

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
2023

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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 report (the “**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 2023 to 31 December 2023 (the “**Year 2023**”), the Board of Directors (the “**Board**”) is hereby pleased to present the 2023 ESG report of the Group.

ABOUT 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.

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	-

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.

ABOUT THIS REPORT

The Group understand the importance of sustainable development and are committed to integrating it into its daily operations. The Group actively communicates with various stakeholders, and publishes the Report on an annual basis to demonstrate its approach, policies, measures and performance in terms of environmental, social and governance (“ESG”) management and corporate sustainability, deepening stakeholders’ understanding of its progress towards sustainable development. A complete content index is provided at the end of this ESG Report for readers’ reference.

Reporting Scope

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, during 2023.

Reporting Principles

This ESG report follows the requirements of the Environmental, Social and Governance Reporting Guidelines as set out in Appendix C2 of the GEM Listing Rules issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report contains reporting principles of materiality, quantification and consistency, details of which are set out below:

Reporting Principles	Application and Description
Materiality	<p>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:</p> <p>The Group has identified the following material ESG issues which have or may have a significant impact on:</p> <ul style="list-style-type: none">• 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.

Quantitative	The key performance indicators (“KPI”) 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.
Balance	The Group is committed to providing its stakeholders with accurate and objective information in order to facilitate fairness in evaluation. This report has comprehensively demonstrated the achievements and room for improvement in terms of sustainable development in the Year 2023.
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 employees 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, the Group 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.

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.

STAKEHOLDER ENGAGEMENT

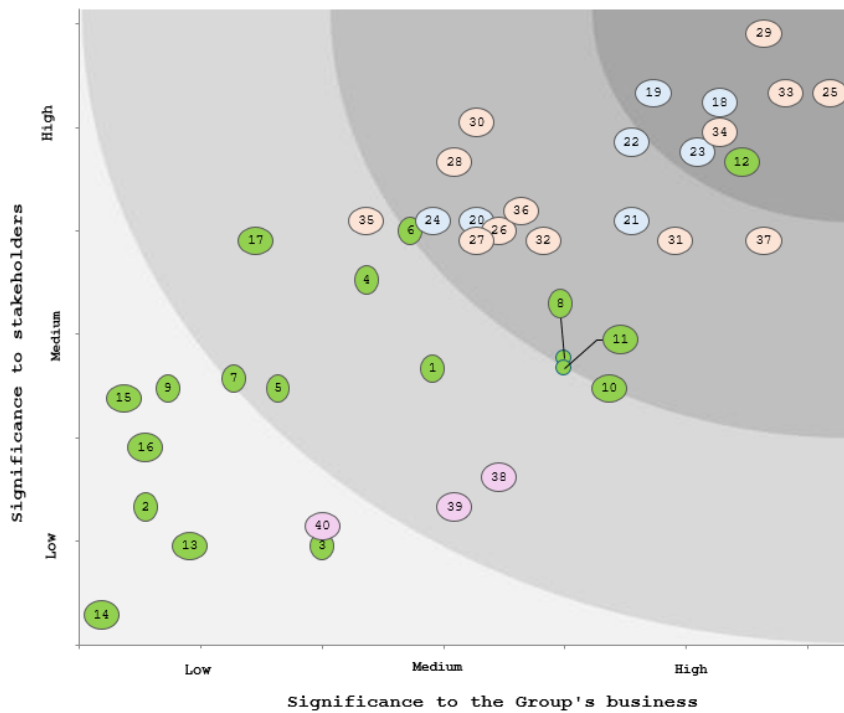
The Group actively strives to better understand and engage its stakeholders to guarantee continuous improvements. The Group strongly believes that its stakeholders play a vital role in sustaining the success of its business.

Stakeholder Communication

Stakeholders	Expectations and Requiements	Communication and Response Mechanism
Government and Regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulation Support local economic growth Drive local employment Pay taxes in full and on time Ensure production safety 	<ul style="list-style-type: none"> Information reporting regularly Dedicated reports Examinations and inspections website updates and announcements
Suppliers	<ul style="list-style-type: none"> Operate with integrity Performance of contracts Mutual benefit and win-win result 	<ul style="list-style-type: none"> Business communications Exchanges and discussions Procurement contracts E-mail and telephone connection
Shareholders/ Investors	<ul style="list-style-type: none"> Returns Compliant operation Raise company value Transparency in information and effective communication 	<ul style="list-style-type: none"> Announcements and circulars Shareholders' meetings Providing financial reports or operation reports to investors and analysts
Media and Public	<ul style="list-style-type: none"> Corporate governance Environmental protection Human rights 	<ul style="list-style-type: none"> Publishing newsletters on the corporate website
Customers	<ul style="list-style-type: none"> Outstanding products and services Health and safety Performance of contracts Operate with integrity 	<ul style="list-style-type: none"> Customer feedback surveys Customer communication meetings Social Media Platforms Calling for feedback
Employees	<ul style="list-style-type: none"> Interests and welfare Employee remuneration Training and development Work hours Working environment 	<ul style="list-style-type: none"> Training Interviews with employees Internal memo Employee suggestion boxes
Community	<ul style="list-style-type: none"> Community environment Employment and community development Social welfare 	<ul style="list-style-type: none"> Developing community activities Volunteering activities of employees Community welfare, subsidies and charitable donations

Materiality Assessment

The Group has conducted consultations with internal and external stakeholders, including employees, major customers, and key suppliers, through questionnaire surveys to identify and assess significant ESG issues. Also, the impact of significant ESG issues on Group business can be determined in terms of the environment, employment, operational practices, and community aspects. Based on the reporting scope, business characteristics, and feedback from stakeholders, the Group has identified relevant significant ESG issues and assessed them using a scoring system, as detailed in the following diagram and table:



Environmental Aspect :

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Environmental Compliance 2. Air Pollutant Management 3. Fleet Emissions Management 4. Wastewater Management 5. Noise Management 6. Greenhouse Gas Emission 7. Waste Management 8. Energy Consumption 9. Use of Water Resources | <ol style="list-style-type: none"> 10. Green Office 11. Green Energy Project 12. Green Building 13. Use of Raw Materials and Packaging Materials 14. Soil Contamination Management 15. Ecological Protection 16. Responding to Climate Change 17. Prevention and Handling of Environmental Incidents |
|---|--|

Employment Aspect :	
18. Employment Compliance	22. Occupational Health and Safety
19. Employees' remuneration and Benefits	23. Training and Education
20. Employees' Working Hours and Rest Period	24. Prevention of Child Labour and Forced Labour
21. Diversity and Equal Opportunity	
Operation Practices Aspect :	
25. Operational Compliance	
26. Managing Environmental Risks of Supply Chain	32. Customer Service Management
27. Managing Social Risks of Supply Chain	33. Intellectual Property Protection
28. Procurement Practices	34. Research and Development
29. Quality Management	35. Information Security
30. Customer Health and Safety	36. Customer Privacy Protection
31. Responsible Sales and Marketing	37. Anti-corruption
Community Aspect :	
38. Charity	
39. Promotion of Community Development	
40. Poverty Alleviation	

As shown in the figure, a total of 8 significant issues were identified for the current year, with a majority of them related to operational practices and employment. The significant issues include: quality management, operational compliance, intellectual property protection, employment compliance, employees' remuneration and benefits, training and education, research and development, and green building. Detailed disclosures regarding the aforementioned significant issues have been provided in the corresponding sections of this report to address stakeholders' concerns.

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.

A ENVIRONMENTAL ASPECT

A1 Emissions

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 Year 2023, the total air pollutants produced amounted to approximately to 2.65 kg, with an intensity of approximately 0.04kg per employee, with a decrease of approximately 0.27kg and 9%, which was mainly due to the reduction in the use of petrol vehicles after acquiring electric cars("EV"). During the Year 2023, 1 petrol automobile was used for business needs. The details of the Group's air pollutant emissions are detailed as follow

Air Pollutant (kg)	2023	2022
NOx	2.43	2.67
SOx	0.04	0.05
PM	0.18	0.20
Total Air Pollutant Emissions	2.65	2.92
Air Pollutant Emission intensity (kg/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 Year 2023, the total GHG emissions by the Group amounted to approximately 1505.86 tonnes. Meanwhile, the corresponding GHG emissions intensity was approximately 22.48 tonnes per employee. The composition of the Group’s GHG emissions breakdown in the Year 2023 can be found in table below:

GHG emissions (tonnes)		2023	2022
Scope 1	Direct Emissions from mobile combustion source	6.92	9.69
Scope 2	Indirect emissions from electricity consumption by production facilities	1,468.18	1,410.76
Scope 3	Other indirect emissions from daily business operations	30.75	30.14
	Waste paper disposal	1.53	4.61 ¹
	Electricity used for processing water ²	11.56	18.76
	Business air travel by employees	17.67	6.77
Total GHG emissions		1505.86	1,450.59
GHG emissions intensity (tonnes/employee)		22.48	21.98

Fossil fuel, gaseous fuel and refrigerant are not used during the production process and the Group’s business activities. During the Year 2023, the scope 1 GHG emissions by the Group amounted to approximately 6.92 tonnes, with a decrease of approximately 2.77 tones and 29%, which was mainly due to the reduction in the use of petrol vehicles after acquiring EVs.

The scope 2 GHG emissions was mainly attributed from the electricity consumption by the Group’s production facilities and office. During the Year 2023, the total scope 2 GHG emissions by the Group amounted to approximately 1,468.18 tonnes, with an increase of approximately 4%, which was mainly due to the increase in electricity consumption resulting from the growth in orders for tempered glass.

¹ All waste paper in Year 2022 will be disposed of in landfills.

² Including electricity consumption for water and sewage treatment.

The scope 3 GHG emissions was mainly attributed to 3 aspects, namely waste paper disposal, electricity used for processing water, and business air travel by employees. During the Year 2023, the scope 3 GHG emissions by the Group amounted to approximately 30.75 tonnes, with an increase of approximately 2%, 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 EV when there is a need to purchase automobile and installed charging facilities in the factory area of the Group. During the Year 2023, the Group has 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

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 Year 2023. 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 Year 2023, its paper waste disposed at landfills amounted to approximately 0.32 tonnes, with a decrease of approximately 0.64 tonnes and approximately 67%, the corresponding waste intensity was approximately 0.0048 tonnes per employee. In Year 2023, 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. The primary energy consumption of the Group comes from electricity consumption.

During the Year 2023, the Group's energy usage amounted to approximately 2,813.28 MWh, with an increase of approximately 349.81 MWh and 14%, the corresponding intensity of approximately 41.99 MWh per employee. The details of the Group's energy consumption are detailed as follow:

Energy Consumption(MWh)	2023	2022
Direct energy consumption from the usage of petrol	27.88	35.31
Indirect energy consumption from the purchase of electricity	2,785.40	2,428.16
Total Energy Consumption	2813.28	2,463.47
Energy Consumption Intensity (MWh/employee)	41.99	37.33

During the Year 2023, the direct energy consumption from the usage of petrol amounted to approximately 27.88 MWh, with a decrease of approximately 7.43 MWh and 21%, which was mainly due to the reduction in the use of petrol vehicles after acquiring EVs.

Besides, the Group's energy consumption was mainly attributed to the purchase of electricity for operation and production use. During the Year 2023, the indirect energy consumption amounted to approximately 2,785.40 MWh, with an increase of approximately 15%, which was mainly due to the increase in electricity consumption resulting from the growth in orders for tempered glass.

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 Year 2023.

During the Year 2023, the Group's water consumption was approximately 31,592.00 m³, with an increase of approximately 5%, the corresponding water consumption intensity of approximately 471.52m³ per employee. The increase in water consumption for production is primarily due to the rise in order volume in the Year 2023.

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.

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 Year 2023. 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 ASPECT

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 2023, the Group comprised of 67 employees, which 64 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 employee distribution of our group for the Year 2023 and 2022 will be presented in the following table categorized by employee gender, age, employee category, employment type, and geographical region:

		2023	2022
Number of Employees (Individuals)			
Total number of employees		67	66
By Gender	Male	48	45
	Female	19	21
By Age Group	Under 18	0	0
	18-25 years old	2	3
	26-35 years old	16	20
	36-45 years old	24	21
	46-55 years old	17	14
	56-65 years old	6	6
	Above 65	2	2
By Employment Category	Management	14	13
	Developers	9	7
	Frontline production workers	44	46
By Type of Employment	Full time	64	63
	Part time	0	0
	Rehired after retirement	3	3
By Geographic Region	Mainland China	67	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.

B2 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 workrelated injuries.

The Group has strictly complied with all the relevant laws and regulations to provide a safe workplace for its employees. The Group has not experienced any work-related fatalities for three consecutive years. In the Year 2023, the Group had one employee who suffered a work-related injury. The employee lost 24 days of work due to the injury. The incident occurred in the factory when the employee was accidentally hit by glass during an operation. The Group will enhance employee safety training, enforce strict labor protection measures, and adhere to safety operating procedures. The Group will continue to strive for a healthy and safe work environment for its employees.

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.

During the Year 2023, the overall training participation rate among employees is 96%, and the average training hours per employee is 3.22 hours. 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 2023, the Group has engaged 32 suppliers in the PRC supplying raw materials for its production. During 2022 and 2023, 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 the Year 2023, 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 2023, 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.

Customer Complaints and Returns Handling

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. In the Year 2023, the Group received a customer complaint regarding the scattered placement of glass with the same specifications. The Group has taken action by instructing the packaging process to ensure that products with the same specifications are placed together.

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

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 2023, the Group has 7 patents for invention and 10 patents 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 anticorruption 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. In the Year 2023, the Group provided an average of 1 hour of anti-corruption training to 7 directors and 10 senior executives. This training aimed to promote a culture of integrity and raise awareness about anti-corruption practices.

The Group has complied with the relevant laws and regulations with regard to anticorruption. During the Year 2023, 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	2023	2022
Donation (RMB)	29,688	13,300
Total number of service hour (hour)	242	206
Number of employee volunteers	48	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.

THE KEY PERFORMANCE INDICATORS

Environmental Aspect

		2023	2022
Air Pollutant Emissions (kg)			
NOx		2.43	2.67
SOx		0.04	0.05
PM		0.18	0.20
Total Air Pollutant Emissions		2.65	2.92
Air Pollutant Emission intensity (kg/employee)		0.04	0.04
GHG emissions (tonnes)			
Scope 1	Direct Emissions from mobile combustion source	6.92	9.69
Scope 2	Indirect emissions from electricity consumption by production facilities	1,468.18	1,410.76
Scope 3	Other indirect emissions from daily business operations	30.75	30.14
	Waste paper disposal	1.53	4.61
	Electricity used for processing water	11.56	12.88
	Business air travel by employees	17.67	6.77
Total GHG emissions		1505.86	1,450.59
GHG emissions intensity (tonnes/employee)		22.48	21.98
Non-hazardous waste (tonnes)			
Total amount of paper waste disposed		0.32	0.96
Paper waste disposal intensity (tonnes/employee)		0.0048	0.015
Energy Consumption (MWh)			
Direct energy consumption from the usage of petrol		27.88	35.31
Indirect energy consumption from the purchase of electricity		2,785.40	2,428.16
Total Energy Consumption		2813.28	2,463.47
Energy Consumption Intensity (MWh/ employee)		41.99	37.33
Water consumption (m ³)			
Total water consumption		31,592.00	30,057.00
Water consumption intensity (m ³ / employee)		471.52	455.41

Social Aspect

		2023	2022
Number of Employees (Individuals)			
Total number of employees		67	66
By Gender	Male	48	45
	Female	19	21
By Age Group	Under 18	0	0
	18-25 years old	2	3
	26-35 years old	16	20
	36-45 years old	24	21
	46-55 years old	17	14
	56-65 years old	6	6
	Above 65	2	2
By Employment Category	Management	14	13
	Developers	9	7
	Frontline production workers	44	46
By Type of Employment	Full time	64	63
	Part time	0	0
	Rehired after retirement	3	3
By Geographic Region	Mainland China	67	66
Employee turnover rate (%)			
Total employee turnover rate		9.02%	0.79%
By Gender	Male	6.45%	1.14%
	Female	15.00%	0%
By Age Group	Under 18	0%	0%
	18-25 years old	0%	0%
	26-35 years old	11.11%	0.88%
	36-45 years old	17.78%	0%
	46-55 years old	0%	2.30%
	56-65 years old	0%	0%
	Above 65	0%	0%
By Geographic Region	Mainland China	9.02%	0.79%

Occupational Health and Safety				
		2023	2022	2021
Work-related injuries		1	0	0
Workdays lost due to work-related injuries		24	0	0
Work-related fatalities		0	0	0
Rate of work-related fatalities		0	0	0
Development and training				
		2023	2022	
Percentage of the employees trained (%)				
Total percentage of the employees trained		96%	94%	
By Gender	Male	98%	68%	
	Female	89%	32%	
By Employment Category	Management	100%	19%	
	Developers	100%	15%	
	Frontline production workers	93%	66%	
Average training hours of employees (hours)				
Average training hours of employees		3.22	1.00	
By Gender	Male	3.40	1.04	
	Female	2.79	0.71	
By Employment Category	Management	4.00	0.92	
	Developers	4.44	1.29	
	Frontline production workers	2.73	0.89	
Supply chain management				
Total number of suppliers		32	35	
By Geographic Region	Mainland China	32	35	
Product responsibility				
Products recalled for health and safety reasons		0	0	
Number of customer complaints		1	0	
Anti-corruption				
Number of concluded legal case regarding corruption		0	0	
Community Investment				
Donation (RMB)		29,688	13,300	
Total hours of employee volunteering (hours)		242	206	
Number of employee volunteer		48	45	

HKEX ESG Reporting Guide Content Index

Aspects, General Disclosure and KPIs	Description	Chapter
Mandatory Disclosure Requirements		
Governance Structure	(i) A disclosure of the board's oversight of ESG issues.	BOARD STATEMENT
	(ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses).	BOARD STATEMENT
	(iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	BOARD STATEMENT
Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	ABOUT THIS REPORT
	Balance: The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	ABOUT THIS REPORT
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	ABOUT THIS REPORT
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	ABOUT THIS REPORT
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	ABOUT THIS REPORT

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.	A ENVIRONMENTAL ASPECT
A1.1	The types of emissions and respective emissions data.	A ENVIRONMENTAL ASPECT; THE KEY PERFORMANCE INDICATORS
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	A ENVIRONMENTAL ASPECT; THE KEY PERFORMANCE INDICATORS
A1.3	Total hazardous waste produced and intensity.	A ENVIRONMENTAL ASPECT; Given its nature of business, the Group's daily operations do not involve the production of hazardous waste.
A1.4	Total non-hazardous waste produced and intensity.	A ENVIRONMENTAL ASPECT; THE KEY PERFORMANCE INDICATORS
A1.5	Description of emission target(s) set and steps taken to achieve them.	A ENVIRONMENTAL ASPECT
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A ENVIRONMENTAL ASPECT

A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A ENVIRONMENTAL ASPECT
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A ENVIRONMENTAL ASPECT
A2.2	Water consumption in total and intensity.	A ENVIRONMENTAL ASPECT
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A ENVIRONMENTAL ASPECT
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A ENVIRONMENTAL ASPECT
A2.5	Total packaging material used for finished products and per unit produced.	A ENVIRONMENTAL ASPECT; Given its nature of business, the Group's daily operations do not involve the use of packaging materials.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A ENVIRONMENTAL ASPECT
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A ENVIRONMENTAL ASPECT
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.	A ENVIRONMENTAL ASPECT
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.	A ENVIRONMENTAL ASPECT

B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B SOCIAL ASPECT
B1.1	Total workforce by gender, employment type, age group and geographical region.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
B1.2	Employee turnover rate by gender, age group and geographical region.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
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.	B SOCIAL ASPECT
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
B2.2	Lost days due to work injury.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B SOCIAL ASPECT

B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B SOCIAL ASPECT
B3.1	The percentage of employees trained by gender and employee category.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
B3.2	The average training hours completed per employee by gender and employee category.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B SOCIAL ASPECT
B4.1	Description of measures to review employment practices to avoid child and forced labour.	B SOCIAL ASPECT
B4.2	Description of steps taken to eliminate such practices when discovered.	B SOCIAL ASPECT

B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B SOCIAL ASPECT
B5.1	Number of suppliers by geographical region.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS SOCIAL ASPECT
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B SOCIAL ASPECT
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B SOCIAL ASPECT
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B SOCIAL ASPECT

B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B SOCIAL ASPECT
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B SOCIAL ASPECT
B6.2	Number of products and service-related complaints received and how they are dealt with.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS SOCIAL ASPECT
B6.3	Description of practices relating to observing and protecting intellectual property rights.	B SOCIAL ASPECT
B6.4	Description of quality assurance process and recall procedures.	B SOCIAL ASPECT
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B SOCIAL ASPECT

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.	B SOCIAL ASPECT
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.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS SOCIAL ASPECT
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B SOCIAL ASPECT
B7.3	Description of anti-corruption training provided to directors and staff.	B SOCIAL ASPECT
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.	B SOCIAL ASPECT
B8.1	Focus areas of contribution.	B SOCIAL ASPECT
B8.2	Resources contributed to the focus area.	B SOCIAL ASPECT; THE KEY PERFORMANCE INDICATORS SOCIAL ASPECT