from suppliers holding corresponding operating or production licenses.
- Suppliers are required to furnish the Planning Department with Material Safety Data Sheets (MSDS) and safety labels that match the hazardous chemical’s item name.
- Each production department should submit a monthly plan based on the projected demand and storage capacity.

Storage

- Hazardous chemicals should be stored separately based on their characteristics, ensuring on-site facilities and conditions like electricity, fire protection, ventilation and temperature meet safety standards.
- Storage or usage areas must be equipped with necessary emergency response facilities, supplies, and materials.
- The management of precursor chemicals follows a “Five Pairs” approach and strictly adheres to established approval procedures.
- Hazardous chemical warehouses must prominently display MSDS, detailing the item name, hazardous properties, and emergency handling procedures.
- Managers of precursor chemical warehouses require approval from the competent department of public security.

Usage

- Personnel handling hazardous substances must be well-versed in their technical specifications and safety labels, understanding their hazardous properties, storage requirements, protective measures, and emergency protocols.
- Strict adherence to safety protocols during usage is mandatory, including the use of prescribed protective gear.

Disposal

- Used packaging for hazardous chemicals (including precursor chemicals) must undergo stringent management, with strict guidelines for collection and a prohibition on indiscriminate disposal.
- Recyclable packaging materials are to be reclaimed by the Planning Department from suppliers, while non-recyclable items are temporarily stored by the using department. Qualified units approved by the Department of Safety and Environmental Protection are then enlisted for disposal.

Safety Education and Training

In order to keep our safety production efforts running smoothly, the Company has drawn up a comprehensive training plan for the year 2023. Simultaneously, all our production bases have been actively involved, tailoring a range of engaging safety production training activities to suit their specific circumstances. These sessions cover essential knowledge about the updated *Law of the People’s Republic of China on Safety Production*, the *Environmental Protection Law of the People’s Republic of China*, and other pertinent topics such as safety, fire prevention, drug awareness, and hazard identification through images. The aim is to ensure that every staff member not only grasps but also internalizes the fundamental principles and practical know-how of safety production, thereby boosting their safety consciousness effectively. This lays a robust theoretical groundwork for further implementing our safety production responsibilities and proactively preventing and managing safety incidents.



Anti-drug Campaigns in Lanhe Town



Occupational Disease Prevention and Treatment Training in Chongqing Production Base



Fire Safety and Workplace Hygiene Training in Zhaoqing Production Base



Safety Training for Photovoltaic Installation Projects in Block C of our Nansha Production Base

During the Reporting Period

Total safety investment
CNY
36.32^{ten thousand}

Production Accident Count
for The Year
16 Times

Work-Related Injuries
for The Year
16 Persons

Work-related Fatalities
for The Year
0 Person

Occupational Disease
Incidence Rate
0%

Safety Hazard Rectification
Rate
100%

Occupational Health Protection

Occupational Disease Hazard Monitoring

To ensure the well-being of our employees, the Company teams up with third-party agencies to regularly assess potential occupational disease risks at in our workplaces. Swift action is taken to address any identified hazards, and specialized medical check-ups are offered to those exposed to such risks.

Protective Measures

In order to look out for our employees in roles where occupational hazards are a concern, we make it crystal clear what occupational disease risks they may face right from the get-go. We make sure to prominently display warning signs for occupational disease hazards in relevant areas and keep everyone updated on the results of our hazard checks. Moreover, we hold regular sessions to educate our staff on occupational health, boosting their awareness and helping them stay on top of potential risks. Moreover, we supply our employees with standard personal protective equipment (PPE) against occupational diseases and make sure they know how to use it correctly, with an aim to protect their health and safety.



Occupational Health Bulletin Board



Occupational Disease Hazard Warning Signs





5



Devoted to Community Welfare and Spreading Social Warmth

Sticking to the philosophy of “growing alongside our local community”, we’re actively involved in social welfare initiatives, knitting together our corporate journey with the broader societal progress, all aimed at nurturing a flourishing society and enhancing quality of life. In 2023, we were recognized as a Devoted Supporter of Community Welfare. It’s not just a badge of honor; it’s a beacon guiding us to amplify our societal contributions.



Devoted Supporter of Community Welfare 2023

Lighting up Social Responsibility
108

Lighting up Rural Revitalization
110

Lighting up Health Booster
111

Lighting up Social Responsibility

When heavy rainfall wreaked havoc in Chongqing in July 2023, we sprang into action. Our Chongqing Production Base didn't just sit back; we donated 300 LED table lamps to the Changling Town People's Government and the Wuchiao Sub-district Office. We lit up the darkness, bringing warmth and hope to those affected by the calamity.



Table Lamp Donation

In honor of the 2023 Army Day, PAK's Chongqing Production Base paid heartfelt tribute to the Wanzhou District Fire Emergency Rescue Detachment, acknowledging the courageous firefighters who consistently brave the frontlines in the face of adversity, thus making monumental contributions to societal tranquility and stability.



Consoling to Firefighters

PAK Design with Light - Home Decoration Elite Grassland Hiking Public Welfare "Event"



In the same month, we teamed up with the China Furniture & Decoration Chamber of Commerce (CFDCC) to launch a series of events themed "China Selected Household Products Launch". During our very own "PAK Design with Light - Home Decoration Elite Grassland Hiking Public Welfare" event, we pledged to donate RMB 10 to the Red Cross Society of Duolun County for every kilometer walked by participants. The goal is to purchase eye-protective table lamps for local Hope Schools, ensuring students' eyesight stays crystal clear.

Lighting up Rural Revitalization

Caring Donation

Harness the collective force of care to propel rural revitalization forward. The Company was actively engaged in the 2023 "6.30" Rural Revitalization Assistance Event and the Guangzhou Nansha District's "Charity for the People" Campaign. We extended a helping hand by donating RMB 20,000 to the rural revitalization initiative in Lanhe Town, demonstrating our unwavering support for and investment in rural progress.

Empowering Rural Education

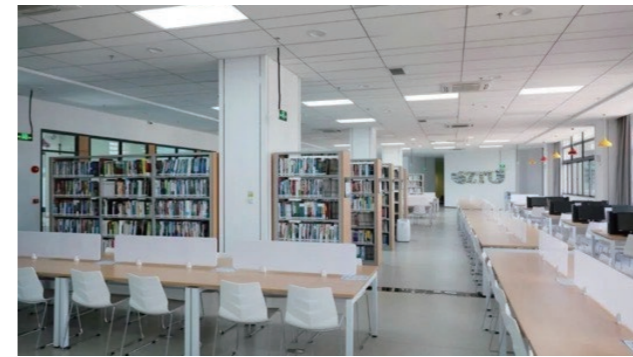
In our commitment to fostering equitable educational development and aiding in rural poverty alleviation, PAK proactively leveraged its expertise in educational lighting. We boldly embraced our social responsibility by spearheading the "Light of Dream: Rural Classroom Illumination Charitable Revamp" Program. Our aim is to provide underprivileged rural children and teens with a nurturing, well-lit learning environment, thereby nurturing their holistic growth journey.

Throughout the Reporting Period, our ongoing initiative, "Light of Dream: Rural Classroom Illumination Charitable Revamp", continues to gain momentum. We made visits to schools such as Tiechang Primary School in Bozhou District, Tengyun 7th Hope Primary School in Jiehe Town, Huanggang Town's Jiwu City Primary School, and Ningling Zhangqiao Primary School. We donated lighting fixtures to enhance the schools' luminous ambience, thus contributing substantially to the foundational development of rural education.

Lighting up Health Booster

As far back as 2005, PAK blazed a trail by championing the notion of "light health" within the industry. Our mission is to advocate for lighting practices that promote not just brightness, but holistic well-being. We've been on a relentless quest to craft lighting environments that foster harmony and health, continually refining our products' performance. To put our beliefs into action, we've embarked on a nationwide tour of "light health" clinics, offering free makeovers to homes and businesses falling short of our standards.

Our commitment to illuminating healthy spaces extends particularly to educational institutions. Through tireless innovation and the creation of top-notch, school-specific lighting fixtures, we've transformed over a hundred campuses across the nation. Our goal is to set the stage for optimal learning environments, lighting the way for generations of students.



Library at Shenzhen University



Classroom at Hangzhou Normal University



"Light of Dream: Rural Classroom Illumination Charitable Revamp" Program

6



Smart Strategies: Illuminating the Path Ahead

In 2023, seizing the tide of economic resurgence, we dove deep into internal revitalization efforts, fortifying management structures and empowering our workforce through comprehensive training initiatives. We're not just investing in smart lighting solutions; we're betting big on brilliance. Our aim is to revolutionize illumination with energy-efficient technology while simultaneously revolutionizing our distribution channels under the "1+N" model. It's about more than just lighting up rooms; it's about lighting up futures. Through the joint efforts of everyone in the Company, we've seen a consistent uptick in our business performance and a steady rise in our market share domestically. We've also made solid strides in areas of

sustainable development such as corporate governance, environmental conservation, and social responsibility.

Looking ahead to 2024, we're steering our ship according to our strategic objectives, holding fast to the principles of sound business practices and ethical conduct. We're digging deeper into internal management reforms, keeping a keen eye on product quality, and delivering top-notch products and services to our customers to enhance their quality of life. We're not just lighting up rooms; we're illuminating futures—a mission that's ingrained in our corporate DNA. In line with this mission, we're ramping up efforts in developing energy-efficient and smart products, championing smart lighting solutions to contribute to society's goals of energy conservation and emission reduction. Furthermore, we're fine-tuning our corporate governance, striving for improved operational performance to ensure our shareholders receive their due rewards. Moreover, we're setting up and refining our ESG governance framework, continuing to prioritize sustainable development initiatives, and ramping up investments in relevant areas. Actively engaging in social welfare activities and fulfilling our corporate social responsibilities are also high on our agenda as we aim to play our part in fostering a more harmonious and prosperous society.

Performance Appraisal

Indicator	Unit	2023
Economic Performance		
Operating Income	CNY million	2,351.8234
Net Profit Attributable to Shareholders of the Listed Company	CNY million	204.8793
Total Assets	CNY million	3,388.6397
Net Equity of Shareholders	CNY million	2,201.3333
Total Taxes Paid(Excluding Individual Income Tax)	CNY million	156.1154

Governance Performance		
General Meeting of Shareholders Convened	times	3
Extraordinary General Meetings of Shareholders	times	2
Annual General Meeting of Shareholders	times	1
Reviewed Proposals	items	28
Members of the Board of Directors	persons	9
Independent Directors	persons	3
Female Director	persons	1
Meetings of the Board of Directors Convened	times	5
Reviewed Proposals	items	46
The Independent Director Meeting	times	1
The Strategy Committee Meeting	times	1
The Audit Committee Meeting	times	7
The Remuneration and Assessment Committee Meeting	times	1
Meetings of the Board of Supervisors Convened	times	6
Reviewed Proposals	items	28
Internal Audits	items	10
Special Audit	items	6
Financial Audit	items	1
Other Auxiliary Audit	items	3
Training on legal-related knowledge	times	5
Cash dividend for 2022 (with tax)	CNY/share	0.6

Indicator	Unit	2023
Governance Performance		
Total cash distributed for 2022 (with tax)	CNY million	167.5986
The proportion of net profit attributable to shareholders of the listed company in the consolidated financial statements for 2022	%	176
Periodic Report Disclosure	pieces	6
Ad hoc Announcements Disclosure	pieces	122
Holding Performance Briefings and Investor Days	times	2
Received Institutional Research Visits.	times	5
Online Interactions at Interaction Easy(Shenzhen Stock Exchange)	times	16
Signature Rare of the Integrity Commitment in crucial positions Integrity Commitment	%	100
Major Violation of Business Ethics	times	0
Investment in Information security	CNY thousand	224.5
Information Security Training Sessions	times	3
Empolyee Coverage of Information Security Training Sessions	%	83
Information Security Related Incidents	times	0
General Meetings of Party Members	times	28
Lectures on Party Theory	times	26
Themed Party Activity	times	26
Party Members' volunteer activities,	times	17

Environmental performance		
Environmental Management		
Environmental Input	CNY million	1.1711
Compliance Rate of Pollutant Monitoring	%	100
Synchronous Operation Rate of Environmental Protection Facilities	%	100
Implementation Rate of "Three Simultaneous" Environmental Protection Measures for Construction Projects	%	100
	times	3

Indicator	Unit	2023
Environmental performance		
Environmental Management		
Major Environmental Violation Incidents	times	0
Incidents with Significant Impact on Biodiversity	times	0
Environmental Hazard Investigation	times	27
Identification of Potential Environmental Hazards through Investigations	items	20
Rectification Rate of Identified Hazards	%	100
Resource Management		
Comprehensive Energy Consumption	tce	4,526.52
Natural Gas Consumption	ten thousand m ³	106.57
Gasoline Consumption	t	43.77
Diesel Fuel Consumption	t	226.57
Purchased Electricity Consumption	kWh	22,087,897
Water Consumption	t	151,795
GHG emission management		
GHG Emission (Scope 1 and Scope 2)	tCO ₂ e	15,746.73
GHG Emission (Scope 1)	tCO ₂ e	3,150.01
GHG Emission(Scope 2)	tCO ₂ e	12,596.73
Management of Waste		
Detection of Wastewater and Exhaust Gas Emissions	times	15
Wastewater Discharge Volume (Chongqing PAK)	t	2,411
Exhaust Gas Emission Volume(Chongqing PAK)	t	7,455.67
General Industrial Solid Waste Disposal Volume	t	648.97
Compliance Rate of General Industrial Solid Waste Disposal	%	100
Hazardous Waste Generation Volume	t	8.64
Compliance Rate of Generated Hazardous Waste Disposal	%	100

Indicator	Unit	2023
Industrial Performance		
Technological Innovation & Intellectual Property Protection		
Investment in R&D	CNY million	67.9620
Proportion of R&D Expenditure to Operating Revenue	%	2.89
Total Number of R&D Team Members	persons	279
Core Technical Staff	persons	2
New Application for Invention Patent	items	8
New Invention Patent	items	1
New Utility Model Patents	items	43
Cumulative Valid Patents Granted	items	505
Total Valid Trademarks Registered at Home And Abroad	items	169
Cumulative Software Copyrights	items	17
Product Quality		
Product Yield	%	100
Occurrence of Product Recall and Major Product Quality Accidents	times	0
Customer Service		
Customer Satisfaction	%	90.48
Complaint Resolution Rate	%	100
Supplier Management		
Cooperating Suppliers	companies	355
· Local Suppliers	companies	276
· Domestic Suppliers	companies	355
· Overseas Suppliers	companies	0
Percentage of suppliers executing the Supplier Integrity Commitment Letter	%	83.94
Dealer Management		
Investment in Dealer Training	CNY thousand	441.8

Indicator	Unit	2023
Employee Performance		
Labor Relations Management		
New Individuals	persons	1,702
New Female Individuals	persons	974
Retirees Got Re-employed	persons	46
Percentage of Contract Workers	%	100
Social Insurance Coverage	%	100
Total Staff Employs Members	persons	3,830
Employees with Over 10 Years (Inclusive) of Work Experience	persons	873
Proportion of Employees with Over 10 Years (Inclusive) of Work Experience	%	23
Employees with Disabilities	persons	52
Employees from Ethnic Minorities	persons	182
Female Employees	%	53
Female Coverage of STEM professions	%	25
Female Coverage of managerial positions within our revenue-generating departments	%	1.73
Employees on Maternity Leave	persons	31
Return-to-Work Rate after Maternity Leave	%	100
Employees on Parental Leave	persons	9
Return-to-Work Rate after Parental Leave	%	100
Irregular Employment Events	times	0
Employee Development		
Employees' Training Conduction	times	194
Employees' Training Duration	hours	565
Employees' Training Participation	person-time	10,813
Internal Instructors	persons	83
Internal Training Courses	items	104
The Internal Training Project Effect Score is Equal	—	93.13

Indicator	Unit	2023
Employee Performance		
Employee Development		
Online Learning Hub		
Training Courses Adding	items	4,292
Participation of Online Learning Hub	persons	1,073
Active Learning Duration on Online Learning Hub	hours	107,171
Employees Successfully Participated in Internal Job Competitions or Transfers	persons	857
Safe Production		
Total Safety Investment	CNY thousand	363.2
Major Casualty Accident	times	0
Work-related Injuries	persons	16
Work-related Death	persons	0
Identified Irregularities during Safety Inspections		269
Zhaoqing PAK	items	18
Chaoqing PAK	items	133
Nansha Production Base	items	118
Impressive On-time Rectification Rate		100
Zhaoqing PAK	%	100
Chaoqing PAK	%	100
Nansha Production Base	%	100
Public Welfare		
Input in Public Welfare	CNY thousand	314.5
· Donation	CNY thousand	142
· Market Value of Donated Goods	CNY thousand	172.5

Indicator Index

Content		Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)	Sustainability Reporting Standards of Global Sustainability Standards Board (GRI Standards)
About This Report		P1.1/P1.2/P1.3/G3.7	2-2/2-3/2-4
Message from the Chairman		P2.1/P2.2	/
Sustainable Development Highlights in 2023		P3.1	/
Glance at PAK		P4.1/P4.2/P4.3/P4.4	2-1/2-6/2-9
Fulfillment of Responsibilities: Consolidating Cornerstones for Sustainable Development	Governance philosophy for sustainable development	G2.1/G3.2/G3.11	2-9/2-14
	Sustainable Development Governance Objectives	G3.2	2-14/2.22
	Communication with Stakeholders	G3.6	2-16/2-29
	Analysis of Substantive Issues	G3.5	3-1/3-2/3-3
Compliance Governance: Building a Solid Foundation for the Company	Corporate Governance	G1.1/G1.2	2-9/2-10/2-11/2-12
	Risk Control and Internal Control	G1.3/G1.4	2-27/207-1/207-2
	Rights and Interests of Investors	G1.10	2-16/2-27/2-29
	Business Ethics	G1.7/G1.8/G1.9	205-1/205-2/205-3/206-1
	Information Security	S4.6	418-1
	Party-building Governance	/	2-27
Low-carbon Development: Leading a Green Future	Environmental Management	E1.1/E1.2/E1.3/E1.4/E1.5/E1.6/E1.7	2-12/2-27
	Green Lighting	E1.8/E2.7/E2.8/V4.3/V4.4	301-2/301-3/302-5
	Energy Management	E2.1/E2.2	302-1/302-2/302-4/302-5
	Responding to Climate Change	E2.4/E2.5/E5.2/E5.3/E5.5/E5.6	201-2/305-1/305-2
	Water Resources Management	E2.9/E2.10/E2.11/E2.12/E2.13	303-1/303-2/303-3
	Environmental Impact Control	E3.1/E3.2/E3.3/E3.4/E3.5/E3.6/E3.8	303-2/303-4/303-5/306-1/306-2/306-3/306-4/306-5
	Green Operations	E2.14/E4.1/V4.4	304-1/304-2

Content		Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)	Sustainability Reporting Standards of Global Sustainability Standards Board (GRI Standards)
Enhancing Quality and Efficiency to Drive Value Growth	Research and Development (R&D) and Innovation	V2.1/V2.1/V2.3/V2.4/V2.5/V2.7/V2.8	203-1
	Product Liability	S4.1/S4.4/S4.9	416-1
	Elevating Customer Experience	S4.1/S4.2/S4.4/S4.5/S4.7/S4.8	416-1
	Supply Chain Management	S5.1/S5.2/S5.3/S5.6	204-1/308-1/414-1
	Dealer Management	/	/
Team Building: Shaping Workforce Cohesion	Labor Relations Management	S1.1/S1.2/S1.3/S1.4/S1.6/S1.7/S1.8/S1.10/S1.11	2-7/2-19/2-20/2-30/201-3/401-1/401-2/405-1/406-1/407-1/408-1/409-1
	Employee Development	S2.1/S2.2/S2.3/S2.4	404-1/404-2/404-3
	Occupational Health and Safety Production	S3.1/S3.2/S3.3/S3.4/S3.5/S3.6/S3.7/S3.8/S3.9	403-1/403-2/403-3/403-4/403-5/403-6/403-7/403-8/403-9/403-10
Devoted to Community Welfare and Spreading Social Warmth	Lighting up Social Responsibility	V3.4	415-1
	Lighting up Rural Revitalization	V3.3/V3.4/V3.5	415-1
	Lighting up Health Booster	V3.3	203-1/203-2
Smart Strategies: Illuminating the Path Ahead		A1	/
Appendix	Performance Appraisal	A2	/
	Indicator Index	A4	/
	Feedback Form	A5	2-16

Feedback Form

Dear reader,

Greetings! Thank you so much for dedicating your precious time to review this report amidst your busy schedule. To ensure that you and other stakeholders receive even more valuable ESG insights, we kindly request your assistance in completing the feedback form and providing us with feedback in the areas mentioned below. Your inputs will greatly assist us in further enhancing our ESG management capabilities.

Mail: info@PAK.com.cn

Address: No. 293 Caixin Road, Lanhe Town, Nansha District, Guangzhou, China

1. Which category of stakeholder do you belong to?

- Shareholders and Investors
 Government and Regulatory Agency
 Employee
 Customer and Partner
 Supplier
 Community and Public
 Other _____

2. Your overall assessment of this year's ESG report

- Excellent
 Good
 Fair
 Poor
 Bad

3. What do you think of this report?

- Information disclosure: Better Good Fair Poor Bad
 Layout: Better Good Fair Poor Bad
 Readability: Better Good Fair Poor Bad

4. Which issues are most concerns to you? (You can choose 3 options)

• Governance Issues

- ESG governance Governance structure Investor relations management
 Business Ethics Compliance operation

• Social Issues

- Digital construction Research and Development Innovation Industry development and win-win
 Privacy and data security Product and service quality Customer service
 Supply chain management Diversity and equality Talent introduction and retention
 Employee rights and benefits Staff training and development Occupational health and safety
 Intellectual Property Protection Social Welfare

• Environmental Issues

- Green product Fight climate change Environmental Management
 Energy-saving technology Resource utilization Emission management

5. Is the information you are concerned about reflected in this year's ESG report?

- Yes No (What other information would you like to see? _____)

6. What other comments or suggestions do you have regarding our ESG reporting or ESG efforts and sustainability management?
