

# CDH 中發展控股有限公司

Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475



ENVIRONMENTAL, SOCIAL  
And GOVERNANCE REPORT

2020/21

# CONTENTS

|    |   |    |   |
|----|---|----|---|
| 2  | <b>DEFINITIONS</b>                            | 11 | <b>SOCIAL</b>   |
| 3  | <b>ABOUT CENTRAL DEVELOPMENT</b>              | 11 | EMPLOYMENT  |
| 3  | ENERGY BUSINESS                               | 13 | REMUNERATION AND BENEFITS   |
| 3  | JEWELRY BUSINESS                              | 14 | LABOUR STANDARDS  |
| 3  | <b>ABOUT THE REPORT</b>                       | 14 | HEALTH AND SAFETY   |
| 3  | PURPOSE OF THE REPORT                         | 16 | DEVELOPMENT AND TRAINING  |
| 3  | REPORTING PERIOD AND SCOPE                    | 17 | PRODUCT RESPONSIBILITY  |
| 4  | REPORTING PRINCIPLES                          | 18 | SUPPLY CHAIN MANAGEMENT   |
| 4  | <b>MESSAGE FROM THE DIRECTORS</b>             | 19 | ANTI-CORRUPTION   |
| 4  | <b>FEEDBACK</b>                               | 19 | COMMUNITY INVESTMENT  |
| 5  | <b>RESPONDING TO CLIMATE CHANGE</b>           | 20 | <b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE</b> |
| 5  | <b>SUSTAINABILITY GOVERNANCE</b>              |    |   |
| 5  | RISK MANAGEMENT                               |    |   |
| 6  | <b>STAKEHOLDER ENGAGEMENT</b>                 |    |   |
| 6  | <b>MATERIALITY ASSESSMENT</b>                 |    |   |
| 8  | <b>ENVIRONMENTAL</b>                          |    |   |
| 8  | GREENHOUSE GAS EMISSIONS AND USE OF RESOURCES |    |   |
| 10 | USE OF WATER RESOURCES                        |    |   |
| 10 | SOLID WASTES                                  |    |   |





## DEFINITIONS

|                                    |   |
|------------------------------------|---|
| “Central Development” or “Company” | Central Development Holdings Limited (Stock Code: 475), principally engaged in the Energy Business and the Jewelry Business, the shares of which are listed on the Main Board of the Stock Exchange;  |
| “subsidiaries”                     | has the meaning ascribed to it under the Listing Rules;   |
| “Group” or “we”                    | the Company and its subsidiaries;   |
| “Energy Business”                  | principally the sales of various customised solar module intelligent technology products, (including solar photovoltaic modules, new energy smart direct current inverters and power optimizers, etc.), the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects, and the sales of refined oil for the Energy Business; |
| “Jewelry Business”                 | principally the provision of jewelry products to distributors;  |
| “Report”                           | the fifth Environmental, Social and Governance Report published by the Group;   |
| “Reporting Period”                 | 1 April 2020 to 31 March 2021;  |
| “Year” or “2021” or “Year 2021”    | 1 April 2020 to 31 March 2021;  |
| “Year 2022”                        | 1 April 2021 to 31 March 2022;  |
| “Year 2020”                        | 1 April 2019 to 31 March 2020;  |
| “Year”                             | within the financial year;  |
| “Board”                            | the board of directors of the Company;  |
| “Stock Exchange”                   | The Stock Exchange of Hong Kong Limited;  |
| “Guide”                            | the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on Stock Exchange;  |
| “Hong Kong”                        | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “PRC”                              | the People’s Republic of China, and for the purpose of the Report only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;   |
| “COVID-19”                         | novel coronavirus disease;  |
| “%”                                | per cent.   |



## ABOUT CENTRAL DEVELOPMENT

Central Development Holdings Limited (the "Company") together with its subsidiaries (collectively referred to as "Central Development" or the "Group") focuses on the development of Energy Business and Jewelry Business. Central Development was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in April 2007 to meet the needs of business development.

### ENERGY BUSINESS

One of the principal businesses of Central Development is energy-related products and services, including the sales of the solar cooling intelligent technology products using solar thermal cooling-stored pipes, the customised solar modules intelligent technology products (including solar photovoltaic modules and smart current inverter products etc.), the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects and the sales of refined oil. The Group also actively develops and expands its businesses in the PRC and other regions, while upholding the operating principle of "maintaining a healthy, stable and long-

term business". Backed by the overall stability and sustainability of the business, the Group will strive to seek new development opportunities with an open-minded and innovative mindset. Therefore, the Group actively cooperates with partners in the related industries, and has successfully obtained various patent use rights applicable to different application scenarios over the past few years, which has enriched the Group's product types.

### JEWELRY BUSINESS

Another principal business of Central Development is the sales of jewelry products, with a focus on providing suitable products to distributors and retailers in the PRC and Hong Kong. Our corporate cultures are "service awareness" and "positive thinking". In order to maintain business plans, source fashionable styles and seek new customers, where permitted, we have been proactively participating in different jewelry exhibitions aiming at widening sales channels. In addition, the Group's long-established relationship with the suppliers enables us to maintain the quality of jewelry products.

## ABOUT THE REPORT

### PURPOSE OF THE REPORT

This report is the fifth Environmental, Social and Governance (ESG) Report (the "Report") published by Central Development. The purpose of the Report is to disclose to stakeholders the policies, measures and performance of the Group in environmental, social and corporate governance. The Report is prepared in both Chinese and English and is available at the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company (<http://www.475hk.com>). The Report is confirmed and approved by the Board on 12 October 2021.

### REPORTING PERIOD AND SCOPE

The Report presents the ESG performance of Central Development for the financial year from 1 April 2020 to 31 March 2021. During the Year, there was a change in the reporting scope to include the Jewelry Business in order to provide a complete disclosure of the Group's two most significant business segments, in addition to continuing to include the Energy Business in our Hong Kong office (the "Hong Kong Office") and excluding the part of the factory (the "Yuyao Factory") in Yuyao City, Zhejiang Province that has been leased out.

## ABOUT THE REPORT (Continued)

### REPORTING PRINCIPLES

The Report is prepared in accordance with the "Environmental, Social and Governance (ESG) Reporting Guide" (the "Guide") set out in the Appendix 27 to the Rules Governing the Listing of

Securities on The Stock Exchange of Hong Kong Limited, and on the basis of four reporting principles of Materiality, Quantitative, Balance and Consistency.

| Principle    | Definition   |
|--------------|--|
| Materiality  | We identify important environmental and social issues by analyzing the opinions of stakeholders of the Group, prioritise and disclose important issues in the Report.  |
| Quantitative | Environmental and social key performance indicators data is collected to monitor and evaluate our progress in implementing environmental and social responsibility initiatives.                                |
| Balance      | The Report presents an impartial report on the Group's environmental, social and governance performance.   |
| Consistency  | The Report uses consistent methodologies to allow for meaningful comparisons of ESG data over time. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders' reference. |

## MESSAGE FROM THE DIRECTORS

The Year continues to be challenging and difficult, with the COVID-19 epidemic hanging over the world. At the same time, we are facing the threat of global warming, with extreme weather events including floods, droughts, forest fires and heat waves impacting the countries. The both above have affected billions of lives, properties and livelihoods across the globe. Undeniably, we are facing ever unprecedented challenges. As a responsible business, we shall shoulder our due responsibility to operate in a sustainable manner to safeguard our homes and the interests of all stakeholders.

Central Development actively incorporates the principle of sustainable development into its businesses, operating in an ethical, honest, transparent manner and in compliance with relevant laws and regulations. In the coming year, we plan to devote more resources to environmental, social and governance issues, and will continue to plan and implement various policies and measures in these three areas to allow the Group well prepared for its sustainable development and address the current and future challenges.

To achieve our sustainable development objectives, it is more important to collect the opinions of each of stakeholders. We proactively maintain close communication with various stakeholders through different channels, so that we can better understand their views and expectations on environmental, social and governance issues of the Group, which in turn would help us formulate appropriate and effective sustainable strategies to fulfill our corporate responsibilities.

Looking ahead to the Year 2022, Central Development is committed to continuing on the sustainable goals and keeps moving forward in an era of new challenges, aiming to protect the interests of investors and balancing the opinions of all stakeholders.

**Wu Hao**  
*Chairman and Executive Director*  
Hong Kong, 12 October 2021

### FEEDBACK

We value every opinion from our stakeholders as it helps us set our directions and goals, and serves as the cornerstone of our progress.

Should you have any enquiries or comments on the Report, please contact the Group by following means:

Address: Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong

Telephone: (852) 3695 0000

Facsimile: (852)3695 0022

Email: info@475hk.com



## RESPONDING TO CLIMATE CHANGE

As the impact of climate change is increasingly prominent, it poses extremely serious challenges around the world. We need to use natural resources in a responsible manner and endeavour to reduce the burden on the environment. Our position on climate change has been set out in our Environmental Protection Policy and we are committed to minimising greenhouse gas emissions from our daily operations by implementing a number of environmental initiatives.

In addition, the central government has been promoting the development of renewable energy, including the “Notice on Matters Relating to the Preparation of the 14th Five-Year Plan for the Development of Renewable Energy” issued by the National Energy Administration in April 2020, which estimates that the share of non-fossil energy will increase to 20% in 2030, as well as the development directions and objectives of “peaking carbon emissions” and “carbon neutrality” declared in March 2021. As a member of the energy industry, we fully support and respond to the national call to vigorously promote the development of clean energy.

## SUSTAINABILITY GOVERNANCE

Central Development believes that only a robust sustainability governance structure will enable the Group’s businesses to be managed more effectively and protect the interests of our stakeholders. As the highest governance body and decision maker of the Group, the directors are responsible for overseeing the ESG Taskforce from the Year onwards. The ESG Taskforce is comprised of management from each business segment, and is responsible for regularly reviewing the environmental protection, employment and labour practices, product responsibility, community engagement and other related work in the areas where the Group operates, as well as coordinating and communicating with external organisations in a bid to promote sustainable development (the “ESG Taskforce”). The ESG Taskforce also assumes the responsibility for reporting to the Board annually in a formal manner.

We leverage our patented technology rights to continuously develop energy-related smart technology products. The micro inverters we have developed for solar modules are more efficient, safer and simpler and easier to install and monitor compared to traditional string current inverters, and therefore they can be widely applied to distributed power stations and large-scale solar power stations. We not only focus on the market in the PRC, but also sell our solar energy products to other regions through Hong Kong, especially in Southeast Asia, aiming to promote the development of renewable energy in the region.

We have a clear and progressive governance structure in place to ensure that the formulated sustainability objectives, policies and initiatives are communicated in an orderly manner and implemented by employees. Our employees are required to report operational risks to senior management so that appropriate actions can be taken in a timely manner to mitigate the impact of those risks on the business.

### RISK MANAGEMENT

The Group has in place a risk management and internal control system. The Board bears the responsibilities for overseeing its management and reviewing its effectiveness, including establishing a clear corporate risk management framework and risk management policies. The audit committee under the Board assists the Board to continuously monitor the Group’s risk management and internal control systems, and review its effectiveness at least once a year.

## STAKEHOLDER ENGAGEMENT

We believe that stakeholder opinions are one of the keys to formulating sound sustainability governance strategies. Through various communication channels, we are able to receive the views, opinions and

expectations of various stakeholders, including employees, customers, community organisations, suppliers, business partners, shareholders, etc.

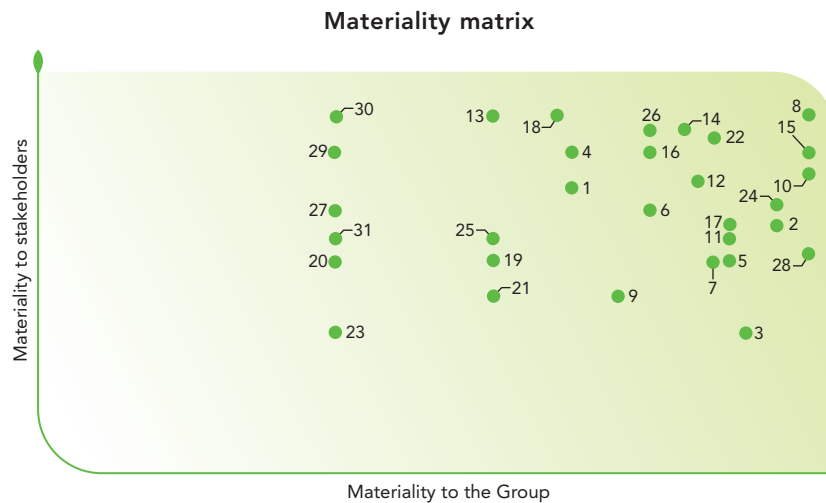
| Relevant stakeholders                 | Communication channels           |                                 |
|---------------------------------------|----------------------------------|---------------------------------|
| Employees                             | Employee activities              | Business profile                |
|                                       | Employee training                | Emails                          |
|                                       | Employee performance assessments | Online surveys                  |
| Investors and shareholders            | Company website                  | Emails                          |
|                                       | Company announcements            | Meetings with senior management |
|                                       | General meetings                 | Annual and interim reports      |
| Customers                             | Company website                  | Exhibitions                     |
|                                       | Meetings                         | Emails                          |
|                                       | Customer feedback and complaints | Telephone                       |
| Suppliers and business partners       | Written documents                | Emails                          |
|                                       | Meetings                         | Telephone                       |
|                                       | Site visits                      |                                 |
| Government departments and regulators | Written documents                | Meetings                        |
| Community                             | Public welfare activities        | Company website                 |

## MATERIALITY ASSESSMENT

To identify sustainability issues of concern to stakeholders, we assessed important ESG issues at the initial stage of preparing the Report, based on the actual business and industry characteristics of the Group and the requirements of the ESG Reporting Guide. Thirty-one ESG issues were identified and determined, and stakeholders were invited to conduct an online questionnaire to rate the importance of

these thirty-one issues. We integrated all rating results and the Group's sustainable development direction to summarise and develop the materiality analysis matrix of each issue, and focused on issues that stakeholders were concerned about the most in the Report as the channels to respond to their opinions on the sustainable development of the Group.

## MATERIALITY ASSESSMENT (Continued)



According to the rating results of the stakeholder survey, the five most important issues are set out below:

| No. | Issue   |
|-----|---|
| 8   | Legal compliance in environmental protection              |
| 28  | Legal compliance in employment                            |
| 15  | Quality and safety of the Company's products              |
| 10  | Supplier environmental and social performance assessments |
| 14  | Legal compliance of operation practices                   |

### List of issues

| Environmental protection and green operation                                      | Operating practices  | Product and service responsibility  | Quality of working environment   | Community contribution                         |
|---|--|---|--|--|
| 1. Sewage discharge   | <b>10. Supplier environmental and social performance assessments</b> | <b>15. Quality and safety of the Company's products</b>                           | 20. Diversity and equal employment opportunity                         | 29. Community volunteer service                |
| 2. Greenhouse gas emissions   | 11. Supplier management program                                      | 16. Customers' opinions and complaints  | 21. Employment relationship and communication with employees           | 30. Charitable donations                       |
| 3. Air emissions  | 12. Anti-corruption  | 17. Protection of intellectual rights (e.g. trademarks and patented technologies) | 22. Occupational safety and health of employees                        | 31. Participation in public welfare activities |
| 4. Hazardous and non-hazardous waste treatment                                    | 13. Disaster emergency plans   | 18. Protection of customers' sensitive and private information                    | 23. Development and training for employees                             |  |
| 5. Saving energy and water  | <b>14. Legal compliance in operation practices</b>                   | 19. Logistics service   | 24. Prevention of child labour and forced labour                       |  |
| 6. Use of natural resources (including energy and water)                          |  |   | 25. Recruitment and retaining of outstanding and responsible employees |  |
| 7. Environmental education and advocacy   |  |   | 26. Staff salary and benefits  |  |
| <b>8. Legal compliance in environmental protection</b>                            |  |   | 27. Staff welfare/recreational activities                              |  |
| 9. Responding to risks related to climate change (such as typhoons, floods, etc.) |  |   | <b>28. Legal compliance in employment</b>                              |  |





## ENVIRONMENTAL



### GREENHOUSE GAS EMISSIONS AND USE OF RESOURCES

We are inextricably intertwined with the nature, which offers the abundant resources that enable us to survive and enjoy. However, a large number of human activities have caused immense damage to the nature, affecting not only the nature, but also us and our next generation. As a participant in the energy industry, we have the responsibility to do our part in environmental protection and contribute to the environment. The Group strictly complies with applicable laws and regulations related to the environment, including but not limited to the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Energy Conservation Law of the People's Republic of China, the Waste Disposal Ordinance, and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China. In addition, we have formulated the Environmental Protection Policy, which clearly sets out

the Group's objectives and directions on energy saving and emission reduction for the convenience of our employees to follow.

During the Reporting Period, the Group was not aware of any prosecutions for violations of laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

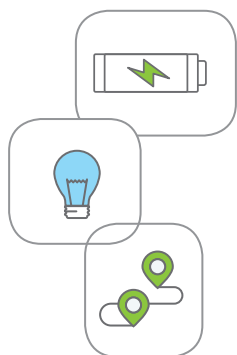
Central Development believes that facing up to its own carbon footprint is a fundamental responsibility to environmental conservation and society. Due to the nature of the Group's business, our air and direct greenhouse gas emissions (Scope 1) are mainly generated from unleaded petrol used in our self-owned vehicles, the main emissions of which include nitrogen oxides, sulphur oxides and respirable suspended particulates. Indirect greenhouse gas emissions (Scope 2) are mainly generated from electricity consumption in daily office operations.



## ENVIRONMENTAL (Continued)

### GREENHOUSE GAS EMISSIONS AND USE OF RESOURCES (Continued)

To save energy and reduce greenhouse gas emissions, we have taken the following measures:



- Enhancing the monitoring of use of electricity;
- Maintaining a comfortable temperature of air conditioner at 26 degrees Celsius;
- Using electronic devices with energy efficiency rating;
- Conducting regular inspection of air conditioning systems and filters to ensure the energy efficiency;
- Participating in “Green Sense No Air-Con Night 2020” organized by Green Sense;
- Utilising natural lighting and adopting energy-saving lighting systems;
- Installing motion detectors or light sensors to control the lighting system;
- Participating in the “Earth Hour” organised by the World Wide Fund for Nature;
- Regular maintenance of company vehicles to ensure fuel efficiency; and
- Holding electronic meetings when possible to cut down business air travel.

| Key performance indicators        | Unit  | Year 2021 | Year 2020 |
|-----------------------------------|---|-----------|-----------|
| <b>Air emissions</b>              |   |           |           |
| Nitrogen oxides                   | kg  | 3.43      | 1.68      |
| Sulphur oxides                    | kg  | 0.02      | 0.28      |
| Respirable suspended particulates | kg  | 0.25      | 0.14      |
| <b>Greenhouse gas emissions</b>   |   |           |           |
| Scope 1 – direct emission         | tonnes of CO <sub>2</sub> e                         | 9.29      | 13.70     |
| Scope 2 – indirect emission       | tonnes of CO <sub>2</sub> e                         | 19.08     | 26.50     |
| Total emissions                   | tonnes of CO <sub>2</sub> e                         | 28.37     | 40.20     |
| Intensity                         | tonnes of CO <sub>2</sub> e/revenue in HK\$ million | 0.80      | 0.88      |
| <b>Energy consumption</b>         |   |           |           |
| Direct energy                     | MWh   | 35.16     | 52.40     |
| Indirect energy                   | MWh   | 27.50     | 40.10     |
| Total energy                      | MWh   | 62.66     | 92.50     |
| Intensity                         | MWh/revenue in HK\$ million                         | 1.77      | 2.04      |

## ENVIRONMENTAL (Continued)



### USE OF WATER RESOURCES

The water resource of the Group is supplied by municipal system and therefore we do not have any problem in obtaining suitable water sources. Our water consumption is mainly for the production of solar energy products and domestic use of our employees, and the industrial wastewater and domestic sewage generated therefrom are treated by the sewage

treatment plants via local pipe network. We conduct regular inspection of water leakages from water pipes and faucets, make repair timely and use faucets with grade 1 water efficiency rating to reduce wastage of water resources.

| Key performance indicators | Unit                                    | Year 2021    | Year 2020 |
|----------------------------|---|--------------|-----------|
| <b>Water consumption</b>   |   |              |           |
| Total amount               | m <sup>3</sup>                          | <b>71.70</b> | 540.50    |
| Intensity                  | m <sup>3</sup> /revenue in HK\$ million | <b>2.02</b>  | 11.90     |



### SOLID WASTES

Central Development is aware of that the lack of proper disposal of waste has caused pollution to the natural environment and damage to the surrounding ecology. We strictly handle the waste generated in our operations. During the Year, the Group did not generate any significant hazardous waste. Its major waste was non-hazardous waste, including waste paper, factory discarded scraps and domestic waste. The waste paper and factory discarded scraps generated by Yuyao Factory and its office were delivered to the recycling station set up by qualified companies for recycling while all domestic wastes were collected and disposed of by cleaning companies. Yuyao Factory did not involve the use of packaging materials and scraps during the Year.

To reduce waste generation and emissions, we have taken the following measures:

- Using recycled paper or paper made from sustainable resources;
- Setting computers and photocopiers in double-sided printing mode;
- Adopting electronic communication and electronic filing;
- Encouraging suppliers to use electronic bills;
- Updating the computer's operating system and software regularly; and
- Purchasing computer hardware only when needed.

| Key performance indicators  | Unit                           | Year 2021   | Year 2020 |
|-----------------------------|--------------------------------|-------------|-----------|
| <b>Non-hazardous wastes</b> |                                |             |           |
| Total amount                | Tonnes                         | <b>0.60</b> | 9.00      |
| Intensity                   | Tonnes/revenue in HK\$ million | <b>0.02</b> | 0.20      |

# SOCIAL



## EMPLOYMENT

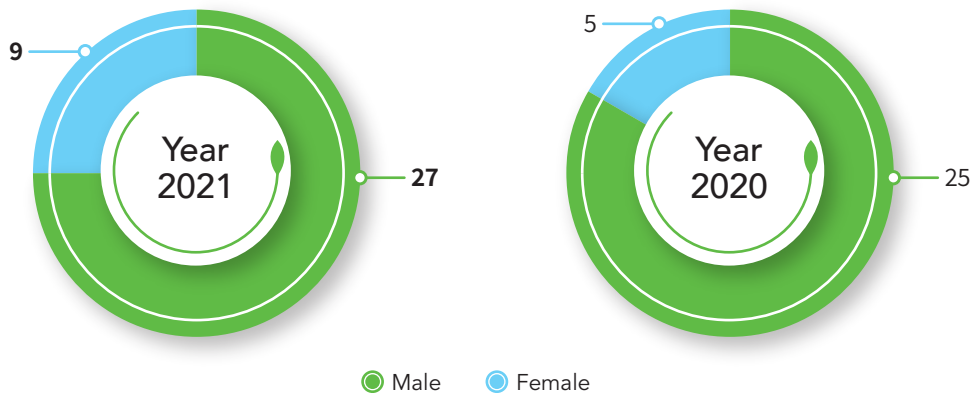
Central Development values human resources and regards our employees as the most valuable asset and the source of the Group's prosperity. We strictly comply with employment-related laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Regulation on Work-Related Injury Insurances, the Regulations on Unemployment Insurance, the Interim Measures Concerning the Maternity Insurance for Enterprise Employees, the Plan for Reform of the State and Local Tax Collection and Administration Systems, the Interim Regulation on the Collection and Payment of Social Premiums, the Regulation on the Administration of Housing Accumulation Funds, the Employment Promotion Law of the People's Republic of China, the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Employees' Compensation Ordinance, the Sex Discrimination Ordinance, the Racial Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Personal Data

(Privacy) Ordinance. During the Reporting Period, the Group was not aware of any prosecution for breaches of employment-related laws and regulations.

In addition, we have established written systems such as the Staff Handbook, the Human Resources Management System and the Training Management Regulations, which specify employment terms such as wage, dismissal, recruitment, promotion, working hours and holidays, enabling employees to have a clear understanding of their own rights and obligations. We also clearly state in the Staff Handbook the Group's commitment on equal opportunity and anti-discrimination that all employees will be treated equally on all human resources matters such as recruitment, training, promotion, transfer and benefit regardless of gender, religion, pregnancy, family status, marital status, race and disability.

There were a total of 36 employees<sup>1</sup> during the Year and the distribution of the Group's employees by gender, employee category, age and region during the Reporting Period and the Year 2020 is as follows:

By gender

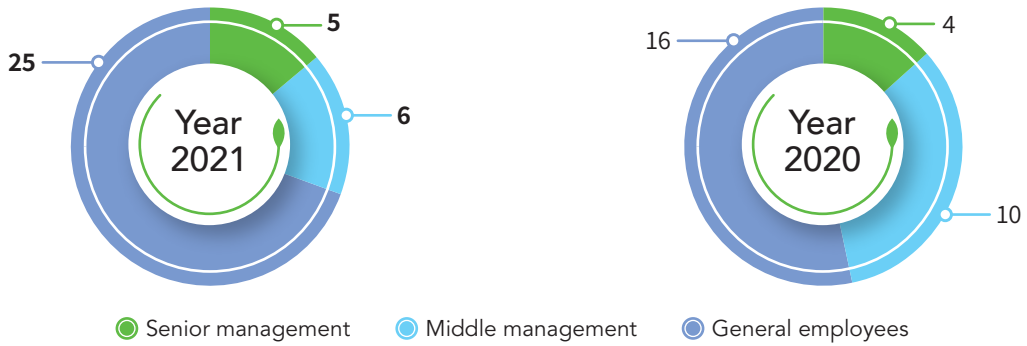


<sup>1</sup> This data only includes the number of employees in the scope of this report (please refer to page 3 of this report for details) and does not represent the number of employees of the Group as a whole.

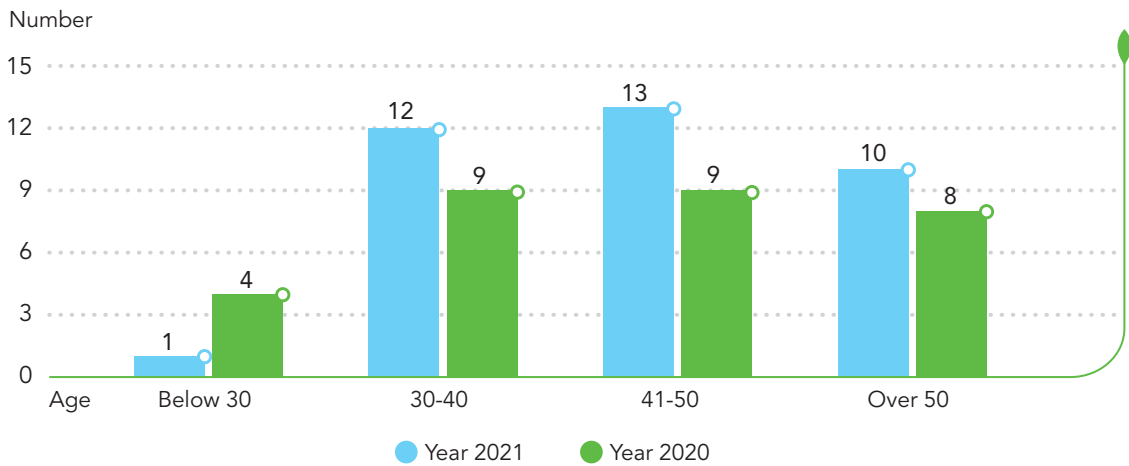
## SOCIAL (Continued)

### EMPLOYMENT (Continued)

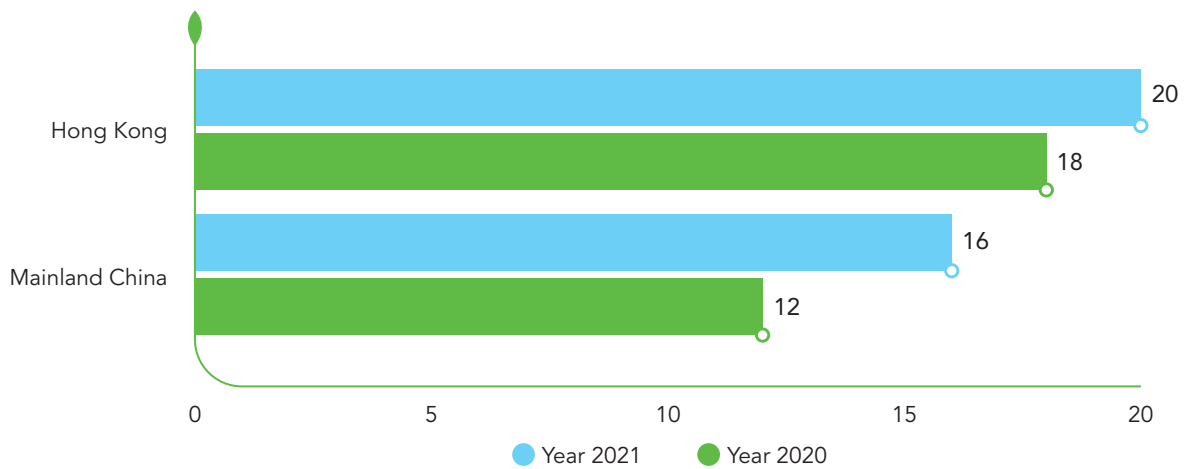
By employee category



By age group



By region



## SOCIAL (Continued)

### EMPLOYMENT (Continued)

The staff turnover rates<sup>1</sup> by gender and age group during the Reporting Period and the Year 2020 are as follows:

| Category         | Unit | Year 2021 | Year 2020 |
|------------------|------|-----------|-----------|
| <b>By gender</b> |      |           |           |
| Male             | %    | 7         | 16        |
| Female           | %    | 0         | 140       |
| <b>By age</b>    |      |           |           |
| Below 30         | %    | 0         | 50        |
| 30 to 40         | %    | 17        | 56        |
| 41 to 50         | %    | 0         | 22        |
| Over 51          | %    | 0         | 25        |



### REMUNERATION AND BENEFITS

In order to attract, retain and nurture suitable talents, we strive to provide competitive remuneration packages and an ideal working environment for our employees. The Group upholds the principle of open and fair competition and ensures openness and transparency in recruitment. All job applicants and employees enjoy equal treatment in all aspects. Employee remuneration is determined based on various factors including qualification, position, working experience, educational background and performance. Remuneration adjustment will be made based on job responsibilities, educational background, working experience, competence, potential and performance of employees. We also offer different benefits for employees according to the law, including:

**Insurances:** "Five Insurances and One Fund" (including pension insurance, medical insurance, un-employment insurance, maternity insurance and work-related injury insurance and housing provident fund), labour insurance and mandatory provident fund

**Benefits:** Chinese New Year bonus, Mid-Autumn Festival and Dragon Boat Festival supermarket shopping card, meal allowance, staff medical benefits

**Holidays:** Statutory holidays, personal leave, sick leave, marriage leave, maternity leave, bereavement leave, work injury leave, etc.

Central Development recognises that employees' opinions can contribute to progress in many ways, building of a stronger governance structure, and provision of a healthier work culture and environment. Therefore, we adopt an open attitude and listen carefully to the concerns, needs and opinions of our employees for work. We meet our employees to understand their needs and opinions and conduct supervision and review on work procedures, staff benefits and various policies on a regular basis. We will organise annual dinner and other activities to promote close relationship between employees by creating a sense of belonging. Due to the pandemic, the annual dinner could not be held during the Year, and Central Development has offered other benefits to thank all staff for their hard work in the past year.

<sup>1</sup> The staff turnover rate is calculated by dividing the total number of staff turnover throughout the Reporting Period by the total number of staff at the end of the period, which may exceed 100%.

## SOCIAL (Continued)



### LABOUR STANDARDS

Child labour and forced labour are prohibited by the Group. We strictly comply with the Labour Law of the People's Republic of China, the Regulations on Paid Annual Leave for Employees, the Employment Ordinance, the Provisions of the People's Republic of China on the Prohibition of Using Child Labour, the Law of the People's Republic of China on the Protection of Minors. We also stipulate in the Staff Handbook that the human resources department should verify identity documents of applicants to prevent from hiring minors. In addition, employment contracts are signed and amended with employees based on the principles of equality, willingness and agreement, and there is no event of forced labour. The Group defines working hours and rest arrangements of employees. In case of emergency, overtime work shall be approved by department heads and managers, and compensation leave shall be given to employees who work overtime. If any cases of child labour or forced labour are identified, we will take them seriously and hold those in charge of the relevant departments accountable, and may subsequently take appropriate measures to prevent their recurrence. During the Reporting Period, the Group did not have any irregularities related to child labour and forced labour.



### HEALTH AND SAFETY

We are committed to creating a clean, hygienic and safe working environment for our employees in order to protect their safety and health. We strictly comply with the laws and regulations related to occupational health and safety, including but not limited to the Production Safety Law of the People's Republic of China, the Production Safety Regulations of Zhejiang Province, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Notice on Proper Handling of Labour Relations During the Prevention and Control of Pneumonia Epidemic Caused by the Novel Coronavirus, the Guidelines for the Measures for the Prevention and Control of the COVID-19 Outbreak on the Resumption of Operation and Production of Enterprises and Public Institutions, the Notice on Further Streamlining the Examination and Approval, Optimising Services, Accurately and Steadily Promoting the Production Resumption and Work Resumption of Enterprises, the Occupational Safety and Health Ordinance, the Regulation on Work-Related Injury Insurances and the Fire Control Law of the People's Republic of China.

Additionally, we have established the General Rules for Safety Production to specify the rules that employees need to comply with in the workplace of production line to avoid dangerous works. In order to allow our employees better understand the importance of production safety and safety related knowledge, we have arranged the three-tier safety education and technical training, providing appropriate labour protection equipment (such as safety helmets, work clothes and work shoes) and strictly adhering to the safety procedures of machinery operation. In case of

## SOCIAL (Continued)

### HEALTH AND SAFETY (Continued)

work-related injuries, we will follow up immediately on the day of the accident to ensure that the injured employees are in a stable condition, and those who are seriously injured will be sent to hospital immediately for treatment. The cause of the accident will be investigated later and appropriate measures may be taken to reduce the chance of accident. During the Reporting Period, we were not aware of any violation of the laws and regulations relating to occupational safety, and there were no work-related injuries or fatalities.

As the epidemic is recurrent, we are not complacent about the precaution measures. We continue to take effective and appropriate preventive measures to reduce the risk of infection. Some precaution measures include:



- Providing masks and sanitising products to employees and clients who work or meet at the office;



- Carrying out daily disinfection work in all workplaces on a regular basis to prevent spreading of bacteria and virus;



- Requesting all employees to undergo body temperature check before entering the office;
- Recording body temperature for employees;



- Implementing flexible working hours arrangement to avoid overcrowding during peak hours;
- Arranging part of employees to work from home to ensure a safe working environment; and
- Arranging video or phone conferencing instead of physical meetings.



## SOCIAL (Continued)



### DEVELOPMENT AND TRAINING

We attach importance to the career development of our employees, expecting to assist them in enhancing their vocational skills, professionalism and understanding of our company culture, so as to meet the needs of our business development. We have formulated the Training Management Regulation to specify the management of staff training and development work. Central Development provides different types of training to its employees, including the introduction training for new hires and internal and external training. For external training, we arrange professional training institutions and government departments to conduct training for our employees, such as the Equal Opportunities Commission, accounting firms and the Independent Commission Against Corruption (ICAC). The training covers a wide range of issues such as business ethics, anti-discrimination, prevention of sexual harassment, promotion of culturally inclusive workplace, etc.

We want our employees to excel in the workplace, for which we have established a comprehensive development program. The human resources department bears the responsibilities for formulating annual training programmes, assessing the implementation of trainings as well as tracking the results of assessments and trainings. Additionally, Central Development values the pursuit of employees for their occupational developments, and sponsors them to acquire relevant professional qualifications. We promote employees based on their merits in accordance with the principles of business development and improvement of organisational effectiveness and formulate training policies and directions with the consideration of prospective and systematic factors.

The percentage of employees trained and average training hours by gender and employee category are set out below:

| Key performance indicators  | Unit | Year 2021 | Year 2020 |
|-----------------------------|------|-----------|-----------|
| <b>By gender</b>            |      |           |           |
| Male                        | %    | 22        | 16        |
| Female                      | %    | 11        | 20        |
| <b>By employee category</b> |      |           |           |
| Senior management           | %    | 80        | 50        |
| Middle management           | %    | 17        | 10        |
| General employees           | %    | 8         | 13        |
| <b>By gender</b>            |      |           |           |
| Male                        | Hour | 6         | 14        |
| Female                      | Hour | 1         | 1         |
| <b>By employee category</b> |      |           |           |
| Senior management           | Hour | 17        | 9         |
| Middle management           | Hour | 6         | 5         |
| General employees           | Hour | 2         | 2         |

## SOCIAL (Continued)



### PRODUCT RESPONSIBILITY

Ensuring that our customers are satisfied with our products and services is our top priority, so we attach great importance to the quality of our products. In particular, for our Energy Business, if our products do not meet the established standards, their usefulness will be greatly affected, which not only affects our reputation but also defeats the purpose of our products. We strictly comply with the laws and regulations related to product liability, including but not limited to the Product Quality Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Law of the People's Republic of China on Protection of Consumer Rights and Interests, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the General Principles of the Civil Law of the People's Republic of China, the Trade Description Ordinance, Personal Data (Privacy) Ordinance, etc. In addition, we have developed the Policy on Product Responsibilities and Supply Chain and Stock Management System to regulate the storage management of products and the handling procedures of customer complaints, etc. During the Reporting Period, we have not received any notification of non-compliance with health and safety, advertising, labelling and privacy matters in relation to our products and services.

For solar energy products, the research and development center of Central Development conducts several quality inspections of products on a regular basis according to international standards and customer requirements, such as STC tests (including temperature cycling test, wet freezing test, humid heat test), EL test (Electroluminescence), appearance test, etc. Products are shipped upon obtaining approval and passing inspection. In the event that products fail to meet the requirements of safety and quality, the Group will take corresponding remedial measures, including product return, recall or recovery.

For jewelry products, we conduct internal sampling inspection for quality and regular calibration of our jewelry authenticating apparatus to ensure that the quality of the products can be accurately inspected.

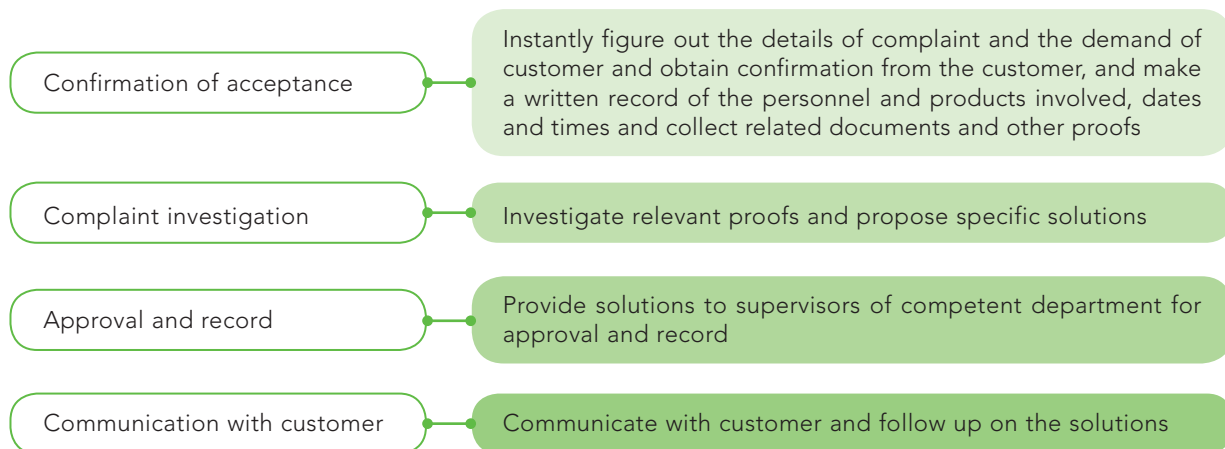
Prior to marketing and advertising, all promotional materials are rigorously reviewed by the management of the Group to ensure that they are balanced, accurate, honest and fair, and that the information is disseminated in the most appropriate manner.

The Group highly values the opinions from customers. We will constantly improve the quality of our products and services, so as to optimise our products and satisfy the needs of customers. Once receiving a complaint, we will follow our established procedures and handle customer complaints in a timely manner. During the Reporting Period, the Group was not aware of any serious violations of laws and regulations for product and service quality, and no complaints were received about products and services or incidents of recall occurred for safety and health reasons.

Central Development values the protection of sensitive information and intellectual property rights. We protect our intellectual property rights through trademarks, patents and copyrights. We owned certain patented technologies, copyrights, trademark registrations, and had entered into patent licensing agreements. During the Reporting Year, in order to enhance the awareness of our employees in protecting sensitive information and intellectual property rights, we have specified clearly in the Staff Handbook that the leakage of confidential company information, patented technical information, customer information, etc. is strictly prohibited and that any discovery of such leakage will result in termination of employment relationship and even being held liable. In addition, we state in the Policy on Product Responsibilities and Supply Chain that all personal data is to be used only for the purposes of which and to which the customer was aware and has given his or her consent, and make sure in the Privacy Policy that all data collected is treated with caution. The Group requires all customer information has to be saved in a safe computer system and could only be accessed by authorised employees.

## SOCIAL (Continued)

### PRODUCT RESPONSIBILITY (Continued)



### SUPPLY CHAIN MANAGEMENT

Central Development believes that the quality of products depends on the quality of suppliers and therefore we are very stringent in our supply chain management. In the Policy on Product Responsibilities and Supply Chain, the Group regulates the requirements of selecting and managing suppliers. In selecting suppliers, Central Development takes factors such as environmental performance, safety of product composition, quality and price of products into consideration, and looks into the performance of potential suppliers on social responsibilities such as protection of labour welfares, rights and equal opportunities, protection of intellectual rights and anti-corruption. The Group also regularly visits factories of major suppliers to inspect the quality of products ordered and examines conditions including appearance, size and production environment.

For our Jewelry Business, we have entered into the Code of Conduct for Suppliers with suppliers, which prohibits corruption and bribery, prohibits child labour, protects the health and safety of employees, and complies with environmental protection regulations. If a supplier fails to provide standard products and materials or fails to meet the delivery schedule, the supplier may be warned, temporarily or even permanently denied an order.

The Group identifies potential suppliers at domestic and foreign fairs and exhibitions of solar photovoltaic and smart energy. Under reasonable and practicable circumstances, our procurement department will prefer products and services with related environmental labels, resource efficiency and low hazardous and non-hazardous wastes.

## SOCIAL (Continued)



### ANTI-CORRUPTION

Central Development believes that business reputation and compliance with all applicable laws and regulations in the industry are the most fundamental expectations of all stakeholders for the Group. The Group adopts a zero-tolerance approach to any bribery, extortion, fraud and money laundering incidents. We strictly comply with anti-corruption related laws and regulations, including but not limited to the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Regulations of the People's Republic of China for Suppression of Corruption and the Prevention of Bribery Ordinance. During the Reporting Period, we were not aware of any litigation and complaints involving violations of laws and regulations relating to corruption, bribery, extortion, fraud and money laundering.

We formulate the Anti-corruption Policies and Whistleblowing Policy, and make sure potential corruption cases are handled in a timely manner. Employees shall not abuse of its power to engage in malpractice such as corruption and soliciting or accepting bribe. During the Reporting Period, the Group continued to invite Independent Commission Against Corruption (ICAC) to the Hong Kong Office to share the latest regulations on commercial ethics with our employees in order to deepen employees' knowledge on prevention of corruption.

As for the reporting mechanism, the Group has implemented communication channels for reporting cases of corruption or fraud for employees, customers and suppliers to report any non-compliances. Whistleblowers could report to the chief executive officer or the chairman of audit committee and all reports will be handled directly by the audit committee. The Group will conduct investigation based on the nature and severity of the complaints and establish a committee formed by senior officers for reviewing the investigation report. Upon completion of the investigation, the whistleblower will receive a written report on the result of the investigation. If the result shows that the case is true, wrongdoers will receive appropriate disciplinary action, and in a more serious case, will be handed to law enforcement agencies. All personal information of whistleblowers will be kept confidential to protect them from unfair treatment.



### COMMUNITY INVESTMENT

Central Development is aware of that as a part of the society, we have a responsibility to give back to the community. Therefore, we have formulated the Community Investment, Sponsorship and Donation Policies to establish the structures and standards of community investment. The management is responsible for reviewing the objectives and directions of policies and investments regularly, as well as looking closely into the social performance of the Group. The Group treats "Climate Change and Environment", "Youth Education and Development", "Community Health" and "Cultural Arts" as the core sectors of our community investments. The Group encourages employees to actively participate in various voluntary activities and social services, including different cultural and recreational activities and activities held by charities. The Group plans to invest more resources in community activities in the future to help more disadvantaged groups. During the Reporting Period, we participated in the "Earth Hour", organised by the World Wide Fund for Nature, to promote reduction in energy consumption by switching off unnecessary lights and electronic devices for an hour on that day. On 9 October, we also participated in the "Green Sense No Air-Con Night 2020" activity organised by Green Sense, a green organisation, to practise energy saving and emission reduction.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

| Indicators                                  | Description of Indicators   | Reporting Chapter   |
|---|---|---|
| <b>A Environmental</b>                      |   |   |
| <b>A1 Emissions</b>                         |   |   |
| General Disclosure                          | Information on the policies; and 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 | Greenhouse Gas Emissions and Use of Resources               |
| A1.1  | The types of emissions and respective emissions data  | Greenhouse Gas Emissions and Use of Resources               |
| A1.2  | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)  | Greenhouse Gas Emissions and Use of Resources               |
| A1.3  | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)   | Solid Wastes  |
| A1.4  | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)   | Solid Wastes  |
| A1.5  | Description of measures to mitigate emissions and results achieved  | Greenhouse Gas Emissions and Use of Resources, Solid Wastes |
| A1.6  | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved   | Solid Wastes  |
| <b>A2 Use of Resources</b>                  |   |   |
| General Disclosure                          | Policies on the efficient use of resources (including energy, water and other raw materials)  | Greenhouse Gas Emissions and Use of Resources               |
| 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)   | Greenhouse Gas Emissions and Use of Resources               |
| A2.2  | Water consumption in total and intensity (e.g. per unit of production volume, per facility)   | Use of Water Resource                                       |
| A2.3  | Description of energy use efficiency initiatives and results achieved   | Greenhouse Gas Emissions and Use of Resources               |
| A2.4  | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved  | Use of Water Resource                                       |
| A2.5  | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced   | Solid Wastes  |
| <b>A3 Environment and Natural Resources</b> |   |   |
| General Disclosure                          | Policies on minimising the issuer's significant impact on the environment and natural resources   | Greenhouse Gas Emissions and Use of Resources               |
| A3.1  | Descriptions of activities which have significant impacts on the environment and natural resources and the actions taken to manage them   | Greenhouse Gas Emissions and Use of Resources               |

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)  
REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE (Continued)**

| Indicators                                | Description of Indicators   | Reporting Chapter            |
|---|---|------------------------------|
| <b>A4 Climate Change</b>                  |   |                              |
| General Disclosure                        | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer   | Responding to Climate Change |
| A4.1                                      | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them   | Responding to Climate Change |
| <b>B Social</b>                           |   |                              |
| <b>B1 Employment and Labour Practices</b> |   |                              |
| General Disclosure                        | Information on the policies; and 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 | Employment                   |
| B1.1                                      | Total workforce by gender, employment type, age group and geographical region   | Employment                   |
| B1.2                                      | Employee turnover rate by gender, age group and geographical region   | Employment                   |
| <b>B2 Health and Safety General</b>       |   |                              |
| Disclosure                                | Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards   | Health and Safety            |
| B2.1                                      | Number and rate of work-related fatalities  | Health and Safety            |
| B2.2                                      | Lost days due to work injury  | Health and Safety            |
| B2.3                                      | Description of occupational health and safety measures adopted, how they are implemented and monitored  | Health and Safety            |
| <b>B3 Development and Training</b>        |   |                              |
| General Disclosure                        | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities  | Development and Training     |
| B3.1                                      | The percentage of employees trained by gender and employee category   | Development and Training     |
| B3.2                                      | The average training hours completed per employee by gender and employee category   | Development and Training     |

| Indicators                        | Description of Indicators   | Reporting Chapter          |
|-----------------------------------|---|----------------------------|
| <b>B4 Labour Standards</b>        |   |                            |
| General Disclosure                | Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour  | Labour Standards           |
| B4.1                              | Description of measures to review employment practices to avoid child and forced labour   | Labour Standards           |
| B4.2                              | Description of steps taken to eliminate such practices when discovered  | Labour Standards           |
| <b>B5 Supply Chain Management</b> |   |                            |
| General Disclosure                | Policies on managing environmental and social risks of the supply chain   | Supply Chain Management    |
| B5.1                              | The number of suppliers by geographical region  | No Disclosure for the Year |
| B5.2                              | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored  | Supply Chain Management    |
| B5.3                              | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored   | Supply Chain Management    |
| B5.4                              | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored  | Supply Chain Management    |
| <b>B6 Product Responsibility</b>  |   |                            |
| General Disclosure                | Information on the policies; and 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 | Product Responsibility     |
| B6.1                              | Percentage of total products sold or shipped subject to recalls for safety and health reasons   | Product Responsibility     |
| B6.2                              | Number of products and service related complaints received and how they are dealt with  | Product Responsibility     |
| B6.3                              | Description of practices relating to observing and protecting intellectual property rights  | Product Responsibility     |
| B6.4                              | Description of quality assurance process and recall procedures  | Product Responsibility     |
| B6.5                              | Description of consumer data protection and privacy policies, how they are implemented and monitored  | Product Responsibility     |

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)  
REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE (Continued)**

| Indicators                     | Description of Indicators   | Reporting Chapter    |
|--------------------------------|---|----------------------|
| <b>B7 Anti-corruption</b>      |   |                      |
| General Disclosure             | Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to anti-bribery, extortion, fraud and money laundering | Anti-corruption      |
| B7.1                           | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases                           | Anti-corruption      |
| B7.2                           | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored   | Anti-corruption      |
| B7.3                           | Description of anti-corruption training provided to directors and staff   | Anti-corruption      |
| <b>B8 Community Investment</b> |   |                      |
| 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       | Community Investment |
| B8.1                           | Focus on areas of contribution  | Community Investment |
| B8.2                           | Resources contributed to the focus area   | Community Investment |