

CHINA HONGGUANG
HOLDINGS LIMITED
中國宏光控股有限公司

Incorporated in the Cayman Islands
with limited liability

Stock code: 8646

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2022

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INTRODUCTION

China Hongguang Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are committed to providing high quality architectural glass products, such as energy-efficient safety glass products and smart glass products. The Group places much emphasis on corporate social responsibility. While endeavoring to realise its corporate goals, it also expects to contribute to society from various aspects so as to achieve long-term and sustainable development goals.

This Environmental, Social and Governance (“**ESG**”) report will focus on the balance between business needs, social demands and environmental impacts. The Group recognises the growing trend and importance of incorporating sustainability into its business operations. A proactive approach in stakeholder engagement is adopted by the Group to understand the needs and expectations of its stakeholders, as well as to better manage ESG-related matters.

Finally, as to the policies and performance of the Group in relation to the four major aspects, including environmental protection, employment and labour practices, operating practices and community engagement for the period from 1 January 2022 to 31 December 2022 (the “**Reporting Year**”), the Board is hereby pleased to present the 2022 ESG report of the Group.

ABOUT THIS REPORT

Board Statement

The Group recognises the importance of environmental, social and corporate governance for sustainable corporate development. Accordingly, the Group has established an ESG management framework to ensure the relevant ESG policies are effectively implemented in its operations. The Board is primarily responsible for monitoring ESG governance issues relating to the Group, including determining ESG governance programme, understanding and controlling ESG-related risks, and monitoring the formulation and implementation of relevant policies and measures by the management and relevant departments. The Board also requires the Group's management to report to the Board on ESG-related issues and subsequent developments in a timely and proactive manner, such as significant deviations from expected targets in ESG performance indicators, serious ESG incidents, changes in regulatory requirements, etc.

The Board is responsible for:

- appointing the Group's key person responsible for ESG matters;
- approving ESG strategies, action plans and targets;
- approving the implementation of ESG-related measures and monitoring the resources required;
- monitoring the progress and performance of ESG measures; and
- reviewing and approving the annual ESG reports.

The management is responsible for:

- identifying and assessing the Group's ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arrange relevant work accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems being in place;
- reporting to the Board on the progress and performance of ESG; and
- reviewing and submitting annual ESG report to the Board for approval.

Functional departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report ESG work and performance indicators to the management regularly;
- collecting information and data on the Group's ESG performance; and
- preparing the annual ESG report and report to the management.

The Board will continue to monitor the ESG-related work and keep abreast of the latest ESG disclosure requirements and regulations of the Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future in order to strive for better performances and better align with stakeholders' expectations.

Board Diversity Policy

As of the reporting date, the Group's board of directors consists of 7 directors, including 4 male directors and 3 female directors. All appointments of Directors are based on the principle of meritocracy, and objectively considering the diversity of Board composition and the needs of the Board. The Group's selection of director will be based on a series of criteria including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and seniority, and other factors that the Board may consider relevant and applicable from time to time. When determining the optimal composition of the board of directors, the business model of the group and other relevant factors will also be considered, and the final decision will be made based on the strengths of the candidates and the contributions they can provide to the board of directors.

Reporting Principle

This ESG report follows the requirements of the ESG Reporting Guide as set out in Appendix 20 of the GEM Listing Rules issued by the Stock Exchange that contains reporting principles of materiality, quantification and consistency, details of which are set out below:

Materiality

In addition to internal factors, such as the Group's corporate value, strategies and core competence, the Group also attaches importance to communication with the internal and external stakeholders, and considers the ESG strategies of other competitors in the industry, so as to achieve sustainable development. The Group has identified the following categories that have or may have a significant impact on the Group's ESG performance:

The Group has identified the following material ESG issues which have or may have a significant impact on:

- The architectural glass products industry in the PRC;
- The global architectural glass products market;
- Present or future environment or society in which the Group locates and operate;
- Financial and operation performance of the Group; and
- Evaluation, decision and action of the Group's stakeholders.

Quantification

The key performance indicators disclosed in this ESG report are supported by quantized data and measurable standards. The source of all applicable data, calculation tools, methods, references and conversion factors applied are disclosed in emission data presented in this report.

Consistency

For comparative purposes of ESG performance from year to year, the Group adopts consistent approaches for data collection, calculation and reporting, where reasonable, across all financial years, and records significant changes in detail for the relevant components. In this report, the density of the relevant performance indicator data is calculated based on the number of employees¹ of the Group, unless otherwise indicated. In preparing this report, the Group has referred to certain global, local and industrial standards or best practices, including the ESG Reporting Guide of the Hong Kong Stock Exchange and applicable Hong Kong Accounting and Financial Reporting Standards.

Feedback

As the Group attaches great importance to the concerns of each stakeholder, we welcome any advises and suggestions that may enhance the Group's ESG performance. The Group is open to and values all advices and suggestions received, in order to uphold the common interests of the Group and all stakeholders. Stakeholders are welcome to send such advices and suggestions to the Group's email: hongguang@hongguang.hk.

ABOUT CHINA HONGGUANG HOLDINGS LIMITED

The Business of the Group

The Group is principally engaged in the production and sales of architectural glass products, including energy-efficient safety glass and smart glass products, which may be further processed as glass materials or installed as construction materials. The Group's headquarters is located at Jieyang City, PRC. Its sales network mainly covers southern PRC and will expand to central and eastern PRC in the future. The core customers include construction subcontractors, midstream architectural glass processors, as well as those in optics industry.

Vision

To maintain the position of the Group in the PRC market and high quality of its products, through product diversification and corporate strategies, the Group hopes to promote "Hongguang" as a brand in the international market for maximising sustainable development for its stakeholders.

Mission

To become an advocate of corporate social responsibility through stakeholders and community engagement in various aspects.

¹ The number of employees in 2021 and 2022 was 63 and 66 respectively.

Objective

Continue to provide high quality architectural glass products for its customers.

Board of Directors

As at the date of this ESG report, the board of directors the Group comprises:

Executive Directors	Independent Non-Executive Directors
Mr. Wei Jiakun (Chief Executive Officer)	Ms. Chen Xiuyan
Ms. Lin Weishan (Chairman)	Mr. Jia Xiaogang
Mr. Chen Biming	Mr. Wu Yong
Ms. Li Wanna	-

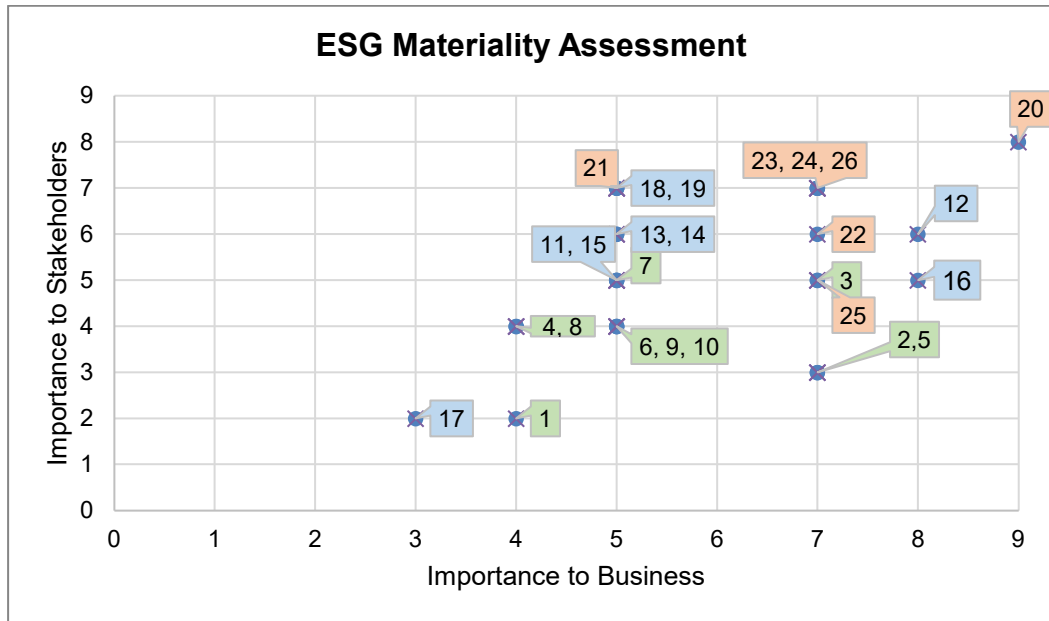
PARTICIPATION OF STAKEHOLDERS

The Group actively strives to better understand and engage its stakeholders to guarantee continuous improvements. The Group strongly believes that its stakeholders play a vital role in sustaining the success of its business.

Stakeholders	Probable issues of concern	Communication and responses
The Stock Exchange	Compliance with Listing Rules, and timely and accurate announcements	Meetings, training, website updates and announcements
The Government	Compliance with laws and regulations, prevention against tax evasion, and social welfare	Government inspection, tax declaration and other information
Suppliers	Payment schedule, and demand stability	Business communication, procurement contracts, e-mail and telephone connection
Shareholders/ Investors	Corporate governance system, business strategies and performance, and investment returns	Organising and participating in seminars, shareholders' meetings, providing financial reports or operation reports to investors and analysts
Media and Public	Corporate governance, environmental protection, and human rights	Publishing newsletters on the corporate website
Customers	Product quality, reasonable price, and product value	Field investigation and after-sales services
Employees	Interests and welfare, employee remuneration, training and development, work hours, and working environment	Training, interviews with employees, internal memos, and employee suggestion boxes
Community	Community environment, employment and community development, and social welfare	Developing community activities, volunteering activities of employees, community welfare, subsidies and charitable donations

MATERIALITY ASSESSMENT

During the Reporting Year, the Group has undertaken surveys of materiality assessment exercise, including internal and external stakeholders i.e., the management and employees, major customers and suppliers to determine the impact of such issues on the Group's business operation, environment and society. Based on the reporting scope and the consideration towards the corporate business characteristics, the Group has identified the relevant material ESG topics and is detailed in the following chart and the table:



No.	ESG Topics
Environmental Issues	
1	Greenhouse gas emission/ global warming
2	Exhaust air emission
3	Energy consumption
4	Water consumption
5	Hazardous waste/ sewage
6	Non-hazardous waste/ sewage
7	Paper consumption
8	Climate change
9	Compliance with environmental laws and regulations

No.	ESG Topics
Social Issues	
10	Anti-COVID 19 epidemic
11	Employee rights and welfare
12	Inclusion, equal opportunities and anti-discrimination
13	Talent attraction and retention
14	Occupational health and safety
15	Training and development
16	Preventive measures for child and forced labour
17	Community investment and engagement

No.	ESG Topics
Operational Issues	
18	Supply chain management
19	Customers' satisfaction
20	Customers' privacy
21	Product quality
22	Intellectual property
23	Economic performance
24	Operational compliance
25	Corporate governance
26	Anti-corruption

As shown above, the material ESG topics of the Group covers issues from the environmental, social and operational issues, more importance has been put towards Operational issues and environmental issues. For instance, the ESG issues that are most related to the Group's business concerns its customers' privacy, inclusion, equal opportunities and anti-discrimination, preventive measures for child and forced labour.

Going on, the Group will maintain communication with stakeholders and collect respective opinions through different channels for making substantive analysis. Meanwhile, the Group will revise the reporting principles of materiality, quantification, and consistency as necessary, so as to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and disclosure of the information.

Scope of the Report

This report makes relevant disclosures in accordance with the requirements of the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") set out in Appendix 20 of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and complies with the "comply or explain" provisions therein. This report summarises the ESG implementation of Jieyang Hongguang Coated Glass Limited ("Hongguang Glass"), the main operating entity of the Group, which helps to evaluate the ESG performance of the Group's business operations in the PRC.

A. Environmental

A1 Emissions

Air Pollution Emissions

The Group's core business activities include production and sales of architectural glass products, which require production facilities such as fixed machines and equipment. Electricity is adopted as the energy source for its production. Compared with gaseous fuel or fossil fuel, the use of electricity ensures safety and stability in its production line, as well as reduction of air emissions. The Group's principal business operations and production do not involve the use of fossil fuel, gaseous fuel or refrigerant, where the only material air pollutants emitted is from the usage of private cars owned by the Group for transferring its management, client and employees. The material air pollutants emitted from the automobile usage are mainly composed of sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM").

During the Reporting Year, the total air pollutants produced amounted to approximately 2.92 kg (2021: 2.53 kg), with an intensity of approximately 0.04 kg (2021: 0.04 kg) per employee, with an increase of approximately 0.39 kg and 15.42%, which was mainly due to the increasingly use of petrol automobile to expand the Group's business. During the Reporting Year, 1 petrol automobile was used for business needs. The details of the Group's air pollutant emissions are detailed as follow:

Air Pollutant (kg)	2021	2022
NOx	2.31	2.67
SOx	0.05	0.05
PM	0.17	0.20
Total Air Pollutant Emissions (kg)	2.53	2.92
Air Pollutant Emission intensity (kg per employee)	0.04	0.04

The Group will continue to monitor its production line and conduct frequent inspects and maintenance so as to ensure energy-efficiency of its machineries and maintain low emission in this aspect. In addition, the Group will also regularly inspect and maintain its vehicles, with the goal of ensuring energy efficiency and reducing unnecessary fuel consumption, while minimizing the amount of air emissions as far as possible in the future, so as to reduce the environmental impact from its business operation.

Greenhouse Gas Emissions

Continuous greenhouse gas ("GHG") emissions pose significant threats to the environment, such as drastic climate change and disruption in the global ecosystem. The Group's GHG emissions was mainly attributable to 1) scope 1: direct emission from mobile combustion source; 2) scope 2: the electricity consumption by production facilities, as well as 3) scope 3: other indirect emissions from daily business operations, for example, paper waste disposed at landfills, electricity used for processing fresh water and sewage, and business air travel by employees etc.

During the Reporting Year, the total GHG emissions by the Group amounted to approximately 1,450.59 tonnes (2021: 1,851.30 tonnes). Meanwhile, the corresponding GHG emissions intensity was approximately 21.98 tonnes per employee (2021: 29.39 tonnes per employee).

The composition of the Group's GHG emissions breakdown in the Reporting Year can be found in table below:

Scope	Sources of GHG emissions	2021 (tonnes)	2022 (tonnes)
Scope 1	Direct Emissions from mobile combustion source ²	9.20	9.69
Scope 2	Indirect emissions from electricity consumption by production facilities ³	1,814.12	1,410.76
Scope 3	Other indirect emissions from daily business operations	27.62	30.14
	Paper waste disposed at landfills	5.59 ⁴	4.61
	Electricity used for processing fresh water ⁵	15.12	12.88
	Electricity used for processing sewage ⁶	6.91	5.88
	Business air travel by employees ⁷	-	6.77
Total GHG emissions produced (tonnes)		1,851.30	1,450.59
GHG emissions intensity (tonnes per employee)		29.39	21.98

² The travelling distance is estimated based on the units of fuel consumed by vehicles using the "Transport – Energy Utilization Index" issued by the Electrical and Mechanical Services Department of Hong Kong on April 2022 at <https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk>.

³ The power supply discharge coefficient of Guangdong Province for 2021 was 0.8042 kg/kWh, which was referred to the 《2019 年度减排项目中国区域电网基准线排放因子》 published by the Ministry of Ecology and Environment, the PRC on 29 December 2020. The power supply discharge coefficient was updated to 0.5810 kg/kWh according to the 《企业温室气体排放核算方法与报告指南发电设施（2022 年修订版）》 published by the Ministry of Ecology and Environment, the PRC in 2022. The power supply discharge coefficient for 2022 is also set as 0.5810 kg/kWh according to the 《企业温室气体排放核算方法与报告指南发电设施（2022 年修订版）》. As the power supply discharge coefficient for the Reporting Year is updated, the data for 2021 is restated according to the updated discharge coefficient <https://www.mee.gov.cn/xxgk/xxgk06/202203/W020220315357528424119.pdf>.

⁴ The data of paper waste disposed at landfills during 2021 is updated, so relevant emissions data is restated.

⁵ According to the 2020/21 Annual Report published by Hong Kong Water Supplies Department, the purchased electricity consumption per unit volume of fresh water treated was 0.612 kWh per unit), while the default territory-wide emission factor was 0.7 kg/kWh. Due to the limitation in obtaining relevant data in the PRC, the above figures were taken as the same as those in the PRC. Besides, as the 2021/22 Annual Report has not been announced by Hong Kong Water Supplies Department, so the purchased electricity consumption per unit volume of fresh water treated is same as 2020/21, which is 0.612 kWh https://www.wsd.gov.hk/filemanager/common/annual_report/2020_21/vendor/flipbook/61/index.html.

⁶ According to the latest 2020/21 Annual Report published by Hong Kong Drainage Services Department, the purchased electricity consumption per unit volume of sewage treated was 0.29 kWh per unit, while the default territory-wide emission factor was 0.7 kg/kWh. Due to the limitation in obtaining relevant data in the PRC, the above figures were taken as the same as those in the PRC. Besides, as the 2021/22 Annual Report has not been announced by Hong Kong Drainage Services Department, so the purchased electricity consumption per unit volume of sewage treated is same as 2020/21, which is 0.29 kWh

https://www.wsd.gov.hk/filemanager/common/annual_report/2020_21/vendor/flipbook/61/index.html.

⁷ Refer to the Carbon Emission Calculators of International Civil Aviation Organisation to estimate the carbon emission of the relevant flights. There was no business air travel by employees due to Covid-19 in 2021.

Fossil fuel, gaseous fuel and refrigerant are not used during the production process and the Group's business activities. During the Reporting Year, the scope 1 GHG emissions by the Group amounted to approximately 9.69 tonnes (2021: 9.20 tonnes), with an increase of approximately 0.49 tonnes and approximately 5.33%, which was mainly due to the increasingly use of petrol automobile to expand the Group's business.

The scope 2 GHG emissions was mainly attributed from the electricity consumption by the Group's production facilities and office. During the Reporting Year, the total scope 2 GHG emissions by the Group amounted to approximately 1,410.76 tonnes (2021: 1,814.12 tonnes), with a decrease of approximately 403.36 tonnes and approximately 22.23%. As the Group's electricity consumption is directly related to the production of tempered glass, the reduction in tempered glass production during the Reporting Year had led to the decrease in electricity consumption, and thus a decrease in scope 2 GHG emissions.

The scope 3 GHG emissions was mainly attributed to 4 aspects, namely paper waste disposed at landfills, electricity used for processing fresh water, electricity used for processing sewage, and business air travel by employees. During the Reporting Year, the scope 3 GHG emissions by the Group amounted to approximately 30.14 tonnes (2021: 27.98 tonnes), with an increase of approximately 2.16 tonnes and approximately 7.72%, which was mainly due to the increase in business air travel by employees to expand the Group's business.

Apart from conducting regular checks and maintenance of its production facilities, the Group also emphasised on the reduction of electricity and water consumption, which help to cut down its carbon emissions from the source. The Group will continue to advocate the installation and usage of environmentally friendly electrical appliances so as to ensure the low emission in this aspect.

Moreover, the Group will give priority to electric vehicles (EV) when there is a need to purchase automobile and installed charging facilities in the factory area of the Group. During the Reporting Year, the Group has purchased 3 EVs, and owned 5 EVs in total currently to replace the use of petrol vehicles in order to reduce the emission of air pollutants and GHG emissions.

Waste Management

Hazardous Waste

As aforementioned, the Group's core business concerns the processing of architectural glass products, in which procedures such as coating and tempering do not produce any hazardous waste. The remaining sewage from the production process was treated strictly under the government's regulations. Therefore, no material hazardous waste was produced or disposed by the Group during the Reporting Year. The Group will continue to monitor its production line and sewage management so as to ensure standardised and appropriate waste disposal and to minimise the risk of natural hazards.

Non-hazardous waste

The Group's non-hazardous waste mainly comprised of paper used in daily business operations. During the Reporting Year, its paper waste disposed at landfills amounted to approximately 0.96 tonnes (2021: 1.24 tonnes), with a decrease of approximately 0.28 tonnes and approximately 22.58%, the corresponding waste intensity was approximately 0.01 tonnes per employee (2021: 0.02 tonnes per employee). In the Reporting Year, the Group implemented measures to save paper, such as encouraging its employees to adopt double-sided printing and substitute printed documents with electronic documents which lead to reduction in its paper consumption.

The Group will continue to encourage its employees to adopt double-sided printing, while collecting recyclable waste paper for recycling purpose, and encourage its employees to substitute printed documents with electronic documents. The Group will continue to promote resources saving and environmental friendly concept to its employees, by posting stickers and posters in its workplace to advocate the virtues of reuse, reduce and recycle, and strengthen its employees' environmental awareness, so as to limit the production of non-hazardous waste in the future as far as possible.

A2 Use of Resources

Being an environmentally friendly enterprise, the Group understands the importance of reducing carbon emissions from the root. Therefore, the Group has implemented a range of measures to cut down its use of resources for the purpose of achieving its goal of lowering carbon emissions.

Energy Consumption

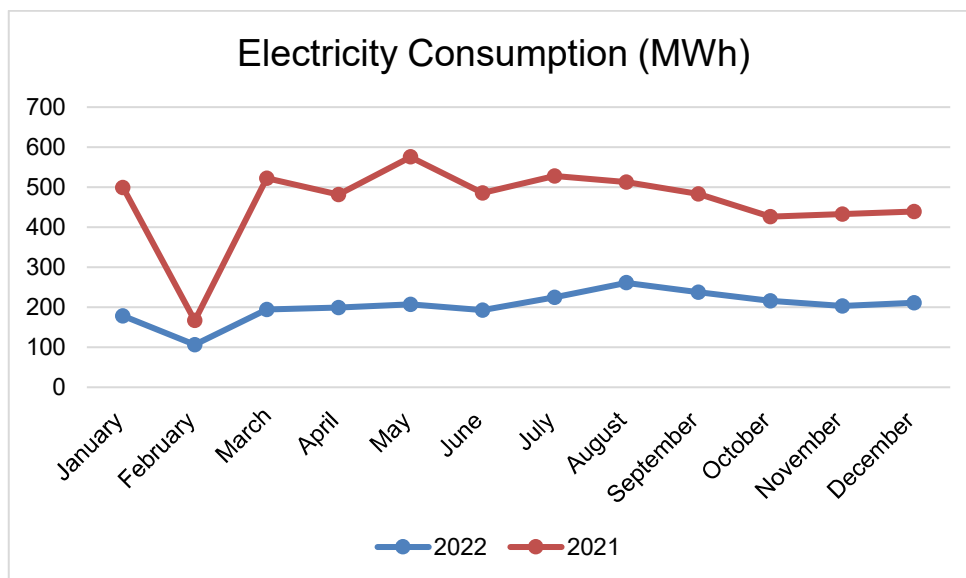
The Group's energy consumption was mainly attributed to 2 aspects, namely the direct energy consumption from the usage of petrol of automobiles, and the indirect energy consumption from the purchase of electricity, and the Group's carbon footprint was mainly attributable to its electricity consumption.

During the Reporting Year, the Group's energy usage amounted to approximately 2,463.47 MWh (2021: 3,155.33 MWh), with a decrease of approximately 691.86 MWh and approximately 21.93%, the corresponding intensity of approximately 37.33 MWh per employee (2021: 50.08 MWh per employee). The details of the Group's energy consumption are detailed as follow:

Source of Energy Consumption	2021 (MWh)	2022 (MWh)
Direct energy consumption from the usage of petrol	32.91	35.31
Indirect energy consumption from the purchase of electricity	3,122.42	2,428.16
Total Energy Consumption	3,155.33	2,463.47
Energy Consumption Intensity (MWh per employee)	50.08	37.33

The Group has collecting the data of petrol's usage of automobiles since 2020. During the Reporting Year, the direct energy consumption from the usage of petrol amounted to approximately 35.31 MWh (2021: 32.91 MWh), with an increase of approximately 2.40 MWh and approximately 7.29%, which was mainly due to the increasingly use of petrol automobile to expand the Group's business.

Besides, the Group's energy consumption was mainly attributed to the purchase of electricity for operation and production use. During the Reporting Year, the indirect energy consumption amounted to approximately 2,428.16 MWh (2021: 3,122.42 MWh), with a decrease of approximately 694.26 MWh and approximately 22.23%, which was mainly due to the reduction in tempered glass production during the Reporting Year had led to the decrease in electricity consumption. The Group's monthly electricity consumption can be found in the chart below:



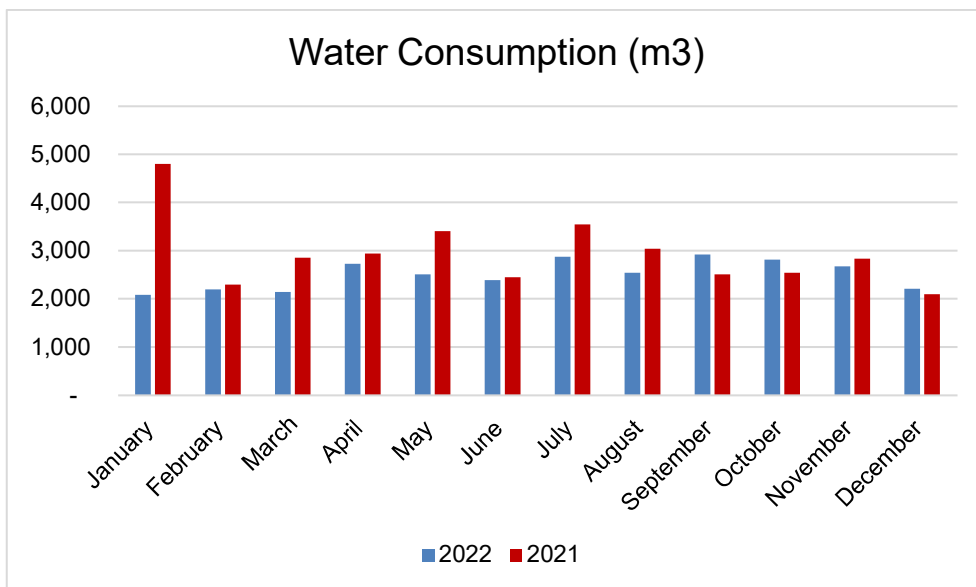
Given energy consumption is considered an important ESG issue to the Group's business operation, to encourage energy conservation, the Group has posted various stickers in its workplace, reminding its employees to switch off idle electronic appliances like air conditioners and lights. Also, the design of the corridors and windows in its office was based on the use of natural lighting. Together with the use of energy-efficient appliances in its office, the Group hopes to reduce electricity consumption in all aspects. The Group will continue to keep a close eye on its production line and carry out frequent checks and maintenance, ensuring energy-efficiency of all machineries and preventing unnecessary electricity usage during its production process.

The Group will continue to implement the above measures and encourage employees to enhance their awareness of the efficient use of resources, in order to minimize unnecessary electricity consumption and achieve high energy efficiency in the future.

Water Consumption

The consumption of water resources has always been a core environmental issue around the world. During the course of creating a world-class brand, water conservation has been one of the key objectives of the Group. As the Group's water was sourced from the local governmental body, there was no water supply issued identified during the Reporting Year.

During the Reporting Year, the Group's water consumption was approximately 30,057.00 m³ (2021: 35,287.00 m³), with a decrease of approximately 5,230.00 m³ and approximately 14.82%, the corresponding water consumption intensity of approximately 455.41 m³ per employee (2021: 560.11 m³ per employee). As the Group has improved the reusing rate of the plant water, the water efficiency of the Reporting Year has improved as compared to last year. The Group's monthly water consumption can be found in the chart below:



To reduce its water usage, the Group encourages the practice of water conservation in washrooms. Not only does it cut down water consumption, it also lowers the electricity used for processing fresh water and sewage, and for reducing the Group's carbon footprint as a whole.

Besides, the Group will repeat the filtration and reuse process of the plant water with the water filter until it cannot be reused again. Those plant water that cannot be reuse again will be discharged to the government's sewer and handled by the government's sewage-treatment plant. On the other hand, the domestic sewage will be directly discharged after handling of the Group's sewage-treatment equipment. In order to disclose a more comprehensive data , the Group's has counted the amount of domestic sewage treated by the Group's sewage-treatment equipment during the Reporting Year and remove that part of data from the amount of sewage treated by the government's sewage-treatment plant. During the Reporting Year, the amount of Group's sewage generated was approximately 28,982.00 m³ (2021: 34,044.00 m³), with a decrease of approximately 5,062.00 m³ and approximately 14.87%.

The Group will continue to implement the above-mentioned measures and encourage employees to enhance their awareness of the efficient use of resources and water conservation, in order to minimize unnecessary water consumption and achieve high water efficiency in the coming future.

Packaging Materials

The Group's principal activities are the production and sales of architectural glass products. Thus, no significant use of packaging materials was identified.

A3 The Environmental and Natural Resources

With the various eco-friendly measures mentioned in the sections above, the Group has strictly complied with all the relevant laws and regulations with regard to environmental protection. Meanwhile, no material non-compliance issue regarding relevant laws and regulations was identified by the Group during the Reporting Year. Besides, the Group had already installed environmental friendly equipment in the factories, including filtration equipment, such as water filter, to reduce the industrial water consumption and improve the reusing rate of the water resources, and installing water quality monitoring system to perform real time monitoring and testing of the water quality, so as to implement environmental protection measure, such as controlling the water quality timely, alerting when there is significant or sudden water contamination accident, assuring water safety, and keeping the sewage discharge to remain under a standard level efficiently.

The Group will continue to invest more resources to contribute to environmental protection.

A4 Climate Change

The Group recognizes climate change as one of the pressing issues confronting human development at the present.

As climate change is accompanied by uncertainties and risks in different aspects, incorporating climate factors into the Group's decision-making process will help the Group's business and operations to better adapt to climate change in formulating relevant response plans. As such, the Group shares the responsibility in mitigating the influence of global warming while striving to lower the emissions from its business operations as far as possible.

Climate change is likely to bring physical risks to the Group, including more frequent and severe natural disasters such as heavy rains, floods, fires or hurricanes. Extreme weather affects the safety of employees, and may even disrupt the services provided by the relevant supply chain, affect the operation of the Group and increase operating costs. The Group has established an emergency plan and an emergency team to cope with emergency response more effectively.

On the other hand, more climate conferences and climate-related policies may increase the Group's exposure to policy and market-related risks in the process of decarbonization. Pricing mechanisms such as environmental taxes and carbon emissions trading could increase operating costs and thus affect the Group's performance. In addition, it may also increase investment and operating costs when adjusting the operating model to maintain the Group's reputation and competitiveness in the market in order to better meet consumer and market preferences and expectations for corporate environmental protection. Nonetheless, the Group is committed to continue adopt best practices to reduce its own carbon footprint, and will integrate resiliency into its business operations in order to adapt to and balance out the potential uncertainties brought by the changing climate.

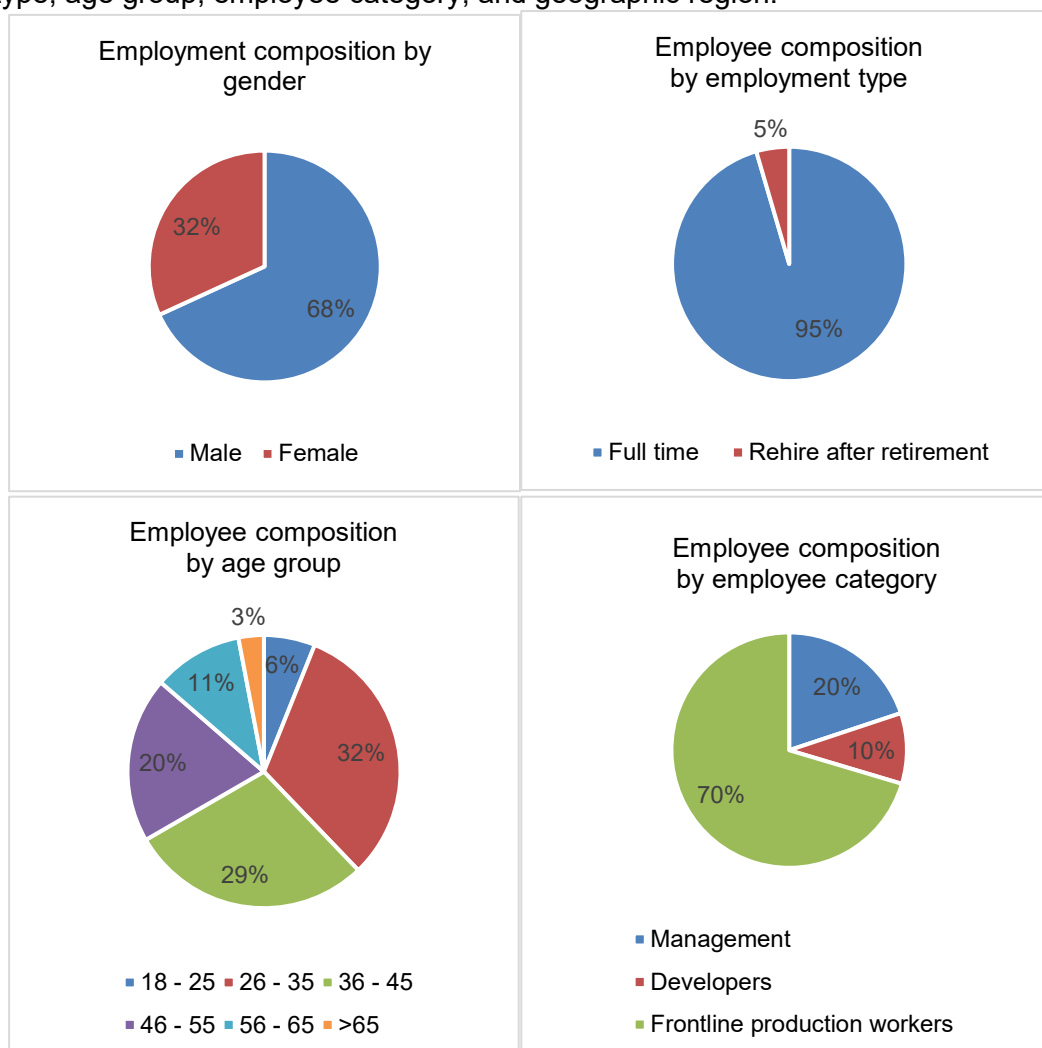
B. Social

B1 Employment and Labour Practices

Employees are one of the most important assets of the Group. We provide the best treatment to employees in different aspects, such as generous employee benefits, development and training plans, and a harmonious and healthy working environment. Therefore, while the employees are contributing to the Group's success, they also understand that we provide reciprocal supporting and backing for them, which ultimately achieves the goal of parallel development of the Group and its employees.

Employment

As at 31 December 2021, the Group comprised of 66 employees (2021: 63), which 63 were full time employees and 3 were rehired after retirement, and most of them were frontline production workers, and all employees were from PRC. The composition of the Group's employees is illustrated in the following charts according to gender, employment type, age group, employee category, and geographic region:



Employment	2021	2022
Total number of employees	63	66
By Gender		
Male	44	45
Female	19	21
By Type of Employment		
Full time	63	63
Part time	-	-
Rehired after retirement	-	3
By Age Group		
18 – 25	4	3
26 – 35	23	20
36 – 45	13	21
46 – 55	16	14
56 – 65	5	6
Above 65	2	2
By Employment Category		
Frontline production workers	43	46
Developers	8	7
Management	12	13
By Geographic Region		
Mainland China	63	66

Employee Benefits

In order to achieve simultaneous development of the Group and its employees, the Group offers employees competitive remuneration packages, including but not limited to on-the-job training, bonus and travelling allowance. The Group would also carry out performance appraisals based on the individual performances of the employees on an annual basis to encourage them to set up their own clearly defined goal. The Group rewards their contribution with performance-based incentive bonus to motivate them to continuously improve and meet its expectations and requirements. On the other hand, the Group assesses all its employees in a fair manner.

During the course of recruitment and appraisal, factors such as employees' gender, geographical region, age and religion will not be taken into consideration and will not influence the result so as to create a harmonious and diverse work environment. Social Insurance and Housing Provident Fund are provided to all its employees on top of the aforementioned benefits. The Group has strictly followed the "Labour Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Labour Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》), the "Social Insurance Law of the People's Republic of China" (《中華人民共和國社會保險法》), and the "Regulations on Management of Housing Provident Fund" (《住房公積金管理條例》) and other relevant laws and regulations in an effort to guarantee the due benefits entitled to employees and offer them the best remuneration package.

With the aforementioned policies, the Group's monthly employee turnover rate is illustrated in the following table according to gender, age group and geographic region:

	2021	2022
Monthly employee turnover rate	1.44%	0.79%
By Gender		
Male	1.37% ⁸	1.14%
Female	1.55% ⁹	-
By Age Group		
18 – 25	-	-
26 – 35	-	0.88%
36 – 45	5.06%	-
46 – 55	0.46%	2.30%
56 – 65	-	-
Above 65	-	-
By Geographic Region		
Mainland China	1.44%	0.79%

B2 Occupational Health and Safety

The Group has strictly followed the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》), the “Fire Control Law of the People’s Republic of China” (《中華人民共和國消防法》) and other relevant laws and regulations. The Group is committed to providing a safe work environment to its employees, and have implemented the following measures.

The Group’s internal policy outlines the safety requirements and operating guidelines for every job position, as well as the handling and reporting protocols for accidents. Safety training and fire safety management protocols are also highlighted in its policies. All employees are only allowed to commence working in the production line after attending all the training sessions. The Group also requires all employees to wear protective gears provided by the Group while operating machineries in a bid to protect them from work-related injuries.

The Group has strictly complied with all the relevant laws and regulations to provide a safe workplace for its employees. During the Reporting Year, there was no case of occupational hazard that has resulted in severe injuries, deaths or working days lost (2021: nil, 2020: nil). The Group will continue to strive for a healthy and safe work environment for its employees.

⁸ The statistic for male monthly turnover rate in 2021 is updated, so the related data is restated accordingly.

⁹ The statistic for female monthly turnover rate in 2021 is updated, so the related data is restated accordingly.

B3 Development and Training

The Group understands that the progress of the employees is indispensable for the Group's sustainable development. Therefore, the Group provides adequate and effective training for its employees. As such, the Group provides a range of internal trainings and development to its employees to enhance their performance, professional skills and knowledge. All employees, regardless of employment type or job category, are required to attend mandatory 3-stage training workshops upon employment commencement. The trainings cover the Group's internal administrative policies, operations of various departments and job positions, as well as guidelines for the employees with regards to Human Resources policy and anti- corruption mechanisms etc., which help the staff to better assimilate into and adapt to the new work environment. On top of familiarising the staff with the Group's requirements, the trainings also provide the relevant skills and knowledge pertinent to the operation of machineries and handling of emergencies.

It was unable to disclose the percentage of employees trained and the average training hours completed per employee in 2021 due to the limitation in data collection for regular trainings. While started from the Reporting Year, the Group's has improved the data collection method, and thus a set of comprehensive data of employees' training is detailed as follow:

Training	2021	2022
Total number of hours of staff training	Not applicable	62
Percentage of employees received training	Not applicable	94%
Employees received training by gender (%)		
Male	Not applicable	68%
Female	Not applicable	32%
Employees received training by employment category (%)		
Frontline production workers	Not applicable	66%
Developers	Not applicable	15%
Management	Not applicable	19%
Average hour by gender (hour)		
Male	Not applicable	1.04
Female	Not applicable	0.71
Average hour by employment category (hour)		
Frontline production workers	Not applicable	0.89
Developers	Not applicable	1.29
Management	Not applicable	0.92

The Group will continue to offer more training as needed so that they can achieve sustainable development together with the Group.

B4 Labour Standards

The Group has strictly followed the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》), the “Law of the People’s Republic of China on the Protection of Minors” (《中華人民共和國未成年人保護法》) and other relevant laws and regulations. The Group pledges to offer remuneration not less than the minimum wage set out by the local authority and refrain from recruiting child labour. During the course of the recruitment process, applicants are required to fill in job application form, which will be reviewed by Human Resources Department together with the applicants’ identification documents, ensuring that no underage labour will be hired. During the Reporting Year, the Group did not encounter any labour dispute or cases of forced labour. The Group will continue to stay committed to its compliance with the relevant laws and regulations. If any of its employees encounter potential malpractices or misconduct, they are welcomed to report to the management through the established whistleblowing mechanism. The management will handle the matter in a serious manner and take follow-up actions where necessary.

B5 Supply Chain Management

With its principal business being the production and sales of architectural glass products, the Group places a great emphasis on supply chain management of procurement. In the process of selecting its suppliers, the Group will review the company background of suppliers and the quality of their supplies, together with on-site inspection of the production process, to ensure that the materials and goods provided by the suppliers meet the stringent specifications and standards of the Group. The Group will list the suppliers that have passed the above review and inspection into the list of qualified suppliers, and evaluate them on a quarterly basis to check their pricing, quality of supplies, efficiency, reliability, punctuality and credit rating. The Group will also take into account whether the supplier has adopted environmentally friendly policies similar to those of the Group to minimize its impact on the environment. Suppliers with unsatisfactory results from the quarterly assessment will be eliminated from the “Approved Supplier List” of the Group in order for to minimize the environmental risks along its supply chain.

The Group selects reliable suppliers with excellent reputations to provide products and services of high quality, reasonable price and sustainability. It is the Group’s expectation to cater to the needs of its customers by integrating procurement resources, promoting system for supplier’s selection and management to forge a vertically integrated supply chain management system and offer comprehensive solutions actively.

As at 31 December 2022, the Group has engaged 35 suppliers (2021: 22 suppliers) in the PRC supplying raw materials for its production. During 2021 and the Reporting Year, no material non-compliance pertinent to the Group’s supply chain management was identified. The Group will continue to implement the aforementioned measures and maintain effective supply chain management.

B6 Product Responsibility

To maintain the leading position in the architectural glass products industry while achieving sustainable business development, the Group has strictly complied with the quality standard in its production of architectural glass products and other products, even exceeding the industry standard in a bid to safeguard the Group's reputation and public interests. During 2021 and the Reporting Year, the Group has strictly complied with all the relevant laws and regulations regarding product quality, and was not aware of any non-compliance in this aspect.

Quality Control

The Group has established a mature Quality Assurance System to ensure all of its products are up to the required quality standard. During the procurement process of raw materials, suppliers are required to provide samples for quality check and initial assessment. Only those with satisfactory results will be accepted by the Group. The quality assurance team of the Group will conduct detailed checks on all the key production processes of the supplier, ensuring that every procedure has complied with the Group's standard with regard to craftsmanship and product quality. On the other hand, the quality assurance team will perform surprise sample checks on the quality of the inventory, preventing issues caused in the course of logistics and storage. During 2021 and 2022, none of the architectural glass products of the Group was recalled for safety or health reasons. The Group will continue to implement the relevant policies and maintain the quality of its products, and offer high quality architectural glass products and services to its customers.

Customers' Response

As a leading architectural glass products manufacturer, the Group places much emphasis on after-sales service to its customers in a bid to establish trustful relationship with them. The sales department is responsible for handling enquiries or complaints from customers. All customer complaints are dealt with patience, while all cases will be kept in record, detailing the issues and the follow-up actions so as to ensure that appropriate rectification measures have been taken and to provide data for quality assurance team to improve the relevant processes in the future. During 2021 and 2022, the Group did not receive any customer complaints.

Confidentiality

Confidentiality of sensitive information is of great importance to the Group. All newly recruited employees are required to enter into a non-disclosure agreement with the Group, ensuring that all employees are familiar with the relevant requirements for the protection of sensitive information, including data with regard to the Group's customers and products under its production line. Unauthorised access of sensitive information is strictly prohibited to prevent direct or indirect leakage of data.

Intellectual property rights and patents

As reflected in the materiality assessment, the Group understands the importance of intellectual property rights and patents protection. During the application of patent, the Group will check whether the patents concerned have been previously patented or owned by third-party business. Besides, the Group will conduct regular checks to see if its intellectual property rights have been infringed by other companies.

As at 31 December 2022, the Group has 7 patents for invention (2021: 7) and 19 patents (2021: 19) for utility new model.

B7 Anti-corruption

The Group understands the essentialness of corruption-free and integrity, and has established an anti-corruption policy which prohibits any forms of bribery, blackmailing, fraud or money-laundering so as to set up a favourable organisational structure. All employees are required to strictly comply with Anti- Bribery Law.

In the meantime, employment contracts have clearly set out the relevant requirements, prohibiting employees from providing, committing to, demanding, or receiving any inappropriate exchange of interests during the course of business. In case of any suspicious and potential malpractices or misconduct, its employees are welcomed to report to the management through the established whistleblowing mechanism, and the management will take follow-up actions in serious manner if applicable.

The Group requires all employees to familiarize themselves with the internal anti-corruption policy and employee handbook. In addition, the Group will regularly organize seminars and promotions on anti-corruption policies for employees as needed to participate in relevant trainings to ensure the effective implementation of the Group's anti-corruption policies.

The Group has complied with the relevant laws and regulations with regard to anti-corruption. During 2021 and 2022, there was no concluded legal case in any forms of corruption, bribery, blackmailing, fraud, or money-laundering brought against the Group.

B8 Community Investment

Giving back to society remains one of the top priorities of the Group. Apart from achieving stable business operations and development, the Group also strive to demonstrate its spirit in serving and caring for the community while fostering the mindset of community engagement, as well as continuously contributing to various community services in the aspects of education and culture. The Group's community investment is detailed as follow:

Community Investment	2021	2022
Donation (RMB)	39,688	13,300
Total number of service hour (hour)	12 ¹⁰	206
Number of employee volunteers	24	45

The Group will continue to dedicate more resources and engage more employees in community services to express the Group's care and contribution to the local society.

¹⁰ The statistic for number of service hour in 2021 is updated, so the related data is restated accordingly.

Environmental Data

Air Emission

Total Air Emission

2.53 kg

2.92 kg

Air Emission Intensity

0.04 kg per
employee

0.04 kg per
employee

Greenhouse Gas Emissions

Total greenhouse gas emissions

1,851.30 tonnes*

1,450.59 tonnes

Greenhouse gas emissions intensity

29.39 tonnes per
employee*

21.98 tonnes per
employee

Scope 1 direct emissions from mobile vehicles

9.20 tonnes

9.69 tonnes

Scope 2 indirect emissions from electricity
consumption

1,814.12 tonnes*

1,410.76 tonnes

Scope 3 indirect emissions from paper waste
disposed at landfills

5.95 tonnes*

4.61 tonnes

Scope 3 indirect emissions from electricity used for
processing fresh water

15.12 tonnes*

12.88 tonnes

Scope 3 indirect emissions from electricity used for
processing sewage

6.91 tonnes*

5.88 tonnes

Scope 3 indirect emissions from business travel by
employees

-

6.77 tonnes

Non-hazardous waste

Total paper waste disposed

1.24 tonnes

0.96 tonnes

Paper waste disposed intensity

0.020 tonnes per
employee

0.015 tonnes per
employee

Electricity consumption

Total electricity consumption

3,122.42 MWh

2,428.16 MWh

Electricity consumption intensity

49.56 MWh per
employee

36.79 MWh per
employee

Water consumption

Total water consumption

35,287 m³

30,057.00 m³

Water consumption intensity

560.11 m³ per
employee

455.41 m³ per
employee

*Data restated

Social Data

	2021	2022
Employment		
Total number of employees	63	66
By employee category		
Management	12	13
Developers	8	7
Frontline Production Workers	43	46
By gender		
Male	44	45
Female	19	21
By employment type		
Full time	63	63
Part time	-	-
Rehire after retirement	-	3
By age group		
Below 18	0	0
18 - 25	4	3
26 - 35	23	20
36 - 45	13	21
46 - 55	16	14
56 - 65	5	6
Above 65	2	2
By geographical region		
PRC	63	66
Turnover rate		
Monthly turnover rate	1.44%	0.79%
Turnover rate by gender		
Male	1.37%*	1.14%
Female	1.55%*	-
Turnover rate by age group		
Below 18	0%	0%
18 - 25	0%	0%
26 - 35	0%	0.88%
36 - 45	5.06%	0%
46 - 55	0.46%	2.30%
56 - 65	0%	0%
Above 65	0%	0%

*Data restated

	2021	2022
Turnover rate by geographic region		
PRC	1.44%	0.79%
Work-related injury		
Number of work-related injury	-	-
Development and training		
Percentage of employees trained	Not Applicable	94%
By gender		
Male	Not Applicable	68%
Female	Not Applicable	32%
By employee category		
Management	Not Applicable	19%
Developers	Not Applicable	15%
Frontline Production workers	Not Applicable	66%
Average training hours completed per employee		
	Not applicable	1
By gender		
Male	Not Applicable	1.04
Female	Not Applicable	0.71
By employee category		
Management	Not Applicable	0.92
Developers	Not Applicable	1.29
Frontline Production workers	Not Applicable	0.89
Supply chain management		
Number of suppliers by geographic region (PRC)	22	35
Product responsibility		
Products recalled for health and safety reasons	-	-
Number of customer complaints	-	-
Anti-corruption		
Number of concluded legal case regarding corruption	-	-
Community Investment		
Donation (RMB)	39,688	13,300
Number of employee volunteer	24	45
Total hours of employee volunteering	12*	206

*Data restated

ESG REPORTING GUIDE & REFERENCE

A. Environmental	Reference in this report
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B. Social	Reference in this Report
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B6. Product responsibility	Page #
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