



亞洲聯網科技
有限公司

Asia Tele-Net and Technology Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0679)



2019

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

Contents

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About Us

Asia Tele-Net and Technology Corporation Limited, as our name tells, we are based in Asia to provide advanced technologies to our customers worldwide. We are an investment holding company holding investments in various disciplines with particular strength in electroplating technologies. Through our brand “PAL”, it is our mission to apply electroplating technologies in different applications or business segments so that the Group would grow segment by segment. This strategy would also help us to smooth out any cyclical effect in one particular segment and hence a more stable turnover and profitability level for the benefits of shareholders.

About this Report

The board of directors of the Company is pleased to present its environment, social and governance report for the year ended 31 December 2019. This report discloses the Company's measures and performance on sustainable development issues so that our stakeholders would appreciate our effort and commitment towards environmental protection and social responsibilities.

REPORTING YEAR AND SCOPE

The information contained in this report covers operational activities of our Hong Kong office, manufacturing facilities and various service centers in the People's Republic of China ("PRC") as well as Taiwan during the period from 1 January 2019 to 31 December 2019.

REPORTING STANDARDS

This report was prepared in accordance with Appendix 27 "Environmental, Social and Governance Report Guide" of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Data disclosed in this report are results of internal statistics and analysis on four main aspects, namely environmental protection, operational practices, employee care and community involvement.

STAKEHOLDER ENGAGEMENT

We engaged our stakeholders to collect the relevant information in order to identify the areas of importance to the Group and to our stakeholders.

Communications and engagement with stakeholders are an integral part in forming our policies and measures for environmental protection and social responsibility.

Expectations of Stakeholders and Responses

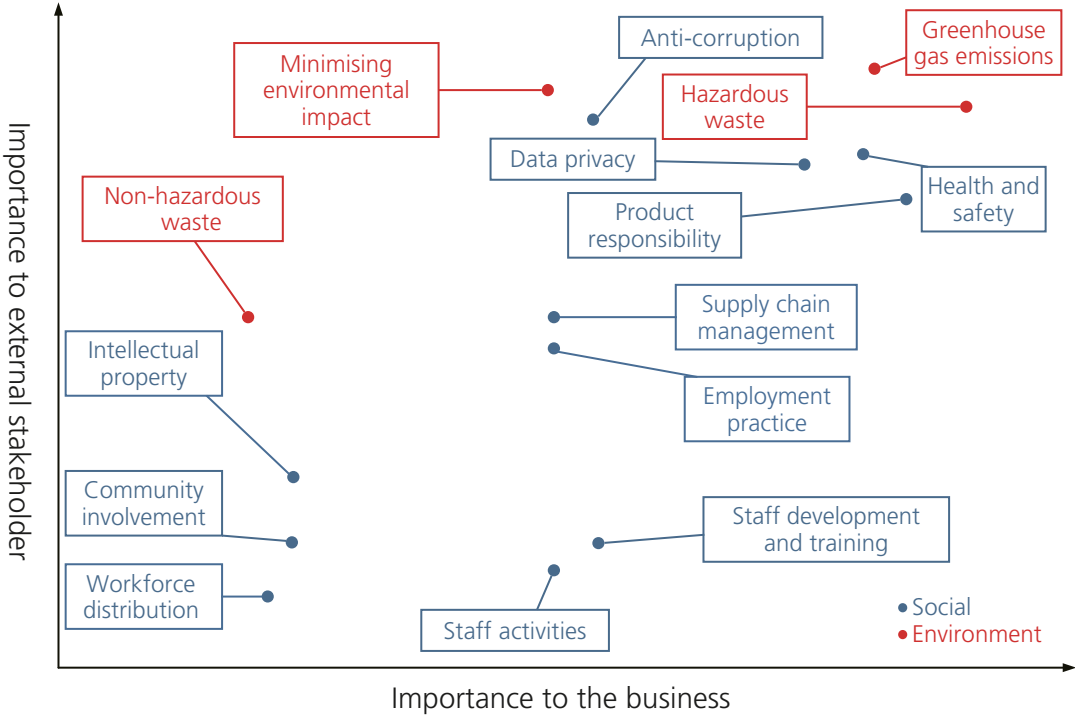
| Stakeholders | Concerned Issues | Communication and Responses |
|--------------|---|--|
| Shareholders | <ul style="list-style-type: none">• The corporate governance system• Business strategies• Business performance• Investment returns | <ul style="list-style-type: none">• Shareholders' meetings• Annual Report & interim report• ESG Report• Announcements and circulars |
| Customers | <ul style="list-style-type: none">• Product quality safety• Service quality• Pricing• Customer data protection• Business ethics• Contract compliance | <ul style="list-style-type: none">• Requests raised during meeting and/or contract negotiation• Constant improvement in product design• Monitoring of customers' satisfaction• Project review meeting |

About this Report

| Stakeholders | Concerned Issues | Communication and Responses |
|--|---|--|
| Employees | <ul style="list-style-type: none"> • Employee rights and benefits • Compensation policy • Training and development • Work environment | <ul style="list-style-type: none"> • Employee activities • Employee training • Company’s intranet |
| Suppliers | <ul style="list-style-type: none"> • Business ethics • Fair competition • Contract compliance including punctual payment | <ul style="list-style-type: none"> • Requests raised during meeting and order negotiation • Project review meeting |
| Governments and Supervisory institutions | <ul style="list-style-type: none"> • Compliance over rules and laws • Degree of harm done to environment • Creation of employment | <ul style="list-style-type: none"> • Visits to the Group companies • Questionnaire sent to the Group • Information disclosure |
| Community and the public | <ul style="list-style-type: none"> • Contribution to community development • Environmental protection • Business ethics | <ul style="list-style-type: none"> • Community activities • Employee volunteer activities • Social undertakings |

MATERIALITY ASSESSMENT

Based on the stakeholder engagement findings, we have come up with a materiality matrix are stated below. We strive to ensure proper measures are applied on the most significant issues so that they are addressed adequately throughout our business activities.



About this Report

ACCESS OF THIS REPORT

This report is released online. The online version is available on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.atnt.biz). This report is released in Chinese and English version. Should there be any discrepancies between the two versions, the English version shall prevail.

FEEDBACK

Our continued improvement depends on your valuable comments on the contents and form of this report. If you have any question or suggestion, please send it to esg@atnt.biz via email or to our Hong Kong office by post to No. 11 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.

Environmental Protection

The Group formulates policies and measures to identify and minimize wastes and emissions from our operations. Main discharges generated from our operations are emission, solid waste and water.

We have established a data collection system to measure our emissions and waste generation. By analyzing the data year by year, it will help us identifying problematic areas and hence establishing rectification measures.

EMISSIONS

Given the nature of our businesses, our emissions mainly come from indirect energy consumption in terms of electricity. Therefore, management of energy conservation is reinforced in our offices through the following policies and measures:–

- Promote and use high efficiency or energy-saving equipment
- Promote concept of energy-saving and emission reductions amongst employees by reminding employees to turn off any computers, printers, light and other office equipment that are not being used
- Set ventilation system with an average temperature at around 25 degrees Celsius
- Offer company coach services to staff so that they commute between office and major bus/MTR stations via our company coach which is a similar form of public transport
- Reduce frequency of travel by encouraging the use of video-conferencing
- Install sensor light for people who pass through the corridor in the office at night, the sensor light will turn on automatically
- Use environmental friendly paper to print Annual Reports and Interim Reports for our stakeholders' perusal

Environmental Protection

Relevant emission data are reported below.

A. Air emissions and greenhouse gas emissions from the fuel consumption

| | 2019 Hong Kong office | 2018 Hong Kong office | 2019 Shenzhen office | 2018 Shenzhen office | 2019 Taiwan office | 2018 Taiwan office |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| A1. Pollutants from air emissions | | | | | | |
| NOx emissions (g) | 24,871 | 28,062 | 175,329 | 257,255 | 31,865 | N/A |
| SOx emissions (g) | 222 | 269 | 368 | 441 | 64 | N/A |
| PM emissions (g) | 2,182 | 2,544 | 13,627 | 21,609 | 7,444 | N/A |
| A2. Greenhouse gas emission | | | | | | |
| CO ₂ emissions (kg) | 43,180 | 55,270 | 59,208 | 70,860 | 50,128 | N/A |
| CH ₄ emissions converted to CO ₂ emissions (kg) | 70 | 90 | 125 | 148 | 0.4 | N/A |
| N ₂ O emissions converted to CO ₂ emissions (kg) | 4,650 | 5,960 | 7,526 | 8,787 | 2 | N/A |

All figures for the above air emissions and greenhouse gas emissions from the fuel consumption in both Hong Kong and Shenzhen offices in 2019 were decreased when compared with those figures in 2018. The activities, especially in our Shenzhen office, were greatly reduced due to poor business environment in 2019.

For our Taiwan office, in 2018, it was reported that the car were rented and shared with third parties and therefore the fuel consumption was unable to record and report herein. In 2019, our Taiwan office has established internal recording system to record the usage of fuel consumption for the purpose of this report.

Environmental Protection

B. Greenhouse gas emissions from other sources

| CO ₂ emissions (kg) | 2019 | 2018 | 2019 Shenzhen | | 2018 Shenzhen | | 2019 Suzhou | 2018 Suzhou | | 2019 | 2018 |
|---|------------------|------------------|------------------|-------------------------|------------------|-------------------------|--------------------|--------------|-----------|---------------|---------------|
| | Hong Kong office | Hong Kong office | Office & Factory | Staff quarter & Canteen | Office & Factory | Staff quarter & Canteen | Office & Warehouse | Office | Warehouse | Taiwan office | Taiwan office |
| Use of electricity | 261,388 | 265,685 | 420,790 | 132,252 | 669,390 | 117,600 | 14,504 | 7,756* | 52* | 218 | 382 |
| Use of natural gas | N/A | N/A | N/A | 110,198 | N/A | 107,755 | N/A | N/A | | N/A | N/A |
| Generated from wasted papers | 3,225 | 6,339 | 8,880 | N/A | 12,048 | N/A | 744 | 773 | N/A | 1,649 | 4,070 |
| Electricity used by Water Supplies Department for fresh water we consumed | 289 | 991 | N/A | N/A | N/A | | N/A | N/A | | N/A | N/A |
| Electricity used by Drainage Services Department for sewage we generated | 137 | 499 | N/A | N/A | N/A | | N/A | N/A | | N/A | N/A |
| Generated from business travel activities | 295,627 | 211,329 | | 10,812 | | 19,385 | 336 | 458 | N/A | 484 | 2,374 |
| TOTAL | 560,666 | 484,843 | | 682,932 | | 926,178 | 15,584 | 9,039 | | 2,351 | 6,826 |

*Note: Figures in the use of electricity for Suzhou warehouse was available from January 2018 to June 2018 only. After June 2018, the figures in the use of electricity for Suzhou warehouse was combined into those figures of Suzhou office as the Suzhou office and Suzhou warehouse were moved into a single location and the meter was combined then.

Comparing with 2018, the overall greenhouse gas emissions for all operating locations were decreased in 2019 except Suzhou office:

- Except Suzhou office & warehouse, the overall use of electricity in different regions were decreased. It was mainly due to the drop in business activities especially our Shenzhen office.
- The use of natural gas increased a bit.
- Greenhouse gas emission generated from wasted papers in different regions were decreased.
- The fresh water we consumed decreased in the year of 2019. As reported in last year, fresh water consumption increased sharply in 2018 as the supply of water for flushing the toilets were stop for a certain period for repair. As the consumption of fresh water was reduced in 2019, the electricity used by Water Supplies Department were reduced correspondingly.

Environmental Protection

- Except for Hong Kong office, the CO₂ emissions generated from business travel activities in other region were decreased. More long-haul flights were taken by our Hong Kong staff. The number of flights we took during a year is mainly driven by installation and service works we are requested to perform based on the orders received.

SOLID WASTE

Our day to day operations mainly generate non-hazardous solid waste including production remaining materials and office garbage. Our policies and procedures for minimizing solid waste are summarized below.

- Production remaining materials refer to the leftover materials and offcuts from manufacturing process. In order to minimize these remaining materials, we use CNC machining whenever possible to reduce yield loss and we set a maximum benchmark for each project. When this benchmark is crossed, responsible engineers and supervisors are required to answer for this in the review meeting
- As part of the process to reduce costs for our customers and to offer a lower price, our engineering teams continuously offer ideas on minimal material consumption design for our customers to consider
- Production remaining materials will be sorted into recyclable and non-recyclable ones. The Group works with recycling companies and hand the waste for their recycling and handling. For the non-recyclable waste, the Group will dispose them at approved waste centers
- We encourage use of recycled or reuse papers
- We encourage practice of double-sided printing
- We use recycled plastic cartridges in photocopiers and printers
- We enable passwords control at photocopiers and printers so that staff could have a second-thought before actual printing and to delete any document which is activated to print by mistake
- As part of supply chain management, we will use eco-friendly packaging material whenever possible

In 2019, total hazardous waste produced was 13.49 tonnes (2018: 88.22 tonnes) with intensity of 1.35 tonnes (2018: 6.30 tonnes) per research and development project.

The total waste produced in 2019 was much lower because the nature of research and development projects were different from that of 2018. In 2018, there were more development projects involved chemicals handling. In 2019, more projects were collaborated with customers and were carried out at customers' sites. Therefore, less chemicals were handled in Hong Kong, thus waste was much lower than in 2018.

Environmental Protection

Total non-hazardous waste produced are as follows:

| | 2019 Hong Kong office | | 2018 Hong Kong office | | 2019 Shenzhen office & factory | | 2018 Shenzhen office & factory | | 2019 Suzhou office | | 2018 Suzhou office | | 2018 Taiwan office | | 2019 Taiwan office | |
|------------------------|--------------------------|---------------------------|--------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-------------------------|--|-------------------------|--|-------------------------|--------------------------|-------------------------|--------------------------|
| | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity | Consumption (tonnes) | Intensity |
| Food waste | 1.27 | 0.01 tonnes per employee | 1.54 | 0.01 tonnes per employee | 16.59 | 0.05 tonnes per employee | 21.68 | 0.05 tonnes per employee | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Office garbage | 0.61 | 0.005 tonnes per employee | 2.42 | 0.02 tonnes per employee | 2.81 | 0.01 tonnes per employee | 2.55 | 0.01 tonnes per employee | 0.52 | 0.17 tonnes per employee (See Note ¹ below) | 0.52 | 0.17 tonnes per employee (See Note ¹ below) | 3.05 | 0.16 tonnes per employee | 3.65 | 0.18 tonnes per employee |
| Packing material waste | 2.39 | N/A | 3.49 | N/A | 2.58 | N/A | 3.78 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Note¹: Average total number of employees in 2019 in Suzhou office: 34 (2018: 34)

| | 2019 Hong Kong office Consumption | | 2018 Hong Kong office Consumption | |
|------------------|--------------------------------------|-----------|--------------------------------------|---|
| | (tonnes) | Intensity | (tonnes) | Intensity |
| Test panel waste | 0 | 0 | 1.63 | 0.12 tonnes per project (See Note ² below) |

Note²: Total number of projects in 2019: 10 (2018: 14)

| | 2019 Shenzhen office & factory Consumption | | 2018 Shenzhen office & factory Consumption | |
|----------------------------|--|-----------|--|-----------|
| | (tonnes) | Intensity | (tonnes) | Intensity |
| Production remaining waste | 2.52 | N/A | 4.80 | N/A |

The food waste in Hong Kong office in 2018 was increased and therefore the management has implemented additional control measures by asking each department secretary to act as a controller to ensure unwanted lunch boxes were cancelled in time.

Environmental Protection

The food waste and creation of office garbage in terms of intensity remain relatively the same as in year 2018.

The creation of office garbage in Hong Kong office was decreased mainly due to the drop of business activities.

The creation of office garbage in Taiwan office was decreased slightly.

Packing material waste in both Hong Kong and Shenzhen offices and production remaining waste in Shenzhen office were decreased due to the drop of business activities.

WATER

The Group uses water in three main areas, namely cleaning required during manufacturing process, water consumed for testing equipment and water consumed in office and staff quarters. Water consumed in office and staff quarters are for drinking and cleaning purposes.

As an equipment manufacturing, the volume of water we consumed during manufacturing process is relatively low. The only cleaning process involved is cleaning and passivation of stainless steel parts.

From time to time, the Group is required to set up small testing equipment in Hong Kong. We mainly use distilled water and chemicals for testing purposes. After testing, hazardous waste water will be produced and will be stored in special containers. This hazardous waste water will be sent to professional contractor licensed by the Environment Protection Department for further processing before discharge to the drainage system. In order to reduce the consumption of distilled water, our testing team will carefully evaluate each project and will try to use fresh water instead of distilled water whenever possible.

Besides, we have the water treatment system (self-designed and self-made) to handle the waste water. Waste water would be drained after being handled with that water treatment system.

Environmental Protection

Water consumption in total and intensity are as follows:-

| | 2019 Hong Kong office | 2018 Hong Kong office | 2019 Shenzhen Office & Staff quarter Factory & Canteen | | 2018 Shenzhen Office & Staff quarter Factory & Canteen | | 2019 Suzhou office | 2018 Suzhou office (See Note ¹ below) | 2019 Taiwan office | 2018 Taiwan office | 2019 Research & Development project | 2018 Research & Development project |
|---|--------------------------------|---------------------------------|---|---------------------------------|---|---------------------------------|---------------------------------|---|--------------------------------|--------------------------------|--|--|
| Water consumption in total (cubic meters) | 781 | 2,460 | 5,564 | 12,372 | 7,543 | 11,658 | 525 | 230 | 44 | 41 | 10 | 12 |
| Intensity | 6.15 cubic meters per employee | 17.21 cubic meters per employee | 15.52 cubic meters per employee | 34.56 cubic meters per employee | 18.13 cubic meters per employee | 28.02 cubic meters per employee | 12.64 cubic meters per employee | 13.53 cubic meters per employee | 2.20 cubic meters per employee | 2.05 cubic meters per employee | 0.19 cubic meters per project | 0.84 cubic meters per project |

Note¹ From June 2018 to December 2018 only

For Hong Kong office, as explained in above under “Greenhouse gas emissions from other sources”, the fresh water we consumed decreased sharply in year 2019 when comparing to year 2018. As reported in last year, fresh water consumption increased sharply in 2018 as the supply of water for flushing the toilets were stop for a certain period for repair.

For Shenzhen office, the water consumption for office & factory showed a decrease mainly due to the drop of business activities. However, the amount of water consumption in Shenzhen staff quarter & canteen were increased. Given the happening of covid-19, more cleaning were undertook in-house and hence we do not expect to see any decrease in the coming year.

For Taiwan office, the water consumption has slightly increased.

The testing objectives and process to be tested for each research and development project is very different. As stated above, in 2019, less chemicals were used and more projects were collaborated with customers which were carried out at customers’ sites. Therefore, less water was used for the rinsing process.

As advised in our 2018 report, our Suzhou office and Suzhou warehouse were moved to a single location in June 2018 and therefore only seven months water consumption was recorded. Hence, the water consumption in 2019 is much higher than in 2018.

Environmental Protection

USE OF RESOURCES

Due to our business nature, we do not consume directly any natural resources. We consume natural resources indirectly by purchasing raw material such as plastic sheet, stainless steel and electronic components. As such, we believe that if we are conscious of the way we design our product and the way we operate so as to consume less of raw material, electricity and water, we will be doing less harm to the environment.

We promote a “Green” concept and is committed to act in an environmentally responsible manner through its office management and daily operation. Employees are encouraged to follow all those measures listed above and to contribute ideas to further reduce the use of resources.

Consumption of vehicles fuels in total and intensity are as follows:-

| | 2019 Hong Kong office | 2018 Hong Kong office | 2019 Shenzhen office | 2018 Shenzhen office | 2019 Taiwan office | 2018 Taiwan office |
|---|--|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Consumption of vehicles fuels in total (tonnes) | 14.91 | 18.14 | 24.77 | 29.57 | 22.15 | N/A |
| Intensity (tonnes per employee) | 0.14 | 0.13 | 0.07 | 0.07 | 1.11 | N/A |

Although the intensity for consumption of vehicles fuels in Hong Kong office has a slight increase, it still shows that we have good control in the use of vehicles and therefore can keep the fuel consumption at almost the same level.

For our Taiwan office, no fuel consumption for car vehicles was reported in 2018 as all vehicles are rented and fuels are paid for by the leasing companies. They are unwilling to provide fuel consumption figures to us. In 2019, our Taiwan office has established internal recording system to record the usage of fuel consumption for the purpose of this report.

Environmental Protection

Consumption of electricity in total and intensity are as follows:–

| | 2019 Hong Kong office | 2018 Hong Kong office | 2019 Shenzhen | | 2018 Shenzhen | | 2019 Suzhou | 2018 Suzhou | | 2019 Taiwan office | 2018 Taiwan office |
|---|-----------------------|-----------------------|------------------|-------------------------------------|------------------|-------------------------------------|--------------------|-------------------------------------|------------------------------------|--------------------|--------------------|
| | | | Office & Factory | Staff quarter & Canteen | Office & Factory | Staff quarter & Canteen | Office & warehouse | office | warehouse | | |
| Consumption of electricity (kWh in '000s) | 512.53 | 520.95 | 667.92 | 214.69 | 1,174.37 | 206.32 | 14.50 | 13.61 (See Note ² below) | 0.09 (See Note ² below) | 41.16 | 43.13 |
| Intensity (kWh in '000s per employee) | 4.040 | 3.645 | 1.740 | 0.898 (See Note ¹ below) | 2.822 | 0.829 (See Note ¹ below) | 0.43 | 0.400 | 0.002 | 2.060 | 2.157 |

Note¹: Average total number of employees in 2019 for staff quarter & canteen: 239 (2018: 249)

Note²: Figures in the use of electricity for Suzhou warehouse was available for January 2018 to June 2018 only. After June 2018, the figures in the use of electricity for Suzhou warehouse was combined into those figures of Suzhou office as the Suzhou office and Suzhou warehouse were moved to a single location and the meter was combined then.

The consumption of electricity in Shenzhen office was decreased sharply mainly due to reduced business activities and reduction in number of staff.

The consumption of electricity in Hong Kong office were slightly increased while the offices of Suzhou and Taiwan offices were relatively the same. We shall implement better control in Hong Kong office.

Total packaging material used for finished products in 2019 is 123 tonnes (2018: 159 tonnes). The drop of usage was mainly due to reduced business activities.

Environmental Protection

MINIMISING ENVIRONMENTAL IMPACT

Managing the environmental impact of what we do is a high priority within our group. We continuously work to prevent harm to the environment by adopting and implementing best practice at all of our sites worldwide. Our policy is to minimise the environmental impact of what we do, while continuing to deliver reliable products and services for our customers.

In order to achieve this, we:

- integrate our environmental policy across the Group;
- comply with environmental legislation and regulation in every country in which we operate; and
- establish environmental targets and monitor them continuously, analysing and reporting the results to our management team

1/ **Reduction in energy consumption**

We measure and monitor consumption with the sincere aim to reduce the amount of energy we use in our offices and factory wherever possible. This will indirectly reduce greenhouse gas emissions.

2/ **Water consumption**

We strive to reduce the amount of water we use in the coming years compared to this year.

3/ **Waste management**

We always seek to use materials more efficiently to reduce the amount of potentially harmful waste we generate. This includes reviewing the type and quality of materials we source as well as the way we make and package our finished goods. We are committed to good recycling practices and also recommend that our suppliers to do so.

COMPLIANCE TO LAWS AND REGULATIONS

During the year, the Group strictly adheres to the required law and regulations in relation to all environmental issues.

Operational Practice

SUPPLY CHAIN MANAGEMENT

Sound supply chain management ensures the Group to sustain its business operations and development. We have maintained strong relationships with our suppliers to meet our customers' needs in an effective and efficient manner. When selecting suppliers, the Group takes factors into accounts such as quality of products, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

During the year, geographical distribution of our suppliers by number are as follows:-

| Region | No. of supplier | | No. of supplier | |
|--------------------------------------|-----------------|----------------|-----------------|----------------|
| | in 2019 | Percentage | in 2018 | Percentage |
| China/Hong Kong | 312 | 80.41% | 297 | 84.38% |
| Southeast & East Asia (except China) | 28 | 7.22% | 21 | 5.97% |
| USA | 9 | 2.32% | 9 | 2.56% |
| Other region | 7 | 1.80% | 4 | 1.14% |
| Europe | 32 | 8.25% | 21 | 5.97% |
| Total | 388 | 100.00% | 352 | 100.00% |

PRODUCT RESPONSIBILITY

The Group recognizes quality product with good safety features and excellent after-sale-service are key to the success and sustainability of a corporation.

Our engineering team will ensure that our electroplating equipment is designed to meet appropriate safety standards. Appropriate electrical components are selected to meet various local requirements e.g. UL marked components for American customers, CE marked components for European customers.

The Group's manufacturing facilities are ISO certified and have a comprehensive set of quality control policies to ensure that any major defects are identified and rectified before shipment. We have regular weekly departmental meetings and monthly management meetings to report, review, monitor each project and to address customer's request.

We have also set up various service centers and their locations are closer to our customers' manufacturing facilities. Our experienced technician will provide on-time after-sale-service and solutions to our customers.

During the reporting period, we experienced no product recall.

Operational Practice

INTELLECTUAL PROPERTY

We are one of the few Hong Kong companies who will maintain its own technology development team in Hong Kong. The Group would continue to commit on product engineering, research and development in next generation technology and costs reduction measures so that we are able to grab fruitful return and further strengthen our leading position in electroplating equipment.

We respect original design and work done. Apart from registration of trademark, the Group has also patented some of our top-notch engineering design. We warrant to our customers that we have good titles to the technology and design in the equipment we sold to them. As at 31 December 2019, the number of patents in effect is 21 (2018: 20) with 5 (2018: 8) patents pending for approval.

As we will from time to time develop new product or process with our customer or other engineering firm, it is our practice to sign non-disclosure agreement with them to protect each party's rights in its own intellectual property.

DATA PRIVACY

The Group is abided by the Personal Data (Privacy) Ordinance, Law on Protection of Consumer Rights and Interests of the PRC as well as Personal Information Protection Act and Enforcement Rules of the Personal Information Protection Act in Taiwan. Information collected would only be used for the purpose for which it is intended for.

Besides, we have included in the employee handbook several confidentiality provisions which require employees to keep confidential of the information they receive from time to time from our customers or business partners. Also, access rights are set so that the information in our ERP system, databases and servers is only available for colleagues who are responsible for that particular area. This is to avoid undue disclosure of information.

ANTI-CORRUPTION

To maintain a fair and ethical business environment, the Group strictly adheres to the anti-corruption laws in every country in which we operate. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships, wherever we operate.

The Group has issued an Anti-Corruption Policy Statement to educate staff what is bribery and advised them on how to avoid and how to raise a concern to management. We have also stated clearly in the statement what enforcement action may be taken including disciplinary action and reporting to the relevant authorities. At the same time, we assure our staff that they will not suffer retaliation for reporting, in good faith, a violation or suspected violation of the anti-corruption policy statement.

Operational Practice

In 2019, there were no cases regarding corrupt practices brought against the Group or our staff.

In addition, the Group has a whistle-blowing policy to promote transparent structure and clear communication within the Group. The policy is the reporting of the suspected misconduct, illegal acts or failure to act within the Group. Person who has a legitimate concern about the above suspected misconduct or act may raise the matter directly to the chairman of the Group or if exceptionally, the concern is about the chairman of the Group, the person can raise his or her concern to the chairman of the audit committee. All concerns will be acknowledged receipt and treated in confidential and if appropriate, the concerns raised may be investigated and/or referred to the independent third party or police.

The policy is designed to ensure that the persons can raise their concerns about wrongdoing or malpractice within the Group without fear of victimization, subsequent discrimination, disadvantage or dismissal. It is also intended to encourage and enable the persons to raise serious concern within the Group rather than ignoring a problem.

The whistle-blowing policy will be reviewed by the audit committee annually. A written annual report of all cases will be summarized the concerns raised and sent to the audit committee for their attention. A corporate register containing all concerns will be maintained. By maintaining a corporate register (without disclosing any confidential details), the relevant department will learn from mistakes and does not repeat them. The register also helps to maintain consistency of approach across the departments.

Employee Care

EMPLOYMENT PRACTICE

Employees are our valuable assets. To strengthen our employees' loyalty, satisfaction and competence development, the Group adheres to fair and open recruitment, provides protection of rights and interests as well as benefits, welfare and care for each employee. In addition, we provide a health and safety working environment and appropriate training to our employees.

Fair and open recruitment

We recruit staff based on fair and open principles to ensure the recruitment and selection process is objective and consistent. We avoid any employment discrimination and offer equal employment opportunities to all candidates.

Employment terms

To protect the legitimate rights and interests between the Group companies and the employees, all successful candidates are required to sign an employment contract which outlines all agree terms. We have also issued employees' handbook which covers and governs the compensation, discipline, recruitment, promotion mechanism, working hours, leaves and other benefits and welfare offered by the Group.

Appraisal

To evaluate the performance of employees, we conduct performance appraisal annually for our employees. Through a bilateral communication during appraisal, the Company and employees would have a chance to understand more deeply the need of each other, and to discuss employee's work performance, achievement, expectation and goals setting and achieved in order to improve and/or enhance work performance.

Benefits, welfare and employee care

We provide medical and life insurances, mandatory provident fund scheme, free lunch, company coach service and overtime travelling allowances to our employees. Education subsidies will also be granted to appropriate employees.

To create a sense of belonging, the Company also provide massages machines, sofa and television in rest spaces and room for breast-feeding. The Group also provides accommodation to our employees in China.

Employee Care

WORKFORCE DISTRIBUTION

Our workforce distribution is as follows:-

The workforce and turnover rate of employees by employee category (Hong Kong office) for the year 2019

| Employee category | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|--------------------------|--|---|--|-------------------------------|
| Management | 41 | 34.75% | 3 | 7.32% |
| Production Staff | 0 | 0.00% | 0 | 0.00% |
| Engineers | 27 | 22.88% | 10 | 37.04% |
| Technicians | 11 | 9.32% | 4 | 36.36% |
| Others | 39 | 33.05% | 6 | 15.38% |
| Total | 118 | 100.00% | 23 | 19.49% |

Average total number of employees 127

Employee Care

The workforce and turnover rate of employees by gender and age group (Hong Kong office) for the year 2019

| Gender and age group | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|-----------------------------------|--|---|--|-------------------------------|
| Male | | | | |
| 30 or below | 7 | 5.93% | 6 | 85.71% |
| 31-40 | 21 | 17.80% | 1 | 4.76% |
| 41-50 | 25 | 21.19% | 5 | 20.00% |
| 51 or above | 31 | 26.27% | 4 | 12.90% |
| Sub-total | 84 | 71.19% | 16 | 19.05% |
| Female | | | | |
| 30 or below | 5 | 4.24% | 2 | 40.00% |
| 31-40 | 8 | 6.78% | 1 | 12.50% |
| 41-50 | 10 | 8.47% | 1 | 10.00% |
| 51 or above | 11 | 9.32% | 3 | 27.27% |
| Sub-total | 34 | 28.81% | 7 | 20.59% |
| Total | 118 | 100.00% | 23 | 19.49% |
| Average total number of employees | 127 | | | |

Employee Care

The workforce and turnover rate of employees by employee category (Shenzhen office) for the year 2019

| Employee category | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|-------------------|---------------------------------------|--|---|------------------------|
| Management | 0 | 0.00% | 0 | 0.00% |
| Production Staff | 31 | 10.10% | 82 | 264.52% |
| Engineers | 89 | 28.99% | 7 | 7.87% |
| Technicians | 22 | 7.17% | 16 | 72.73% |
| Others | 165 | 53.74% | (2) | 0.00% |
| Total | 307 | 100.00% | 103 | 33.55% |

Average total number of employees 358.5

The workforce and turnover rate of employees by gender and age group (Shenzhen office) for the year 2019

| Gender and age group | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|----------------------|---------------------------------------|--|---|------------------------|
| Male | | | | |
| 30 or below | 44 | 14.33% | 12 | 27.27% |
| 31-40 | 84 | 27.36% | 27 | 32.14% |
| 41-50 | 97 | 31.60% | 43 | 44.33% |
| 51 or above | 33 | 10.75% | 17 | 51.52% |
| Sub-total | 258 | 84.04% | 99 | 38.37% |
| Female | | | | |
| 30 or below | 11 | 3.58% | 2 | 18.18% |
| 31-40 | 23 | 7.49% | 1 | 4.35% |
| 41-50 | 11 | 3.58% | 1 | 9.09% |
| 51 or above | 4 | 1.30% | 0 | 0.00% |
| Sub-total | 49 | 15.96% | 4 | 8.16% |
| Total | 307 | 100.00% | 103 | 33.55% |

Average total number of employees 358.5

Employee Care

The workforce and turnover rate of employees by employee category (Suzhou office) for the year 2019

| Employee category | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|-------------------|---------------------------------------|--|---|------------------------|
| Management | 0 | 0.00% | 0 | 0.00% |
| Production Staff | 0 | 0.00% | 0 | 0.00% |
| Engineers | 7 | 20.00% | 0 | 0.00% |
| Technicians | 10 | 28.57% | (3) | 0.00% |
| Others | 18 | 51.43% | 2 | 11.11% |
| Total | 35 | 100% | (1) | 0.00% |

Average total number of employees 34.5

The workforce and turnover rate of employees by gender and age group (Suzhou office) for the year 2019

| Gender and age group | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|----------------------|---------------------------------------|--|---|------------------------|
| Male | | | | |
| 30 or below | 4 | 11.43% | 1 | 25.00% |
| 31-40 | 15 | 42.86% | 0 | 0.00% |
| 41-50 | 8 | 22.86% | (2) | 0.00% |
| 51 or above | 2 | 5.71% | 0 | 0.00% |
| Sub-total | 29 | 82.86% | (1) | 0.00% |
| Female | | | | |
| 30 or below | 1 | 2.86% | 0 | 0.00% |
| 31-40 | 5 | 14.28% | 0 | 0.00% |
| 41-50 | 0 | 0.00% | 0 | 0.00% |
| 51 or above | 0 | 0.00% | 0 | 0.00% |
| Sub-total | 6 | 17.14% | 0 | 0.00% |
| Total | 35 | 100% | (1) | 0.00% |

Average total number of employees 34.5

Employee Care

The workforce and turnover rate of employees by employee category (Taiwan office) for the year 2019

| Employee category | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|-------------------|---------------------------------------|--|---|------------------------|
| Management | 3 | 14.29% | 0 | 0.00% |
| Production Staff | 0 | 0.00% | 0 | 0.00% |
| Engineers | 3 | 14.29% | 1 | 33.33% |
| Technicians | 7 | 33.33% | (3) | 0.00% |
| Others | 8 | 38.09% | 1 | 12.50% |
| Total | 21 | 100.00% | (1) | 0.0% |

Average total number of employees 20.5

The workforce and turnover rate of employees by gender and age group (Taiwan office) for the year 2019

| Gender and age group | Number of employees as at 31 Dec 2019 | Percentage of each employee category (as at 31 Dec 2019) | Number of employee turnover (compare to 2018) | Percentage of turnover |
|----------------------|---------------------------------------|--|---|------------------------|
| Male | | | | |
| 30 or below | 7 | 33.33% | 3 | 42.86% |
| 31-40 | 0 | 0.00% | 1 | 0.00% |
| 41-50 | 10 | 47.62% | (5) | 0.00% |
| 51 or above | 0 | 0.00% | 0 | 0.00% |
| Sub-total | 17 | 80.95% | (1) | 0.00% |
| Female | | | | |
| 30 or below | 0 | 0.00% | 0 | 0.00% |
| 31-40 | 2 | 9.52% | 0 | 0.00% |
| 41-50 | 1 | 4.76% | 0 | 0.00% |
| 51 or above | 1 | 4.76% | 0 | 0.00% |
| Sub-total | 4 | 19.05% | 0 | 0.00% |
| Total | 21 | 100.00% | (1) | 0.00% |

Average total number of employees 20.5

Employee Care

The drop in workforce was due to (i) voluntary turnover and (ii) strategy to use more third-party subcontractors in China.

HEALTH AND SAFETY

The Group places great emphases on occupational health and safety. In our Hong Kong office, we have set out guidelines in our employees handbook. In our China offices and factory, we abide by the relevant laws and regulations such as “中華人民共和國安全生產法”. In our Taiwan office, we abide by the relevant laws such as Occupational Safety and Health Act.

We have also set various guidelines such as “職業衛生管理制度匯編”、“職業健康衛生的防護與管理操作指引” and “安全管理和事故預防紀律處分規定”. By adoption of these guidelines, we aim to provide a health and safe working environment which protect the employees from occupational hazards.

The Group has dedicated department and personnel for safety management in offices, factory and customers’ sites.

The Group has developed the relevant safety systems and operating procedures as follows:-

- At China factory
 - established Work Safety Department
 - appointed safety officers to conduct daily safety check at factory and remind staff to wear appropriate protection gears including safety helmets and belts when they are at works
- At office
 - appointed safety officer to inspect the office safety regularly
- At customers’ sites
 - team leaders act as safety supervisors to conduct relevant safety training beforehand and to provide safety guidance during installation to our staff and sub-contractors (if any)
 - team leaders have to ensure staff will wear protective gears and uniform where necessary such as safety shoes, safety helmets, protective goggles, mask and acid-proof gloves (“Protective Equipments”) provided by the Company before starting the work
 - we would send safety officer to site (large size jobs) to help for onsite safety measures implementation
 - the safety officer would even prosecute the workers who violate the safety rules, like not wear safety belt when working at height. A fixed penalty will be imposed if prosecution
 - at the sites in Taiwan, all our staff are required to attend local safety training before entering into customer’s site
 - the Group provides a comprehensive safety handbook to staff who works at the site

Employee Care

- At laboratory
 - Manager or team leader will provide standard safety testing procedures and training to the staff
 - ensure staff to wear the Protective Equipments before commencement of work
 - has well-developed first-aid equipments and kits
 - has installed shower to wash away hazardous chemicals

In 2019, there was no fatal accident happened for offices in Shenzhen, Suzhou and Taiwan. However, Hong Kong office has one serious work injury when a staff was working in USA. He has fallen to the ground when working at the top of the machine. Fortunately, he has recovered completely and is now back to work. This accident is a wake-up call as this staff is well qualified and very experienced. The management has reviewed again the safety training system and has also immediately organized additional talks and trainings. Key message delivered to the staff during the talks was “be vigilant about safety is for their own good”.

Lost days in relation to work injury are as follows:–

| | Hong Kong office | Shenzhen office and factory | Suzhou office | Taiwan office |
|-----------|------------------|-----------------------------|---------------|---------------|
| Lost days | 81 | 3.5 | 0 | 0 |

On the other hand, the Company provides ergonomics stands to those employees who use notebooks at work to reduce occupational strain.

DEVELOPMENT AND TRAINING

The Company encourages our employees to improve their knowledge and skills for discharging their duties at work. If the employees have interest in relevant course, they can apply to their manager for training subsidies.

Average training hours completed by employees is summarized as follows:–

The information of employees trained by employee category (Hong Kong office) for the year 2019

| Employee category | Number of trained employees | Training hours completed | Average training hours per head |
|-------------------|-----------------------------|--------------------------|---------------------------------|
| Senior Management | 0 | 0 | 0 |
| Middle Management | 0 | 0 | 0 |
| Engineers | 0 | 0 | 0 |
| Technicians | 2 | 8 | 4.0 |
| Production Staff | 0 | 0 | 0 |
| Others | 0 | 0 | 0 |
| Total | 2 | 8 | 4.0 |

Employee Care

The information of employees trained by employee category (Shenzhen Office) for the year 2019

| Employee category | Number of trained employees | Training hours completed | Average training hours per head |
|--------------------------|------------------------------------|---------------------------------|--|
| Senior Management | 1 | 4 | 4.0 |
| Middle Management | 17 | 103 | 6.1 |
| Engineers | 16 | 222 | 13.9 |
| Technicians | 34 | 358 | 10.5 |
| Production Staff | 115 | 345 | 3.0 |
| Others | 10 | 30 | 3.0 |
| Total | 193 | 1,062 | 5.5 |

The information of employees trained by employee category (Taiwan Office) for the year 2019

| Employee category | Number of trained employees | Training hours completed | Average training hours per head |
|--------------------------|------------------------------------|---------------------------------|--|
| Senior Management | 0 | 0 | 0 |
| Middle Management | 2 | 42 | 21.0 |
| Engineers | 8 | 111 | 13.9 |
| Technicians | 8 | 63 | 7.9 |
| Production Staff | 0 | 0 | 0 |
| Others | 2 | 9 | 4.5 |
| Total | 20 | 225 | 11.3 |

Our Group laid emphasis on safety training, most of our training hours are for safety training. Hours shown above included internal safety & technical training and training in machine operation, safety training is organized by our customers/suppliers and safety and other training by professional organizations in Hong Kong.

Employee Care

STAFF ACTIVITIES

The Company allows employees to leave office early on the day of festivals, like Mid-Autumn Festival and Winter Solstice. Let employees can have more time to accompany their families and/or friends and prepare for celebration of festivals. Besides, moon cakes and fruits are distributed yearly to let employees enjoy the festival's atmosphere.

Start from 2018, the Company granted an additional paid leave in each calendar year to our employees and called it "Celebration Leave". Our employees can choose a day which they would like to celebrate with their loved ones or which they feel important for himself/herself, for example days like birthday, wedding anniversary etc, as one of our staff benefits.

The Company arranged a health care talk in relation to cancer in 2019 since cancer has a close relationship with us. It may suddenly appear before anyone. In fact, people who die of cancer each year account for 30% of the total number of deaths in Hong Kong and it is also the number one killer of diseases in Hong Kong. Therefore, we must be alert to the disease and recognize cancer as early as possible to make appropriate prevention. Due to this reason, the Company arranged this talk to alert our employees so that they can take appropriate precautions.



LABOUR STANDARD

The Group is in strict compliance with the Employment Ordinance of Hong Kong, Labour Law of the PRC, Protection of Minor Laws of the PRC and Labour Standards Act in Taiwan. We fully recognize that child labour and forced labour violate fundamental human rights and have established measures to combat against illegal employment on child labour and forced labour.

During the recruitment process, we will require job applicants to provide a valid identity documents for our verification. A copy of their identity documents will be kept in file and would be subject to subsequent check and inspection. If any dishonest disclosure is found, we will terminate his or her employment immediately.

Community Involvement

During the year, we participated again the “Shine Tak Hiking Walk” event held by Hongkong Shine Tak Foundation Association Limited (“Shine Tak”) and sponsored HK\$100,000 for the event. The event is an annual fundraising campaign to promote the “Caring for Scientific Research and Youth Development Program”. The aim of the event is to promote young people in Hong Kong to “caring for and using technology” and using “translocation thinking” to develop care products that can help people in need in the society. They will use scientific research to convey love and give back to society.



Besides, we donated HK\$200,000 to Shine Tak during the year to support their activities.

We also sponsored HK\$60,000 on “Caring for Scientific Research Youth Development Program – Beijing and Xi’an Aerospace Science and Technology Study Mission” which was jointly organized by Shine Tak and the Hong Kong Science and Technology Association. The program is meant to let students in Hong Kong to understand the technology achievements of Mainland China and, by way of introduction, to encourage them to apply science and technology to help the people in need.

On the other hand, we donated HK\$50,000 to the Joyful (Mental Health) Foundation to support their programs in (i) promoting awareness of mental health in the community, (ii) avoiding misconceptions and discrimination regarding such illnesses, and (iii) providing services and information to people who suffer from emotional disorders as well as their families.

In addition, we support Heifer’s poverty alleviation program in China. We donated HK\$100,000 to Heifer Hong Kong to support their programs.

In 2019, we made the above donations in the total amount of approximately HK\$510,000 (2018: approximately HK\$610,000).

