



榮陽實業集團有限公司
PanAsialum Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2078



Environmental, Social and Governance Report 2017

Contents

| | |
|---|-------|
| About this Report | 2 |
| Communication with Stakeholders | 3-4 |
| Message from Chairman | 5 |
| Environmental Protection | 6-8 |
| Employee Care | 9-11 |
| Operation Practices | 12-14 |
| Community Investment | 15 |
| KPI Overview | 16-18 |
| Index to the Environmental, Social and Governance Reporting Guide | 19-22 |

About this Report

This is the second Environmental, Social and Governance Report (the “Report”) published by PanAsialum Holdings Company Limited (the “Company” and its subsidiary, collectively referred to as “PanAsialum” or the “Group”). By means of reporting the Group’s policy, measures and performance in the environmental, social and governance aspects, the Report allows stakeholders to better understand the Group’s progress and development direction in sustainable development. This Report is written in both Chinese and English, both of which have been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Group (www.palum.com).

SCOPE OF THE REPORT

The Report focuses on PanAsialum’s Nanyang production base (the “Plant”) and the operations¹ in relation to its electronic parts segment between 1 January 2017 and 31 December 2017 (the “Year”). In order to make it convenient for readers to compare the Group’s annual performances, we have made this Report structurally resemble its predecessor as much possible. While the Report currently does not cover all of the Group’s operations, the Group aims to continuously enhance its internal information collection procedure, with a view to gradually expanding its disclosure scope.

REPORTING STANDARDS

This Report complies with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange and is based on the four reporting principles – materiality, quantitative, balance and consistency – in the Guide. To ensure the accuracy of the Environmental Key Performance Indicators, the Group has entrusted Carbon Care Asia, a professional consultant company, to conduct a carbon assessment. Moreover, to improve reporting effectiveness, the Report includes the individual key performance indicators suggested in the “recommended disclosures” section of the Guide. A complete index is appended in the last chapter of this Report for readers’ easy reference to the Guide when reading this report.

CONFIRMATION AND APPROVAL

All information cited in this Report is derived from the Group’s formal documents and statistics and management and operation details collected in compliance with the Group’s system. The Report was confirmed and approved by the Group’s Board of Directors in July 2018.

Feedback

The Group values the opinions of its stakeholders. If you have any questions or suggestions regarding the contents or reporting style of this Report, you are welcomed to contact the Group via the following methods:

Email: ir@palum.com

Address: 31/F, Cambridge House, Taikoo Place, 979 King’s Road, Hong Kong

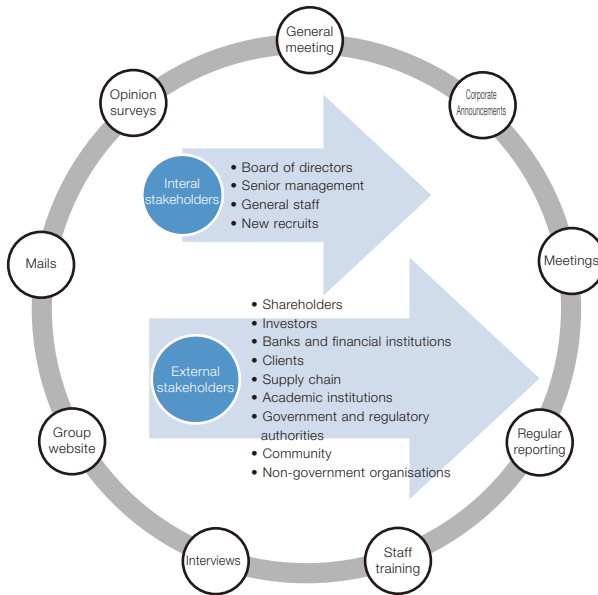
Fax: 852-2972 2309

¹ The Group’s wholly-owned subsidiary PanAsialum (Nanyang) Company Limited (“榮陽實業（南陽）有限公司”) is responsible for its operation.

Communication with Stakeholder

In the Group's business management, participation by its stakeholders² is one of the important parts, which helps the Group review its potential risks and opportunities. Through exchanging with its stakeholders to understand their views, the Group can adjust its business routines to better meet their needs and expectations, in order to properly manage the opinions of different stakeholders. The Group from time to time communicates with its internal and external key stakeholders via different channels. This not only guarantees them opportunities to understand the Group's development and operation policy, but also provides the Group with chances to listen to their views, in order for the Group to identify the priority of different topics and develop corresponding policies.

Communication Methods with Major Stakeholders During the Year



² "Stakeholders", also known as "interested parties", "equity owners" or "interested persons", refer to groups or individuals with significant impacts on the Group's business or who are affected by the business. Internally, they include the Board of Directors, senior management, general staff and new recruits. Externally, they include shareholders, investors (including both institutional investors and assets managers), banks and financial organisations, clients, supply chain, academic institutions, the government and regulatory authorities, the community and non-government organisations.

Communication with Stakeholder

Same as the previous year, to formulate the Group's sustainable development strategies and directions and identify environmental and social issues which are most significant for it and its stakeholders, the Group has entrusted Carbon Care Asia, an independent consultant company, to conduct interviews with the Group's management. After combining the results of the interview and the consultants' opinions, the Group has selected three out of the eleven environmental and social aspects to be the main focuses for exploration and discussion in this Report.

Emissions

Health and
Safety

Product
Responsibility

To ensure effective communication with its stakeholders, the Group strives to conduct transparent, sincere, trusty and accurate communication and promptly respond to its stakeholders. Going forward, the Group will strengthen its interaction with stakeholders and expand its range of communication channels to increase opportunities for them to meet and forge mutually beneficial and win-win relationships.

Message from Chairman

The Group's vision is to develop a primary role in our industry's role in the global green economy. With its vertically integrated enterprises encompassing high-end customisation of aluminum alloy, electronic product accessories and construction materials, the Group is committed to contributing to the development of China's circular economy, and to develop a sustainable model for its businesses in aluminum alloy sector. This will require a deep understanding of the global green economy.

In order to better control emissions during its manufacturing processes, the Group has established corresponding measures for exhaust gases, noises and waste water and implemented a range of control and policies targeting emissions including a code of conduct in respect of emission reduction for its staff. During the year, the Group also added emission reduction initiatives as a key performance indicator for staff performance to increase their awareness in reducing emissions. In addition, the Group has set the emission levels and introduced further energy reduction measures to contain emissions at a minimum level.

The Group is also committed to safeguarding staff health and safety in the workplace and has developed a comprehensive production safety inspection system to prevent safety risks pitfalls. Concurrently, the Group provides training to its staff to ensure their full understanding of the fire, production and safety measures and activities to mitigate occupational risks and hazards.

Maintaining the high quality of products is not only a commitment by the Group to its customers, suppliers and employees but is also a strong social responsibility for the Group. The Group is continuously researching and developing innovative and competitive products to meet market demands and customers' ever-growing expectations.

The Group has also commenced the transition of production facilities to Nanyang – a larger modern factory with state of the art production facilities. This will help the Group enhance its social and environmental performance, and ensure its compliance with the important principles of sustainable development. Looking ahead, the Group will continue to strive for a cleaner and safer environment for its operations, the local communities, and stakeholders.

Mr. Cosimo Borrelli

Non-executive Chairman of the Board

PanAsialum Holdings Company Limited

EMISSIONS

The Group actively responds to the global low-carbon economic development direction and fulfils its corporate social responsibilities. The Group has formulated for its Plant the “Code of Conduct for Social and Environmental Responsibility” (社會及環境責任行為規範), which requires effective management of waste water, exhaust gases, solid waste, etc. With respect to the implementation of its environmental policy, the Plant carries out relevant supervision and management in accordance with the “Emission and Control Procedure for Waste Water, Exhaust Gas and Noise Pollution” (廢水廢氣噪聲排放控制程序) and “Control Procedures for the Disposal of Hazardous Wastes” (危險廢棄物控制程序).

Waste Water Discharge

The Plant has incorporated into its production process design the conceptions of water recycling and reuse and sewage discharge reduction. The Plant is equipped with a recirculating cooling water system in the casting workshop and the extrusion workshop to reduce water consumption. The concentrations of solutions in the oxidation workshop, for degreasing, pickling, alkaline cleaning, oxidation, colouring, and electrophoresis are adjusted for continuous use during the production process. The waste water generated from the washing of aluminum with pure water or hot water is first piped to the waste water tank in the workshop for neutralisation treatment, and then the filter press is used for pressure filtration. The filtered waste residue is treated in accordance with the “Solid Waste Discharge Control Procedure” (固體廢棄物排放控制程序), and then discharged through sewage outlets into municipal pipelines. The Plant also treats domestic waste water through the residue separation process or the three-stage sedimentation biochemical process. In addition, phosphorous-free washing powder and detergent are procured to reduce the pollution of waste water in the environment.

Exhaust Gases Discharge

Most of the gas emissions from PanAsialum come from the furnaces, aluminium dross processing machines and vehicle emissions of the Plant. In the casting workshop, environmental friendly boilers fuelled by natural gas are used. Water is sprinkled in the workshop every two hours to prevent flying dust, reducing the environmental pollution and impact on the employees. Due to the dust generated during the transportation and waste aluminum crushing process in the workshops, the Plant also requires employees to perform appropriate operations to minimise dust generation. In addition, fumes produced in the canteen of the Plant are treated with electrostatic smoke purifiers to reduce the fume emission concentration. The Group regularly inspects its exhaust facilities on a monthly basis, promptly repairs any problems found and records them in the equipment servicing records and equipment maintenance records.

Solid Waste Discharge

During the Year, the Plant produced 0.3 metric ton of hazardous waste and 51 metric tons of non-hazardous waste. Among them, hazardous waste included waste fluorescent tubes and batteries in office areas, waste oil and pollutants from production activities, hazardous packaging chemicals and chemically contaminated materials. The Group classifies waste into three categories: “general”, “hazardous” and “recyclable”. It has a designated collection area with clear signs for isolating hazardous waste and general waste. Hazardous waste should be handled in conjunction with protective measures such as the use of plastic bags to contain hazardous waste and covered containers for volatile liquids. The Group arranges for professional recycling companies with the “Hazardous Waste Operation Permit” (危險廢物經營許可證) to handle hazardous wastes and requires them to promise in the contract that no secondary pollution will occur.

Emission of Greenhouse Gases

Greenhouse gas emissions are closely linked with climate change and global warming. Companies in various countries have introduced carbon reduction measures and targets. During the Year, PanAsialum commissioned Carbon Care Asia, a consultant company, to conduct a carbon assessment to quantify the greenhouse gas emissions (or “carbon emissions”) generated by its operations; the quantification process is based on the guidelines issued by the National Development and Reform Commission of the People’s Republic of China³, ISO14064-1 and other international standards.

| Scope | Emissions Amount (metric tons of carbon dioxide equivalent) |
|--|---|
| Scope 1 – Direct Emission of Greenhouse Gases | |
| Fossil fuel combustion - fixed sources | 16,861.4 |
| Fossil fuel combustion - mobile sources | 509.2 |
| Scope 2 – Energy Indirect Greenhouse Gas Emissions | |
| Electricity purchased from power companies | 14,142.0 |
| Total greenhouse gas emissions | 31,513 |
| Greenhouse gas emission density (metric tons of carbon dioxide equivalent/square metre) (calculated based on the total area per square metre) | 0.12 |

³ “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)” (工業其他行業企業溫室氣體排放核算方法與報告指南（試行）)

The Group's carbon emissions mainly derive from scope 1 – fixed-source fuel combustion (53.5%), followed by scope 2 – purchased electricity (approximately 44.9%). With regard to the major sources of carbon emissions, the Group will continue to annually assess, record and disclose its greenhouse gas emissions and other environmental data. The Year's data will be used as a benchmark against future data, so as to review the effectiveness of existing measures and help set further emission reduction targets in the future.

For detailed data on emissions for the Year, please refer to the overview of key performance indicators on page 16.

USE OF RESOURCES

The resources used by the Group mainly include the energy consumed by its production facilities, production water, and wood used for product packaging. In terms of energy, the Plant's production equipment mainly uses natural gas and purchased electricity. In addition, base vehicles, including lorries, also use petrol and diesel. For detailed data on resource use for the Year, please refer to the overview of key performance indicators on page 16.

In order to reduce the use of resources in daily operations, the Plant has formulated the "Control System for Energy Saving and Emission Reduction" (節能減排管理制度) and "Water Resources Management System" (水資源管理制度) to carry out publicity and education to enhance employee awareness. The Group has established a quota management system for energy and water with tiered management of consumption quotas. In order to determine the effectiveness, the Plant has established a leading group for energy conservation and emission reduction to monitor the use of resources in the Plant and regularly assess and implement corresponding rewards and penalties.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group promises to minimise the adverse impact of its manufacturing process on the environment and natural resources. The Plant complies with laws and regulations in its daily operations. Through regular environmental monitoring, it ensures that its operation meets statutory emission limits. According to its operating conditions, the Group has established the "Control Procedures for Non-compliance of Environmental Safety" (環境安全不符合控制程序) and environmental related risk assessment and risk management procedures, and implemented appropriate procedures and controls by determining the level of each risk.

During the Year, the Group did not find any illegal or non-compliant cases in its Plant concerning emissions and the use of resources or environmental and natural resources.

HEALTH AND SAFETY

The Group values the health and safety of its employees. In the “Code of Conduct for Social and Environmental Responsibility” (社會及環境責任行為規範), it pledges to control the potential dangers to employees in the workplace through proper design, engineering technology and management control, preventive maintenance, safe operation procedures and safety knowledge training, and provide employees with appropriate and well-maintained personal protective equipment.

The Group has, for different positions in the Plant, compiled “Safe Production Operation Procedures” (安全生產操作規程) to establish clear safety operation procedures for various positions. The Plant implements an accountability system for safety production. As the leading team for safety production, the safety committee has revised the relevant work systems and operating procedures, and implemented various safety inspections. In compliance with the “Safety Production Inspection System” (安全生產檢查制度), our employees carry out safety inspections. For the hidden dangers discovered during their inspection, the designated responsible department will be responsible for rectification, and the rectification was reviewed and followed up.

Potential occupational disease hazards in the production process of the Plant include exposure to toxic and hazardous operations such as dust, noise, high temperature, acid and alkali, paintwork, and electrical welding. The Group has formulated the “Accountability System for Prevention and Treatment of Occupational Disease Hazards” (職業病危害防治責任制度) and set up an occupational health management committee to review the targets and programs for the prevention and control work, and regularly supervise and inspect the implementation of related plans. The Plant has put in place protective measures for potential occupational hazards, such as placing warning signs, installing dust-reduction equipment in workshops involving a large number of dust operations; and controlling the working hours of employees engaged in high-temperature operations. To strengthen the education of occupational hazards, the Plant provides its employees with masks, protective ear muffs, gas masks and other protective equipment as required by their operation. In addition, the Group conducts pre-employment health checks for new employees and conducts health checks no less than once per year for employees engaged in operations involving occupational hazards.

In order to effectively prevent and control sudden safety incidents in the production process and ensure the orderly development of emergency rescue, the Group has formulated the “Integrated Emergency Plans for Production Safety Incidents” (生產安全事故綜合應急預案) and organised emergency drills to improve the on-site response and coordination capabilities of various departments. In addition, to promote the prevention of work-related incidents in various departments, the Plant has set the annual targets and rewards and penalties for work-related incidents in various departments. There were no work-related injury cases in this year.

| Year | Number of work injury cases |
|------|-----------------------------|
| 2016 | 7 |
| 2017 | 0 |

During the Year, the Group did not find any illegal or non-compliant cases of health and safety-related regulations in its Plant.

EMPLOYMENT SYSTEM

Adopting a people-oriented approach, the Group strives to provide its employees with a work environment where they can demonstrate their capabilities, create values and achieve comprehensive development. The “Employee Handbook” of the Plant lists contents relating to salary, recruitment, promotion, working hours, holidays, benefits, equal opportunities and grievance channels for employees to understand their rights and responsibilities. In its “Code of Conduct for Social and Environmental Responsibility” (社會及環境責任行為規範), the Group promises employees the freedom from harassment and discrimination because of their race, skin colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, beliefs, political affiliation, association membership, marital status or other factors.

The Group emphasises that employees have the right to participate in the management of the Company regardless of their position rank. The Group has installed employees’ complaint mailboxes, adopts employee opinions and suggestions and appoints dedicated departments to handle them. Additionally, the departments strengthen the interaction and communication between the management and the grassroots staff. The management listens to their opinions through morning meetings, weekly meetings and seminars, which has improved employee satisfaction.

During the Year, the Group has not found any employment-related illegal or non-compliant cases.

DEVELOPMENT AND TRAINING

The Group arranges various types of employee trainings to not only help them improve their work skills and improve operational efficiency, but also provide opportunities for their personal development. In the “Employee Handbook”, the Group stipulates that all new employees must participate in the induction training organised by the Human Resources Department, and only after the completion of the induction training and approval of the assessment can they be formally employed. The Group arranges induction training and on-the-job training for employees in accordance with the relevant provisions of the “Human Resources and Payroll Management System and Procedures” (人力資源及薪資管理制度及流程). Each department prepares their “Training Requirements Application Form” (培訓需求申請表) according to their actual work needs. Afterwards, the Human Resources Department establishes the Group’s “Annual Training Plan” (年度培訓計劃), supervises the implementation and evaluates the results. During the Year, the Plant held training courses covering occupational health, management systems, job technical requirements and team cooperation.

To further improve employees' personal qualities, capabilities, initiative and enthusiasm, and create a fair, just and open competition mechanism, the Group has established the "Human Resources and Payroll Management System and Procedures" (人力資源及薪資管理制度及流程) to regulate employee compensation adjustments and promotion process. In order to help employees sum up information on their personal performance and clarify their future work goals and requirements, the Group will assess its employees' work ability and performance at least once a year, and use the "Employee Performance Evaluation Form" (僱員工作表現評核表) as a basis for employee compensation adjustment and promotion.

LABOUR STANDARDS

The protection of human rights constitutes the basic conditions for the sustainable growth. The Group is dedicated to safeguarding human rights, and adopting a zero-tolerance attitude towards the use of children labour or forced labour. The relevant state regulations prohibiting the hiring of children at the workplace are strictly followed. We have committed in the Code of Conduct of Social and Environmental Responsibilities that no children will be used at any stages of our production; also it specifies that any employees under the age of 18 shall not be assigned to work in high-risky operations unfit for minors. The Plant will examine the background and identification documents in the recruitment process so as to avoid any chance of using child labour.

Forced labour violates the basic human rights and Intentional Labour Conventions. The Group undertakes in the Code of Conduct of Social and Environmental Responsibilities that no restriction shall be imposed on any employees in the forms of force, debt or covenant; the acts of detaining employees' ID certificates, passports or work permits as the precondition of employment are prohibited; nor will labour from prison be employed. The employees have the right to freely resign from their jobs under the condition that reasonable notices are delivered.

During the Year, no illegal or non-compliant case of the regulations with respect to child labour and forced labour was found by the Group during the Year.

PRODUCT RESPONSIBILITY

Product safety and quality management

The Group pays attention to the quality and safety in the production of electronic products and accessories, and implements the safety standards and quality control in a sustainable manner. The production process at the Plant, including the procurement of raw materials, their use in the production, and the product delivery from the Plant is strictly controlled.

To ensure that the raw materials and auxiliary materials can satisfy the demand for production, the Operational Standards of Purchase and Inspection on Raw Materials (原材料進料檢驗作業規範) has been formulated by the Plant to specify the inspection standards for the quality of raw materials, thus guaranteeing that no unqualified materials can get into the production processes. In accordance with the purchase agreement, the inspector will check the items, specifications and qualities as specified in any orders and whether they are consistent with the purchase agreement; and such materials shall not be delivered into the warehouse until they are proven to pass the test standards; inferior materials will be affixed with labels, and handled as per the Control Procedure of Unqualified Output (不合格輸出的控制程序).

In addition, the Group has formulated the Monitoring and Measuring Control Procedures of Products and Services (產品和服務的監視和測量控制程序) to clarify the examination and management procedures of the materials from the time when they enter the warehouse until the time when they are transferred out. Meanwhile, in accordance with the Regulations on Sampling Plan (抽樣計劃規定), sampling inspections or total inspections will be conducted based on the actual needs of the respective raw materials, parts, semi-products and finished products which enter the Plant.

To ensure product safety and implement the product responsibility of the Group, the Plant ensures product safety by such procedures as the Control Procedure of Product Safety (產品安全性控制程序). The relevant management flow includes:



To provide quality products in a sustainable manner, all departments of the Group make their quality objectives as per the principle of “SMART”⁴ every year, draft the corresponding and concrete implementation plans and hold the quality reviewing meeting at least once a month, so as to analyse and solve problems in a timely manner.

Handling of clients’ opinions and the procedures of product return

The Group values the establishment of efficient channels of communicating with clients so as to fulfil their requirements. The Group has set up the channels for complaints so that clients can give opinions and suggestions on other matters. In accordance with the Procedure for Customer Complaints and Product Return (客戶抱怨與退貨處理程序) and the Process Control Procedure Concerning Clients (與顧客有關過程控制程序), the business departments shall record any opinions of clients in the registration form, clarify the responsibilities and notify the quality control department once they receive them. The Group has not carried out any product recall during the year. The Group received a complaint case related to the product service provisions, and has made improvements as per the established procedures which were confirmed by the client.

Protection of customer information

The protection of customer data is the key to the Group in maintaining its excellent corporate governance and establishing its long-term mutual-trust relationship with clients. The Group has specified in the Employee Handbook (員工手冊) the management of information privacy, requiring its employees to strictly keep the business secrets of the Group confidential, including the personal information of clients. The employees are required to sign the Employee Non-disclosure Agreement (員工保密協議書) prior to their commencement of work in the Group, undertaking not to leak any relevant materials or information. Meanwhile, the Plant has formulated the Management System and Procedure for Information Technology (資訊科技管理制度及流程). Through data backup, it has set up user rights and management and control of network safety so as to protect the information safety.

Protection of intellectual property rights

The intellectual property rights of the Group include intangible assets such as patent rights and trademark rights. To optimise the relevant administration, the Group has formulated the Management System and Procedure for Intangible Assets (無形資產管理制度及流程), specifying that the office of the president is in charge of recording and maintaining relevant assets. In addition, the Group requires its business partners to protect their intellectual property rights, while respecting the same of their business partners.

The operations of the Group regarding the Plant do not involve any advertising or labels. No illegal or non-compliant case of product liability has been found in the Group during the Year.

⁴ The five SMART principles are Specific(明確), Measurable(可衡量), Achievable(可達成), Relevant(相關) and Time-bound(時限).

SUPPLY CHAIN MANAGEMENT

The Group highly regards the cooperation with suppliers, and deeply believes that the close cooperative relations with the suppliers can help the Group optimise the operation procedures and quality on an on-going basis. The Plant basically procures raw materials, auxiliary materials and equipment required for production. In accordance with the guidelines as provided in the Purchase Control Procedure (採購控制程序), the Plant will, in addition to assessing factors of suppliers such as product quality, ability of supplying goods, prices and production capability, also consider the environmental and social risks of suppliers. For example, their performance in environmental protection and management, health and safety and social responsibilities. Moreover, to set out the product quality responsibilities of suppliers, the Group signs with suppliers documents such as the Agreement with Supplier on Product Quality Assurance (供應商品質保證協議), Letter of Guarantee for ROHS Compliance (環境管理物質 (ROHS) 保證書) and Letter of Guarantee for SVHC Compliance (不含有高關注物質 (SVHC) 保證書), and requests the suppliers to provide documentary credentials or third-party test reports.

The Plant conducts regular checks on suppliers. It will consider increasing the number of orders for the suppliers with excellent performance; but for those with poor performance, the Plant will reduce the volume of purchase, and request for performance improvement. In case of continual poor performance on the part of the suppliers, the Plant will cancel their qualifications as suppliers.

ANTI-CORRUPTION

Anti-corruption has already become one of the basic principles in the international community in defining an enterprise's social responsibilities. Over the past years, the Chinese government has been actively pushing for anti-corruption enforcement. The Group adopts a zero-tolerance attitude towards any form of corrupt practices, including bribery, extortion, fraud and money laundering, and undertakes to operate business with integrity and high morality. The Group has formulated the Internal Monitoring and Reporting System (內部監督舉報制度) to handle, in confidence, the reporting of employees' illegal and immoral conducts in relation to matters of accounting, internal accounting control and audit, thus protecting the safety and interests of the informers from any damages. This reporting system is reviewed and supervised regularly by the Audit Committee.

There was no illegal or non-compliant case or litigation of corruption with respect to the Group or its employees during the Year.

Community Investment

As an organisation which is committed to social responsibilities, PanAsialum understands that, in addition to generating maximum benefits for its shareholders, it should also give back to the society and contribute to the the society's sustainable development. The Group rendered support to the government of Wolong District in Nanyang City, China during the Year in the poverty-alleviation activity of "1,000 Enterprises Helping 1,000 Villages", and provided eight public welfare job positions for the community. Aside from that, it has donated RMB60,000 to support infrastructure construction in the relevant rural region, including the maintenance of roads, the improvement of environment, the construction of irrigation facilities and renovation of dilapidated houses.

The Group will formulate its community investment policy going forward and gradually make effort to understand the demands of the communities where our operations are located so as to decide the areas in which the Group should make contributions. Additionally, it will continue sponsoring and making donations to any schemes or activities which have positive impact on the society. The Group has formulated the 2018 Scheme of Assistance and Poverty Alleviation (2018年幫扶計劃). In the future, it will provide 10 public welfare job positions, and assist poor families with capability to work in securing jobs.

ENVIRONMENTAL PERFORMANCE

| Emission of Exhaust Gas | Type | Emission Volume (metric ton) |
|-------------------------|---------------------|------------------------------|
| | Nitrogen oxides | 20.5 |
| | Sulfur oxides | 6.3 |
| | Suspended particles | 22.1 |

| Greenhouse Gas | Scope | Emission Volume (metric ton of carbon dioxide equivalent) |
|----------------|--|---|
| | Scope I: Direct greenhouse gas emissions | 17,371 |
| | Scope II: Indirect greenhouse gas emissions | 14,142 |
| | Total Greenhouse Gas Emissions (Scope I & II) | 31,513 |
| | Greenhouse Gas Intensity (metric ton of carbon dioxide equivalent/m ²) | 0.12 |

| Wastes | Type | Emission Volume (Metric ton) | Emission Intensity |
|--------|---------------------|------------------------------|----------------------------------|
| | Hazardous waste | 0.3 | 0.0012 kg/m ² |
| | Non-hazardous waste | 51 | 0.0002 metric ton/m ² |

| Energy consumption | Type | Consumption |
|---|---|-------------|
| | Direct energy (GJ) | 310,489 |
| | Indirect energy (MWh) | 26,901 |
| | Energy Consumption Density (GJ/m ²) | 1.6 |
| Water consumption | Total water consumption (m ³) | 93,068 |
| | Water consumption density (m ³ /m ²) | 0.4 |
| Packaging materials used in finished products | Total packaging materials (metric ton) | 1 |
| | Packaging materials density (kg/m ²) | 0.004 |

SOCIAL PERFORMANCE

| Number of Employees | | | | | | |
|---------------------|-------------------------|--------------------|-----------------|-----------------|-------------------|-------|
| Gender | Rank/Age | Below 30 years old | 30-40 years old | 41-50 years old | Over 50 years old | Total |
| Male | Senior Management | 0 | 10 | 4 | 7 | 783 |
| | Middle Management | 26 | 41 | 10 | 0 | |
| | General Staff | 279 | 281 | 113 | 12 | |
| Female | Senior Management | 0 | 0 | 0 | 0 | 434 |
| | Middle Management staff | 2 | 6 | 1 | 1 | |
| | General Staff | 139 | 199 | 82 | 4 | |

| Number of New Employees | | | | | | | |
|-------------------------|-------------------|--------------------|-----------------|-----------------|-------------------|-------|----------------|
| Gender | Rank/Age | Below 30 years old | 30-40 years old | 41-50 years old | Over 50 years old | Total | New Entry Rate |
| Male | Senior Management | 0 | 6 | 0 | 0 | 674 | 90% |
| | Middle Management | 0 | 5 | 0 | 0 | | |
| | General Staff | 303 | 256 | 96 | 8 | | |
| Female | Senior Management | 0 | 0 | 0 | 0 | 424 | |
| | Middle Management | 0 | 0 | 0 | 0 | | |
| | General Staff | 140 | 197 | 84 | 3 | | |

| Employee Turnover | | | | | | | |
|-------------------|-------------------|--------------------|-----------------|-----------------|-------------------|-------|---------------|
| Gender | Rank/Age | Below 30 years old | 30-40 years old | 41-50 years old | Over 50 years old | Total | Turnover Rate |
| Male | Senior Management | 0 | 0 | 0 | 0 | 34 | 5.2% |
| | Middle Management | 0 | 0 | 0 | 0 | | |
| | General Staff | 16 | 11 | 7 | 0 | | |
| Female | Senior Management | 0 | 0 | 0 | 0 | 29 | |
| | Middle Management | 0 | 0 | 0 | 0 | | |
| | General Staff | 7 | 18 | 4 | 0 | | |

| Health and Safety | | | | |
|---|-----------------------------|--|---|--------------|
| Number and ratio of work-related deaths | Number of work injury cases | Number of lost workdays due to work-related injury | Ratio of work-related injury per thousand employees | Absence Rate |
| 0.0% | 0 | 0 | 0% | 0% |

| Training | | | | | |
|-----------------------------------|--------|-------------------|-------------------|---------------|---------|
| Training | Gender | Senior Management | Middle Management | General Staff | Total |
| Number of trainees | Male | 15 | 25 | 773 | 1,272 |
| | Female | 0 | 4 | 455 | |
| Total training hours | Male | 1,695 | 2,825 | 87,349 | 143,736 |
| | Female | 0 | 452 | 51,415 | |
| Ratio of trained people | 100% | | | | |
| Average training hours per person | 113 | | | | |

| Suppliers | | | |
|--------------------------------------|--|---------------------|---|
| Supplier Area | Supply Product Category | Number of Suppliers | Percentage of Suppliers with Relevant Practices Implemented |
| Mainland China: Central China Region | Office information and labour insurance products | 5 | 100% |
| | Accessories for automobiles and forklifts | 4 | |
| | Steel, building materials and construction materials | 10 | |
| | Maintenance and outsourcing | 6 | |
| | Hardware, water heating and tools | 15 | |
| | Chemicals | 4 | |
| | Packaging materials | 10 | |
| Mainland China: South China Region | Production raw materials | 25 | |
| | Production equipment | 35 | |
| | Hardware, water heating and tools | 12 | |
| | Chemicals | 7 | |
| | Packaging materials | 13 | |

Index to the Environmental, Social and Governance Reporting Guide

| Major Aspect | Contents | Page Index/ Remark |
|----------------------------|---|--|
| A. Environment | | |
| 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. | 6-8 |
| A1.1 | The types of emissions and respective emissions data. | 16 |
| A1.2 | Greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 7,16 |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 16 |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 16 |
| A1.5 | Description of measures to mitigate emissions and results achieved. | 6 |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | 7 |
| A2 Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | 8 |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 16 |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 16 |
| A2.3 | Description of energy use efficiency initiatives and results achieved. | 8 |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | 8; There is no problem in obtaining water source that is fit for the purpose |

| Major Aspect | Contents | Page Index/ Remark |
|---|---|-----------------------|
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | 16 |
| A3 Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | 8 |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 8 |
| B. Social | | |
| B1 Employment and Labour Practices | | |
| 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. | 10 |
| B1.1 | Total workforce by gender, employment type, age group and geographical region. | 17 |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | 17 |
| GRI 401-1 | The total number of new employees. | 17 |
| | The proportion of new employees. | 17 |
| | Total number and proportion of new employees by gender, age group and geographical region. | 17 |
| 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. | 9-10 |
| B2.1 | The number and rate of work-related fatalities. | 17 |
| B2.2 | Lost days due to work injuries. | 17 |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | 9 |
| GRI 403-2 | Ratio of work injury (i.e. the number of work injuries per thousand employees). | 17 |
| | Absence rate. | 17 |

| Major Aspect | Contents | Page Index/ Remark |
|------------------------------------|---|-----------------------|
| B3 Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 10-11 |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 18 |
| B3.2 | The average training hours completed per employee by gender and employee category. | 18 |
| B4 Labor Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 11 |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 11 |
| B5 Supply Chain Management | | |
| General disclosure | Policies on managing environmental and social risks of the supply chain. | 14 |
| B5.1 | Number of suppliers by geographical regions. | 18 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | 14, 18 |
| 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. | 12-13 |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 13 |
| B6.2 | Number of received complaints about products and services and methods to deal with them. | 13 |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 13 |

| Major Aspect | Contents | Page Index/ Remark |
|--------------------------------|--|-----------------------|
| B6.4 | Description of quality assurance process and recall procedures. | 12-13 |
| B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | 13 |
| 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. | 14 |
| 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. | 14 |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | 14 |
| 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. | 15 |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 15 |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | 15 |