

新威斯頓集團有限公司 New Western Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8242

Environmental, Social and 2020
Governance Report

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ABOUT THE GROUP

New Western Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in: (1) the provision of integrated circuit ("IC") solutions and the design, development and sales of ICs (the "IC Business"); (2) money lending business in Hong Kong through the provision of unsecured and secured loans to customers, including individuals and corporations under the provision of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "Money Lending Business"); and (3) the provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the People's Republic of China (the "PRC") (the "Property Management Business").

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace and external community, and an integral part of the Group's practice to create value for stakeholders.

Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during operations and complying with all relevant legal requirements.

The board of directors (the "Board") has overall responsibility for 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.



ABOUT THE REPORT

The Group is pleased to present its Environmental, Social and Governance Report (the "ESG Report" or the "Report") for the year ended 31 December 2020 to allow all stakeholders to learn more about the Group's progress and development direction in respect of operation and sustainable development. This ESG Report is prepared in accordance with disclosure obligations under the "comply or explain" provisions contained in the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") as set out in Appendix 20 to the rules governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited ("the GEM Listing Rules").

Applicable Scope and Reporting Period of The Report

This report covers the Group's overall environmental, social and governance performance and selected key performance indicators ("KPI") during 1 January 2020 to 31 December 2020 (the "Reporting Period"). A complete index is appended in the last chapter hereof for reading this Report in accordance with the ESG Reporting Guide. The scope of this report is consistent with that of our ESG report published last year, which focuses on the operations of the Group in IC Business, Money Lending Business and Property Management Business.

Explanations on Data

Financial data in the report are extracted from the 2020 annual report. Other data are extracted from the Company's internal management system and statistics, and partly comprise of data from previous years. Unless otherwise stated, Hong Kong dollars is used in this report as its functional currency. The intensity disclosed for the Reporting Period was calculated by dividing the amount of the emission/waste/resources consumption by the Group's revenue of approximately HK\$24 million* in the year 2020.

Confirmation and Approval

The information contained herein is sourced from official documents and statistics of the Group, and management and operation information collected in accordance with the Group's systems. This report has been confirmed and approved by the Board of the Company.

Reporting Form

The report is issued in electronic version only as a means of environmental measure. Please visit www.newwesterngroup.com.hk to download the report.

Opinions and Feedback from Stakeholders

The Group attaches great importance to valuable opinions from all stakeholders. If you are in any doubt or have any opinion or recommendation about the content or form of reporting of this report, you are welcome to contact the Group by the following means:

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Tel: (852) 2539 0678 Fax: (852) 2539 0323

E-mail: info@newwesterngroup.com.hk

* Unaudited

BOARD INCLUSIVENESS

The Board of the Company plays a pivotal role in the implementation of ESG management policies and supervision of daily practices to ensure that the Group keeps moving towards sustainable development through boardroom discussions, the Board maintains oversight over the Group's ESG risk management process and reporting and reviews information regarding the significant strategic, operational, financial and compliance risks.

In addition, to promote a culture that aligns the Group's ESG and sustainability visions with its stakeholders' expectations, the working group of corporate social responsibility (the "CSR Working Group") assists the implementation of the policies and facilitates the dissemination of culture to cascade throughout all levels of the Group. The CSR Working Group is comprised of members including the Group's executive directors and senior management. The CSR Working Group is responsible for formulating and approving policies related to environmental, social and governance aspects and supervising the implementation of relevant policies. To ensure the policy be effectively implemented and constantly enhance corporate governance, the CSR Working Group is responsible for dealing with and collection of the data, contacting the stakeholders, policy formulation, and coordination according to the functions of respective departments.

Looking into the future, the Group's CSR Working Group will continuously review the contents of the Corporate Social Responsibility Policy, and supplement relevant policies for dealing with greenhouse gas, exhaust gas and wastewater to guide the emissions management in the operating points, and set targets in respect of each measure. Meanwhile, the CSR Working Group will also research the policies related to employment diversification and employee training and development, committed to cultivating the employees' professional capability, and offering a more diversified working environment for them. Moreover, the Group attaches great importance to the management of operating practices, and will formulate policies for management of supply chain environment and social risks, and research the policies related to products and services advertising and labelling, devoted to providing safe and healthy products for customers. As for community investment, the Group is also formulating related management policy and strengthening communications with the community so as to know about the Community's expectation and demand for the Group.



MESSAGE FROM THE BOARD

While the overall business environment has been hit by COVID-19 which spread across the world in 2020, the economies of China and other Asia-Pacific countries are likely to recover gradually given the Regional Comprehensive Economic Partnership was put into effect. As the Group expects challenging business prospects in 2021, it will continue to closely monitor the pandemic condition, prudently manage market risk and maintain a cost-effective operation. Meanwhile, the Group will strive to achieve sustainable development of business and create long-term interests to each stakeholder.

In 2020, we are committed to enhance the performance of the Group in terms of the environmental, social and corporate governance with a view to become an enterprise of sustainable development balancing business growth, environmental protection and social responsibility. Hence, we will review regulations that may impact the business structure of the Group and ensure full compliance.

As we recognize the importance of collectively addressing climate change, we will make the best effort to utilize environmentally harmless materials on a cost balance basis. In addition, we also formulate a set of internal office guidelines for environmental protection in order to help employees form the habit of saving energy.

We also value the career development and integrity of our employees. The Group establishes a safe workplace, improves employee benefits, and assists employees to make progress in their positions. In addition, we provide trainings to employees to make sure that they are faithful and self-disciplined. Relevant administrative system has also been set up to eliminate the risk of corruption as far as possible.

The Group is fully aware that prudent environmental and social management is of great significance to the sustainable development. We will continue to listen to the opinions of all parties and regularly review the Group's sustainability performance.

On behalf of the Board, I would like to extend our gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the year. I would also extend our appreciation to trust of our stakeholders. We believe through joint effort, we can drive business growth in future and attain further progress on the path of sustainable development.

By order of the Board

New Western Group Limited

Zhang Qing

Chairman

STAKEHOLDERS ENGAGEMENT AND MATERIALITY

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include government, shareholders and investors, employees, customers, supplier/partners, peer/industry associations, market regulator and public and communities. 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	 To comply with laws Proper tax payment Promote regional economic development and employment 	 On-site inspections and checks Research and discussion through work conferences, work reports preparation and submission for approval Public information disclosed in Hong Kong Exchanges and Clearing Limited ("HKEX"), such as: Quarterly reports, Interim reports, Annual reports, Announcements Company website Compliance control 	Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation (if any), and actively undertook social responsibilities.
Shareholders and Investors	 Return on investment Information disclosure and transparency Protection of interests and fair treatment of shareholders Business risk management 	 Annual general meeting and other shareholder meetings Public information disclosed in HKEX, such as: Quarterly reports, Interim reports, Annual reports, Announcements Meeting with investors and analysts (if applicable) Company website 	 Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/ circulars and periodic reports during the year. Carried out different forms of investor activities with an aim to improve investors' recognition. Held results briefing once. Disclosed company contact details on website and in reports and ensured all communication channels available and effective.
Employees	 Safeguard rights and interests of employees Working environment Career development opportunities Health and safety Self-actualization 	 Regular meetings Training, seminars and briefing sessions Intranet and emails Annual performance appraisal 	Provided a healthy and safe working environment; developed a fair mechanism for promotion; cared for employees by helping those in need, organising employee activities and providing trainings.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY

Stakeholder	Expectation	Engagement channel	Measures
Customers	 Safe and high-quality products Stable relationship Information transparency Integrity Business ethics 	 Company website, Brochures, Quarterly reports, Interim reports, Annual reports, Announcements Email and Customer service hotline Feedback and report Regular meetings International Certification 	Strengthened quality management to ensure stable service quality, entered into long-term strategic cooperation agreements and obtained international certifications from professional institutions.
Suppliers/Partners	 Long-term partnership Honest cooperation Fair and open Information resources sharing for material customization Risk reduction 	 Business meetings, supplier conferences, phone calls and interviews Regular meetings Review and assessment Tendering process Email, circulars and manual Company website 	 Invited tenders publicly to select the best suppliers and contractors, performed contracts obligation according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.
Peer/Industry associations	Experience sharingCorporationsFair competition	 Industry conference Site visit Publicity of standards Trainings Seminars 	Stuck to fair play, cooperated with peer to realize win-win results, shared experiences and attended different seminars of the industry so as to promote sustainable development of the industry.
Market regulator	Compliance with the law and regulationsInformation disclosures	Information disclosureReportsConsulting	Complied with regulatory requirements in a strict manner, disclosed and reported real information in a timely and accurate manner according to law.
Public and communities	 Community involvement Social responsibilities Employment promotion Transparent information 	 Voluntary work Charity and social investment Company website 	 Gave priority to local people seeking jobs from the Company so as to promote community building and development; protected the communities' ecological environment and provided timely compensation and assistance. Issued promote and accurate information.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY

Based on the stakeholder engagement, we have identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, achievement and reporting. Through the materiality analysis, the Group identified "Prevention of bribery, extortion, fraud and money laundering", "Anti-corruption policies and whistle-blowing procedures", "Protection of consumer information and privacy", "Employ development and training" and "use of resources" as issues of high importance, priced the risks and opportunities hidden behind these matters and elaborated more under different sections of this ESG report. We present below the relevant and required disclosure.

A. Environmental

The Group recognises the value of a practice to protect the natural environment for the benefit of humans. We are committed to developing and expanding business without degrading the environment.

A1: Emissions

The Group strictly complies with the relevant national and local environment Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) (《廢物處置條例》香港法律第354章) and other applicable environmental laws and regulations. The Group was not aware of any material non-compliance and will remain vigilant on any non-compliance relating to the environment.

Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors. Since certain emission factors of the PRC are not accessible or updated from official sources, we have applied relevant emission factors which are available from recognised or reputable sources.

Exhaust Emission

In view of the Group's business nature, there is no fuel consumed for production during the Reporting Period, the exhaust emission of the Group derives from the fuels used by vehicles.

During the Reporting Period, the Group consumed an aggregate of 1,150 liters of diesel for vehicles with the driving mileage of 9,580 km in total, remaining the same compared to that of the year of 2019. The Group reminds employees to consider environmental impact in their commuting decisions to reduce exhaust emissions. Employees are encouraged to take public transportation as often as possible and select fuel-efficient vehicles. While employees are driving, it is suggested to avoid unnecessary acceleration or deceleration, close windows when the vehicle is travelling at high speed, and only use air-conditioning when it is necessary.

During the Reporting Period, exhaust emissions were as follows:

KPI A1.1: Exhaust Emission

	2020		201	9
	Amount of	Intensity	Amount of	Intensity
	Emission	(kg/Revenue of	Emission	(kg/Revenue of
Type of exhaust	(kg)	HK\$ million*)	(kg)	HK\$ million)
Sulphur Oxides	0.02	0	0.02	0
Nitrogen Oxides	8.42	0.35	8.41	0.135
Particulate Matter	0.82	0.03	0.81	0.013

^{*} Unaudited

Greenhouse Gas Emissions

The Group strictly complies with the laws and regulations such as Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), which clearly stated the related requirements of corporate pollutants discharge and energy conservation management.

The Group is committed to take sustainable, long-term actions to manage the carbon footprint of our own operations. The largest contribution of the Group's carbon footprint came from use of gasoline for transportation, taking planes, electricity for operations and use of household appliance by property owners.

We have adopted green commuting and conducted meetings through conference calls or video conferences. Aside from encouraging paperless office, we also choose new energy products to reduce the consumption and waste of electricity. In addition, we also develop energy saving policies regarding the procedures of energy conservation in the office and encouraging the property management team to retrofit the facilities in the building in order to assist the property owners in reducing the GHG emission by reducing energy consumption.

The direct emission is mainly from fuel consumed by vehicles which are owned by the Group. During the Reporting Period, the total fuel consumed is 1,150 liters petrol.

The energy indirect emission comes from electricity the Group purchased. During the Reporting Period, the electricity consumed is 5,388,721 kWh.

The other indirect emission is mainly composed of paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.

The Group expects to reduce the emission by 5% in 2021 through the above measures.

KPI A1.2: GHG Emission						
		2020	2019			
	Amount of	Intensity	Amount of	Intensity		
	emission	(Tonnes/Revenue	emission	(Tonnes/Revenue		
Type of emission	(Tonnes)	of HK\$ million*)	(Tonnes)	of HK\$ million)		
Scope 1						
(Direct Emissions)	3.09	0.05	3.09	0.05		
Scope 2						
(Energy Indirect						
Emissions)	5,103.91	81.87	7,088.77	113.71		
Scope 3						
(Other Indirect						
Emissions)	14.94	0.24	18.45	0.30		
Total	5,121.94	82.16	7,110.31	114.06		

^{*} Unaudited

Waste

There was no hazardous waste generated in view of the Group's business nature. We promote waste reduction practices including waste reduction at source, reuse and clean recycling. Employees are encouraged to purchase supplies or equipment with longer life-span and to use environment friendly washing products.

For the IC Business and Money Lending Business, waste would be classified before being disposed to the refuse classification bins. Moreover, there are wasted paper collecting bins in the working area of the IC Business. The management team of the Science Park, where IC Business stationed, is responsible for collecting the wasted lighting tube. For the printing ink containers, the printing machine company would recover the empty container after replacing.

For the Property Management Business, the property owners are requested to dispose the domestic wastes to a specific place for easier handling. A professional waste management company is engaged to collect, store, handle and dispose of domestic wastes such as decoration wastes. The Property Management Business also set up a policy about domestic wastes collection and management. The staff is required to monitor the domestic wastes collection and management daily and keep records as supporting documents to assess the performance of the professional waste management company. The property owners are also encouraged to clean construction wastes derived from interior decoration by themselves or by the executive team. Collecting construction waste by professional parties is also recommended to the property owners. We also offer property owners to collect their construction wastes with compensation. In 2021, the Group aims to maintain the same level of waste as compared to that of this year.

	2020		201	9
	Amount of	Intensity	Amount of	Intensity
	non-hazardous	(Unit/Revenue	non-hazardous	(Unit/Revenue
Type of waste	waste	of HK\$ million*)	waste	of HK\$ million)
Solid Waste (Tonnes)	393.25	16.39	525.81	8.43
Wastewater (m³)	110,225.00	4,592	153,091.00	2,455.74

^{*} Unaudited

A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are electricity, water, and paper. The Group strives to improve the efficient use of natural resources, such as advocating paperless office, minimizing waste/emissions and implementing effective recycling program. During the Reporting Period, the Group has complied with relevant laws and regulations in relation to the use of energy.

Electricity

The Group encourages various energy saving measures, including:

- set energy saving mode for electrical appliances where possible
- switch off the power supplies when they are not in use
- use energy saving lighting tube
- set temperature of the air conditioners at 25.5 degrees centigrade for IC Business and Money Lending Business and 26 degrees centigrade for Property Management Business in summer and 20 degrees centigrade for Property Management Business in winter

Energy consumption by the Group during the Reporting Period is set out below:

	KPI A2	.1: Energy Consumption	1	
	20	20	2019	
		Intensity		Intensity
		(Unit/Revenue		(Unit/Revenue
Type of energy	Amount	of HK\$ million*)	Amount	of HK\$ million)
Electricity (kWh'000)	5,388.7	224.5	7,478.1	119.96
Gasoline (L)	1,150	47.9	1,140	18.29

^{*} Unaudited

Water

Water conservation has been given attention by the Group. We post water saving tips in the restroom and pantry to remind staff of their water use behaviours and fix dripping taps immediately once any leakage is found. The Group did not encounter any problems in sourcing water that is fit for purpose. The assessment index of the energy conservation management of relevant facilities is incorporated into employee's performance appraisal.

During the Reporting Period, the water consumption of the Group is as follows:

	KPI A2.2: Water Co	nsumption	
2020		2019	
	Intensity ((m³)/		Intensity ((m³)/
	Revenue of		Revenue of
Amount (m³)	HK\$ million*)	Amount (m³)	HK\$ million)
109,340	4,555.83	153,091	2,455.74

Paper

Reduction in paper use indirectly reduces the overall GHG emission. The Group has been taking the following steps to reduce paper consumption:

- promote the concept of "paperless office"
- use multiple office software for online work to reduce the paper usage and delivery
- reduce the use of paper by printing or photocopying on both sides of paper, where applicable
- recycle the used paper if applicable

There is no packaging material used in view of the Group's business nature.

The Group will keep recording its resource consumption for reviewing effectiveness of its conservation measures in the future and formulating more specific improvement measures and objectives.

^{*} Unaudited

During the Reporting Period, the paper consumption for office purpose was approximately 280 kg.

	Paper Consumpt	ion	
2020		2019	
	Intensity ((kg)/		Intensity ((kg)/
Amount	Revenue of	Amount	Revenue of
(kg)	HK\$ million*)	(kg)	HK\$ million)
280	11.66	597.5	9.58

A3: The Environment and Natural Resources

Recognising that environmental protection is an important obligation of global enterprises, the Group complies with all applicable environmental laws and regulations and make great efforts to reduce consumption of resources and energy. The Group regularly assesses its environmental risks incurred from operations, review its environmental practices and adopt necessary preventive or improvement measures. For example, promoting "paperless office" concept, using environmentally friendly lighting tubes and engaging professional waste management company. The Group communicates with its suppliers and business partners to better understand their environmental policies and procures and purchase more environmental equipment. During the Reporting Period, there was no environmental violation with significant impacts on our place of production and operation.

A4: Climate Change

Climate change is a risk faced by enterprises yet an opportunity to create long-term value. Extreme weather events, such as typhoons, heavy rains, extreme hot or cold weather, may increase the cost of electricity or emissions required for our business operations. The Group will actively explore necessary countermeasures and plan to make a report in the next reporting period.

^{*} Unaudited

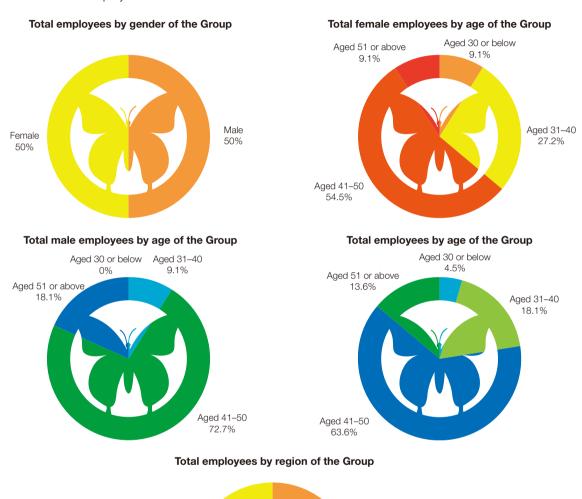
B. Social

B1: Employment

We believe that the employees are the most important and valuable assets of the Group. We put great emphasis on the protection of the legitimate rights and interests of all employees. During the Reporting Period, the Group strictly complied with labour legislations and related regulations in the PRC and Hong Kong. The Group was not involved in any confirmed violation relating to employment that have a significant impact on the Group.

We are committed to be an ideal employer of choice and providing a healthy working environment where our employees can thrive. The Group's staff handbook sets out the standards for compensation and dismissal, promotion and salary review, working hours, rest periods, equal opportunity and other benefits and welfare. The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong and PRC.

As at 31 December 2020, the Group had a total of 22 employees, all of them are full-time employees, with the employee structure as follows:



During the Reporting Period, the employee turnover rate is approximately 27%, among them, the turnovers for male and female are 50% each.

China

59.1%

Hong Kong

40.9%

Recruitment and Promotion

Our staff is the cornerstone of our corporate operation and development. Therefore, we have a fair and equitable talent selection system, which undergoes optimization from time to time for talent recruitment. We generally recruit our employees through placing advertisements in the open market with reference to factors such as experience, qualifications and expertise required for our business operations. Staff are normally subject to one-month to six-month probation period (Hong Kong: 1–3 months, PRC: 1–6 months) starting on board. In general, our Group determines employee's remuneration based on each employee's qualifications, position and seniority and remuneration policies established by us. Our Group has designed an appraisal system to assess the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonus and promotions. We believe that the above arrangement can maintain good relationship with our employee.

Remuneration and Benefits

We offer reasonable and competitive salary and benefits to staff. Employees are awarded salary adjustment, bonus and promotion based on their job performance as well as progress achievement and the results of performance appraisal. We make timely contribution to social insurances (i.e., pension, medical insurance, unemployment insurance, maternity insurance, and occupational injury insurance) and the housing fund (五險一金), mandatory provident fund and employees' compensation insurance in strict accordance with the Social Security Law of the People's Republic of China and the Labor Law of the People's Republic of China, Mandatory Provident Fund Schemes Ordinance of Hong Kong and Employees' Compensation Ordinance of Hong Kong. We offer over-time traffic allowance and accommodation allowance for business trip for Hong Kong staff. Welfare of festivals, high-temperature subsidies and annual body check are granted to PRC staff. We also offer training subsidies to encourage staff to anticipate in training.

Equal Opportunities and Diversity

The Group is committed to providing a fair and equitable workplace where all individuals are treated equally in every aspect of their work or employment. Candidates and employees have equal opportunities to employment, remuneration and promotion. We will not conduct or tolerate discrimination or harassment against individuals on the basis of age, gender, race, marital status, religion healthy status or any legally protected ground or on any other ground which we consider inappropriate and unacceptable. We also place high value on female employees' career development by ensuring that they have the same promotion opportunities as male staff. We also comply with the requirements of the Law on the Protection of Women's Rights and Interests of the People's Republic of China, which stipulates that female employees are entitled to basic salary and their employment contracts will not be released or terminated, without cause, during their pregnancy, maternity leave or breastfeeding period.

Dismissal Policy

With regards to the policies relating to dismissal of employees, if an employee has committed serious misconduct and fails to improve in spite of repeated warnings, his/her supervisor and the senior management of the Company will have a thorough internal discussion and allow the employee to answer and explain before the dismissal is announced. The reasons for the dismissal will be conveyed to the employee clearly. The dismissal procedure must be in accordance to applicable laws and regulations as well.

Staff Communication

We appreciate the significance of communication with and care for our employees. We believe that maintaining a close relationship with our staff allows us to better understand their needs. Besides employee orientation with introduction of corporate system, culture and other information, Property Management Business in PRC organises the general manager reception on a monthly basis to listen to our employees about their daily work condition, working environment and personal career development, and reply one by one, with a view to properly adjusting our internal resources and policies. Staff in Hong Kong are encouraged to communicate with their senior staff or directors and company secretary. The Group also regularly organises staff activities to facilitate interaction among them and enhance their sense of belonging.

Working Hours and Rest Periods

The Group has formulated its policy based on local employment laws including the Provisions of the State Council on Employees' Working Hours (《國務院關於職工工作時間的規定》) to determine working hours and rest periods for employees. Specially, the Group has installed the attendance management system that could keep monitoring its employee's working hours and compensate those who work overtime with extra pay or additional days off. In addition to basic paid annual leave and statutory holidays, the employees are also entitled to leave benefits such as marriage leave, maternity leave and compassionate leave.

B2: Health and Safety

The Group is committed to providing a healthy and safe workplace for all its employees. During the Reporting Period, no concluded cases regarding health and safety brought against the Group or its employees were noted. Besides, no losses in working days due to work injury nor cases regarding the number and rate of work-related fatalities occurred for each of the past 3 years including the current reporting period.

The Group is committed to ensuring a sound and safe working environment for our employees to prevent injury and illness, in compliance with all relevant legislation. People are crucial to the sustainable development of our Group. We manage the safety of the office in accordance with relevant occupational health and safety laws and regulations. We strive for the highest standards of safety and health performance by taking into consideration of all possible precautionary measures to achieve a zeroincident working environment and corporate the health and safety policy.

Spacious working areas were provided to staff. No smoking in the office area is allowed. We also check and clean the air and ventilation system periodically, including ventilation tube and the dust filters. We commit to offer proper light environment in the working area to avoid dis-comfortableness and accident to staff's eyes. To achieve this goal, we install adjustable curtains and choose non-reflective wallpaper, ground decoration and furniture. We also remind staff to keep the working area tidy to avoid trip and fall accident. Checking on the ground and carpets for loose part, hollow, chasm and broken part is periodically conducted.

Following the outbreak of COVID-19 in early 2020, a series of precautionary measures have been adopted by the Group, including the work-from-home arrangements and heightening of hygiene and epidemic prevention in office. During the Reporting Period, there was no accident of work-related injuries. We will continue to foster greater safety awareness amongst our employees through series of on-the-job training.

B3: Development and Training

The Group recognises the importance of training for the development of our employees as well as our Group. Staff are encouraged to proactively identify their training needs and seek development opportunities to fulfill their personal and career aspirations. Generally, a complete training package is provided to new staff, introducing the corporate culture, organisational structure, and occupational health and safety, while non-scheduled profession-oriented courses are offered to experienced staff according to corporate and individual needs.

To further enhance the professional skills of its employees and meet the Group's development goal, employees are highly encouraged to attend external trainings and take professional qualification examinations. Employees who have passed professional qualification examinations and obtained vocational qualification certificates will receive reimbursements from the Group.

During the Reporting Period, the breakdown of percentage of trained employees by gender and employment type and average training hours completed per employee are as follows:

		Gender/					
		Employment	Senior	Senior	Middle	General	
	Region	type	executives	managers	managers	employees	Total
Number of	PRC	Male	2	2	0	0	4
employees		Female	4	4	0	2	8
receiving	Hong Kong	Male	3	0	0	0	3
training		Female	0	1	0	0	1
Hours spent by	PRC	Male	50	80	0	0	130
employees on		Female	60	160	0	40	260
training	Hong Kong	Male	48	0	0	0	48
		Female	0	15	0	0	15
Average training	PRC	Male	25	40	N/A	N/A	
hours per		Female	15	40	N/A	24	
employee	Hong Kong	Male	16	N/A	N/A	N/A	
		Female	N/A	15	N/A	N/A	

B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and pose threat to sustainable social and economic development. The Group strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, Employment Ordinance of Hong Kong and other relevant labour laws and regulations in Hong Kong and PRC. The Group prohibits the use of child labour and forced labour. Employment contracts and other records, documenting all relevant details of the employees (including age) are maintained properly for verification by relevant statutory body upon request.

During the Reporting Period, the Group has complied with policies and relevant laws and regulations regarding prevention of child labour or forced labour.

B5: Supply Chain Management

The Group works closely with its suppliers who are committed to high quality, environmental, health and safety standards. As part of our commitment to environmental protection, product quality and social responsibility, we recognised the great importance of supply chain management and formulated internal policies and guidelines and selection of external suppliers.

The Group has a stringent supplier selection process and management approach to ensure healthy and sustainable relationship with suppliers. We will take multiple selection criteria and supplier assessment into account when accessing suppliers' profile and principles, such as product quality, labour standards, environmental and quality management and ethical business conduct. We strive to cooperate only with the suppliers who share the same principles with us.

During the Reporting Period, there are 10 suppliers of the Group located in China (7), Hong Kong (1) and Taiwan (2) and the Group has also engaged 2 third-party procurement suppliers in the PRC.

IC Business

The IC Business implements a set of strict policies in its supply chain management according to its internal supplier selection process. Generally, the product manager is responsible for the selection of eligible supplier pursuant to the criteria, such as:

- The reputation of the supplier
- Compliance with the Restriction of Hazardous Substances (the "RoHS"), which is the restriction
 of the use of certain hazardous substances in Electrical and Electronic Equipment, and the
 Substances of Very High Concern of the Registration, Evaluation, Authorization, and Restriction
 of Chemicals if the product needs to be shipped to European Union countries
- Quality of production
- The Quality Assurance system

To minimise the risks during the supply process, IC Business has formulated a series of supply process procedures. Specifically, the packing list is required by IC Business during supplier's delivery. The responsible staff in the warehouse checks and accepts the products according to the packing list before warehousing. The relevant product information will be updated in the online document library after the warehousing process.

Property Management Business

The major suppliers of the Property Management Business are elevator and fire-fighting contractors, which provide professional maintenance services on elevators and fire-fighting equipment. To enhance the effectiveness of procurement and supplier management, Property Management Business signs contracts with its suppliers, which specify the service content, service standard, service appraisal and service procedures. The engineering department of the Property Management Business is responsible for following up and monitoring the entire process of service, in order to meet its requirement. Being committed to maintaining a sustainable supply chain. Property Management Business refers to its internal Supplier Management Procedures (《供應商管理程序》) in its management of suppliers. For instance, Property Management Business conducts an annual evaluation on the overall performance of suppliers before the expiration of contract to determine the renewal for next year; Property Management Business organizes a monthly face-to-face meeting with suppliers, in which the quality of service provided by the suppliers in the month and possible improvement in the next month are discussed, etc. Property Management Business emphasises the effective and smooth communication with its suppliers on a regular basis through various means, including face-to-face meeting, telephone calls and emails. In addition, the Group introduces the customer monitoring and appraisal mechanism in its supplier management. Through dialogues with property owners, the relevant departments of the Property Management Business can gather the feedback from them and inform its suppliers timely.

Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management.

Suppliers by region (KPI B5.1) Region Hong Kong PRC Taiwan Total									
IC Business	1	1	2	4					
Money Lending Business	0	0	0	0					
Property Management Business	0	6	0	6					
Total	1	7	2	10					

B6: Product Responsibility

Quality assurance

The Group endeavours to offer high-quality products and services. We are committed to improve our product quality, attract new customer and strengthen the relationship with existing customers. We have established a comprehensive quality assurance system. The IC Business requires its suppliers to provide quality-related certificates such as RoHS testing certification to ensures IC products are reliable and safe. For the Property Management Business, the professional management company engaged has been qualified with the ISO 9000.

IC Business

In respect of IC business, the Group has established a standard system for handling potential client's complaints:

- Upon receiving client's investigation request, the sales coordinator shall verify with client if immediate containment action is required and check the defective sample and relevant information.
- The sales coordinator shall notify the product manager and engineering director to take appropriate actions, such as visual check and electrical test on the defective samples to confirm the failure symptoms claimed by the customer.
- Once the failure symptoms are substantiated, the product manager and engineer director shall initiate a corrective action request (the "CAR") to start the investigation.
- If the root cause of defect is proved to be problems from the manufacturing process, IC Business shall notify the relevant suppliers to implement corrective action immediately, and compensation proposal shall be negotiated with the client.

After discussion with clients, the ICs with potential bad quality would be recalled to sales department and passed to the operation director for notice. If the ICs are qualified, the products would be re-deliver to clients and credit note would be issued. Otherwise, the recalled ICs would be sent to sub-contracting vendor for inspection.

During the Reporting Period, there is no recall of sold products due to safety or design.

Property Management Business

In accordance with the Regulation on Realty Management of Chengdu* (《成都市物業管理條例》) and Administrative Measures of the Indoor Fitment and Decoration* (《住宅室內裝飾裝修管理辦法》), the Property Management Business endeavours to provide the high quality services to all its property owners. The Property Management Business has formulated rules which all employees need to follow:

- Employees in the key positions should hold relevant license, especially the staff responsible for secondary water supply who needs to possess the health certificate;
- All advertising boards and labels should be designed, reviewed, fabricated and posted by the Property Management Business with a unified standard;
- All corrective actions are required to be completed within a specified time period as required in the rectification sheet once any violation of rules is discovered;
- Responsible staffs with his/her director line, complaints hotline and the hotline of the responsible government department have been public to property owners.

During the Reporting Period, we had no violation record on relevant laws and regulations that have a significant impact on the Group relating to quality assurance and no complaints from clients received.

^{*} For identification purposes only

Product Responsibility and Privacy Protection

Ensuring customer satisfaction with our products and services is a priority for the Group. We place importance on the quality standard of our products and services to achieve sustainable growth of our business. We are committed to ensure compliance with the laws and regulations relating to product health and safety, labelling and privacy matters including the Product Quality Law of the PRC and the Hong Kong Personal Data (Privacy) Ordinance. Policies about product quality and safety as well as compliance with laws and regulations have been clearly stated to the employees and suppliers.

During the Reporting Period, we had no violation record on relevant laws and regulations that have a significant impact on the Group relating to product responsibility issues.

The Group has established confidentiality guidelines in order to demonstrate our firm commitment to privacy issue of clients, internal employees, data and external partners and suppliers. The Group has clearly set the intellectual property rights clause in the contract signed with clients, such as owner of the intellectual property rights, not sharing product design data to third party and not use the same design for third party. We also sign the mutual non-disclosure agreement with our business partners.

The clients' information should not be revealed to anyone other than staff who are in the normal course of conducting duties and responsibilities. Disclosure of clients' confidential information to unauthorized personnel is prohibited and could result in disciplinary action, up to and including termination of employment.

We have also established the privacy protection policy in the staff handbook to restrict staff's behavior regarding privacy protection.

During the Reporting Period, no material privacy situation that has a significant effect on the Group is found.

B7: Anti-Corruption

Our Group believes the integrity and commitment of our employees are our critical factors to success. The Group has implemented "Anti-fraud, Anti-Corruption and Anti-Commercial Bribery Management Policy" with its formulation of Anti-business Corruption Regulation based on the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Prevention of Bribery Ordinance (《防止賄賂條例》) (Cap. 201 of the Laws of Hong Kong) and other national or regional laws and regulations to set out our commitment to preventing all forms of corrupt practices. Employees are required and have the responsibility to conduct themselves with integrity in an ethical and proper manner. Payments or acceptance of any kickbacks from external parties is strictly prohibited. The Group takes disciplinary action to combat against any violation of the Group's regulation. We also have the same expectations for our suppliers and other business partners.

The "Anti-fraud, Anti-Corruption and Anti-Commercial Bribery Management Policy" has been established in the staff handbook, which would be distributed to staff when the staff is on board. The Group will provide employees of all levels with anti-corruption trainings in order to enhance the awareness of anti-corruption.

The Group endeavours to prevent any non-compliance to relevant laws. To enhance corporate governance, the Group sets up Audit Committee and engages external lawyers and auditors to review and provide opinions on the company's financial report and other compliance issues. Besides complying with the requirement to the corporate governance of listing companies enforced by the HKEx, we constantly review the effectiveness of our internal control measures to enhance governance level.

Whistle-Blowing Policy

The Group sets up report channel to encourage employees to raise concerns about suspected misconduct, malpractice or irregularities in confidence. All reported cases are promptly and thoroughly investigated by the Board while the confidentiality is respected in order to protect individuals. If there is sufficient evidence to suggest that a case of possible corruption exists, the case will be reported to the relevant local authorities.

During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering nor legal cases against the Group or its employees related to corruption behaviours.

B8: Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. Through active participation in community affairs, we assist employees and local communities to build a better society in our best effort.

The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development. The Group will also make efforts in engaging local community groups in determining the best approach to raise the awareness of environmental protection of people and supporting the impoverished and underprivileged people by providing employment opportunities and sponsoring them for the pursuit of high-level education in the near feature.

The Group will also consider to make donations to charity organizations when the Group recorded profit after tax and capital is sufficient.

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