



ENVIROMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

PHOENITRON HOLDINGS LIMITED

STOCK CODE: 8066.HK

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ABOUT THE GROUP

Phoenitron Holdings Limited (the “Company”) and its subsidiaries (together, the “Group” or “Phoenitron”) is a conglomerate, principally engaged in the manufacturing and sale of smart cards, provision of customized smart card application systems, provision of financial and management consultancy services, sale and trading of scrap metals and investment in the media and entertainment industry for the financial year ended 31 December 2022 (the “Reporting Period”).

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group launched its seventh "Environmental, Social and Governance Report" (the “ESG Report”) with pleasure. The ESG Report is written in both Chinese and English, focusing on the Group’s policies, measures and performance in the environment, social and governance aspects. For a more in-depth understanding of the Group, please refer to the Group’s annual report for the financial year ended 31 December 2022 (“2022 Annual Report”). The 2022 Annual Report and the ESG Report have been posted on the website of the Group at (www.phoenitron.com) and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at (www.hkexnews.hk).

SCOPE OF REPORT

The ESG Report mainly reports on the sustainability performance of the Group during the Reporting Period. Same as previous year, the reporting scope covers the operation of the Shenzhen plant (the “Shenzhen Plant”) of the Group concerning the sales of smart cards business (its turnover accounts for nearly 100% of the Group’s total turnover). The Group will regularly review the reporting scope based on the principle of materiality to ensure that comprehensive and accurate information will be provided to investors and other stakeholders¹.

REPORT STANDARDS

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the “ESG Guide”) in Appendix 20 to the "Rules Governing the Listing of Securities on GEM" of the Stock Exchange, and is based on four reporting principles, including Materiality, Quantitative, Balance and Consistency. A complete index that references the ESG Guide is inserted at the end of the ESG Report for readers’ easy reference.

¹ “Stakeholders” or “interested parties” represent groups and individuals who have significant impacts on the enterprise’s businesses, or those who are affected by the enterprise’s business, including internal board of directors, management and general staff, external shareholders and investors, customers, suppliers and contractors, government and regulatory authorities, banks and community groups, etc.

Reporting Principle	Definition	Application of the Reporting Principle
Materiality	Focusing on environmental, social and governance issues that have a significant impact on the Group and its stakeholders.	The Group identified environmental, social and governance issues that have a significant impact on the Group's business through board questionnaires and made a disclosure on their key points.
Quantitative	Key performance indicators should be measurable and comparable where appropriate.	The Group has set the mid-term and short-term environmental goals. The Group records and estimates quantitative data and compares it with past performance where feasible.
Balance	The ESG Report should present the Group's environmental, social and governance performance of the Reporting Period in an unbiased manner, selective or omissive reporting should be avoided.	The ESG Report presented the Group's environmental, social and governance performance in an objective manner and also described the facing challenges and solutions.
Consistency	The ESG Report should be disclosed in a consistent manner, so that indicators can be compared meaningfully and corporate performance can be understood.	Wherever feasible, the Group uses consistent statistical methods. In the event of any changes that may affect comparisons with previous reports, the Group will make an explanation accordingly.

CONFIRMATION AND APPROVAL

The information cited by the Group comes from official internal documents and statistical reports of the Group. The Group has internal control and formal review procedures to ensure that the information presented in the ESG Report is accurate and reliable. The ESG Report was confirmed and approved by the Company's board of directors (the "Board") on 22th March 2023.

FEEDBACK

The Group values stakeholders' views and concerns. Should you have any comments or suggestions regarding the ESG Report and the sustainability performance of our Group, please contact us:

HONG KONG HEADQUARTER

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MESSAGE FROM THE BOARD

The Board is honored to issue the seventh “Environmental, Social and Governance Report” of the Group and provide the Group’s stakeholders with comprehensive information about the measures taken by the Group to achieve sustainability. While focusing on business development and the enhancement of product quality, the Group will proactively seek for business model for sustainable development. We are of the opinion that, we can continuously enhance the Group’s competitiveness only if we integrate our environmental and social concerns into the business decision-making process, thus achieving prudent operation in the rapidly changing market.

Phoenitron has adhered to its mission of sustainable development. Apart from committing to the manufacturing and supply of quality products, it strives to reduce environmental impact and create the value of sustainable development for all the stakeholders. The Board is ultimately responsible for environmental, social, and governance related matters, including to oversee the formulation and implementation of the Group’s environmental, social and governance policies and objectives, to assess and identify environmental, social and governance risks and opportunities and to ensure the effective operation of environmental, social and governance risk management and internal control systems.

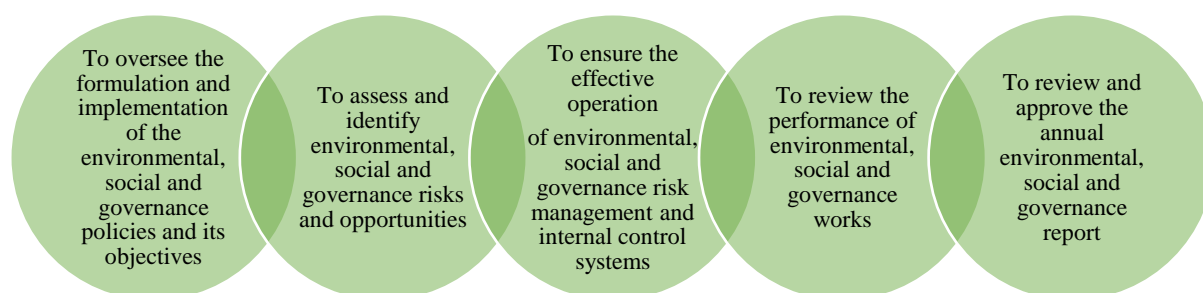
The Board supervises environmental, social and governance related matters by directly appointing Board member to lead the sustainable development working group (the “Working Group”) and receiving its regular reports, and it also identifies, assesses and manages significant environmental, social and governance-related issues and progress made in relevant objectives through the works of the Working Group such as regularly collecting and analyzing data as well as communicating with experts. During the Reporting Period, the Board has revised the “Group Environmental and Social Policies”, and reviewed all the environmental objectives to continue to work for the mid-term target of reducing the emission intensity of Shenzhen Plant by 5% in 2025 compared to 2020, thereby further improving the Group’s direction and commitment to sustainable development.

Looking ahead, the Group will further improve its management strategies and measures on all aspects of sustainable operation, including making preparations for the disclosure of climate-related risks and greenhouse gas emissions within the reporting scope 3, so as to achieve sustainable development of the Group and create greater synergy.

SUSTAINABILITY GOVERNANCE

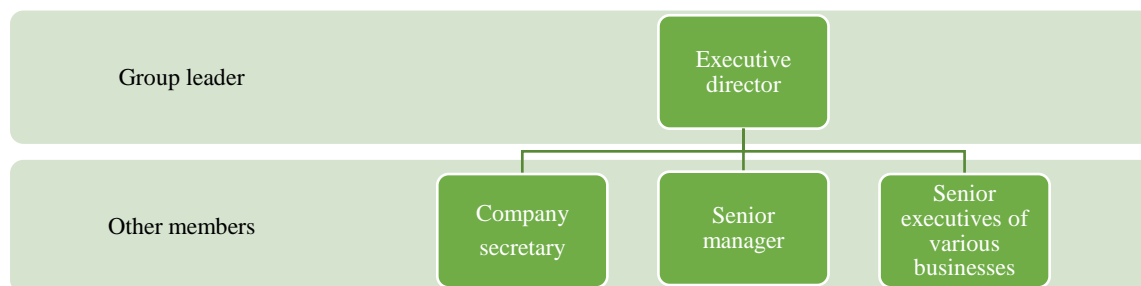
The Group believes that good corporate governance is the cornerstone of sustainable development and that effective management can build long-term sustainable value for shareholders and enhance investor confidence. The Board is fully aware of the importance of sustainable development and promises to incorporate environmental and social considerations into the business decision-making process, and referring to the opinions of internal and external stakeholders to realize the corporate value of business, environment and society in parallel.

The Board is responsible for overseeing the management of the Group's business and financial position and has the highest supervisory responsibility for the Group's sustainability matters and is responsible for overseeing the Group's sustainability policies, initiatives and performance, including:



Structure of the Working Group

The Board also authorizes the Working Group to take charge of the carrying out of sustainable development works, which include regularly collecting and analyzing data as well as identifying, assessing and managing significant environmental, social and governance related issues. The Working Group also regularly reviews the progress in relevant objectives. The Board has authorized the head of the Working Group to lead all relevant matters relating to the Working Group and report regularly to the Board.



The company secretary of the Company acts as the deputy team leader of the Working Group and is responsible for the effective management of relevant issues, ensuring the Group's compliance with relevant regulations and, where necessary, seeking out relevant experts to provide assistance to strengthen the Group's ability to respond to relevant issues. A senior manager of the Group acts as the coordinator of the Working Group and is responsible for the communication and liaison of the members of the Working Group and coordinating the working arrangements between external experts and internal members of the Group. The Working Group is directly led by a member of the Board, and its authority and functions are recognized by the Board and its resources are fully supported by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK MANAGEMENT

Effective risk management is an important part of the corporate governance strategy and is vital to the future development of the Group. Under the supervision of the Board and the Working Group, each of the Group's operations will understand the sustainability risks in its operations through data analysis and regular visits to identify key issues and address them in a transparent and accountable manner in order of priority, assessing the relevant performance and reporting in a timely manner. The key environmental, social and governance risks identified by the Group are set out below:

Risk Category and Description	Measures
<p>Waste gas and greenhouse gas emissions The Group generates waste gas and greenhouse gas emissions (e.g., carbon dioxide) during the manufacturing and transportation process, and with the increasing tightening of national and regional environmental protection policies, the Group's operations will be subject to more stringent regulation. If the Group does not have effective emission reduction measures in place, it will increase the risk of non-compliance and result in higher operating costs for the Group.</p>	<ul style="list-style-type: none"> • Establish "Environmental System Operation Control Procedures" and set up environmental targets for electricity, water and paper consumption; • Integrating transportation arrangements and selecting more environment-friendly transportation service providers to minimize emissions; and • Encourage employees to use electronic communication technology for meetings and reduce unnecessary business trips.
<p>Hazardous waste The Group generates different types of hazardous waste during the manufacturing process. These hazardous wastes need to be handled in accordance with safe storage standards and a recycling process that meets local environmental requirements, otherwise they may cause pollution to the surrounding environment and increase the risk of non-compliance. In addition, in the event of a waste oil spill, the Group may be required to bear additional financial expenses for aftercare work.</p>	<ul style="list-style-type: none"> • For hazardous waste management, the Group has different firefighting equipment at hazardous waste storage sites; • Provide regular training to all employees on hazardous waste sorting and storage; • Develop environmental management objectives, targets and management plans for hazardous waste emissions; and • Requiring that all hazardous waste should be sorted according to solid and liquid hazardous waste and collected and treated by environmental protection companies.
<p>Impact on the surrounding environment The Group's daily operations may have different degrees of impact on the neighboring communities, including impact on air quality, waste leakage, soil and water pollution and noise pollution. If the Group fails to identify and effectively control the relevant environmental factors, there will be an increased risk of non-compliance, including litigation, fines and orders to cease project operations, which could further affect the Group's reputation.</p>	<ul style="list-style-type: none"> • Establish the "Emergency Response Plan Management Procedures" to mitigate the pollution of the atmosphere and adjacent water and soil caused by the accident; • Strictly enforce noise control; and • A monitoring company was engaged to conduct noise inspections to ensure that noise emissions comply with operational standards and local laws and regulations.
<p>Climate change Climate change has led to an increase in the frequency of extreme weather events such as typhoons, rainstorms and flooding and earthquakes. These extreme weather events will cause temporary suspension of the operation of the production facilities and the safety of the staff, resulting in reduced productivity or additional expenses to the Group as a result of litigation and compensation, respectively. Meanwhile, the rising temperature causes the indoor temperature to rise and requires constant air conditioning to ensure the machines operating stably and provide a comfortable working environment for employees. As a result, electricity consumption continues to increase, increasing the operating costs.</p>	<ul style="list-style-type: none"> • Strictly follow the guidelines on public preparedness for typhoons and rainstorms, take precautionary measures as soon as possible, assess the ability of the Group's assets to withstand severe weather and review the insurance coverage of liabilities/properties from time to time to minimize potential property losses; • Avoid power peaks as much as possible and turn off high power central air conditioning during peak periods. Turn on high-powered central air conditioning during wave flat and trough periods; • Regularly inspect the use of electricity-using equipment and replace equipment with high power consumption but low efficiency; and • Educate employees on energy conservation.
<p>Health and safety There are a number of safety risks inherent in the manufacturing industry. If employees are not sufficiently aware of safety or do not follow the procedures, it may lead to a major safety incident</p>	<ul style="list-style-type: none"> • Each of the business units has also formulated occupational safety management system and set up a task responsible department to conduct occupational hygiene works;

<p>resulting in serious injury or death of employees. This would expose the Group to legal risks, including litigation, fines and compensation, and affect the reputation of the Group.</p>	<ul style="list-style-type: none"> Shenzhen Plant has formulated the “Occupational Health Management System” and the “Social Accountability Management Handbook” to work out management measures in respect of all safety issues to safeguard the health and safety of employees; and We provide employees with protective equipment and establish operating rules for production equipment to ensure operational safety, provide them with annual occupational hygiene and physical examination, and regularly review chemical use procedures and protective measures to ensure compliance with operational and local legal requirements while minimizing the impact of safety risks on operations and employees.
<p>Product quality With the increasing technology crime, hacking attacks and information theft are becoming more and more common. If the products do not have adequate data security measures, the chance of data leakage will increase and customers will suffer losses. The Group is also exposed to legal risks of litigation and fines, which may damage the relationship between the Group and its customers.</p>	<ul style="list-style-type: none"> Formulated a security protection mechanism in accordance with the “Confidentiality Management System of Customers’ Information”; and Adopted measures to protect intellectual property rights in accordance with the “Management Manual” to reduce the risk of data leakage during operations.
<p>Business ethics Corruption such as bribery, corruption, conspiracy to defraud, facilitation payments and misappropriation of public funds are not only detrimental to the Group’s own interests, but are also serious commercial offences that pose significant legal risks to the Group’s operations, including litigation, fines or imprisonment of relevant persons. In addition, if the Group is suspected of violating the relevant laws, it will seriously damage the reputation of the Group.</p>	<ul style="list-style-type: none"> Formulated a series of anticorruption policies and codes, such as the “Anti-corruption and Anti-bribery Control Procedure” and “Gift and Gifting Procedure” of the Shenzhen Plant; Required suppliers to sign the “Letter of Undertaking of Nonbribery/Non-corruption for Suppliers” to ensure they are aware of the Group’s requirements and expectations for maintaining business ethics; Regularly reviews the anticorruption mechanism through the internal audit system; and Provided employees with anticorruption trainings.

COMMUNICATION WITH STAKEHOLDERS

Understanding the needs and concerns of our stakeholders helps the Group to formulate sustainable development plans and future business directions. The Group will take into consideration the stakeholders’ views in developing various policies and measures in order to ensure that the Group meets their expectations and requirements on business operations. By communicating with internal and external stakeholders through diverse channels, the Group is able to understand their views accordingly.

<p>The board of directors, the management and the staff</p> <ul style="list-style-type: none"> Meetings of the Board, internal communication, company activities and company meetings
<p>Shareholders and investors</p> <ul style="list-style-type: none"> Annual general meetings, company website, annual reports, meetings, seminars and letters
<p>Customers</p> <ul style="list-style-type: none"> Meetings with customers, emails and phone calls
<p>Government and regulatory authorities</p> <ul style="list-style-type: none"> Meetings, letters, phone calls, site visits and seminars
<p>Suppliers and contractors</p> <ul style="list-style-type: none"> Suppliers evaluation and meetings, emails and phone calls
<p>Banks</p> <ul style="list-style-type: none"> Meetings, emails and phone calls
<p>Community groups</p> <ul style="list-style-type: none"> Community investment plans, donations, volunteers and philanthropy activities

SIGNIFICANT SUSTAINABLE DEVELOPMENT ISSUES

During the Reporting Period, the Group has delegated an independent sustainable development consulting firm to conduct the board questionnaire that aimed to understand the Board’s opinion on each environmental, social and governance issue in business operations. Based on the findings, the Group identified eight significant sustainable development issues as its future sustainability direction and focused on them in the ESG Report.

SIGNIFICANT SUSTAINABLE DEVELOPMENT ISSUES (BY SIGNIFICANCE)

Significant Sustainable Development Issue	Measures Implemented by the Group
Health and Safety Provide a safe working environment and protect employees from occupational hazards	Formulated the "Occupational Health Management System" to provide employees with protective equipment, occupational physical examination and occupational hygiene training.
Employment System Establish a complete employment management system	Offers the staff a diversified and inclusive working environment by virtue of the employment system and the “Diversification and Inclusiveness Policy”, both of them are formulated in accordance with the SA8000 “Standards on Social Accountability Management System”.
Labor Standards Prevention of child labor and forced labor	During the recruitment process, the Group's personnel and administration departments will verify the identity documents of job applicants to ensure compliance with the minimum working age requirements of local laws and regulations. In accordance with the “Social Accountability Management Handbook”, no deposit may be collected from employees or employee identification documents may be kept, and all employees are required to work on a voluntary basis.
Anti-corruption Prevention of bribery, extortion, fraud and money laundering	An anti-corruption mechanism is in place for employees to report any corruption cases. Meanwhile, the Group provides anti-corruption training to its employees to enhance their awareness of anticorruption.
Product Responsibility Managing health and safety, advertising, labelling and privacy issues in relation to products and services provided and developing remedies	Established ISO 9001:2015 quality management system to control the quality of each product in accordance with the "Management Handbook" for full inspection and analysis of the production process.
Resource Conservation Formulate measures for efficient use of resources such as energy, water and other raw materials	For the use of resources such as electricity, water, paper and raw materials, the Group has established clear management measures in different areas, covering the production process, material procurement and administration, achieving resource conservation goals with multi-pronged measures.
Environmental and Social Risk Management of Supply Chain Managing the environmental and social risk management of supply chain	Starting from the procurement aspect, the Group’s purchasing decisions are actively taking into account the environmental impact of the products, requiring suppliers to comply with international principles on human rights, environmental protection, labor safety, forced labor and child labor.
Development and Training Enhance employees' knowledge and skills to perform their job duties	Established an induction training management system for new employees and on-the-job training.

Going forward, the Group will strengthen communication with internal and external stakeholders and through diversified communication channels such as stakeholder and focus group interviews, collect stakeholders’ opinions and expectations on operation of the Group so as to improve its sustainability strategy and measures.

DESIRABLE WORKING ENVIRONMENT

The continuous efforts and contributions of our employees are pivotal to the business development of the Group. As such, the Group is committed to providing a good, happy and healthy working environment for its employees, whereby enabling them to settle down in their works and stretch their potential to the full. The Group has formulated a series of personnel policies such as the “Group Environmental and Social Policies”, the “Human Resources Management Procedure”, the “Occupational Health Management System” and the “Social Accountability Management Handbook”, so as to clearly explain employees’ rights and interests and work arrangements.

EMPLOYMENT SYSTEM

A sound employment system contributes to attracting new employees and retain talents, thus maintaining the Group’s competitiveness. For this purpose, the Group has, based on the requirements under the SA8000 “Standards on Social Accountability Management System”, formulated a series of personnel policies related to recruitment, dismissal, remuneration, promotion, working hours, rest periods, equal opportunities, diversification, anti-discrimination, other benefits and welfare.

Employment Responsibilities	Management Measures
Recruitment and dismissal	Adopting a strict recruitment and selection procedures and based on the principle of merit-based recruitment, the Group selects suitable candidates in a fair, open and just manner. The Group or employees may propose to terminate the labor contract as required, and complete the leave procedures in accordance with the requirements.
Compensation, benefits and promotion	The Group pays remuneration and benefits based on the functions of employees, which include housing and communication allowance, work injury insurance, pension insurance, medical insurance, meal allowance and social insurance, etc. Department heads regularly fill out lists of recommendations for employee promotion and the Group periodically makes necessary adjustments to job grades after taking into consideration the working experience, qualifications, work performance and behavior of the respective employees, as well as the skills required for higher job positions. After evaluation by departments, outstanding employees will be granted year-end bonuses and win a promotion opportunity.
Working hours and rest periods	The Group arranges the reasonable working hours for employees in accordance with the “Attendance Management System”, and also provides different paid-leaves for employees, including annual leave, marital leave and maternity leave, etc.
Talent diversification	In terms of employment matters such as recruitment and promotion, the Group has formulated the “Diversification and Inclusiveness Policy” and undertook that all employees and job applicants will be provided with equal opportunity. All recruitment and promotion will be considered on the basis of performance and ability
Anti-discrimination	The Group prohibits any form of discrimination and sexual harassment behaviors. All decisions about recruitment and promotion are made based on job requirements, the Group will not subject employees and job applicants to unfair treatment because of age, gender, sexual orientation, marital or family status, disability, race, nationality, religion or political view.
Staff complaint and suggestion mechanism	The Group has developed an “Employee Complaint and Suggestion Management System” for the employees to file complaints and make suggestions for improvement to the management on the company’s operation. All complaints and suggestions are seriously handled on an objective and confidential principle.

During the Reporting Period, the Group employed a total of 120 employees. The proportions of male and female employees were 71% and 29%, with the majority of employees falling into the age groups of below 30 and 30-40, which accounted for 84% of the total number of employees. Both the new hire and employee turnover rates were 43%.

HEALTH AND SAFETY

The Group prioritizes the occupational health and safety of its employees and is committed to creating a safe and healthy working environment to prevent work-related accidents and occupational diseases. The Group has formulated the “Group Environmental and Social Policies” that sets forth the Group’s commitment to occupational health and safety. Each of the business units has also formulated occupational safety management system and set up a task responsible department to conduct occupational hygiene works. Among them, the Shenzhen Plant has formulated the “Occupational Health Management System” and the “Social Accountability Management Handbook” to work out management measures in respect of all safety issues to safeguard the health and safety of employees.

Health and Safety Measures	
Employees’ protection	For the sake of employees’ production safety: <ul style="list-style-type: none"> the Group has developed an operation code for production equipment to provide guidance on proper use to employees. the Shenzhen Plant has purchased accident insurance for employees, and provide protective equipment and pandemic prevention supplies.
Guidelines for handling chemicals and hazardous materials	To ensure compliance with the requirements of operation and local laws, as well as mitigating the safety risks and hidden dangers: <ul style="list-style-type: none"> the Group has established guidelines on the use and transportation, identification and storage, leakage and disposal, and regularly reviewed the chemical use procedures and its protective measures.
Inspection of equipment	For potential risks of safety incidents and environmental disaster: <ul style="list-style-type: none"> the Group will regularly inspect and maintain emergency equipment to ensure that they are in good condition. in case of safety incidents, the Group will conduct post-incident investigations to find out the causes, and corrective and preventive measures will be taken in the case of deficiencies or deviation from operational procedures.
Training and drills	To enhance employees’ awareness of occupational safety and emergency: <ul style="list-style-type: none"> the Group provides occupational hygiene training to employees on a regular basis. the Group has developed emergency response management plans and measures, and conducted fire drills and emergency drills periodically.
Health of employees	To protect the health of employees: <ul style="list-style-type: none"> the Group provides annual occupational hygiene and health check-ups for its employees and regularly provides various sports and recreational activities for its employees.

LABOR STANDARDS

The Group understands that both the employment of child labor and forced labor violate basic human rights and international labor conventions. Therefore, the Group prohibits the employment of child labor and any form of forced labor, and has set forth in the “Social Accountability Management Handbook” and the “Human Resources Management Procedure” its commitment to and measures for child labor and forced labor.

Measures to Avoid the Employment of Child Labor	
Age checking	In the process of recruitment, the personnel and administration department of the Group will verify the identity documents of the job applicants to ensure that they meet the minimum working age requirements of local laws and regulations.
If it is found that a child labor is hired by mistake	The Group shall immediately cease their works. Besides, the Group shall take remedial actions and be responsible for all required expenses of the child labor under legal working age according to the “Child Labor Rescue Control Procedure”.
Avoiding Forced Labor Measures	
Requirement of “Social Accountability Management Handbook”	The Group has formulated the “Social Accountability Management Handbook”, which stipulates that no deposits shall be taken from employees or no employees’ identity documents shall be withheld, and ensures that all employees work on a voluntary basis. The Group has formulated resignation procedures, pursuant to which, employees can apply for resignation as required and obtain wages to which they are entitled to leave freely.

DEVELOPMENT AND TRAINING

The Group has always attached great importance to the career development of its employees, and is committed to providing appropriate training and development opportunities for employees at different positions and levels to enhance their work skills and professional knowledge, thus strengthening the Group’s competitiveness. The Group has formulated the “Group Environmental and Social Policies” to implement training and development policies. At the same time, the Shenzhen Plant has also developed a series of employee training plans in accordance with the “Training Control Procedure” and the “Orientation Training Procedure for New Employees”. A training file is created for each employee to record the training content and performance of the employee. The following are the training contents of the Reporting Period:

Orientation training	New hires are required to accept orientation training, which includes the study of corporate culture, teamwork and disciplines, product quality and safety awareness. They are required to have pre-job internship before officially taking the job to make sure that they are fit for the job requirements.
Technical training	According to the production process and employee position requirements, trainings of job professional knowledge, process flow, machine operation and new product will be provided to employees.
Vocational training	Job-related training, covering topics such as fire safety, emergency response, anti-corruption, business ethics and green procurement, is provided to employees according to their job needs, thereby enhancing their professional knowledge and skills.

Percentage of Employee Accepting Training	Total Training Hours Received by Employees	Percentage of Employees Subject to Regular Appraisal
95%	1,260	57%

OPERATION RESPONSIBILITY

The Group always adheres to business ethics and strives to improve the quality of products and services for its customers. The Group has established the “Group Environmental and Social Policies” and a series of policies on product responsibility, anti-corruption and supply chain management to standardize daily operating procedures.

PRODUCT RESPONSIBILITY

The Group adopts strict standards for the production process of its products. The Shenzhen Plant has formulated policies on product quality, complaint handling procedures and customers’ privacy protection to ensure that product quality meets the requirements of customers and local policy.

Product Responsibility	Management Measures
Product quality	The Group has established a quality management system that complies with ISO 9001:2015 certification, and comprehensively monitors and analyses the production process in order to control the product quality effectively and ensure that the product quality can be complied with the customer requirements. The Group also regularly reviews the quality management system and adopts improvement measures to improve the production process and enhance product quality. There was no case of product recall during the Reporting Period.
Label management	The Group attaches different labels to raw materials, semi-finished products and finished products for classification management and traceability purposes. In accordance with “Control Procedures on Product Identification and Traceability”, all labels set out information such as product name, product number, quantity and inspector’s name for the convenience of future quality monitoring and management.
Customers’ privacy	The Group has formulated a security protection mechanism in accordance with the “Confidentiality Management System of Customers’ Information” to protect customer product data at different stages such as receipt, storage, internal transmission, processing, delivery and destruction. Customer data shall be classified and archived according to the degree of confidentiality, access rights and operation records are set to ensure the security of customer data. If any security breaches and data leakages are discovered, the Group will immediately take remedial measures, notify customers and discuss solutions with them.
Intellectual property	The Group adopts measures to protect intellectual property rights in accordance with the “Management Manual”, and prohibits any employee from disclosing any customers’ intellectual property rights and related information to third parties without the customers’ approval, so as to reduce the risk of data leakage during its business operations.
Complaint handling	The Group has established a customer complaint mechanism for customers to make complaints about product quality issues. The Group will make an investigation upon receipt of relevant complaints, and formulate corrective measures to meet customer requirements. During the Reporting Period, the Group received a total of two customer complaints mainly about product quality problems, including card appearance and incorrect packaging issues. As such, the Group analyzed the reasons and took corrective measures. During the Reporting Period, all complaints have been properly resolved.

SUPPLY CHAIN MANAGEMENT

Effective supply chain management is essential for the product quality and daily operations of corporate. As a responsible company, the Group understands that the suppliers’ environmental and social performance including human rights, environmental protection, labor safety, forced labor and child labor should also be considered in the procurement process other than considering only the price, quality, delivery capability, service, integrity and compliance. Furthermore, purchase raw materials with relatively less environmental impact where practicable. The Shenzhen Plant regulates the procurement and supplier selection process in accordance with the “Social Accountability Management Handbook”, “Purchasing Control Procedures” and SA8000 “Standards on Social Accountability Management System”.

Supplier selection

The Group requires suppliers to sign the “Environmental Protection Commitment Agreement” and undertake to comply with the requirements of the Group’s SA8000 “Standards on Social Accountability Management System”, so as to ensure that suppliers’ supplies will be complied with the Group’s requirements for environment, human rights, and employee safety and labor.

Supplier evaluation

The Group inspects the suppliers’ supply performance through questionnaires. If the performance is found to be unsatisfactory, the Group will discuss with them and formulate solutions to ensure that the suppliers meet the supply requirements.

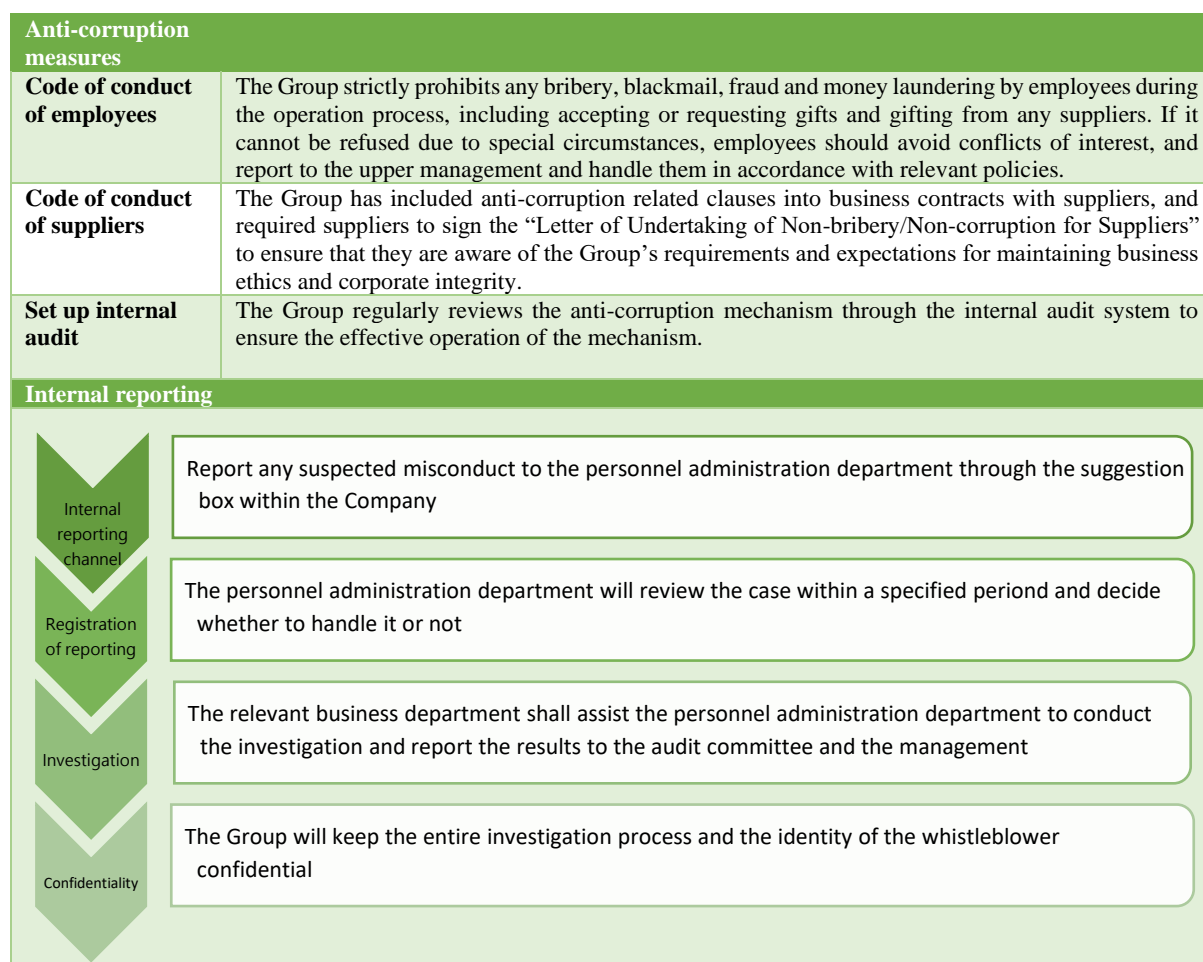
Employee training

The Group regularly arranges trainings for employees to understand the current development of green procurement in the industry and enhance employees’ perception and awareness.

During the Reporting Period, the Group engaged a total of six major suppliers, and all of them were from Mainland China and were engaged in accordance with practices. All major suppliers were mainly providing product raw materials and equipment.

ANTI-CORRUPTION

Adhering to the core values of honesty, fairness, transparency and accountability, the Group firmly believes that the strict implementation of the anti-corruption policies will not only gain the continuous trust from customers, but also enhance employees' recognition and sense of belonging. The Group has formulated a series of anti-corruption policies and codes, such as the "Group Environmental and Social Policies" as well as the "Anti-corruption and Anti-bribery Control Procedure" and "Gift and Gifting Procedure" of the Shenzhen Plant, so as to avoid any form of corruption and bribery and promote a culture of internal integrity.



In order to strengthen employees' awareness of anti-corruption and corporate integrity culture, the Group provided 114 employees with a total of 227 hours of anti-corruption trainings during the Reporting Period. During the Reporting Period, the Group did not receive any legal cases on corruption against the Group and/or its employees.

BUILDING A GREEN ENVIRONMENT

As a responsible corporate citizen, the Group is fully aware of the importance of practicing environmental protection and adheres to the mission of sustainable development, and is committed to incorporating environmental protection and sustainable development as a core part of its operational objectives and decision-making process. The Group has formulated the “Group Environmental and Social Policies” and implemented various measures on emission management, resource use, environment and natural resources, and climate change. The Shenzhen plant has formulated an “Environmental System Operation Control Procedure”, which sets medium and short-term environmental targets for electricity, water, paper and noise emissions, and a number of management plans and measures covering production processes, material procurement and administrative management to achieve resource conservation. The Shenzhen plant reviews the annual environmental objectives, indicators and management plans every year to review the effectiveness and to review the areas that are not up to standard for sustainable development.

Medium-term Environmental Objectives

Reduce Emissions Intensity by 5% in 2025 (2020 as the benchmark)	2025 Objectives	2022	2021	2020
Purchased energy intensity (by output value)	27.46	36.68 ²	28.65	28.91
Mobile source energy intensity (by output value)	0.86	1.02	0.83	0.91
Non-hazardous waste density (per square meter of area)	5.24	4.82	5.17	5.52
Intensity of water consumption (by number of employees)	25.01	21.16	23.49	26.33

“2022 Annual Environmental Objectives, Indicators and Management Plan”

Environmental Category	Environmental Management Indicators	Progress to Objectives during the Reporting Period
Power consumption	Monthly electricity consumption is maintained at not more than 17kWh for every 1,000 smart cards produced.	Up to standard
Water consumption	Monthly water consumption is not more than 2 cubic meter per person.	Up to standard
Paper consumption	Monthly paper consumption is not more than 28 reams of paper.	Up to standard
Noise emission	The noise emission of the Shenzhen Plant must comply with the national standard GB12348-2008, maintaining not more than 60 decibels during the daytime and not more than 50 decibels at night time.	Up to standard
Accidental fires	The number of fire alarms is 0 (long-term)	Up to standard
Hazardous waste emissions	All types of identified solid and liquid hazardous waste shall be stored at designated points, and 100% of them shall be transferred by qualified recycling company once a year.	Up to standard

CLIMATE CHANGE

Climate change is one of the major global issues and the Group is aware of the different impacts and risks that climate change brings to its daily operations. Accordingly, the Group has included policies and strategies in the “Group Environmental and Social Policies” to address climate change, and adopted various response measures to mitigate the risks and impacts on the Group:

² In 2022, the increase in purchased energy intensity compared to 2021 was mainly due to 18% decrease in output value in 2022 compared to 2021.

- Implement energy-saving measures in all facilities under the Group to reduce carbon emissions from production and operations;
- Timely assess the risks of climate change and implement measures to mitigate these risks;
- Purchase raw materials from suppliers and deliver finished products to customers in a more economical mode;
- Product and packaging innovations to achieve more efficient use of consumer goods and energy consumption; and
- Encourage employees, suppliers and customers to minimize carbon emissions in their daily business activities.

Meanwhile, in the pursuit to deal with climate change, we will timely assess the risks of climate change and implement measures to mitigate these risks, and integrate climate change risks into the risk management process of the Group.

RESOURCE CONSERVATION

Energy

Environmental Category - Energy Saving Plan	
Objective	Save energy resources - monthly electricity consumption is maintained at not more than 17kWh for every 1,000 smart cards produced.
Measures	<ul style="list-style-type: none"> • Promote education on resource and energy conservation, such as post energy-saving signs to improve employees' awareness of electricity conservation; • Arrange special personnel to inspect electrical equipment and deal with the abnormal electricity conditions in a timely manner; • Regularly repair and maintain electrical equipment, and arrange transformations for high energy consumption equipment; • Require employees to turn off unnecessary office equipment when they leave the office, and set to power-saving mode when idle; and • Implement sub-divisional lighting and remove some lamps to reduce excessive lighting.

Energy	2022	2021	2020
Gasoline (MWh)	61.0	61.0	69.5
Electricity (MWh)	2,195.8	2,096.3	2,200.3
Total energy consumption (MWh)	2,256.8	2,157.3	2,269.8
Energy intensity (MWh/HK\$ million (by output value))	37.7 ³	29.5	29.8

During the Reporting Period, the Group consumed a total of 2,256.8 MWh, of which 2,195.8 MWh was electricity consumption, accounting for 97% of the total consumption. The increase in electricity consumption during the Reporting Period was mainly due to the rise of indoor temperature caused by the rising temperature, so it was necessary to continuously turn on the air conditioner to cool down to ensure the stable operation of the machine and provide a comfortable working environment for employees., which led to the continuous increase of electricity consumption.

³ In 2022, the increase in purchased energy intensity compared to 2021 was mainly due to 18% decrease in output value in 2022 compared to 2021.

Water Consumption

Environmental Category - Water Consumption Plan	
Objective	Water conservation - monthly water consumption is not more than 2 cubic meter per person ⁴ .
Measures	<ul style="list-style-type: none"> Calculate the water consumption monthly, analyze the water consumption data and take water conservation measures as needed; Regularly inspect and repair water facilities, modify and strengthen the maintenance of appliances that consume large amounts of water; and Post water-saving signs to enhance employees' awareness of water conservation.

Water Consumption	2022	2021	2020
Total water consumption (m ³)	2,539.5	2,819.1	3,265.0
Intensity of water consumption (m ³ /employee (by number of employees))	21.2	23.5	26.3

The total water consumption of the Group was 2,539.5 m³ and the intensity of water consumption was 21.2 m³ per employee. The Group sourced water from municipal supply and faced no issue in sourcing water fit for purpose.

Raw Materials and Packaging Materials

Main raw materials and packaging materials	2022	2021	2020
Total usage (tonnes)	120.4	132.1	137.8
Usage density (tonnes/HK\$ million (by output value))	2.01	1.80	1.81

The Group uses paper, raw materials and packaging materials (including Carton Boxes, plastic and wood) during its production process. During the Reporting Period, the Group consumed a total of 120.4 tonnes of main raw materials and packaging materials. The use of such materials reduced by 9% as compared to the previous year, mainly due to reduced production⁵.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands that the operation process will have a significant impact on the surrounding environment and natural resources. As such, the Group regularly monitors the impact of its business operations on the environment, identifies and manages major environmental risks. In response to chemical leakage, fire and other environmental accidents, the Group has formulated the "Management Procedures for Emergency Response Plans" to reduce pollution to the atmosphere and adjacent water and soil caused by accidents. Before plant construction or any project expansion, the Group will also conduct environmental assessment to identify and evaluate the potential impact of the project on the surrounding environment and environmental factors to ensure that the impact on the surrounding environment is minimized during the construction period.

The production equipment of the Shenzhen Plant generates noise pollution during its operation process. As such, the Group has formulated the "Environmental System Operation Control Procedures" to implement noise control, including reasonable arrangement for the operation of machinery and equipment and conduct daily inspections and maintenance of plant machinery and equipment to ensure that the noise emissions of the plant meet the requirements of national standards. In addition, the Group also regularly entrusts an external testing company to conduct noise monitoring for the plant in accordance with the noise standard "National Standard GB12348-2008 of the People's Republic of China". The Group will implement improvement measures based on the relevant testing results.

⁴ 1 cubic meter for prior years, it was adjusted to 2 cubic meters this year after internal review.

⁵ Please refer to 2022 Annual Report

EMISSION MANAGEMENT

The emissions from the daily business operations of the Group include greenhouse gases, air pollutants, hazardous and non-hazardous wastes, and sewage. The Group is committed to reducing emissions, so as to reduce the impact on the surrounding environment. The Group has formulated the “Group Environmental and Social Policies” and “Environmental System Operation Control Procedure” to specify the Group’s policies and measures for emission management.

Air emissions

The Group’s main air emissions come from combustion of energy used by vehicles, mainly including nitrogen oxides, sulphur oxides and respirable suspended particulates. During the Reporting Period, the emissions of nitrogen oxides, sulphur oxides and respirable suspended particulates were 1.72, 0.49 and 0.16 kg respectively, representing a decrease compared with the previous year.

Air Emissions ⁶ (kg)	2022	2021	2020
Nitrogen oxides	1.72	2.02	2.01
Sulphur oxides	0.49	0.51	0.56
Respirable suspended particulates	0.16	0.19	0.19

Regarding air pollutant emissions, the Group has made different requirements for transportation arrangements and business trips, such as integrating transportation arrangements and selecting more environment-friendly transportation service providers to minimize emissions. The reduction of air emissions in 2022 compared to 2021 was primarily due to the reduction of unnecessary trips as a result of COVID-19.

Greenhouse gas emissions

In order to calculate the greenhouse gas emissions generated by its operations, the Group continued to commission an independent sustainable development consulting firm to conduct a carbon assessment based on local guidelines and international standards. During the Reporting Period, the Group’s total greenhouse gas emissions amounted to 1,577 tonnes carbon dioxide equivalent, mainly come from purchased electricity outside in scope 2, accounting for 79.4% of the total emissions, followed by the combustion of mobile source fossil fuels and fugitive emissions related to refrigerants in scope 1, accounting for 20.6% of the total emissions. Compared with the previous year, the Group’s greenhouse gas emissions decreased by 4%, mainly due to the decrease in the use of refrigerants, which reduced the fugitive emissions in scope 1. In order to further formulate emission reduction objectives, the Group will continue to formulate the directions and measures of emission reduction by assessing and recording annual air pollutants and greenhouse gas emissions data, and disclose the Group’s performance during the year to stakeholders.

⁶ Only air pollutant emissions related to fossil fuel combustion from mobile sources are included.

Greenhouse Gas Emissions (tonnes carbon dioxide equivalent)	2022	2021	2020
Scope 1 : Direct greenhouse gas emissions ⁷	324.7	410.9	215.0
Scope 2 : Energy indirect greenhouse gas emissions	1,252.3	1,224.2	1,342.4
Total greenhouse gas emissions	1,577.0	1,635.1	1,557.4
Intensity of greenhouse gas (tonnes carbon dioxide equivalent/HK\$ million (by output value))	26.3 ⁸	22.3	20.5

Waste

The Group is committed to reducing the generation of hazardous and non-hazardous waste in its daily operation, including waste reduction at the source, classification for collection and recycling. For hazardous waste management, the Group also places various firefighting equipment at the storage places of hazardous waste. Meanwhile, the Group also regularly provides training on the classification and storage of hazardous waste for all employees and enhances their knowledge of disposing of hazardous wastes.

Environmental Category - Management Plan for Hazardous Waste	
Objectives	All types of waste are disposed of in accordance with regulatory requirements to reduce the impact on the environment.
Measures	<ul style="list-style-type: none"> All types of identified hazardous waste are stored at designated points with fire prevention measures in place; Store scrapped lamps, oily waste rags, etc. in a fixed location and clearly label the recycling details; Handing over the scrapped pen refills, ink cartridges, printing oil bottles, etc. to the management department for collection and storage, and recording the collection schedule; and Full transfer of all solid and liquid hazardous waste once a year by an environmental company and keep the records.

Manage Non-Hazardous Waste

Environmental Category - Management Plan for Paper Conservation	
Objectives	Save paper by using not more than 28 reams of paper per month.
Measures	<ul style="list-style-type: none"> Promote the use of electronic communication as a communication channel for daily work; Encourage employees to use double-sided printing and refuse excessive printing; Regularly inspect paper consumption equipment to ensure that problems are dealt with as soon as possible; and Promote the importance of paper conservation among employees and strengthen their awareness of paper conservation.

Waste	2022	2021	2020
Total output of hazardous waste (tonnes)	0.4	0.5	0.5
Density (tonnes/thousand m ²)	0.07	0.08	0.08
Total output of nonhazardous waste (tonnes)	28.9	31.0	33.1
Density (tonnes/thousand m ²)	4.82	5.17	5.52

During the Reporting Period, the Group generated a total of 0.4 tonnes of hazardous waste, mainly including waste oil from the Shenzhen Plant. All hazardous waste has been collected by qualified recycling company. Meanwhile, the Group generated 28.9 tonnes of non-hazardous waste including paper, plastic and other daily waste during the Reporting Period. Paper and plastic are delivered to recyclers for recycling and sale, while general daily waste is disposed of upon unified collection.

⁷ Scope 1 includes the combustion of mobile source fossil fuel and fugitive emissions related to refrigerants. There were no stationary emission sources during the Reporting Period.

⁸ In 2022, the increase in intensity of greenhouse gas compared to 2021 was mainly due to 18% decrease in output value in 2022 compared to 2021.

Wastewater discharge

The wastewater of the Group mainly comes from the domestic wastewater in Shenzhen Plant. In order to ensure the safe discharge of wastewater, the Group has established a set of sewage discharge system in accordance with the DB44/26-2001 secondary standard of "Guangdong Province Local Standard Water Pollutant Discharge Limits", and all wastewater was discharged only after proper treatment. The domestic wastewater from the Group is discharged into the septic tank via the pipeline, and then discharged into the municipal sewage pipeline after being processed by the septic tank.

CARE FOR THE COMMUNITY

Adhering to the tenet of "from the community, for the community", the Group is committed to performing corporate social responsibility to take care of the needs of different people in the communities. The Group has formulated the "Group Environmental and Social Policies" and the "Giving Back to the Society and Social Investment Management System" to implement the Group's direction of community investment.

The Group encourages employees to actively participate in the public welfare undertakings, giving back to the local community through actions and promoting positive development of the society. Same to the previous year, the Group allocated a total of RMB17,000 and 100 hours for different activities in the community during the Reporting Period. Looking ahead, the Group will continue to participate in all kinds of community projects and give back to the society.

Natural Environment

Tree-planting day

A total of 20 employees were sent out to participate in this event and RMB15,000 were invested

Labour Employment

Charity-based recruitment event

A total of 10 employees were sent out to participate in this event and RMB2,000 were invested

COMPLIANCE PERFORMANCE

Level	Laws and Regulations that have Significant Impacts on the Group	Significant Impacts on the Group	Ways to Ensure the Compliance with these Laws and Regulations
Emissions	"The Environmental Protection Law of the People's Republic of China"	The Group has implemented the ISO 14001 environmental system. It has entered into an agreement for directional recycling with a professional company on the generation of the environmentally hazardous waste. This portion of expenditure is approximately RMB30,000 each year.	The Group conducts daily business operations in strict accordance with the environmental protection law and invites third party to conduct ISO 14001 external audits to ensure the operation of the Group meets the standards.
Employment	"The Labor Law of the People's Republic of China"	The restrictions of national labor regulations on overtime hours have a certain impact on the hiring of employees by the Group. The Group needs recruited more employees, and the overall wage expenditure has increased by approximately 5-10%.	The Group will continue to strictly follow the labor laws stipulated by the state and sign labor contracts with employees to protect their rights and interests.
Health and safety	"The Production Safety Law of the People's Republic of China" "The Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" "The Fire Control Law of the People's Republic of China"	The Group considers that safety is an important element of its production operations, which enables the Company to develop continuously and steadily. The Group pays attention to the health and safety of employees and strives to reduce the harm to employees caused by production operations.	In addition to a series of occupational safety measures, the Group also regularly provides with relevant training on production safety, fire protection, and occupational health.
Labor standards	"The Labor Law of the People's Republic of China" "The Law of the People's Republic of China on the Protection of Minors"	The Group prohibits child labor and forced labor. The Group strictly complies with the national labor regulations and protects the rights and interests of minors. The Group is aware that violating laws and regulations will be subject to penalties by regulatory authorities.	In the process of recruitment, the Group will check employed persons' identity supporting documents to ensure they meet the legal working age.
Product responsibility	"The Product Quality Law of the People's Republic of China"	The Group attaches importance to product quality and regards high-level product quality as its operation goal.	The Group has established a quality management system that meets ISO 9001:2015 certification. The Group monitors and analyses the entire production process to control product quality. Meanwhile, the Group regularly conducts training on product quality for employees to ensure a smooth production process and improve product quality.

During the Reporting Period, the Group did not violate the above relevant laws and regulations that had a significant impact on the Group. Meanwhile, for the anti-corruption aspect, no legal case on corruption has been filed against the Group and/or its employees.

OVERVIEW OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

Environmental Key Performance Indicators		2022	2021	2020	Unit
Atmospheric pollutants ⁹	Nitrogen oxides	1.72	2.02	2.01	kg
	Sulphur oxides	0.49	0.51	0.56	kg
	Respirable suspended particulates	0.16	0.19	0.19	kg
Greenhouse gas	Scope 1 ¹⁰	324.7	410.9	215.0	tonnes carbon dioxide equivalent
	Scope 2 ¹¹	1,252.3	1,224.2	1,342.4	tonnes carbon dioxide equivalent
	Total greenhouse gas emissions	1,577.0	1,635.1	1,557.4	tonnes carbon dioxide equivalent
	Intensity of greenhouse gas emissions (by output value)	26.3	22.3	20.5	tonnes carbon dioxide equivalent/ HK\$ million
Hazardous waste	Total hazardous waste	0.4	0.5	0.5	tonne
	Intensity of hazardous waste (by per thousand square metre)	0.07	0.08	0.08	tonne/thousand m ²
Non-hazardous waste	Total non-hazardous waste	28.9	31.0	33.1	tonne
	Intensity of non-hazardous waste (by per thousand square metre)	4.82	5.17	5.52	tonne/thousand m ²
Energy	Gasoline	61.0	61.0	69.5	MWh
	Electricity	2,195.8	2,096.3	2,200.3	MWh
	Total energy consumption	2,256.8	2,157.3	2,269.8	MWh
	Intensity of energy (by output value)	37.7	29.5	29.8	MWh/ HK\$ million
Water consumption	Total water consumption	2,539.5	2,819.1	3,265.0	m ³
	Intensity of water consumption (by number of employees)	21.2	23.5	26.3	m ³ /employee
Main raw materials and packaging materials	Total main raw materials and packaging materials	120.4	132.1	137.8	tonne
	Intensity of main raw materials and packaging materials (by output value)	2.01	1.80	1.81	tonne/ HK\$ million

⁹ Including only atmospheric pollutant emissions related to the combustion of mobile source fossil fuels.

¹⁰ Scope 1 includes the combustion of mobile source fossil fuels and fugitive emissions related to refrigerants. There were no stationary emission sources during the Reporting Period.

¹¹ Scope 2 represents the electricity use of purchased energy.

SOCIAL PERFORMANCE

Employee Distribution			2022	2021	2020
Number of employees	Gender	Male	85	84	86
		Female	35	36	38
	Age	Below 30	53	53	58
		30-40	48	48	48
		41-50	17	17	17
		Above 50	2	2	1
	Position	Main leaders	2	2	2
		Senior management	11	11	11
		Middle management	10	10	10
		Ordinary employees	97	97	101
Total number of employees			120	120	124
Number and percentage of new hires	Gender	Male	39 (46%)	39 (46%)	41 (48%)
		Female	12 (34%)	12 (33%)	15 (39%)
	Age	Below 30	30 (57%)	30 (57%)	35 (60%)
		30-40	19 (40%)	19 (40%)	19 (40%)
		41-50	2 (12%)	2 (12%)	2 (12%)
		Above 50	0 (0%)	0 (0%)	0 (0%)
	Position	Main leaders	0 (0%)	0 (0%)	0 (0%)
		Senior management	0 (0%)	0 (0%)	0 (0%)
		Middle management	0 (0%)	0 (0%)	0 (0%)
		Ordinary employees	51 (53%)	51 (53%)	56 (55%)
Percentage of new hires			43%	43%	45%
Number and percentage of employee turnover	Gender	Male	38 (45%)	41 (49%)	42 (49%)
		Female	13 (37%)	14 (39%)	16 (42%)
	Age	Below 30	29 (55%)	33 (62%)	36 (62%)
		30-40	22 (46%)	22 (46%)	22 (46%)
		41-50	0 (0%)	0 (0%)	0 (0%)
		Above 50	0 (0%)	0 (0%)	0 (0%)
	Position	Main leaders	0 (0%)	0 (0%)	0 (0%)
		Senior management	0 (0%)	0 (0%)	0 (0%)
		Middle management	0 (0%)	0 (0%)	0 (0%)
		Ordinary employees	51 (53%)	55 (57%)	58 (57%)
Percentage of employee turnover			43%	46%	47%

Staff Training			2022	2021	2020
Number and percentage of trained individuals ¹²	Gender	Male	80(94%)	80 (95%)	82 (95%)
		Female	34(97%)	34 (94%)	34 (89%)
	Position	Main leaders	2 (100%)	2 (100%)	2 (100%)
		Senior management	11 (100%)	11 (100%)	11 (100%)
		Middle management	10 (100%)	10 (100%)	10 (100%)
Ordinary employees	91 (94%)	91 (94%)	93 (92%)		
Average training time (hour)	Gender	Male	10.1	10.3	10.3
		Female	11.4	11.5	10.5
	Position	Main leaders	6	6	6
		Senior management	5.5	6	5.5
		Middle management	9.6	11.2	9.6
Ordinary employees	11.3	11.3	11		
Number of employees who receive a regular performance and career development review	Gender	Male	54	54	56
		Female	14	14	17
	Position	Main leaders	2	2	2
		Senior management	11	11	11
		Middle management	10	10	10
Ordinary employees	45	45	50		

OCCUPATIONAL SAFETY AND HEALTH PERFORMANCE

Occupational Safety and Health Performance	2022	2021	2020
Number and rate of work-related fatalities	0 (0%)	0 (0%)	0 (0%)
Number of work injury	0	0	0
Lost days due to work injury	0	0	0

SUPPLY CHAIN MANAGEMENT PERFORMANCE

Location of Suppliers	2022	Percentage of Suppliers Implementing Relevant Practices ¹³
Mainland China	6	100

¹² For 2022, breakdown of trainees by gender: male (70%) and female (30%); breakdown of trainees by position: main leaders (2%), senior management (10%), middle management (9%) and ordinary employees (79%). For 2021, breakdown of trainees by gender: male (70%) and female (30%); breakdown of trainees by position: main leaders (2%), senior management (10%), middle management (9%) and ordinary employees (79%). For 2020, breakdown of trainees by gender: male (71%) and female (29%); breakdown of trainees by position: main leaders (2%), senior management (9%), middle management (9%) and ordinary employees (80%).

¹³ The Group selects suppliers in accordance with the "Social Accountability Management Handbook", the "Procurement Control Procedures" and the SA8000 "Standards on Social Accountability Management System".

"ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE" CONTENT INDEX

Subject Areas	Contents	Section Reference
Mandatory Disclosure Requirements		
Governance structure	(i) Disclosure of the Board's supervision for environmental, social and governance matters.	Message from the Board/ Sustainability governance
	(ii) The Board's approach and strategy for environmental, social and governance management, including the process for assessing, prioritizing and managing significant environmental, social and governance related issues, including risks to the issuer's business.	Message from the Board/ Sustainability governance
	(iii) How the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.	Message from the Board/ Sustainability governance
Reporting Principle	Materiality: The ESG report should disclose (i) the process for identifying material ESG factors and the criteria for their selection; and (ii) if the issuer has undertaken stakeholder engagement, a description of the material stakeholders identified and the process and results of the issuer's stakeholder engagement.	Report standards
	Quantitative : Information on the standards, methods, assumptions and/or calculation tools used to report emissions/energy consumption (where applicable) and the source of conversion factors used should be disclosed.	Report standards
	Consistency: Issuers should disclose changes in statistical methodology or key performance indicators (if any) or any other relevant factors affecting meaningful comparisons in ESG reports.	Report standards
Scope of report	Explain the scope of ESG reporting and describe the process of selecting which entities or businesses to include in the ESG report. If the scope of reporting changes, issuers should explain the differences and the reasons for the changes.	Scope of report
comply or explain" clause		
A. Environment		
Level 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.	Building a green environment/ Compliance performance
A1.1	The types of emissions and respective emissions data.	Building a green environment/ Environmental performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions and density (if applicable)	Greenhouse gas emissions/ Environmental performance
A1.3	Total hazardous waste produced and intensity (if applicable).	Waste/ Environmental performance
A1.4	Total non-hazardous waste produced and intensity (if applicable).	Manage non-hazardous waste/ Environmental performance
A1.5	Description of the emission targets and the steps taken to achieve these targets.	Building a green environment
A1.6	Description of the methods used to dispose hazardous and non-hazardous waste, and describe the waste reduction targets and the steps taken to achieve these targets.	Building a green environment
Level A2 : Use of resources		
General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	Resource conservation
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy/ Environmental performance
A2.2	Water consumption in total and intensity.	Water consumption/ Environmental performance
A2.3	Description of energy efficiency targets and the steps taken to achieve these targets.	Building a green environment
A2.4	Description of whether there is any issue in sourcing water and the water efficiency targets and the steps taken to achieve these targets.	Building a green environment
A2.5	Total packaging material used for finished products and with reference to per unit produced (if applicable).	Raw materials and packaging materials/ Environmental performance

Level A3 : The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Building a green environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Building a green environment
Level 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
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.	Environmental, social and governance risk management
B. Society		
Level 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, antidiscrimination, and other benefits and welfare.	Desirable working environment/ Compliance performance
B1.1	Total workforce by gender, employment type, age group and geographical region.	Social performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Social performance
Level 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/ Compliance performance
B2.1	The number and rate of work-related fatalities in each of the past three years (including the reporting year).	Occupational safety and health performance
B2.2	Lost days due to work injury.	Occupational safety and health performance
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety
Level 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
B3.1	The percentage of employees trained by gender and employee category.	Social performance
B3.2	The average training hours completed per employee by gender and employee category.	Social performance
Level B4 : Labor 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 labor.	Labor standards/ Compliance performance
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labor standards
Level B5 : Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
B5.1	Number of suppliers by geographical region.	Supply chain management/ Supply chain management performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management/ Supply chain management performance
B5.3	Description of practices for identifying environmental and social risks in each segment of the supply chain, and related implementation and monitoring methods.	Supply chain management
B5.4	Description of practices to promote the use of environmentally friendly products and services in the selection of suppliers, and related implementation and monitoring methods.	Supply chain management

Level 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, labeling and privacy matters relating to products and services provided and methods of redress.	Product responsibility/ Compliance performance
B6.1	Percentage of the total number of products sold or shipped that have to be recalled for safety and health reasons.	Product responsibility
B6.2	Number of products and service-related complaints received and how they are dealt with.	Product responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
B6.4	Description of quality assurance process and recall procedures.	Product responsibility
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility
Level 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/ Compliance performance
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
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
B7.3	Description of the anti-corruption training provided to directors and employees.	Anti-corruption
Level 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.	Care for the community
B8.1	Focus areas of contribution.	Care for the community
B8.2	Resources contributed to the focus area.	Care for the community