

**Environmental,
Social and
Governance Report**
TONGDA HONG TAI HOLDINGS LIMITED

2022

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) is prepared by Tongda Hong Tai Holdings Limited (the “**Company**”) to review and summarize the ESG work from the Company and its subsidiaries (collectively as the “**Group**”) in 2022.

Adhering to the Group’s vision of sustainability, the Group is committed to create maximum value for our shareholders as well as balancing the interests between the environment, society and other aspects to promote harmony and prosperity among different stakeholders.

The Group proactively identifies major stakeholders of the Group’s businesses and their key expectations. The Group established various communication channels to encourage stakeholder participations to provide valuable insights and constructive suggestions to the Group’s development. On this basis, the Group can establish a long-term and effective mechanism for the ESG development.

ESG GOVERNANCE STRUCTURE

The board of directors (the “**Board**”) of the Company has the overall responsibility of overseeing the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The executive directors of the Company are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, prioritize and manage material ESG issues, risks, and opportunities; while other departments of the Company are responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All tasks and the progress made against the ESG-related goals and targets will be reported to the Board regularly in order for the Board to review and re-formulate the policies and plans for achievement of goals and targets.

The Group has set long-term sustainable development goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s ESG performance and adjusting corresponding action plans.

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REPORTING SCOPE AND PERIOD

The Report covers the period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**” or “**FY2022**”), same as the financial year of the 2022 Annual Report of the Company and covers information of the core business operated in the manufacturing base in Changshu (常熟), the People’s Republic of China (the “**PRC**”), namely the manufactures and the sales of the casings and components of notebook devices. The revenue from the manufacturing base in Changshu accounted for approximately 100% of the total revenue of the Group and the number of employees also constituted over 90% of the total number of full-time employees of the Group during the Reporting Period. Based on the principle of materiality, while the headquarter of the Hong Kong are considered immaterial, the scope of this report therefore only covers the operation of the manufacturing base in Changshu, which is different from that in the corresponding period in 2021 which included both the Hong Kong headquarter and the manufacturing base in Changshu.

Unless otherwise stated, this Report should be read in conjunction with the Corporate Governance Report on pages 13 to 26 of the 2022 Annual Report of the Company. The data and information as referred to in this Report are derived from different files, records, statistics and research of the Company.

REPORTING STANDARDS

The Report has been prepared in accordance with the disclosure requirements of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) issued by the Stock Exchange of Hong Kong Limited (the “**HKEx**”). The Group has complied with the mandatory disclosure requirements and the “comply or explain” provisions set out in the ESG Reporting Guide.

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REPORTING PRINCIPLES

Following the latest guidance of the HKEx, the ESG Report identifies, prepares and presents the information to be disclosed and the disclosure method under four principles of “materiality”, “quantitative”, “balance” and “consistency”, which are the basis for the preparation of the Report.

Reporting Principles	Interpretation	The Group’s Application
Materiality	This ESG Report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Company and make decisions.	In the process of preparing this report, the Group has conducted materiality assessment to determine the major issues that are of vital importance to the Group and its major stakeholders, and then collect and disclose relevant information on major issues in a targeted manner.
Quantitative	The KPIs in respect of historical data disclosed in this ESG Report shall be calculable/measurable and comparable where applicable.	The criteria and methodology used to calculate the relevant data and the assumptions used in this report are subject to the methods and guidelines set out in the Reporting Guidance on Environmental and Social KPIs. Where practicable, the Group’s environmental and social key performance indicators (“KPIs”) are disclosed in quantitative terms.
Balance	The Company should objectively and truthfully report its ESG performance in an unbiased manner during the Reporting Period.	This report has been prepared in an objective manner to ensure that the information disclosed is a true reflection of the Group’s overall environmental, social and governance performance.
Consistency	This ESG Report should be prepared in a consistent manner, so that its ESG’s KPIs can be compared to understand corporate performance.	The reporting methodology in this report is generally consistent with that of the previous year, with explanations for changes in the scope of disclosure and calculation of data, and further quantification of environmental, social and governance key performance indicators based on the previous year.

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APPROVAL OF THE REPORT

The ESG Report was approved by the Board of the Group on 31 March 2023.

FEEDBACK

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to info@tongdahongtai.com.hk.

STAKEHOLDERS' ENGAGEMENT

We identified the key stakeholders of our business operations. We interact with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none">– To comply with laws and regulations– Proper tax payment– Promote regional economic development and employment	<ul style="list-style-type: none">– On-site inspections and checks– Research and discussion through work conferences, work reports preparation and submission for approval– Interim reports, annual reports, announcements– Company website	<ul style="list-style-type: none">– Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the governments supervision, inspection and evaluation, and actively undertook social responsibilities.

Environmental, Social and Governance Report

STAKEHOLDERS' ENGAGEMENT *(continued)*

Stakeholder	Expectation	Engagement channel	Measures
Shareholders and Investors	<ul style="list-style-type: none"> – Return on investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders – Business risk management 	<ul style="list-style-type: none"> – Annual general meeting and other shareholders' meetings – Interim reports, annual report, announcements – Company website – Meeting with investors and analysts 	<ul style="list-style-type: none"> – Issued notices of general meeting and proposed resolutions according to regulations, disclosed corporate information by publishing announcements/circulars and interim/annual reports. – Carried out different forms of investor activities with an aim to improve investor's recognition. – Held results briefing. – Disclosed corporate contact details on website and in reports and ensured all communication channels available and effective.
Employees	<ul style="list-style-type: none"> – Safeguard the rights and interests of employees – Working environment – Career development Opportunities – Self-actualization – Health and safety 	<ul style="list-style-type: none"> – Conference – Training, seminars, briefing sessions – Annual performance appraisal – Intranet and emails 	<ul style="list-style-type: none"> – Provided a healthy and safe working environment; developed a fair mechanism for promotion; cared for employees by helping those in need and organizing employee activities.

Environmental, Social and Governance Report

STAKEHOLDERS' ENGAGEMENT *(continued)*

Stakeholder	Expectation	Engagement channel	Measures
Customers	<ul style="list-style-type: none"> – Safe and high-quality products – Stable relationship – Information transparency – Integrity – Business ethics 	<ul style="list-style-type: none"> – Website, brochures, interim reports, annual reports, announcements – Email and customer service hotline – Regular meeting 	<ul style="list-style-type: none"> – Strengthened quality management to ensure stable service standards, and entered into long-term strategic cooperation agreements.
Suppliers/Partners	<ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fairness and openness – Information resources sharing – Risk reduction 	<ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls and interviews – Regular meeting – Review and assessment – Tendering process – Company website – Email, circulars and manual 	<ul style="list-style-type: none"> – Invited tenders publicly to select best suppliers, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers.
Financial institution	<ul style="list-style-type: none"> – Compliance with the laws and regulations – Disclosure information 	<ul style="list-style-type: none"> – Consulting – Information disclosure – Reports 	<ul style="list-style-type: none"> – Complied with regulatory requirements in a strict manner, disclosed and reported information in a timely and accurate manner according to law.

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STAKEHOLDERS' ENGAGEMENT *(continued)*

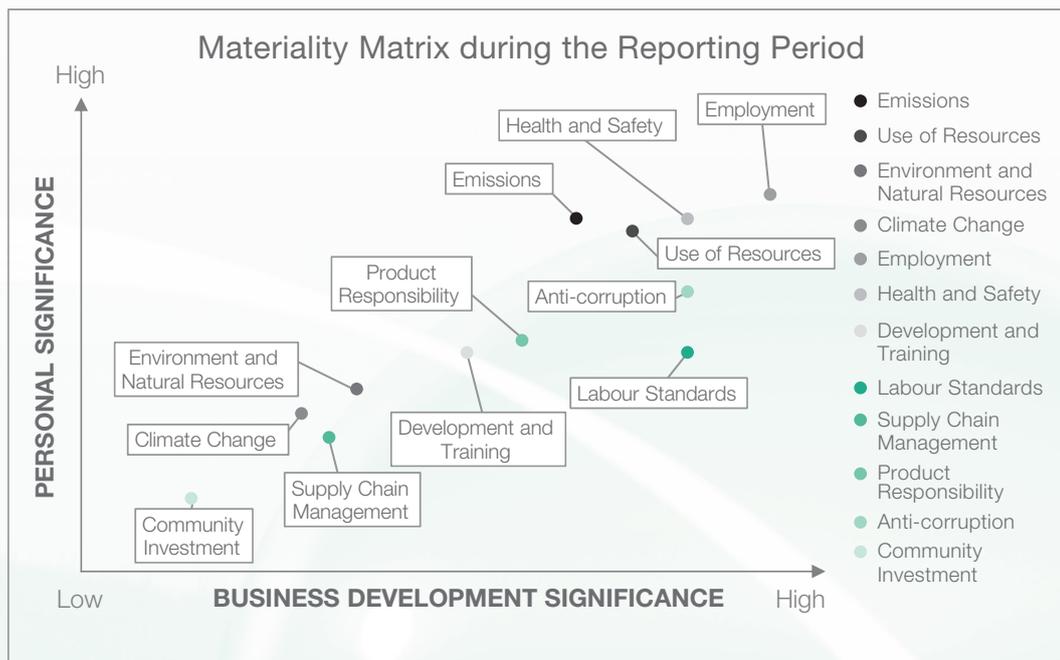
Stakeholder	Expectation	Engagement channel	Measures
Media	<ul style="list-style-type: none"> – Transparent information – Communication with media 	<ul style="list-style-type: none"> – Company website – Interviews – Media conference – Media gathering 	<ul style="list-style-type: none"> – Organized conference, media gathering and site visit to enhance the communication with media.
Public and communities	<ul style="list-style-type: none"> – Community involvement – Social responsibilities – Promote employment 	<ul style="list-style-type: none"> – Volunteering – Charity and social investment – Annual reports 	<ul style="list-style-type: none"> – Gave priority to local people seeking jobs from the Company so as to promote community building and development; – Provided volunteer service; – Kept communication channels open between the Company and the communities, cosponsored community activities to promote the building up of harmonious communities.

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MATERIALITY ASSESSMENT

To allocate resources more effectively and improve our ESG performance, the Group adopted the principle of materiality in the ESG reporting by identifying key ESG issues that are important to our business, so as to develop the Group's strategies priorities. In the Reporting Period, we identified and sorted out the potential material ESG topics taking reference to the ESG Reporting Guide, and invited internal and external stakeholders, including the Group's directors and employees, suppliers, and customers to participate in the questionnaire survey. In this way we better understand the expectations of various stakeholders and the importance of each ESG topics.

We quantified the importance of each ESG issue based on the two dimensions, which are Materiality to the Group and Materiality to Stakeholders. After analysis, we create a materiality assessment matrix to summarize the materiality assessment results, which are set out below.



Environmental, Social and Governance Report

A. ENVIRONMENTAL

1. Environmental Protection

1.1 Emissions

Emphasizing on both economic benefit and environmental protection, the Group develops long term mechanisms and policies for environmental protection and energy saving to build a resource-saving and environment-friendly enterprise.

The Group identifies and manages different types of emissions to ensure they are safely treated, transported, stored and disposed. In order to ensure the requirements of relevant laws and regulations are satisfied, the Group identifies and manages the major emissions during its course of production and operation process to assess the environmental impact. We strictly comply with relevant laws and regulations in relation to environmental protection, include but not limited to Law of the PRC on Environmental Protection* (中華人民共和國環境保護法), Law of the PRC on the Prevention and Control of Atmospheric Pollution* (中華人民共和國大氣污染防治法) and Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste* (中華人民共和國固體廢物污染環境防治法). No fine or prosecutions were resulted due to the environmental regulatory non-compliance during the Reporting Period.

The Group is a “one-stop” manufacturing solution provider of casings for notebooks and other accessories. In light of the nature of the business of the Group, the air pollutant emissions and greenhouse gas (GHG) emissions are mainly sourced from: (1) fossil fuel combustion of vehicles; (2) the manufacturing of the casings and components of notebooks; and (3) refrigeration for air conditioning equipment.

As at the end of the Reporting Period, the Group owned 12 vehicles (2021: 16 vehicles), including heavy duty warehouse truck used for transportation and small, medium passenger cars. During the Reporting Period, major air pollutant emissions (including Sulphur Dioxide, Nitrogen Oxides and Particulate Matter) generated from the vehicles mentioned above amounted to 217.69 kg (2021: 945.99 kg). The Group will conduct regular maintenance on vehicles to improve fuel consumption efficiency and also ensure road safety and minimize the emission of various air pollutants. During the Reporting Period, as the COVID-19 pandemic in various countries gradually stabilized and government restrictions eased, the previous surge in demand for personal computers brought by remote working and online classroom have been digested. Negatively impacted by these challenges, the Group’s sales declined and shipments decreased, which resulted in a sharp decrease in major air pollutant emissions. Other organic waste gas discharge (including Benzene, Methyl Benzene and Dimethyl Benzene) which mainly generated from the painting process which are within the discharge level of local regulation and standard. During the Reporting Period, due to the decline of production of products requiring painting, the intensity of organic waste gas was below the detectable limit (0.0015 mg/m³). Our manufacturing facility has installed processors to filter exhaust gas released during the production process.

* For identification purpose only

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

1. Environmental Protection (continued)

1.1 Emissions (continued)

During the Reporting Period and the corresponding period in 2021, major air pollutants emissions and other organic waste gas discharge within the scope of this report are as follows:

Major Air Pollutant Emission		
	2022 kg	2021 kg
Type of Air Pollutants		
Sulphur Dioxide	5.80	21.07
Nitrogen Oxides	195.73	878.77
Particulate Matter	16.16	46.15
Major Air Pollutant Intensity (kg/Revenue million HKD)	1.45	2.55

Note

1: The Group has reviewed the calculation of air pollutant emissions in 2021 and restated the relevant data accordingly.

Organic Waste Gas Intensity		
	2022 mg/m ³	2021 mg/m ³
Benzene Intensity	<0.0015	0.3
Methyl Benzene Intensity	<0.0015	0.1
Dimethyl benzene Intensity	<0.0015	0.1

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A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.1 Emissions *(continued)*

Notes:

- 2: The calculation of intensity of the air pollutant emission is updated from employment-based to revenue-based to better reflect the air pollutant emission intensity of our production activities, thus the unit of air pollutant emission intensity has been revised from tonnes/employee to kg/Revenue million HKD, accordingly.
- 3: The calculation of the air pollutant emission is referenced from the methods, assumptions and guidelines set out in the following Guidance and Standards:
 - The China National Standard GB 19147-2016: Automobile Diesel Fuels* (中國國家標準GB19147-2016: 車用柴油) issued by the China National Standardization Management Committee* (中國國家標準化管理委員會);
 - The Technical Guidance for Compilation of Air Pollutant Emission Inventory of Road Motor Vehicles* (道路機動車大氣污染物排放清單編制技術指南) and the Technical Guidance for Compilation of Air Pollutant Emission Inventory of Non-Road Motor Vehicles* (非道路機動車大氣污染物排放清單編制技術指南) issued by the China Ministry of Environmental Protection* (中華人民共和國環境保護部).
- 4: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

During the Reporting Period and the corresponding period in 2021, GHG emissions within the scope of this report are as follows:

	GHG Emission	
	2022 Equivalent CO ₂ emission (tonnes)	2021 Equivalent CO ₂ emission (tonnes)
Type of GHG emissions		
Scope 1: Direct emissions	115.37	162.64
Scope 2: Indirect emissions	5,426.22	8,608.29
Total	5,541.59	8,770.93
Intensity (tonnes/Revenue million HKD)	36.82	23.66

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.1 Emissions *(continued)*

Notes:

- 1: The Group has reviewed the calculation of GHG emissions in 2021 and restated the relevant data accordingly.
 - Scope 1: Direct emissions include GHG emissions from combustion of fuels in mobile sources controlled by the Group and use of refrigeration for air conditioning equipment.
 - Scope 2: Indirect emissions from energy including indirect GHG emissions generated by the purchase or acquisition of energy by the Group. The Group's indirect greenhouse gas emissions only come from the electricity consumed (purchased or acquired) within the Group.
- 2: The calculation of intensity of the GHG emission is updated from employment-based to revenue-based to better reflect the GHG emission intensity of our production activities, thus the unit of GHG emission intensity has been revised from tonnes/employee to tonnes/Revenue million HKD, accordingly.
- 3: The calculation of the GHG emission is referenced from to the methods, assumptions and guidelines set out in the following Guidance and Standards:
 - The Requirements of the Greenhouse Gas Emissions Accounting and Reporting for Land Transportation Enterprise* (溫室氣體排放核算與報告要求-陸上交通運輸企業) issued by the China National Standardization Management Committee* (中國國家標準化管理委員會).
 - The Emission Factors used for the calculation on GHG emission of forklift is referenced from Greenhouse Gas Inventories issued by United States Environmental Protection Agency.
- 4: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Since the sewage discharged from operations are mainly domestic sewage from the office and the staff messing hall, no material sewage are produced in the ordinary course of our business. The sewage is discharged to the designated sewage treatment plant for treatment via sewage pipeline.

* For identification purpose only

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.1 Emissions *(continued)*

Regarding waste management, the Group strictly complies with local regulations throughout the entire logistics, storage and treatment process of materials to reduce the generation of wastes. For example, the manufacturing base has a dedicated storage compartment for materials containments to ensure all the materials are well stored for production, and oil paint are stored in ventilated, thermostatic locations and concealed within secondary containers to prevent accidental spillages. Moreover, the Group employs different waste management procedures regarding to the types of waste being handled. Generally, wastes are transported and discharged in bulk to reduce the transportation cost and the carbon emission.

During the Reporting Period, the hazardous waste generated amounts to 99.9 (2021: 67.0) tonnes. This increase is due to the paint waste generated from the one-off cleaning of our reservoirs in July 2022. In addition, non-hazardous waste generated during the Reporting Period amounts to 165.0 tonnes (2021: 465.0 tonnes). As the COVID-19 pandemic in various countries gradually stabilized and government restrictions eased, the previous surge in demand for personal computers brought by remote working and online classroom have been digested. Negatively impacted by these challenges, the Group's sales declined, which resulted in a sharp decrease in non-hazardous waste generation.

The total hazardous and non-hazardous wastes generated during the Reporting Period and the corresponding period in 2021 as follows:

	Hazardous and non-hazardous waste	
	2022 tonnes	2021 tonnes
Hazardous waste	99.9	67.0
Hazardous waste Intensity (tonnes/Revenue million HKD)	0.66	0.18
Non-hazardous waste	165.0	465.0
Non-hazardous waste Intensity (tonnes/Revenue million HKD)	1.10	1.25

Notes:

- 1: The calculation of intensity of the hazardous wastes and non-hazardous wastes is updated from employment-based to revenue-based to better reflect the corresponding intensity of our production activities, thus the unit of hazardous and non-hazardous wastes intensity has been revised from tonnes/employee to tonnes/Revenue million HKD, accordingly.
- 2: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.1 Emissions *(continued)*

Goals and actions

The Group recognises the importance of energy conservation and emission reduction, and has also formulated environmental goals at different levels. Therefore, the Group actively advocates and pursues the environmental protection policy of resource conservation and reduction in wastes and emissions in all aspects, so as to avoid waste of resources, reduce environmental pollution and increase production efficiency. In view of the conservation measures implemented, the Group is in the process of achieving the goals set.

Areas	Goals	Steps taken to achieve
Waste gas emission	Air pollutant emissions of the Group will not increase by more than 2% compared with 2021 by the financial year ended 31 December 2025	<ul style="list-style-type: none"> – Optimize the fleet of the Group to ensure that emissions comply with the national standards – Integrate energy-efficient design into the construction of new facilities – Strengthen the control of use of gas for vehicles.
Greenhouse gas emissions	The total greenhouse gas emission intensity of the Group will decrease by approximately 2% compared with 2021 by the financial year ended 31 December 2025	<ul style="list-style-type: none"> – Increase investment in and the use of renewable resources – Strengthen the education of employees and tenants to enhance their awareness of energy conservation and emission reduction – Strengthen the control of use of electricity, gas and oils – Actively support energy saving transformation projects – upgrades on existing equipment

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.1 Emissions *(continued)*

Goals and actions *(continued)*

Areas	Goals	Steps taken to achieve
Waste	The total waste generation intensity of the Group will decrease by approximately 2% compared with 2021 by the financial year ended 31 December 2025	<ul style="list-style-type: none">– Strengthen the classification and recovery of solid waste– Ensure staff to reduce the use of unnecessary disposable goods and reduce waste– Filter and dehumidify the paint residues waste before it is packed and stored in specialized storage locations– Collect the oil wastes and packed in to bags then stored in specialised storage locations– Entrust qualified units to handle hazardous wastes by transfer process

Note 1: The Group has reviewed our ESG performance and reset the goals for waste gas emission, greenhouse gas emission and waste emission during the Reporting Period.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.2 Use of Resources

The Group mainly focuses on the following aspects to improve the efficiency of resources and energy consumption.

The Group has a designated committee specialized in achieving low carbon emission in operation through formulating resources saving strategy. The committee monitors the whole process of energy flow and assess the efficiency. At the same time, the Group also incorporates environmental-friendly policies on the utilisation of natural resources into operation.

The committee oversees the Group's operation and implements policies to minimize electricity and oil consumption. It also directs different departments to achieve electricity savings by using power-efficient air conditionings. In order to promote electricity conservation, the committee issues monthly report to regularly supervise, record and analyse the electricity consumption across different departments. On the other hand, the Group actively supports energy saving transformation projects – upgrading existing equipment (such as installing advanced energy saving equipment, purchasing electric injection molding machines and the energy saving lighting), improving existing systems (such as air compressor frequency transformation and bake molding machine feeding system energy saving transformation) and the implementation of new technologies (such as air conditioning water cooling systems based on nano dirt removal technologies). In order to promote oil conservation, the Group effectively control the use of oil in business-purpose vehicles and the Group continued its advocacy and promotion of green travel for employees.

As the COVID-19 pandemic in various countries gradually stabilized and government restrictions eased, the previous surge in demand for personal computers brought by remote working and online classroom have been digested. Negatively impacted by these challenges, the Group's sales declined, which resulted in a sharp decrease in energy consumption during the Reporting Period. However, the decline in energy consumption was less than the sales decline resulting in a higher energy intensity.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.2 Use of Resources *(continued)*

Energy consumption including fuels and energy consumed by the Group during the Reporting Period and the corresponding period in 2021 are set out below:

Type of energy	Energy Consumption	
	Energy consumed (kWh in 000's)	
	2022	2021
Unleaded petrol	177.19	322.30
Diesel	82.69	346.46
Purchased electricity	8,893.98	14,109.64
Total	9,153.86	14,778.40
Energy intensity (kWh in 000's/Revenue million HKD)	60.82	39.87

Note

- 1: The Group has reviewed the calculation of energy consumption in 2021 and restated the relevant data accordingly.
- 2: The calculation of intensity of the energy consumption is updated from employment-based to revenue-based to better reflect the energy consumption intensity of our production activities, thus the unit of energy consumption intensity has been revised from million kWh/employee to kWh in 000's/Revenue million HKD, accordingly.
- 3: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

1. Environmental Protection (continued)

1.2 Use of Resources (continued)

Water consumptions mainly arise from the domestic water use from the office area and the staff living quarters. The Group encourages employees to develop water-saving habits, including posting water-saving slogans in conspicuous places, and the installation of automatic faucets in lavatories to reduce water wastage. During the Reporting Period, the Group did not experience any problems in sourcing water that is fit for purpose.

Water consumption by the Group during the Reporting Period and the corresponding period in 2021 are set out below:

	Water Consumption	
	2022 (Thousand tonnes)	2021 (Thousand tonnes)
Running water consumed	77.95	104.23
Total	77.95	104.23
Intensity (Thousand tonnes/Revenue million HKD)	0.52	0.28

Notes:

- 1: The Group has reviewed the data collected for water consumption in 2021 and restated the relevant data accordingly.
- 2: The calculation of intensity of the water consumption is updated from employment-based to revenue-based to better reflect the water consumption intensity of our production activities, thus the unit of water consumption intensity has been revised from m³/employee to thousand tonnes/Revenue million HKD, accordingly.
- 3: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.2 Use of Resources *(continued)*

Total packaging material used and its intensity during the Reporting Period and the corresponding period in 2021 are stated as follows:

	Packaging material	
	2022 tonnes	2021 tonnes
Paper	15.3	32.0
Paper Intensity (tonnes/Revenue million HKD)	0.21	0.09
Plastic	32.2	64.0
Plastic Intensity (tonnes/Revenue million HKD)	0.10	0.17
Total	47.5	96.0
Total Intensity of Packaging Material (tonnes/Revenue million HKD)	0.32	0.26

Notes:

- 1: The calculation of intensity of the packaging material is updated from employment-based to revenue-based to better reflect the corresponding intensity of our production activities, thus the unit of packaging material intensity has been revised from tonnes/employee to tonnes/Revenue million HKD, accordingly.
- 2: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.2 Use of Resources *(continued)*

Goals and actions

The Group recognises the importance of energy and water conservation and has also formulated environmental goals at different levels. Therefore, the Group actively advocates and pursues the environmental protection policy of energy and water conservation, so as to avoid waste of energy and water, and increase production efficiency. In view of the conservation measures implemented, the Group is in the process of achieving the goals set.

Areas	Goals	Steps taken to achieve
Energy Conservation	The energy consumption intensity of the Group will not increase by more than 2% compared with 2021 by the financial year ended 31 December 2025	<ul style="list-style-type: none"> – Use power-efficient air conditionings – Install advanced energy saving equipment – Purchase electric injection molding machines and the energy saving lighting – Improve existing systems (such as air compressor frequency transformation and bake molding machine feeding system energy saving transformation) – Control the use of oil in business-purpose vehicles and promote green travel for employees
Water Conservation	The water consumption intensity of the Group will not increase by more than 2% compared with 2021 by the financial year ended 31 December 2025	<ul style="list-style-type: none"> – Post water-saving slogans in conspicuous places – Install automatic faucets in lavatories

Note 1: The Group has reviewed our ESG performance and reset the goals for energy conservation and water conservation during the Reporting Period.

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.3 The Environment and Natural Resources

The material impacts of the Group's operation on the environment and natural resources are the emissions and the resources usage. In addition to the discussed management measures, the Group also actively popularize the concept of environmental protection and energy saving among employees to promote green production and operation, in order to reduce the impact of business activities of the Group to the environment and natural resources.

Regarding to the waste management and the recycling aspects, the Group recycles reusable resources and properly handles hazardous and non-hazardous materials with best efforts. The Group requires employees to keep contaminated items separately and classify reusable wastes. During the Reporting Period, the Group recycled approximately 73 tonnes (2021: 126 tonnes) of non-hazardous waste from its production process, including scrap steel, copper and packaging waste. As for the handling of the hazardous waste, paint residues and wastes with oil content will be filtered and dehumidified by appropriate treatment then packed into bags and subsequently stored in specialized storage locations. Oil wastes will also be collected and packed into bags then stored in specialized storage locations. In compliance with the "Standards on Storage and Pollution Control of Hazardous Wastes*" (危險廢物貯存污染控制標準), the Group entrusts qualified units to handle hazardous wastes by transfer process. The Group follow the transfer process system as well as the reporting and registration system in accordance with the relevant regulations.

Staff support and participation is the key for implementing environmental protection policies and measures of the Group. Through announcements, internal emails and trainings provided by external experts, the Group delivers the knowledge on energy-saving, emission reduction and environmental protection to the staffs. To achieve the annual energy-saving target, the Group further reviews the job done by each department to include environmental protection concepts across all business decision-making process in respect of manufacturing and sales. The Group keeps encouraging and leading our staffs to take part in continuous environmental improvement initiative as well as providing trainings in anticipation that every staff understands the importance of energy-saving and emission reduction.

The Group advocates the importance of environmental protection and sustainability in the development of employees. The Group adopted several environmental friendly practices as listed below:

- Maintain air conditioning at optimal room temperature;
- Encourage double-side printing and photocopying;
- Reduce the use of petroleum and related products, such as plastics and polystyrene products;
- Minimize the need of overseas business travelling by using video-conference or telephone conference equipment instead; and
- Avoid unnecessary electrical appliances idling

* For identification purpose only

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.4 Climate Change

In view that global climate change becomes one of the biggest challenges for the world, it has become the consensus of more and more countries to reduce carbon emissions and achieve carbon neutrality. The Group recognises the importance of identifying and mitigating significant climate-related risks and is committed to managing potential climate-related risks that may affect the Group's business activities. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. These extreme weathers affect the normal operation of our production equipment, hinder and harm our employees' health and safety and disrupt the Group's supply chain, thereby disrupting or even interrupting the operations of the Group and damaging the Group's assets. The above potential consequences will cause economic losses and increase operating costs to the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Extreme weather	Physical Acute Risk Preventative and mitigation measures
Typhoons, Heavy rain and Flooding, Thunder and Lightning	<ul style="list-style-type: none">– Move materials and equipment to safety areas in advance, or covered with a tarp– Reinforce equipment and components that may be blown/washed away– Stop all outdoor work– Clean up trash and make sure drains unblocked– Maintain drainage equipment– Keep good conditions of earthing devices– Control travel and outdoor work before the arrival of lightning– Remind employees to save data and turn off computers– Monitor local weather conditions– Provide flexible work arrangements with precautionary measures in place– Improve emergency plans and upgrade equipment

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.4 Climate Change *(continued)*

Physical Chronic Risk

The Group has identified extreme weather such as extremely hot weather can cause physical chronic risk. The potential consequences include an increased chance of getting heatstroke for employees working outdoor or in the workshop, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs to the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Extreme weather	Physical Chronic Risk Preventative and mitigation measures
Extremely hot weather	<ul style="list-style-type: none">– Open windows to allow the air to circulate– Keep a First-aid kit convenient– Keep cold water available 24 hours a day

Environmental, Social and Governance Report

A. ENVIRONMENTAL *(continued)*

1. Environmental Protection *(continued)*

1.4 Climate Change *(continued)*

Transitional Risk

The Group has identified related matters such as the tightened laws and regulations imposed by the government which can cause transitional risk. The potential consequences include a higher chance of breach of relevant laws and regulations.

The Group has established different measures as below to prevent and minimize the negative effects of transitional risk.

Climate-related risks description	Transitional Risk Preventative and mitigation measures
Legal risk Exposure to litigation risk. We have to adapt the tightened law and regulations imposed by the local government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.	<ul style="list-style-type: none">– Regularly review the Group’s climate-related policies and measures to ensure that we stay up to date with the latest government policies, regulatory updates– Continue monitoring of the ESG reporting standards of the Hong Kong Listing Rules– Inform relevant departments about the regulatory updates relevant to climate change in time, where necessary, to be prepared to comply with new policies
Market risk More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.	<ul style="list-style-type: none">– Fulfill the climate-related regulations by the government– Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem and challenges of climate change

In the future, the Group will continue to pay attention to climate change issues and regularly assess and monitor climate-related risks to optimise management. The Group will examine ways to improve its ability to cope with climate change issues by improving emergency plans and upgrading equipment to reduce or avoid serious impacts on business operations.

Environmental, Social and Governance Report

B. SOCIAL

2. Employment and Labour Practices

2.1 Employment

The Group is committed to comply with relevant labour standards, employment laws and regulations which are applicable to the Group's business, including Labor Contract Law of the People's Republic of China*(中華人民共和國勞動合同法), the Labour Law of the People's Republic of China*(中華人民共和國勞動法) and the Social Insurance Law of the People's Republic of China*(中華人民共和國社會保險法). During the Reporting Period, there was no material non-compliance regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare being brought against the Group or its employees. As employees are the paramount assets and the foundation of the Group's success, the Group spares no effort in caring for the employees' needs and always strives for their benefits. Under the Group's sound policy, an equal employment environment is fostered in which there is no workplace discrimination on the basis of ethnicity, nationality, age, gender, religion, disability, marital status, pregnancy, social orientation and other factors. The Group values the contribution of our employees and actively shares the achievements with employees, by regularly reviewing its remuneration policy to ensure competitive remuneration packages, including basic salary, commission, bonus and other welfares and allowances are offered to the Group's employees.

The Group's employees are recruited from the PRC. All employees are entitled to certain number of paid leaves, including maternity leaves, in accordance with the applicable laws. The Group advocates work-life balances among employees by introducing reasonable working hours and paid leaves, which aims to improve employees' health, promote morale and foster loyalty to the Group. The Group believes every contribution deserves its reward, and annual appraisals are performed to evaluate the performance of all employees, and reward them accordingly to their respective performances. On top of this, the Group also developed comprehensive human resources policies and guidelines to govern compensation, dismissal, recruitment and promotion processes of employees in which no case of inequality was reported during the Reporting Period. Besides, all employees are welcomed to express opinions through various well-established channels, including monthly regular meetings, emails, anonymous opinion box, in which the opinions of the employees could be expressed and fostered to the management at anytime. The Group will always undertake improvement measures for the benefits of the employees.

As of 31 December 2022, the Group has in total 312 (2021: 536) permanent employees. Below is a detailed breakdown of our employees by gender, age group, employee category, employment type and geographical location as at 31 December 2022 and 31 December 2021:

* For identification purpose only

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Employment and Labour Practices (continued)

2.1 Employment (continued)

	2022		2021	
	Number of staff	% of total	Number of staff	% of total
By gender				
Male	213	61	484	64
Female	138	39	271	36
Total	351	100	755	100
By age group				
18-30 years old	106	30	225	42
31-45 years old	164	47	183	34
46 years old or above	81	23	128	24
Total	351	100	536	100
By employee category				
Senior Management	17	5	98	18
Middle management	65	19	89	17
General and technical staff	269	76	349	65
Total	351	100	536	100
By employment type				
Full time	312	89	536	71
Part time	39	11	219	29
Total	351	100	755	100
By geographical location				
Hong Kong	–	–	1	1
Mainland China	351	100	535	99
Total	351	100	536	100

Note:

- 1: Due to the optimization of data collection system, employment data related to part-time employees during the Reporting Period has been collected and included in the disclosure of total workforce by age group, employee category and geographical location.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Employment and Labour Practices (continued)

2.1 Employment (continued)

Below is a detailed breakdown of our employee turnover rate by gender, age group and geographical location during the Reporting Period and the corresponding period in 2021:

	2022 % of particular category	2021 % of particular category
Turnover rate by gender		
Male	265.7%	23.6%
Female	369.2%	30.3%
Turnover rate by age group		
18-30 years old	438.0%	34.3%
31-45 years old	224.0%	21.0%
46 years old or above	217.9%	18.3%
Turnover rate by geographical location		
Hong Kong	200.0%	100%
Mainland China	304.1%	26.0%

Notes:

- 1: Due to the optimization of data collection system, employment data related to part-time employees during the Reporting Period has been collected and included in the calculation and disclosure of turnover rate by gender, age group and geographical location.
- 2: Turnover rate for employees in the relevant categories = $L(x)/E(x) \times 100\%$, $L(x)$ = Number of employees leave employment in the specified category, $E(x)$ = (Number of total employees in the specified category at the beginning of the Reporting Period + number of total employees in the specified category at the end of the Reporting Period)/2
- 3: The scope of this Report is different from that of the ESG report the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

The Group targets to improve the physical and mental well-being of our employees. Staff messing hall and sports playground are available within the Group's manufacturing facility. The Group also reserved funds for hosting recreational activities, which helped employees to relieve stress and exemplify the Group's corporate culture of the spirit of solidarity and cohesion among employees.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Employment and Labour Practices (continued)

2.2 Health and Safety

As a manufacturing corporation, the occupational health and safety of employees have always been the key focus of the Group.

The human resources department is responsible for formulating and promoting the health and safety procedures and systems. It regularly reviews the health and safety environment of the Group. It organizes trainings regularly to ensure the Group's compliance with local health and safety regulations. The Group addresses the safe working environment issues by providing employees protection equipment, including but not limited to gloves, masks, ear plugs, safety helmets, eye protectors and work uniforms to ensure the health and safety of employees. Productions safety and fire safety training are regularly hosted in order to promote the safety awareness of employees.

Our production and operation are subject to relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have significant impact to the Group, including but not limited to the Production Safety Law of the People's Republic of China* (中華人民共和國安全生產法) and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (中華人民共和國職業病防治法).

During the Reporting Period, there was 1 confirmed case of non-compliance with laws and regulations under the Production Safety Law of the People's Republic of China* (中華人民共和國安全生產法). We will continue our efforts to raise safety awareness amongst our stakeholders and to ensure that we learn from the incident to prevent a reoccurrence. The data of the Group's work-related injuries and fatalities of the past three reporting years including the Reporting Period are listed as below:

	2022	2021	2020
Number of Work-Related Fatalities	1	–	–
Rate of work-related fatalities	0.28%	–	–
Number of Work Injuries	1	–	–
Lost days due to work injury	122	–	–

Note:

- 1 The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

* For identification purpose only

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Employment and Labour Practices (continued)

2.3 Development and Training

One of the most important assets of the Group is human capital. A well-developed training system is established to improve employees' overall productivities and enhance their professional skills.

- Orientation Training: Orientation trainings will be provided to new employees allowing them to understand the Group's culture, principles, disciplines and rules and regulations etc., which allow new employees to adapt to their new positions quickly.
- On-the-job Training: The Group regularly organizes internal and external trainings to employees with up-to-date business information and keep them informed with the latest knowledge and skills in order to maintain and improve productivity. The training courses cover the operation of a wide variety of equipment, the application of chemicals and other relevant technical know-how, such as the training knowledge of ISO 9000 quality management system, the basic concept of RoHS, and REACH management, and handlings of chemical materials.

The Group also encourages employees to participate external qualification examinations and attend research seminars regarding to their job duties.

The percentages of trained employees by gender and employee category during the Reporting Period and the corresponding period in 2021 are set out as below.

	2022 % of total	2021 % of total
Employee trained by gender		
Male	79	71
Female	21	29
Total	100	100
Employee trained by employee category		
Senior management	9	18
Middle management	44	17
General and technical staff	47	65
Total	100	100

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Employment and Labour Practices (continued)

2.3 Development and Training (continued)

Notes:

- 1: Due to the optimization of data collection system, data related to part-time employees during the Reporting Period has been collected and included in the calculation and disclosure of percentages of employee trained by gender and employee category.
- 2: The HKEX's "Appendix 3: Reporting Guidance on Social KPIs" in "How to prepare an ESG Report" to calculate percentage of employees trained is referenced. Percentage of employees trained in the relevant categories = $T(x)/T \times 100$, $T(x)$ = Number of employees who took part in training in the specified category, T = Number of total employees who took part in training.
- 3: The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

The average training hours for employees by gender and employee category during the Reporting Period and the corresponding period in 2021 are as below:

	2022 Hours per employee	2021 Hours per employee
Training hour by gender		
Male	14.3	24.0
Female	13.4	24.0
Training hour by employee category		
Senior management	11.1	24.0
Middle management	13.8	24.0
General and technical staff	14.1	24.0

Note:

- 1 Due to the optimization of data collection system, data related to part-time employees during the Reporting Period has been collected and included in the calculation and disclosure of training hour per employee by gender and employee category.
- 2 The scope of this Report is different from that of the ESG report in the corresponding period in 2021 as the previous scope covered both the Hong Kong headquarter and its manufacturing base in Changshu. However, the operation in Hong Kong headquarter was considered immaterial in terms of the human resource and revenue contribution proportion during the Reporting Period, thus the operation in Hong Kong headquarter was excluded from the scope of this Report.

Environmental, Social and Governance Report

B. SOCIAL *(continued)*

2. Employment and Labour Practices *(continued)*

2.4 Labour Standards

The Group issued a staff manual which includes policies in relation to labor laws, regulations and industry practices. Outlining employment policies such as compensation, dismissal, promotion, working hours, recruitment, rest periods, diversities and other welfares. In addition, the Group strives to ensure an equal and fair working environment. The Group strictly complies with the labor ordinance and does not tolerate any form of sexual harassment, harassment and abuse in the workplace, which violates the employment law in the PRC, including but not limited to the Labour Law of the PRC* (中華人民共和國勞動法), the Labour Contract Law of the PRC* (中華人民共和國勞動合同法). The prohibition of child labor and forced labor practices are also set in accordance with all relevant laws and regulations that are applicable to the Group. Before hiring any job applicant, the human resources department will verify their age by inspecting their identity documents and ensure applicant's appearance is consistent with the photograph on the ID card. To prevent forced labour, we protect the right of our employees to freely choose employment and ensure that all employment relationships are voluntary. The Group and its employees may terminate the employment contract for personal reasons or other reasons, and need to give an appropriate notice period or payment in lieu of notice. In case of non-compliance, the Group will take immediate corrective action, terminate the contract with the respective employee and report to the relevant authorities if necessary. During the Reporting Period, no violation regarding the age of employment and labor dispute has occurred between the Group and employees.

* For identification purpose only

Environmental, Social and Governance Report

B. SOCIAL *(continued)*

3. Operating Practices

The Group has a defined, assigned, delegated management team and supervisors to take responsibilities in operating practices by complying all the operating requirements in the following aspects.

3.1 *Supply Chain Management*

Suppliers in the Group's qualified suppliers list are located in both domestic and overseas, that includes the productions of plastic, ink, raw metal sheets and packaging materials, etc. Associating supply chain management and environmental responsibility management, the Group requires the suppliers to provide a certificate of compliance letter to ensure the raw materials or semi-products used by suppliers fulfill environmental protection requirements, compliance with the laws and regulations in the countries and regions where the suppliers' operations were located to ensure they are operating in good faith by adhering to their business ethics and coherent to the Group's operating practices. In addition, the determinants in the selection of the qualified suppliers include pricing, quality, reliability in supply, fulfillment of social responsibilities goals and commitment to environmental protection concepts. The Group will conduct comprehensive supplier audit assessments before the admission of new suppliers to the Group's qualified supplier list. A designated team established by the Group will conduct on-site appraisals of high-risk suppliers and assist suppliers to improve performances. The Group prohibits any discriminations arising from regional, ethnic, cultural and political factors during the course of certification, evaluation and optimization of suppliers.

The Group implements the "Management Approach on Social Responsibility" to the supply chain management where the suppliers are required to enter into the "Social Responsibilities Commitment" together with the Group since 2012. The Group collaborates with suppliers to work against commercial bribes and any other illegal activities. The Group trades on fair, justice and open principles by entering "engagement letters of transaction integrity" with suppliers. As prohibited by the Group, "conflict minerals" are banned from suppliers' procurement system. The Group entered into the "Letter of Undertaking of Prohibited Use of Conflict Minerals" with suppliers, to ensure no raw materials used in the Group's production are derived from four kinds of conflict minerals including tantalum (Ta), tin (Sn), tungsten (W) and gold (Au) from Democratic Republic of Congo and its surrounding countries and regions.

Environmental, Social and Governance Report

B. SOCIAL (continued)

3. Operating Practices (continued)

3.1 Supply Chain Management (continued)

Green management concepts also embedded in the Group's supply chain, the "Guarantee of Environmental Management of Substances" guides the Group's suppliers to establish effective green management into entire process from raw materials procurement, internal production and the delivery of finished goods to customers. The Group encourages suppliers to detect harmful substances autonomously, to enhance management capability in green products, and implement emission reduction management – reduce carbon contents by regular notification of plans or results to the Group. In addition, the Group's designated team regularly conducts onsite audits to ensure suppliers' implementations of the green concept in the same pace with the Group, suppliers also bear their responsibilities to the society by duly implementing environmental protection measures.

During the Reporting Period, the Group cooperated with 150 (2021:183) suppliers, of which 133 (2021:149) were located in the PRC, 11 (2021:18) in Hong Kong and 6 (2021:16) in other regions. The Group maintained equal hiring and evaluation practices for all suppliers.

3.2 Product Responsibility

During the Reporting Period, the Group has complied with relevant laws and regulations in respect of product responsibility that have significant impact to the Group, including but not limited to the Product Quality Law of the PRC* (中華人民共和國產品質量法).

As the design of moulds or products is generally the proprietary property of the Group's customers, the Group does not typically register patents for the moulds that it designs or products that it manufactures. However, the Group's research and development efforts have yielded advanced mould and plastic components structures as well as innovative production processes and techniques. Therefore, the Group has applied for and successfully registered patents in the PRC to protect these intellectual properties.

The Group has devised and supervised the implementation of stringent measures to ensure the proper usage of its customers' intellectual property rights and confidential information. For instance, the employees and suppliers have signed confidentiality agreements with the Group, which requires that no confidential information, including but not limited to all information from the Group's customers, designs and manufacturing information, may be divulged to any third parties without the Group's written consent.

* For identification purpose only

Environmental, Social and Governance Report

B. SOCIAL *(continued)*

3. Operating Practices *(continued)*

3.2 Product Responsibility *(continued)*

With unwavering commitment to premium product quality, the Group has established a set of comprehensive quality control system. The Group is qualified under the international quality management system – ISO9001 and the international environmental management system – ISO14001 respectively. We have been also accredited with UL Product Certification for our fabricated parts and sub-assemblies for high technology equipment. Basically, the Group implements 5S workplace management in our whole operation process to carry out in a well-disciplined and efficient manner. In addition, the quality control (QC) department implements product quality standards with international standards to reach customers' requirements. The QC department adheres to strict rule in trial production of products and random checks of production volume and monitors product quality in joint hands with customers. Upon completion of the quality inspection, customers would notify the Group of the quantity of substandard goods, if any, which are not accepted by them due to quality issues such as non-conformity of specifications, late delivery and incorrect quantity shipped against the relevant sales order without authorisation. In this case, the Group may rework on those substandard goods rejected by customers or discard the goods accordingly. The Group would recognise revenue on goods delivered and accepted by customers. As such, the Group does not have a product return policy and the directors of the Group do not consider this policy necessary in the Group's ordinary course of business. During the Reporting Period, the Group received 27 (2021: 35) products related complaints. After receiving the complaints, the Group immediately followed up, reworked on the substandard goods and delivered the satisfied products to customers.

During the Reporting Period, none (2021: nil) of the products sold or shipped was recalled due to safety and health reasons.

Environmental, Social and Governance Report

B. SOCIAL (continued)

3. Operating Practices (continued)

3.3 Anti-corruption

During the Reporting Period, the Group has complied with relevant laws and regulations in respect of anti-corruption that have significant impact to the Group, including but not limited to the Company Law of the PRC* (中華人民共和國公司法), the Tendering and Bidding Law of the PRC* (中華人民共和國招標投標法), and the Prohibition of Commercial Bribery Interim Provisions of the PRC* (中華人民共和國禁止商業賄賂行為的暫行規定).

The Group is committed to uphold high standards of business ethics and conveys its firm stance against corruption and fraud to its customers, suppliers, contractors and employees. The management is responsible for monitoring the business operation and overseeing any cases related to corruption or fraud. The Group's whistle-blowing procedure encourages and allows stakeholders to report on observed and suspected non-compliance and questionable practice. During the Reporting Period, we had not provided any anti-corruption training to our directors and staff because we were in the process of determining and arranging appropriate resources in promoting such topics within our organization. Yet, looking ahead, we will invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group pledges to the "zero tolerance" approach to any fraudulent business activity in operating practices. During the Reporting Period, no legal case concerned with corrupt practices, extortion and money laundering was brought against the Company or its employees.

4. Community Investment

Community is the base of the Group development, and the Group is concerned about the opinions and comments from the community. Therefore, the Group has maintained good communication with the community, and involved in community development activities, such as ancillary facilities development in nearby districts of our production bases in the PRC.

During the Reporting Period, in face of the repeated resurgence of Covid-19, the Group positively responded to the call of local community* (常熟市沙家濱鎮) and organized the staff from the Group to support the epidemic prevention and control work. The volunteers of the Group helped with the nucleic acid testing work for over 320 hours in the local community. In addition, the Group is in the process of determining the focus areas of contributions. Despite no donation (2021: nil) is made during the Reporting Period, the Group is considering the appropriate resources to be contributed so as to strike a balance between the financial condition and social investment.

The Group will continue to take part in community development in the future and will make use of expertise and resources of the Group to support the communities in which the Group operates and collaborates with local charities.

* For identification purpose only

Environmental, Social and Governance Report

APPENDIX I: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Overview	Sections in This Report	Page/ Description
Environmental			
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	10
A1.1	The types of emissions and respective emissions data.	Emissions	11
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	Emissions	12-13
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Emissions	14
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	14
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions	15
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	16

Environmental, Social and Governance Report

APPENDIX I: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (continued)

ESG Indicators	Overview	Sections in This Report	Page/Description
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	17
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	18
A2.2	Water consumption in total and intensity.	Use of Resources	19
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	21
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	19, 21
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of Resources	20
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources	22
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	22
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	23-25
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	23-25

Environmental, Social and Governance Report

APPENDIX I: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (continued)

ESG Indicators	Overview	Sections in This Report	Page/ Description
Social			
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	26
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	27
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	28
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	29
B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Health and Safety	29
B2.2	Lost days due to work injury.	Health and Safety	29
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	29

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ESG Indicators	Overview	Sections in This Report	Page/Description
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	30
B3.1	The percentage of employees trained by gender and employee category.	Development and Training	30-31
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	31
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standard	32
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standard	32
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standard	32
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	33-34
B5.1	Number of suppliers by geographical region.	Supply Chain Management	34
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	33

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ESG Indicators	Overview	Sections in This Report	Page/ Description
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	33-34
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	33-34
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	34-35
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	35
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	35
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	34
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	35
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility	34

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ESG Indicators	Overview	Sections in This Report	Page/ Description
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	36
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	36
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	36
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	36
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	36
B8.1	Focus areas of contribution.	Community Investment	36
B8.2	Resources contributed to the focus area.	Community Investment	36