



深圳市明華澳漢科技股份有限公司
Shenzhen Mingwah Aohan High Technology Corporation Limited *
(a joint stock limited company incorporated in the People's Republic of China)
Stock Code: 8301

2019

Environmental, Social and Governance Report

Shenzhen Mingwah Aohan High Technology Corporation Ltd
Environmental, Social and Governance Report
For the year ended 31 December 2019

1. ABOUT THIS REPORT

Shenzhen Mingwah Aohan High Technology Corporation Ltd (the “Company”) and its subsidiary (collectively referred to as “the “Group” or “we”) is pleased to present our third Environmental Social and Governance Report (“ESG”), to demonstrate the efforts toward sustainable development for the financial year ended 31 December 2019 (“FY2019”). The report involves environmental and social impacts, policies and initiatives of the Group to demonstrate our long- term commitment in ensuring that our business, at all levels, are economically, socially and environmentally sustainable.

The principal activities of the Group are (i) the provision of application development services and the sale of IC cards, magnetic cards related equipment and application systems in the PRC; and (ii) trading of liquor products in the PRC. The Group’s headquarter is located in Hong Kong with its operation location in Hong Kong and PRC.

The ESG Report has been prepared in accordance with the standards set forth by the Hong Kong Exchanges and Clearing Limited in its Environmental, Social and Governance Reporting Guide, which covers the subject areas of environmental protection, workplace quality, operating practices and community investment. During the reporting year, the Group is achieving and benchmarking with well-recognized International Guidelines and protocols of Sustainable development.

The Group is committed to perfecting its business and determined to be a responsible enterprise by actively taking part in various types of community activities with hopes to improve the well-being of the employees individually and the local community as a whole. In order to define the relevant and material aspect to our business with respect to sustainability, we believe that the key is to identify the issues which concerned our stakeholders most in a continuous manner.

The Group values the opinion of stakeholders. A feedback channel has been created to enable readers of our ESG report to provide their comments or recommend improvements on our ESG reporting. We are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group’s sustainability issues, please contact us via szmw@mwc card.com.

2. STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

We understand that stakeholder engagement is essential to improve our ESG standard and performance. Hence, the Group strive to actively communicate with its key internal and external stakeholders via various communication channels. Stakeholder participation allows the Group to ensure our business and sustainability strategies align with their perspectives and expectations. By being transparent, we are devoted to continuous improvement of our communication system.

The following table illustrates our major internal and external stakeholders with their expectation, communication channel and the measures we carry out to facilitate the communication.

Major Stakeholder	Major Communication Channels	Major Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> • Press release, Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings 	<ul style="list-style-type: none"> • Profitability • Financial Stability • Information Disclosure & Transparency
Employees	<ul style="list-style-type: none"> • Trainings and Team Building Activities • Business Meetings and Briefings • Performance Appraisals 	<ul style="list-style-type: none"> • Compensation & Benefits • Career Development and Training Opportunities • Health & Safety Work Environment
Suppliers	<ul style="list-style-type: none"> • Phone Calls, Conferences, Emails 	<ul style="list-style-type: none"> • Cooperation on Fair Terms
Customers	<ul style="list-style-type: none"> • Customer Complaint Hotlines • Meetings and Correspondences 	<ul style="list-style-type: none"> • Quality of Products and Services • Understanding of the Products and Services • Privacy Protection
Public Community	<ul style="list-style-type: none"> • Charitable and Volunteering Activities • Community Interactions 	<ul style="list-style-type: none"> • Corporate Social Responsibilities • Community Investment and Charitable Activities
Government and Supervisory Institutions	<ul style="list-style-type: none"> • Major Meeting and Policy Consultation • Information Disclosures • Institutional Visits 	<ul style="list-style-type: none"> • Compliance Operation • Corporate Governance • Environmental Protection

3. ENVIRONMENTAL PROTECTION

In order to foster a healthy environment essential for the well-being of every human being, we strongly believe our planet deserves our best thinking and investment. Our Group is committed to uphold to high environmental standards to fulfil relevant requirements under applicable laws and regulations during the operation of our business in accordance with our environmental vision.

As far as environmental management is concerned, although businesses of the Group is engaged in (i) the provision of application development services and the sale of IC cards, magnetic cards related equipment and application systems in the PRC; and (ii) trading of liquor products in the PRC, which bear low impact on carbon emission and the environment, the Group continues pay close attention to energy saving and reducing carbon emissions to uphold a green corporate image and maintain a sustainable development and environmental footprint.

A. Emissions

Being sustainable has been one of the company's core priority. While electricity consumption still remains to be the major sources of greenhouse gas emission, the Group reiterate the importance of maintaining a green office. We have adopted a variety of measures of raise employees' consciousness of going green, such as maintaining optimal level of indoor air-conditioning temperatures, switching off all idle printers, computer, lights and air conditioners when not in use and remind that all office equipment and electronic devices have been switched at the end of the day before leaving the office. Signages have been placed in noticeable locations to educate employees on energy conservation, to stress the message of group efforts to maintain an eco- friendly and energy-saving working environment.

Through continuous efforts in reducing electricity consumption, the Group believes that it would lead to a dwindling level of greenhouse gas emission and progress towards a better stewardship in ESG management.

B. Use of Resources

The Group's business operations do not consume much in electricity and natural resources as defined by the national laws and regulations. The non-hazardous wastes generated by the Group were mainly due to the usage of paper and printing devices in the office. In order to reduce the paper usage, the Group has promoted a paperless solution to reduce the physical paper utilization. Electronic sharing of information has been encouraged within the office for documents storage, material sharing or internal administrative documents. When printing papers is needed, employees are recommended to use double-sided paper, black and white or recycled papers when printing or photocopying documents. The Group has also engaged in a variety of recycling work, such as collecting printing paper which has only been printed on one-side for reprinting, to save the amount of physical paper wastage.

Employees have been educated and encouraged to switch off electronic equipment when not in use, and set printers to energy saving mode when idle. Air conditioning and lighting systems are switched off after office hours. Measures have also been in place to reduce the amount of non- hazardous waste. We believe through continuous effort of the Group in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Emissions Indicators

B.1 Air Emissions Indicators

Type of Air Pollutants	Air Pollutant Emission (g)		Percentage Change
	2019	2018	
Nitrogen oxides (NOx)	0	2,166	-100%
Sulphur oxides (SOx)	0	4,372	-100%
Respiratory suspended particles (RSP)	0	160	-100%

During the year, the Group has achieved null emission on air pollutants NOx, SOx and RSP. The changes were mainly due to the stoppage of using private motor vehicle. The company has encouraged staff to using other forms of public transportation associated with business activities.

B.2 GHG Emissions Indicators

Type of Greenhouse Gas	Greenhouse Gas Emission (kg)		Percentage Change
	2019	2018	
Greenhouse gas in total	35,514	79,461	-55%
Scope 1: Direct greenhouse gas emissions	0	45,560	-100%
Scope 2: Energy Indirect greenhouse gas emissions	35,514	33,901	+5%
Scope 3: Other Indirect greenhouse gas emissions	-	-	-
Intensity of greenhouse gas (kg CO2-e each employee)	1,776	2,337	-24%

During the year the total greenhouse gas emission has reduced of 43,947kg, or 55% contributed by the reduction on the usage of private motor vehicle.

B.3 Energy Consumption Indicators

Type of Consumption	Energy Consumption (kWh)		Percentage Change
	2019	2018	
Purchased electricity	35,514	33,901	+5%
Intensity of energy (kWh each employee)	1,776	930	+90%

The great change on the intensity of energy is due to the great decrease in the number of staff during the reporting year to share the energy consumption to maintain business activities in the office area.

Type of Consumption	Energy Consumption (L)		Percentage Change
	2019	2018	
Petrol	0	13,210	-100%
Intensity of energy (L each employee)	0	339	-100%

During the year, the Group has achieved the null consumption of petrol. This decrease was mainly due to the stoppage of using motor vehicle during the year.

Water Consumption Indicators

Type of Consumption	Energy Consumption (m ³)		Percentage Change
	2019	2018	
Purchased water	N/A	379	N/A
Intensity of water consumption (m³ each employee)	N/A	11	N/A

Since the water supply of the Group's office in HK and PRC are managed by the building management office and the respective consumption data is not available to individual tenants.

B.4 Waste Management Indicators

Type of Waste	Waste Disposal (kg)		Percentage Change
	2019	2018	
Hazardous waste	-	-	N/A
Non-hazardous waste	25	46	-20%
Total	25	46	-20%
Intensity of waste (kg each employee)	1	1	-

During the year, the total waste used was 25kg with an intensity of 1kg for each employee. This figure represents a decrease of 46kg, or 20%, compared to the total waste usage in 2018. This increase was mainly due to the remarkable efforts in waste paper recycling and further promoting of a paperless workplace environment.

During the reporting period, the Group produced approximately 8.8 tons (2018:8.8 tons) of non-hazardous waste in total.

C. The Environment and Natural Resources

The business nature of Group is office based, and the impact on the environment or natural resources is minimal. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business.

Nevertheless, the Group will continuously reinforce and strive to take environmental protection as one of its priority. Possible impact on the environment in business operations will be evaluated on an ongoing basis to assess its impact and ensuring that effective control has been in place to reduce and control the adverse impact on the environment.

4. SOCIAL

A. Employment and Labor Practices

The success of the Group depends on collective effort of our dedicated and talented team. Being a company operating in the high-tech industry, the Group recognize the importance of human factor and inputs. The Group values employees and believes they are the most valuable asset for sustainable development. As such, we are devoted to provide a desirable workplace, continuous training and prospective career opportunities to our staff-members.

Equality and diversity is highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination irrespective of gender, age, race, religion, political affiliation, national origin caste, and/or disability. To ensure a sound workplace environment that is operating legally and safe from harm, we strictly comply with local laws and regulations related to compensation, welfare, working hours, rest periods, anti-child labour and anti-force labour, and other benefits and welfare. All eligible employees will be entitled to national statutory holidays, paid annual leave, marriage leave, maternity leave and paternity leave, compassionate leave, etc.

The Group would offer a comprehensive package for all eligible employees which includes competitive wages, contributions to mandatory provident fund, medical insurance, disability and invalidity coverage, maternity leave and other compensation in accordance with the Labour Law of Hong Kong, Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO") and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO") and other relevant employment laws and regulations.

For employees in the PRC, the Group would make contributions to welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the Social Insurance Law of the PRC, and housing provident fund contributions prescribed by the Regulations on the Administration of Housing Fund.

We value the importance of employee's comments and contribution. As such a formal complaints procedure has been made available to employees to express their opinions or comments.

In accordance with the ESG Reporting Guide set out by the Stock Exchange, the details of the workforce of the Group during the reporting period are presented in graphs below:

Workforce Indicators (in terms of percentage)	2019	2018	Percentage change
Total number of employees	20	34	-41%
By Gender			
Male	80%	62%	+18%
Female	20%	38%	-18%
By Age Group			
Under 30 years old	30%	38%	-8%
Between 30 and 50 years old	50%	47%	+3%
Above 50 years old	20%	15%	+5%
By Geographical Region			
Hong Kong	5%	6%	-1%
PRC	95%	94%	+1%

B. Health and Work Safety

The Group understands and recognize maintaining a health and safety working environment and operational efficiency of the corporation is positively correlated, and efforts has been made to provide a healthy, safety, harmonious workplace environment which foster employees' engagement, growth and long-term care. We are committed to provide employees a carefree working environment, free from potential occupational hazards and health and safety risks.

Health and safety requirements have been incorporated within the Group's policies requiring all employees to be complied with. According to these policies, smoking and abuse of alcohol and drugs are strictly prohibited in the workplace.

Fire drills have been conducted on an interval basis to ensure employees are fully aware of safety precautions, emergency exits and safety routes. When new employees join the Group, they are given induction and safety training programs to increase their familiarity with corporate policies in relation to health and safety measures. The Group also maintains a sound risk management system which includes procedures for identification and prevention of risks and hazards in the working area and follow-up actions for accidents or personal injuries.

In support of our commitment to provide a safe and healthy work environment, we have continue to foster a eco-friendly workplace, through (1) developing a work culture in a direction which supports health and safety at the workplace; (2) ensuring a hygienic, dry, neat and tidy common area, such as the corridors and pantry; (3) arranging for thorough cleaning of air purifiers that had been installed in conference and meeting rooms; (4) offering office chairs that have back support and adjustable heights; (5) allocating eye-protected monitors at each individual work station; and (6) assuring sufficient ventilation and lighting system in the offices and workplace areas.

During the reporting period, the Group has achieved zero work-related fatalities and lost days due to work injury.

The Group believes that a harmonious workplace would stimulate employees' sense of belonging. Causal and festival gatherings such as Christmas and Chinese New Year dinners have been organized to enhance the amicable spirit of employees within the Group. Though upholding the supportive corporate culture, we aim higher employee morale, higher employee retention and improved workplace productivity could be resulted.

C. Training and Development

The Group strive to provide employees with an environment which is caring, supportive and suitable for their unique professional growth and development. The Group ensures that our professional training and development programs continuously evolve and create an open culture through support and coaching. For all new joiner to the Group, a proper orientation training and mentoring has been provided to help them quickly adapt to the new working environment.

Through continuous internal on-job-trainings, the Group is committed to offer a variety of specific skill developments, professional training, corporate culture, health and safety, business ethics, corruption prevention and highlights of the Employment Handbook. Though our ongoing efforts, we have been able to nurture and retain excellent talents and strengthen the competitiveness of the Group.

During the reporting period, the Group has provided training sessions for 50% of our senior level employees (2018: 38%) with a total of 38(2018:88) training hours approximately. The great decrease in the total training hours provided to senior level is due to the severe drop in the number of employees in 2019.

D. Labour Standards

The Group strictly abides with the relevant laws and regulations in Hong Kong relating to prevention of child and forced labour that have an impact on the Group, including the Labour Law, the Protection of Minors and the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong), as well as relevant legislations in the countries which we operate in.

The Group is fully aware that exploitation of child labour, underage workers and forced labour will be in violation of human rights and international labour conventions, and will not employ any forms of forced, bonded, slave or otherwise involuntary labour.

During the reporting period, the Group did not receive any report which was material violation of any relevant laws and regulations, in relation to the prevention of child and forced labour.

5. OPERATING PRACTICE

A. Supply Chain Management

To continue being a sustainable and socially responsible enterprise, the Group is committed to actively collaborate with our supplier to reduce potential environment risks as well as deliver the highest standards and quality of products and services to customers along the supply chain. The Group encourages all its business partners and potential suppliers to incorporate sustainable business policies and practices into their operation thoroughly in order to work together in our pursuit of sustainable development.

We believe that being a sustainable supplier is also important as quality of the products offered by them. The Group assess its suppliers not only on commercial benefits during the tendering process, but also on reputation, quality, customer service quality, price, after-sales service, past business corporations and compliance with legal, ethical and social aspects track records, not limited to mitigation of environmental impacts, workplace and product safety and protocols against harassment and abuse, etc.

The Group pay close attention to any modification or updates in corporate governance code required by the Stock Exchange and ensure that their internal polities and management procedures are in alignment and compliance.

During the reporting period, we have a total of eight suppliers (2018: ten) located in the PRC.

B. Product Responsibility

We aim to provide the highest quality and satisfaction to our customers. In order to achieve our goal, we emphasis on continuing to improve on products and the quality of service offered to customers. Our products are quality ensured to ascertain that expectation of our customers can be aligned and enhancement of the customer service experience.

The Group values the importance of customer feedback and comments. We have established a feedback and reflection channel to keep track of customer claims and complaints. We treat our customers' feedback with the highest level of confidentiality. When potential cases have been reported, our account manager will independently investigate the case and take necessary follow up actions. After the situation has concluded, an independent feedback would be provided to the customer, offering explanations and solutions. Solutions would be discussed amongst members of the management team on improvement of our Group's business operations towards the future.

During the reporting period, no sold/shipped products recalled and complaints received about the products due to safety and health reasons.

C. Customer data protection

Throughout the operation, the Group unavoidably collects and maintains a database of confidential personal information of customers. The Group strictly complies with relevant laws and regulations in relation to privacy that have an impact on the Group, to ensure that all data are securely kept in our customized database with access control. We ensure strict compliance with the data privacy requirements which has also been written in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's business operation. All other uses of customer data are straightly prohibited under all circumstances. We are committed to ensuring all collected data kept will be free from unauthorized or accidental access, processing, erasure or other use.

D. Anti-Corruption

In line with the Group's Code of Conduct, an employee handbook has been made available to all employees which set out the zero-tolerance to any vigilant acts, including but not limited to, fraud, deception, theft, forgery, bribery or corruption. All employees are restricted to accept of anything of material value from colleagues, suppliers or business partners unless consent is given by management.

Policies on anti-fraud and anti-bribery has been established with reference to the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong). A whistle blowing channel has been crested which encourage employees to report on matters not limited to spotted cases of participation in violation of laws or regulations, criminal offences or misjudgments, improper or fraudulent in connection with internal control, accounting, auditing and financial matters, threatened issues pertaining to personal health and safety, and violation to the Group's Code of Conduct. Employees can deliver whistleblowing reports by post or email to the Chief Executive Officer, Chairman of the Audit Committee or Chief Internal Auditor. Each reported case would be investigated and treated with the highest level of confidentiality.

During the reporting period, no cases of anti-corruption have been concluded.

6. COMMUNITY INVESTMENT

As an eco-friendly corporation focusing on long term sustainability and success, the Group continues to raise employees' environmental awareness and encourages them to contribute and give back to the society. We have partnered with local community groups to participate by way of donations as financial support as well as encouraging employees to contribute their skills and time in community developing and outreach programs.

During the reporting period, we have participated in Dress Casual Day 2019 organized by The Community Chest of Hong Kong to bring the care and benefits to people in need.