

coolpad 酷派

COOLPAD GROUP LIMITED

酷派集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2369)



2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approach

Coolpad Group Limited ("Coolpad" or the "Company") and its subsidiaries (collectively, the "Group") are committed to be a leading smartphone developer and manufacturer in the People's Republic of China ("PRC"), while integrating sustainability into our business strategy. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability.

The Group recognizes its responsibility to be accountable to all its stakeholders, including HKEx, the Government, its customers, potential investors and shareholders, employees, suppliers, local community, its partners such as authorized sellers and distributors, as well as the media and the public. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach, the Group has established a tailor-made communication method in order to better meet each stakeholder's expectations.

The Group places a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities which exist in our daily operations, and embracing transparent corporate culture to ensure that the Group's sustainability strategies are well communicated to our employees, customers, suppliers, the communities and other stakeholders.

In harmony with the national goal on pursuing Common Prosperity ("共同富裕"), the Group has taken the initiative to strengthen its operations in the rural areas of China concerning the network of sales service channels.

According to the Chinese Government, Common Prosperity is an essential requirement of socialism and an important feature of the Chinese-style modernization. It refers to the common prosperity of all the people including both the material and spiritual aspect, not just representing the wealth of a few, nor a uniform egalitarianism among the society.

Given the previous success in the Capital market, the Group is eager to further its business in the domestic market for expanding the business coverage to a wider consumer base in the more cost-effective mainstream smartphone market. Based on the idea of sharing the benefits of technological innovation through Regional Contracting ("區域承包"), the Group has built a new mode of approach and operation. Where the country's geographic area is categorized into several regions according to the market capacity, with an authorised sales representative manager ("授權服務站站長") overseeing each of these designated regions. The authorised sales representative manager is responsible for the active Coolpad users in the designated region, and benefits from the long-term gains from these users. The Group believes that direct collaborations with middlepersons and sales representative managers among the authorized sellers and distributors favour business expansion in terms of providing better services and better meeting the expectations of the targeted customers. By the same token, the Group is willing to share part of its profits with the associated personnel according to sales performance so as to celebrate Group's success and tally with the concept of Common Prosperity.

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To implement sustainability strategies applicable to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

About this Report

The Group is pleased to present its Environmental, Social and Governance (“ESG”) Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of the Group’s major operations in the PRC for the year ended 31 December 2021 (the “Reporting Year”). It helps the Group to keep a close eye on our current performance as well as the opportunities to improve our performance. The Reporting Year coincides with the Group’s financial year.

Scope of the Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including materiality, quantification, and consistency. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in the PRC from 1 January 2021 to 31 December 2021.

Materiality

For the Reporting Year, the material ESG issues are those which have or may have a significant impact on:

- The PRC’s telecommunication products industry;
- The global telecommunication products market;
- The current or future environment or society in which we operate;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

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Quantification

The key performance indicators (“KPIs”) disclosed in this report are supported by quantitative data and measurable standards. The sources of all applicable data, calculation tools, methodologies, references and conversion factors applied are disclosed when presenting emissions data.

The data and information used in this report are referenced from the Group’s archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the year ended 31 December 2021.

Consistency

To facilitate the comparison of ESG performance of each year, the Group uses the same reporting and calculation methods when reasonably possible, and records any significant changes in relevant sections in detail. In this report, the intensity is calculated based on the number of employees of the Group (per capita).

About Coolpad

Business

Coolpad is listed on the Main Board of the Stock Exchange with stock code 2369. The principal operating activity of the Group is development, production and sales of smartphones and smart accessories. Our smart products have always been of good quality, in which the Group is an renowned and established manufacturer in the smartphone industry.

Vision and Mission

The Group aspires to contribute in advancing technological innovations, as well as to strive along those with endeavours. The Group will continue to strive for product innovations and cater to customers’ best interests for identifying the most pressing needs of the collective, thus truly creating a long-term value for our stakeholders.

Board of Directors (the “Board”)

As at the date of this announcement, the Board consists of:

Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
Mr. Chen Jiajun (Chairman and Chief Executive Officer)	Mr. Liang Rui	Mr. Chan King Chung
Mr. Ma Fei	Mr. Ng Wai Hung	Mr. Guo Jinghui
	Mr. Xu Yibo	Mr. Chiu Sin Nang Kenny
		Mr. Ngai Tsz Hin Michael

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Stakeholders

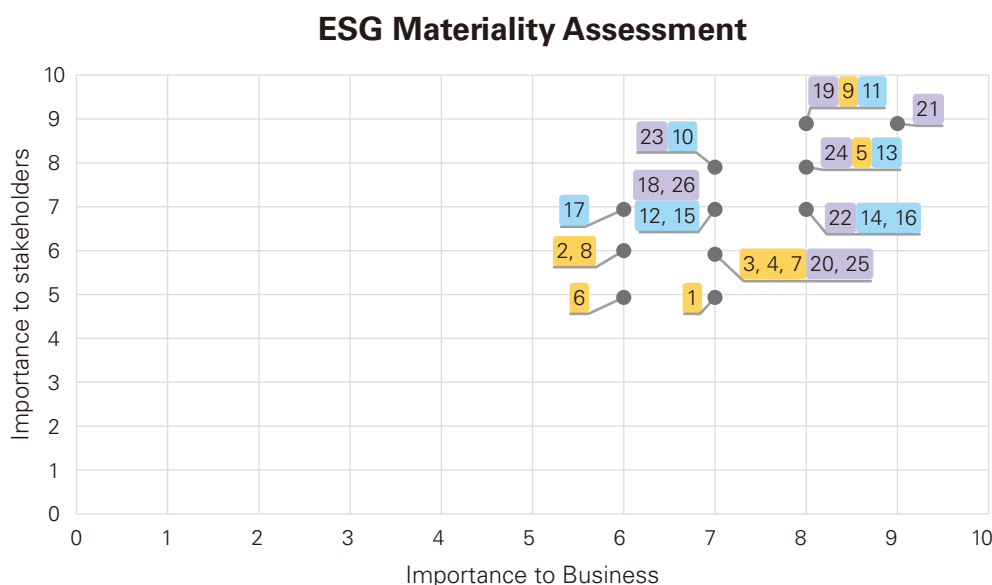
Coolpad actively strives to better understand and engage its stakeholders to ensure continuous improvements. The Group strongly believes that the stakeholders play a crucial role in sustaining the success of the Group's business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.
Partners/Authorized sellers & distributors	Mutual benefits, and fair cooperation.	Regular meetings, and site visits.

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Materiality Assessment

For the Reporting Year, the Group had undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management, employees, and suppliers to identify the most significant operating, environmental and social impacts towards the Group's business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:



No.	Environmental Issues	No.	Social Issues	No.	Operational Issues
ESG Topics		ESG Topics		ESG Topics	
1	Greenhouse gas emission/global warming	10	Anti-COVID 19 epidemic	18	Supply chain management
2	Exhaust air emission	11	Employee rights and welfare	19	Customers' satisfaction
3	Energy consumption	12	Inclusion, equal opportunities and anti-discrimination	20	Customers' privacy
4	Water consumption	13	Talent attraction and retention	21	Product quality
5	Hazardous waste/sewage	14	Occupational health and safety	22	Intellectual property
6	Non-hazardous waste/sewage	15	Training and development	23	Economic performance
7	Paper consumption	16	Preventive measures for child and forced labour	24	Operational compliance
8	Climate change	17	Community investment and engagement	25	Corporate governance
9	Compliance with environmental laws and regulations			26	Anti-corruption

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As shown above, the material ESG topics of the Group covers issues from the environmental, social and operational aspects, in which 4 most important ESG issues are identified, namely product quality, customer satisfaction, compliance with environmental laws and regulations, and lastly employee rights and welfare. In particular, as the Group's business centres on smartphone production, the importance of product quality is especially emphasized, while also taking customer satisfaction into account for ensuring the goods and services provided are of satisfying standards. Moreover, the importance of compliance with environmental laws and regulations is stressed as per the Group's principle in developing its business without compromising the environment, while employee rights and welfare is highlighted for ensuring employees' contentment in the working environment.

Going on, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and presentation of the information when necessary.



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Board Statement

The Group understands that the importance of efficient ESG governance to corporate sustainability. Therefore, the Group has developed an ESG management framework to ensure the effective implementation of relevant ESG policies in its operations. The Board is primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG related risks, as well as supervising the management and relevant departments in stipulating relevant policies with appropriate measures. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- monitoring the progress and performance of ESG initiatives; and
- reviewing and approving the annual ESG reports.

Management is responsible for:

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

Functional departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

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

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Section A: Environmental

The Group understands the importance of environmental protection in respect of which it promises not to sacrifice the environment in exchange of its business performance. In this regard, the Group strongly believes that a healthy environment is the basis of the Group's sustainable development. Thus, the Group is committed to operating in an accountable and sustainable way by integrating environmental protection and social responsibility considerations in our day-to-day operations through various measures so to decrease the related carbon emission level and the relevant intensity¹.

For the Reporting Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will continue to stay vigilant against any non-compliance behavior relating to critical environmental problems.

A.1 Emissions

Air Pollution Emission

During the production process of smart products, there were no significant gaseous fuel consumptions. During the Reporting Year, the material air pollutants emitted from the petrol consumption of automobile usage was mainly attributed from transferring employees between the head office in Shenzhen and the workshops in Dongguan, as well as necessary travelling that supports the Group's business operation. A total of 8 passenger vehicles were used during the Reporting Year, with 1 large passenger van and 7 small passenger cars. The aforementioned air pollutants are composed of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM").

During the Reporting Year, the total petrol consumptions were approximately 14,000 Liter ("L") (2020: 16,000 L), with a decrease of approximately 12.8%. The reduction is mainly due to the Group's advocacy in green commute, in which employees are encouraged to opt for a more environmentally preferable means of commute, such as taking subways and buses. The total air pollutants produced was approximately to 15.3² kg (2020: 125.1 kg), with an intensity of approximately 0.03 kg per employee (2020: 0.17 kg per employee). Nonetheless, all vehicles were under frequent checks and maintenance to ensure the energy efficiency. In addition, our drivers also plan the route ahead with the shortest distance and travelling time to reduce unnecessary fuel consumption.

Air Pollutants	Emissions in 2021 (kg)	Emissions in 2020 (kg)	Variance
SO _x	0.2	0.2	N/A
NO _x	14.2	114.0	↓87.5%
PM	0.9	10.9	↓91.7%
Total	15.3	125.1	↓87.8%

¹ The different intensity figures in this report are calculated per employee, which were 536 employees as of 31 December 2021 (2020: 734).

² A more precise measurement is adopted for fuel consumption of mobile combustion for the Reporting Year. The travelling distance is estimated based on the units of fuel consumed by vehicles using the "Transport – Energy Utilization Index" issued by Electrical and Mechanical Services Department at <https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk/>.

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Given the emission is highly subjected to the business operation of the Group, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to keep the air emission growth to a level below its business growth, while also further the advocacy of the Group in promoting green commute in the future.

Greenhouse Gases Emission

During the Reporting Year, the total greenhouse gases ("GHG") emission by the Group weighted approximately 12,006.7 tons (2020: 11,983.8 tons). The key culprit of the GHG emission by the Group was electricity consumption, which represented over 99% of its total. On the other hand, the usage of automobiles also contributed to the Group's direct GHG emission, which comprised approximately 1% of the total GHG emission. Alongside the aforementioned sources, there were also indirect emission sources noted as the electricity used in fresh water and sewage processing, paper waste disposal at landfills and business air travel by employees, representing the remaining GHG emission. In respect of our 536 employees (2020: 734), the GHG emission intensity was approximately 22.4 tons per employee (2020: 16.3 tons per employee), with a rise of 37.4% due to the adjustments in employee number, which was mainly due to the decrease in the number of employees.

The details of the GHG emission is detailed as follows:

GHG Emission Sources	2021 GHG produced (tons)	2020 GHG produced (tons)	Variance
Scope 1 – Direct emission from sources			
– Electricity generators	— ³	0.3	↓100.0%
– Automobile	37.9	43.2	↓12.3%
Scope 2 – Emissions from electricity consumption			
– Electricity consumption ⁴	11,889.2	11,791.6	↑0.8%
Scope 3 – Other indirect emission sources			
– Paper waste disposal in landfills	6.1	7.9	↓22.8%
– Electricity used for processing fresh water ⁵	47.0	77.2	↓39.1%
– Electricity used for processing sewage	22.8	36.9	↓38.2%
– Business air travel by employees	3.7	26.7	↓86.1%
Grand total	12,006.7	11,983.8	↑0.2%

³ There is no usage and no trial runs of electricity generators during the Reporting Year.

⁴ The emission factor used in the calculation is updated to the latest in the Reporting Year. According to the 《2019基準線排放因子結果》 published by the Ministry of Ecology and Environment, PRC on 29 December 2020, the power supply discharge coefficient of Guangdong Province was set at 0.8042 kg/kWh.

⁵ The per unit electricity consumption for processing fresh water and sewage in the PRC was assumed to be at 0.606 kWh and 0.29 kWh, which were as same as the case in Hong Kong according to the latest 2019/20 Annual Report of Water Supplies Department and 2020/21 Sustainability Report of Drainage Services Department, HKSAR.

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Since electricity consumption was the major source of the Group's carbon emission, the Group will strengthen both the enforcement and monitoring of energy-saving measures by encouraging its staff to turn off idle appliances, using more of energy-efficient appliances as well as promoting the use of natural lighting in the office and workshop in order to better control the emission from electricity consumption.

Given the greenhouse gas emission is highly subjected to the business operation of the Group, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nevertheless, the Group aims to limit the emission growth to a level below its business growth for striving to minimize the accompanied environmental footprints in the future.

Waste Management

Hazardous Waste

The hazardous waste produce by the Group was mainly attributed to the operations of its production plants. Since all of the produced hazardous wastes are collected by the external contracted parties on an annual basis at once, and that the corresponding waste report is subjected to the approval of related government authorities, the data availability is subjected to the feedbacks from the authorities and a time lag is inevitable.

During the Reporting Year, the reported amount of produced hazardous wastes, classified as categories HW08, HW29 and HW49 under the urban classification program, weighted approximately to approximately 1.0⁶ ton (2020: 0.6⁷ tons), with an increase of 66.7% mainly due to the increase in production⁸. All of the produced hazardous wastes were handled properly by the external contracted parties. Hence, no significant amount of hazardous waste was disposed and emitted for the Reporting Year.

As the produced hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of hazardous waste may be resulted in response to the changes in the Group's operation and business performance. However, the Group aims to limit the growth rate of hazardous waste production lower than its business growth by improving production efficiency in the coming years.

⁶ The actual data for year 2021 is awaiting approval from related government authorities at the moment of preparing the report, hence the data collected reflects the amount of hazardous wastes produced in year 2020.

⁷ The data reflects the amount of hazardous wastes produced in year 2019.

⁸ The increase in production during the year 2020.

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Non-Hazardous Waste

The non-hazardous waste produced by the Group was mainly the remaining scrap of materials after metal processing, electrical components and paper waste. The Group has contracted with external scrap recyclers, in which the remaining materials and components were re-sold to third parties as raw materials for further production or recycling in most circumstances. Hence, there was only paper waste to be disposed to the landfills. During the Reporting Year, the total re-sold materials and components weighted to approximately 3.6 tons (2020: 17.2 tons) with a decrease of approximately 79.1%, whereas the total paper waste disposed by the Group weighted to approximately 1.3 tons (2020: 1.7 tons) with an decrease of 23.5%, respectively compared to last year, mainly attributed to the decrease in production activity, as well as the strategic arrangement in enhancing production efficiency of the Group.

As the produced non-hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of non-hazardous waste may be resulted in response to the changes in the Group's operation and business performance. Nevertheless, the Group is eager to have the growth rate of non-hazardous waste production lower than its business growth by improving production efficiency and optimizing packaging designs in the future.

Waste Management Policy

The Group has established a mature policy and procedure regarding the waste management, including sewage, gaseous waste, noise, solid waste and chemicals. The policy clearly stated the proper handling procedures and the means to reduce every kind of captioned wastes. In addition, the Group strived to streamline and plan ahead of the Group's production process, improve the conversion rate of materials, reduce or replace the use of hazardous or harmful substances, and maximize integrated use of wastes generated in the course of production for restricting the production of waste as far as possible.

Although the production of hazardous waste is inevitable given the business nature of the Group in the production of mobile phones, the hazardous waste was under good control by the Group's well-developed waste management system. All kinds of hazardous wastes generated by the Group's production plant were classified and recycled according to the urban waste classification program, and industrial hazardous waste handling contracts were signed with qualified environmental hygiene management centers and hazardous waste trading centers.

As for paper waste, the Group strives for advocating a paperless working environment for lowering the need of paper usage. The Group encourages all employees to use electronic documents, as well as the Enterprise Resource Planning system (the "ERP System") and the Office Automation system (the "OA System") instead of printing documents. For instance, the integrated management of the ERP System allows better internal controls and insights to the Group's business processes, while the automation of the OA System enhances productivity by allowing the efficient use of resources or materials. In addition, The Group spurs all employees to use double-side printing and reuse single-side-printed paper as draft paper to maximize resource utilization efficiency. As such, the Group is confident to reduce its paper consumption in the coming years with these measures enforced.

With above-mentioned measures enforced along with the corresponding targets set within the Group's operation, the Group is confident that its waste management measures are effective to lower its respective waste production in the future.



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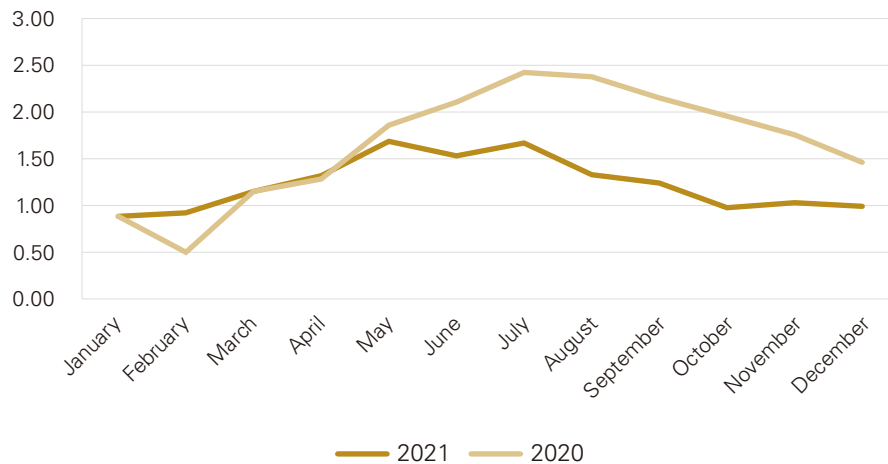
A.2 Use of Resources

Considered that resource consumption bears environmental impacts, making full use of resources is encouraged to maximize their intended efficiency and to avoid wastage. As such, the Group initiates to become an environmentally friendly and sustainable enterprise. To reduce carbon emission and footprint, the Group has undertaken carbon reduction measures in the daily operations, as well as stipulated a series of environmental targets for striving to lower resource consumption in relation to the Group's operations.

Electricity Consumption

During the Reporting Year, the total electricity consumption was approximately 14.8 GWh (2020: 19.9 GWh), with an intensity of approximately 27.6 MWh per employee (2020: 27.2 MWh per employee). Compared to the total electricity consumption in 2020, there was a significant drop of 25.6% due to the reduced production activity as per the business adjustments during the Reporting Year.

Electricity Consumption



Nonetheless, the Group has emphasized the essentialness of energy conservation within its operations, and adheres to the basic principles of giving priority to resource-saving and efficiency-based practices. An energy-saving management system has been established in order to boost energy conservation and emission reduction within different departments and their corresponding working units, where a designated person is responsible for setting up, reviewing and reinforcing the affiliated unit's respective conservation measures. Regular record keeping of energy consumption is expected along with check-ups from time to time. The energy consumption index of each operating unit is also regarded as one of the assessment contents of the business performance of the responsible person for raising the overall awareness and effectiveness of energy conservation within the Group in addition to the established incentive awards.

Besides, the Group spurs every employee to switch off all idle appliances, and ensure that all electronic equipment is switched off after work hours. In the office and workshops, the Group has encouraged its staff to develop an energy-saving habit by maximizing the potential of natural light whenever possible, instead of solely relying on electric lighting. The air-conditioning system is also set to be above 26°C in summer to avoid overworking of the air conditioner and restrict the respective power consumption. With the efforts of the designated persons made towards monitoring energy consumption related issues along with the in-time statistical analysis among different business units, a better monitoring process and performance tracking serve as a basis for sustainable development.

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Given the better monitoring process and performance tracking, as well as the efforts of the designated persons and the in-time statistical analysis among different business units, the Group is confident to lower its energy consumption.

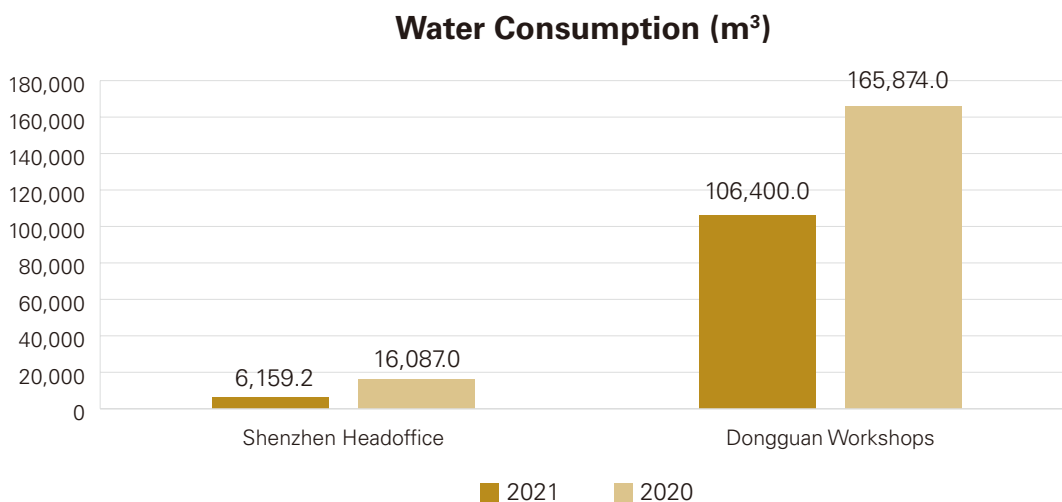
Given the electricity consumption is highly subjected to the business operation and production activities of the Group, fluctuations in electricity usage may be resulted in view to the changes in the Group's business growth and production performance. Nonetheless, the Group aims to limit the growth of its electricity consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

In the foreseeable future, the Group promise to put more efforts on the topic of energy conservation to further reduce the carbon footprint.

Water Consumption

Like energy consumption, the Group facilitates the reduction of unnecessary water consumption given the scarcity of fresh water. Since water is considered as one of the most precious natural resources, it is highly valued by the Group.

During the Reporting Year, the Group consumed around 112,559.2 m³ (2020: 181,961.0 m³) water in its business operations, with a decrease of 38.1% comparing with the previous year due to the reduced production activity as per the business adjustments. For instance, the Shenzhen head office and Dongguan workshops comprised of 5.5% and 94.5% (2020: 8.8% and 91.2%) of the total Group's water consumption respectively, with an intensity of approximately 210.0 m³ water per employee (2020: 247.9 m³ water per employee), which decrease for approximately 15.3%.



As the water sources were supplied by the governmental body, there was no water supply issue identified for the Reporting Year.

Nevertheless, the Group stressed on the necessity in conserving water and adopting related practices in its daily operations. For example, staffs are encouraged to limit the flow of water from the faucets and avoid leaving the tap running when using tap water. Besides, the Group also advise its staff to avoid wasting drinking water. Given the decreased water consumption during the Reporting Year, the Group considers the measures in conserving water resource as successful and will continue to maintain the goal in the coming future.

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Given the water consumption is highly subjected to the business operation and production activities of the Group, fluctuations in water usage may be resulted in relation to the changes in the Group's business growth and production performance. However, the Group aims to limit the growth of its water consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

Going on, the Group is committed to further develop the awareness in environmental protection among our staffs for maximizing the water efficiency within the Group, and strive to further scale down the corresponding water consumption.

Packaging Materials

During the Reporting Year, the packaging materials, which were mainly packaging paper boxes used in the Group's daily operations weighted to 163.8 tons (2020: 474.4 tons), with a noticeable decrease of 65.5% compared to last year as per the reduced production activity from the business adjustments. The packaging materials were used and purchased in alignment with the Group's production plan. Thus, there were no significant disposal of packaging materials to be identified during the Reporting Year.

A.3 The Environmental and Natural Resources

Alongside the aforementioned aspects, the Group has also developed a wide range of written policies for its employees to comply with for the sake of minimizing the negative impact on the environment. The Group drives its employees to follow the policies by weekly checks on the effectiveness of the implementation among different departments. To further incentivize the practice of environmental measures, the Group has also established an incentive bonus. With a satisfying result for at least three consecutive weeks, an incentive bonus will be rewarded to the corresponding departments. Alternatively, violations of the relevant policies would lead to a deduction in performance points. In this regard, not only can it reduce the carbon footprints produced within the Group's operation by provoking employee's environmental awareness, but it also helps establishing a sense of responsibility regarding environmental sustainability as a whole.

In addition to the internal management, the Group also emphasizes the cooperation with its suppliers on environmental protection. Suppliers are required to sign a commitment for not using any materials harmful to the environment and promise to comply with the relevant global regulations, including "the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment" ("RoHS") and "Registration, Evaluation, Authorization and Restriction of Chemicals" ("REACH").

Moreover, in terms of further reducing the consumption of electricity, the Group has equipped with some appliances that are energy-saving and operate with renewable energy. For example, LED light bulbs and solar energy heaters are installed in the head office. Electricity generators using solar energy are also equipped in the workshops. By these means, they benefit in raising energy efficiency while lowering the Group's electricity consumption along with its accompanied carbon footprints.

With the efforts made towards environmental protection, the Group is pleased to report that there was no material non-compliance issue regarding relevant laws and regulations for the Reporting Year.

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A.4 Climate Change

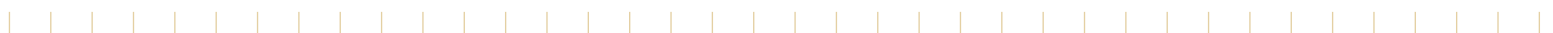
Fossil fuel consumptions and human activities are largely responsible for climate change due to increased emissions of heat trapping gases like carbon dioxide into the atmosphere. Given high concentration of greenhouse gases in the atmosphere, there is an urgent need to transitioning into a more sustainable and low-carbon economy for curbing global warming and its accompanying detrimental effects.

The Group recognizes the urge to join the endeavour in mitigating the influence of global warming. With the uncertainties brought by climate change, the Group faces potential physical risks and transition risks. Therefore, integrating climate considerations into the Group's decision-making process is crucial to capital allocation and supply-chain management for developing an effective action plan to adapt its operation to climate change.

The Group is faced with physical risks from the changing climate, which includes a higher frequency and intensity of severe weather events, with extreme precipitation and extreme cyclones being the most dominant threat faced by the Group and its employees. While these events endanger the safety of employees working at the premises, the goods and services provided by the value chain may also be disrupted due to obstructed logistic services or production process caused by the storms. Taking this into account, the Group adopts the mode of remote working such as working from home to ensure the safety of employees in the event of bad weather .

On the other hand, with more climate-related policies expected in the future, an increase in operational costs is projected. With China's vision towards 2060 Carbon Neutrality, there is a possibility on the implementations of carbon-pricing mechanisms such as Carbon Tax, Cap-and-Trade and mandatory regulation towards existing industries and services. As such, under the influence of carbon-pricing mechanisms, the Group's business performances may be hindered by paying additional costs due to the cost shifting from service providers, for instance semiconductor suppliers and manufacturers of electronic components. Besides, rising material costs due to resource taxes or mining difficulties also impose extra costs for the Group as these raw materials are essential to smartphone production. Given the production of semiconductors is energy and water intensive while involving using a large amount of toxic materials, the extra environmental costs applied to the processes would inevitably increase the production cost, a higher marked price is foreseeable with the buyer having to bear. To mitigate these transitional risks, the Group advocates to recycle electronic components as far as possible. Moreover, the Group also regularly communicate ideas regarding environmental awareness with suppliers and outsourced factories, as well as reviewing their environmental performances to ensure best practice within their operations are adopted. Additionally, the Group is keen on enhancing its production plan and better its relationships with suppliers for enforcing a more inclusive partnership.

Nevertheless, the Group is sought to being an environmentally responsible corporation. The Group will continuously optimize its business model and advocate green business, in which the accompanied carbon emissions from its operations can be lowered while ensuring its business development, so that corporate strength could also be enhanced while achieving sustainability concurrently.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section B: Social

The Group understands the importance of managing its operation in the social aspects, including internal and external social factors, to achieve develop sustainably and responsibly while striving for performance. Hence, the Group strongly believes that a harmonious and safe working environment that respects the rights of the people is essential for its employees and its growth. Thus, the Group is committed to operating in an accountable and sustainable way by taking social responsibility considerations in our day-to-day operations through various measures to minimize possible risks from arising.

The Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to emissions, employment, health and safety, labour standards, product responsibility and anti-corruption during the Reporting Year.

B.1 Employment

The Group places huge importance on its most treasurable assets – its employees. The Group value the employees' contribution and dedication to the Group's business development, and is envisioned to the concept of "people-oriented". For the sake of maintaining the mutual interests for both, the Group aims to grow with all employees for the future boom of the Group.

Employee Benefits

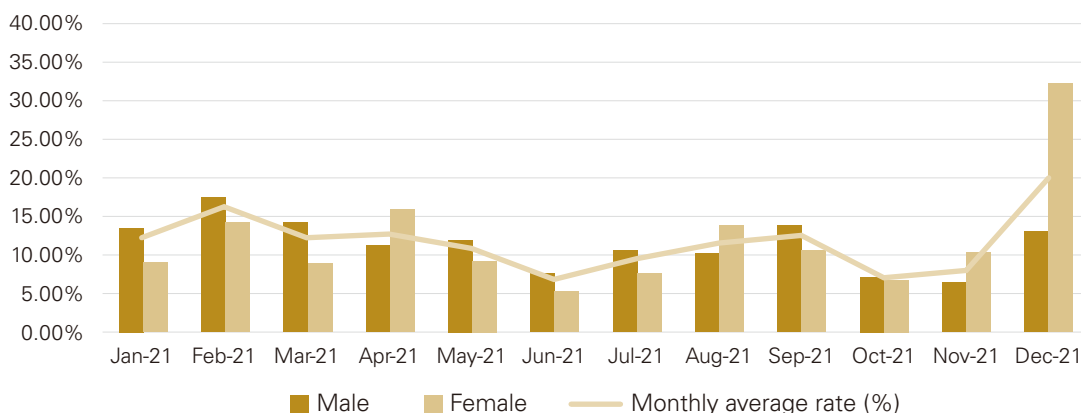
The Group has established a long-term favorable relationship with our employees. The Group offers competitive and attractive remuneration package, including on-the-job internal and external training, medical benefits, transportation allowances, meal allowances, year-end bonus and performance-based incentive bonus, to our employees. The Group also provides Social Insurance and Housing Provident Fund to all its employees. Mutual funds are collected from volunteers to provide to the applicants who are in serious sickness of economic difficulties. The Group continuously assesses all the employees based on their performance for the decision of salary increase, bonus amount and promotion chance in order to keep them up to the Group's standard and reward them for their contributions. Attractive number of leaves, including marriage leave, compassionate leave, maternity leave, pregnancy-checkup leave, breastfeeding leave and paternity leave, are provided to our employees to ensure that they can enjoy work-life balance. Also, the Group regularly organizes different types of employee activities, such as birthday party, important festival party, annual dinner, football matches and staff picnic.

Employee Turnover

During the Reporting Year, the market competitive employee benefits help kept a healthy monthly average turnover rate at approximately 11.7% (2020: 9.9%). The monthly average turnover rate of employee by age group were approximately 22.7% (Below 18 years old, as intern staff), 26.2% (18–25 years old), 9.2% (26–35 years old), 5.8% (36–45 years old), and 2.9% (46–55 years old); while the monthly average turnover rate of employee by gender were approximately 11.4% (Male) and 12.0% (Female). Since all our staff are from Mainland China, the corresponding monthly average turnover rate by geographical region was also 11.7%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Number of Turnover and Turnover Rate by Gender



The Group strictly abides with the Labour Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, Regulations on Management of Housing Provident Fund and other relevant laws and regulations which cover all employment protection and benefits.

Harmonious Workplace

To cultivate an engaging working environment, a spacious rest room with comfy sofas and facilities are installed during the Financial Year for employees to take a break from their work, free snacks and drinks are also provided for refreshment. Aside from that, a gym room and dance room have been constructed this Financial Year to employees so that they can also do exercises or stretches during their breaks.



Rest room with comfy sofas; Gym room with gym equipment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

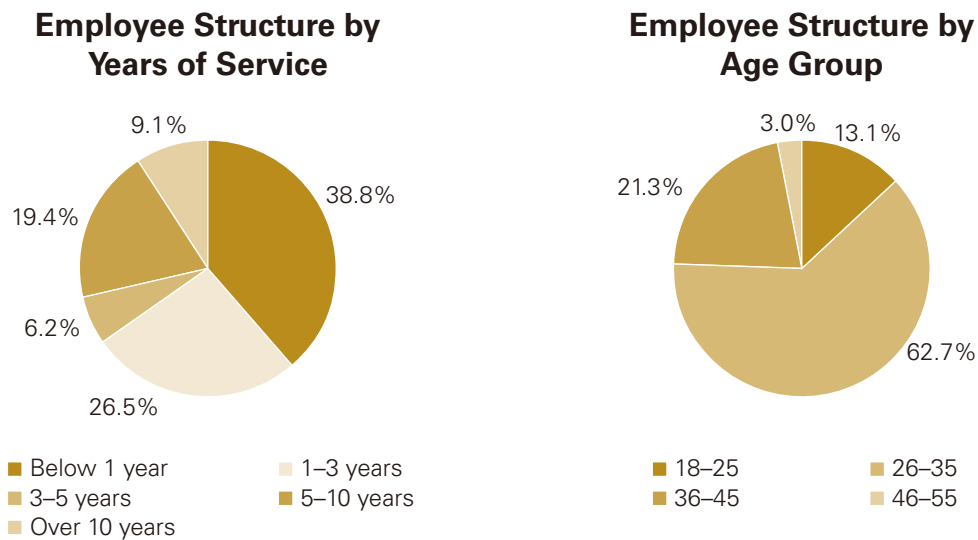
Workforce

To diversify the background exposure of the Group, the Group hire employee based on experience, expertise and values, regardless of race, colour, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. We promote equal opportunities and diversity for all employees.

As of 31 December 2021, the Group has the total number of 536 employees (2020: 734), all of our employees were full-time employees and were employed in Mainland China. The employees' male-to-female ratio was approximately 2:1, with 365 as male (2020: 507) and 171 as female (2020: 227) and the total number of employees was 536 (2020: 734). In addition, the Group employs employees from different age groups. As of 31 December 2021, the Group had employees 70 employees from the age of 18 to 25, 336 employees from the age of 26 to 35, 114 employees from the age of 36 to 45, 16 employees from the ages of 46 to 55, and no employee was under the age of 18.

In respect of our harmonious work environment and effective human resources policies, approximately 34.7% (2020: 40.5%) of the employees have contributed for the Group for over 3 years as of 31 December 2021, which indicated that a good portion of the employees are loyal to the Group.

Please also refer to the below charts for more details of the employee structures of the Group:



The Group treasures every single employee and strives for building a trustful and strong bond with them. Going on, the Group will continue to cultivate the harmonious working environment for further driving employee engagement and retention in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.2 Health and Safety

The Group is committed to safeguarding the safety, health and welfare of all employees, workers, and the general public likely to be affected by the ordinary operations of the Group. In order to deliver the Group's commitment, the Group have established certain safety policies in place. The policies clearly stated the safety requirements of every possible damage source, including from machinery, lifting, electric shock, pressure vessel, toxic gas and suffocation, falling, mobile vehicles and safety equipment. In case any kinds of accident occur, the Group formulates a well-developed emergency handling and reporting procedure to alleviate the possible lost in a most effective and efficiency way.

The Group understands that preventive measures are way more important and efficient than reactive measures. Therefore, the Group organizes fire and emergency drill in Dongguan workshops on a regular basis familiarize the employees with the treatment procedures of emergency accidents. Reports of the drills are reviewed for improvement. In addition, there are enough fire equipment, such as fire extinguishers and fire hydrants, placed in both the office building and workshops. The fire equipment is under regular checks to ensure that it is in good condition. Safety training is also provided to all the employees to ensure that they fully understand our safety policies and requirements, and protect them from getting any injuries.



A detailed escape route and layout of the office were posted in the noticeable area to prepare employees for emergency. Our office is also well equipped with fire-fighting equipment in case of fire.

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In the view of COVID-19 pandemic, the Group pays extra attention in creating a safe and healthy environment for its employees. To limit the spread of virus and better control the number of confirmed cases, the building curbs the number of lift passengers to no more than 6 people per ride. Alcoholic sanitizers were also placed in the office area, buildings are sterilized in a frequent interval, surgical masks are distributed to employees and staff are required to put on surgical masks and record body temperature every day to prevent germs dispersion.

The Group has strictly complied with the relevant laws and regulations on providing safe work environment and protecting its employees from any occupation hazard. During the Reporting Year, there was no injury or fatal cases reported within the Group (2020: 1 injury, no fatal case; 2019: no injuries and fatalities), thus no lost days are resulted. Going on, the Group will continue to strive for a safe and healthy work environment for our employees and workers.



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B.3 Development and Training

The Group underlines the indispensableness of employee improvement. The Group promises to provide sufficient and efficient training to the employees. The Group also focuses on the ability requirements of employees at all levels to ensure that the employees are growing with the Company at the same time.

During the Reporting Year, the Group has implemented an annual training plan which aims to enhance employee's general capabilities and solidify the specific skills and knowledge related to the job position. The training program is carried out in a variety of training methods, including but not limited to online lectures, on-the-job trainings and case studies. The Group also encourages the staff to attend external training and courses by offering reimbursement of the tuition fees. Induction trainings are also offered to the new recruits to provide an overview of our business and a comprehensive introduction of the departmental operations and job responsibilities. Performance appraisals are conducted regularly to assess the skills and knowledge of the employees. If any of the employees lag behind, additional training with assessments will be provided to keep the employees on track to maintain quality of work. Incentive rewards will be realized according to the points that are formed by the quantified evaluation results.

As mentioned above in section *Health and Safety*, the employees are required to attend safety trainings. The safety trainings focus on the prevention of accidents, with safety procedures for using machineries and handling chemicals, and emergency dealing and reporting procedures.

During the Reporting Year, total number of 489 employees (including resigned employees) (2020: 1,663) received a total of 2,934 (2020: 10,982) hours of training, in which 91.2% (2020: 90.0%) of the total number of staff (including resigned employees) attended. The percentage of employees trained by gender was approximately 70.8% for male and 29.2% for females, while the percentage of trained employees by employment category was approximately 91.2%, 8.2% and 0.6% for frontline staffs, mid-level management and senior management respectively. The average training hours completed per employee was around 5.5 hours, indicating that nearly all of our staff are adequately trained and equipped with necessary skills and knowledge needed for their job duties. The average training hours completed per employee by gender were approximately 5.7 hours for male and 5.0 hours for female, and 5.6 hours, 4.8 hours and 1.8 hours for frontline staffs, middle management, and senior management respectively.

Moving on, the Group will continue to provide ample trainings for employees to ensuring both the quality and quantity of work and performance of employees are maintained.



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B.4 Labor Standards

The Group recognizes the compliance with international labour standards and protection of labour rights are one of the fundamentals to being a responsible company. The Group strictly abides by the relevant laws and regulations with regard to child labour, minimum wage specified by the government, and Social Insurance and Housing Provident Fund scheme. The Group has stipulated a Social Responsibility Management Manual which clearly stated policies regarding the management of social responsibility related issues, including child and forced labour. For instance, child and forced labour are strictly prohibited within the Group, and that suppliers or subcontractors who use child or forced labour are not accepted and restricted from engagement.

The Group is pleased to announce that it has not encountered any major risks in human rights and employment matters. The Group guarantees that no employee is made to work against his/her will, or work under forced labour, or subject to coercion related to work. During the Group's recruitment process, documentation of being legally eligible to work in the Group is obtained and verified. Except for those intern staff described in section *Employment*, there was no employee recruited under the age of 18. Through the whistle-blowing mechanism, employees can voice out the injustice they face or report any suspicious matters. The management will investigate into any reported cases immediately, and take further follow-up actions if necessary.

B.5 Supply Chain Management

As a group to develop, manufacture and sell smart products, the Group recognize the essentialness of the supply chain management of the inventories. During the supplier selection process, the Group considers the qualification, reputation, product quality, quality consistency and the ability to deliver on time among the suppliers. The Group obtains the material samples for our internal testing to ensure the material supplies are up to our strict standards. A professional evaluation team will also be formed to perform on-site inspection for the production process of the suppliers, only the suppliers with a pass result in the initial assessment can be added into our approved supplier list. During the Reporting Year, the Group has traded with approximately 29 suppliers⁹ (2020: 287), of which there were 8 from Mainland China, 16 from Hong Kong, 1 from Taiwan, 2 from Singapore, 1 from Japan, and 1 from Korea. Looking ahead, the Group also seeks to enhance the adoption of domestic suppliers within its supply chain management. Aside from taking the reputability and reliability of suppliers into account, the Group also aims to limit the engagement with foreign suppliers and maximize the potential of suppliers from Mainland China as far as possible in order to support and reinforce the development of domestic brands names.

The Group conducts annual assessment of the approved suppliers to confirm that they are up to its required standards. Additionally, as aforementioned, suppliers are required to sign a commitment for not using any materials harmful to the environment and promising to comply with relevant global regulations. The Group removes any of the suppliers with unsatisfying results from the approved supplier list to ensure that we produce the best quality of products using the high-quality raw materials. Moreover, if any suppliers are found to be below our requirements and standards, warning letters will also be sent as an alert.

Besides the supplier selection and maintenance, the Group also places high importance on the contracting process with our suppliers. To safeguard the interests of both the Group and the counterparties, all contracts are under its Legal Department's review before signing to ensure the legal terms and obligations fulfil its requirements.

⁹ A more precise measurement is adopted for vendor tallying for the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Not only do the Group focuses on the upstream suppliers, but the Group also emphasizes the development of long-term relationship with the downstream customers. As mentioned, on-time delivery is the fundamental key to manage the supply chain. To enhance the effectiveness and efficiency of delivering products to the Group's customers, the Group has established an efficient supply chain management system that links between manufacturers, suppliers, distributors and retailers by optimising the allocation of resources. In this regard, the Group can provide best-quality products to our customers in a timely manner at the most reasonable price.

B.6 Product Responsibility

Since the Group specializes on the development and manufacturing of smartphones and smart accessories, product quality is of high importance to the Group. The Group is committed to complying with and even exceeding applicable industrial and safety standards and quality control for the sake of safeguarding both the company reputation and the public interests.

Quality Standards

The Group has established a comprehensive, strict quality control system, covering the whole product life cycle, including quality of product planning, R&D design quality, manufacturing quality, supplier quality, sales service quality, reliability test, customer satisfaction, quality of operation, etc. The Group's business process has achieved effective integration of multiple sets of quality management system, unified execution, and met certification requirements. Currently, the Group has passed ISO9001, ISO14001, ISO45001, QC080000, TL9000 and other management system certification.

Product Certification

Before the products are launched, certification reports must be obtained to comply with the standards required by relevant regulations and rules set in different regions, including the United States, the European Union, Asia-Pacific region, etc. The Group's legal team constantly monitors the updates on the aforementioned rules and regulations to ensure that our products are up to the global standards.

Intellectual Property Rights

The Group attached great importance to Intellectual Property protection in order to better fulfil its product responsibility. The Group has registered wide range of trademarks and Intellectual Property ("IP") rights for its products. No infringement is tolerated by the Group. Beyond that, the Group had also appointed a Chief IP Officer to focus on Company IP & trademarks management. The Group holds a strong belief that by respecting and protecting Intellectual Property, the Group can promote industry innovation and create a healthy and sustainable development of the industry. During the Reporting Year, there were 11 patents successfully registered by the Group.

Customers' Response

The Group is committed to enhancing customer satisfaction and always treasures the customer relationship as an invaluable asset. The Group has formulated a thorough after-sale service network to effectively handle complaint by our customer service department. All complaints will be recorded in details to facilitate the follow-up actions as well as for future references to improve the product and sale-service quality. During the Reporting Year, there were 8 (2020: nil) complaints regarding product quality reported. All complaints are properly addressed and are resolved. The total number of returned products was 2 (2020:19), which comprised of only approximately 0.02% (2020: 0.0018%) of the total number of 935,922 delivered goods (2020: 1,069,321 products). Going forward, the Group will continue to keep the well-established relationship with our customers by providing top quality products.

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Data Privacy

Written policies and procedures are concretely covering the topics including the treatment of confidential information, security of confidential information and disclosure of confidential information. Unauthorized access of the Group's information system and take-away of sensitive information are strictly prohibited. The staff are required to sign Non-disclosure Agreement ("NDA") upon recruitment. Confidential information is under strict monitor to prevent any direct or indirect information leakage to external parties through any means.

Relevant Laws and Regulations

Actively notifying the compliance issues and inspecting among any deficiencies can prevent problems from escalating. Therefore, the Group keeps a close eye on the updates of relevant regulations and codes to revise its policies and operations accordingly to prevent any malpractice. The Group will continue to strive for providing high quality products to our precious customers. During the Reporting Year, the Group had strictly complied with the relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

B.7 Anti-corruption

Any forms of corruption and bribery are intolerable and unacceptable to the Group. The Group has established a wide range of "Anti-Bribery & Anti-Corruption Management Policy" that clearly stated the definition of bribery and corruption, the Group's stance and the responsibilities of its employees during various procedures such as procurement and tendering. The Group strictly prohibits its employees to accept any forms of gifts and benefits beyond proper permission. Since the policy has extensively stated guidelines and expectations regarding integrity among the employees, it is deemed that fundamental concepts about anti-corruption are sufficiently provided. Although there is no related training provided currently, the Group is committed to raise the importance of moral business ethics and anti-corruption concepts among its employees, in which the Group promises to arrange trainings if necessary at due course.

The Group encourages its employees to report alleged malpractices or misconduct. The Group values and welcomes the employees to report any suspected malpractices through various channels. The Management takes immediate action to investigate the issue once relevant reports are received. The Group promises to fully support the whistleblowers and the identity of the whistleblowers is also well protected.

During the Reporting Year, there was no concluded legal case (2020: nil) regarding any forms of fraud brought against the Group or its employees. The Group had strictly complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.8 Community Investment

Under the ramification of COVID-19 and the hardships of the underprivileged, the Group understands its commitment beyond its business development to create broader values for the society. With continuous devotion in contributing to the society, the Group is honoured to have received the Corporate Social Responsibility Best Case Award¹⁰ during the Reporting Year from the Nanfang Media Group¹¹.



Corporate Social Responsibility Award from Nanfang Media Group

The Group has been actively involved in the community investment. During the Reporting Year, the Group has donated a total amount of approximately HK\$15,208,000 (2020: HK\$68,000), including charitable donations for a primary school construction in Dongguan, as well as helping the affected from the devastating floods in the Henan province.



Other than resources distribution, the Group also care about environmental protection. During the Reporting Year, the Group has devoted 24 hours (2020: 48 hours) in voluntary work related to the environmental field with 16 employees participated in the activity. Given the limitation from COVID-19, the enforcement of social distancing policies limits the participation of community service of the Group during the pandemic. However, the Group is committed to continuously participate in community services when situation allows in the coming future.

Going on, the Group aims to invest more resources into voluntary activities for the sake of positively contributing to the society.

¹⁰ 2021 大湾区行业创新峰会暨产业高质量发展大会《社会责任口碑案例奖》

¹¹ 南方报业传媒集团深圳分社

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Data

	Year ended 31 December 2021	Year ended 31 December 2020
Emissions Indicators		
Air Emissions		
Total air emissions	15.3 kg	125.1 kg
Air emission intensity	0.03 kg per employee	0.17 kg per employee
NO _x emission		
Light goods vehicle	6.4 kg	114.0 kg
Passenger car	7.8 kg	—
SO _x emission		
Fuel consumption	0.2 kg	0.2 kg
PM emission		
Light goods vehicle	0.3 kg	10.9 kg
Passenger car	0.6 kg	—
Greenhouse Gas Emissions		
Total greenhouse gas emissions	12,006.7 tons	11,983.8 tons
Greenhouse gas emission intensity	22.4 tons per employee	16.3 tons per employee
CO ₂ emission		
Electricity generator (diesel oil)	—	0.3 tons
Light goods vehicle	1.4 tons	37.7 tons
Passenger car	31.7 tons	—
Refrigerants	—	—
Electricity consumption	11,889.2 tons	11,791.6 tons
Electricity used for processing fresh water	47.0 tons	77.2 tons
Electricity used for processing sewage	22.8 tons	36.9 tons
Paper waste disposal at landfills	6.1 tons	7.9 tons
Business air travel	3.7 tons	26.7 tons
CH ₄ emission		
Electricity generator (diesel oil)	—	—
Light goods vehicle	0.0008 tons	0.068 tons
Passenger car	0.071 tons	—
N ₂ O emission		
Electricity generator (diesel oil)	—	—
Light goods vehicle	0.2 tons	5.5 tons
Passenger car	4.6 tons	—

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	Year ended 31 December 2021	Year ended 31 December 2020
Hazardous waste produced		
Total hazardous waste reported	1.0 ton	0.6 tons
Hazardous waste disposed intensity	0.002 tons/per employee	0.001 tone/per employee
Non-hazardous waste produced		
Paper waste disposed	1.3 tons	1.7 tons
Industrial waste re-sold	3.6 tons	17.2 tons
Non-hazardous waste disposed intensity	0.009 tons/per employee	0.026 tons/per employee
<i>Use of Resources Indicators</i>		
Electricity consumption		
Total electricity consumption	14.8 GWh	19.9 GWh
Shenzhen Head Office	0.7 GWh	0.7 GWh
Dongguan workshops	14.1 GWh	19.2 GWh
Electricity consumption intensity	27.6 MWh per employee	27.2 MWh per employee
Water Consumption		
Total water consumption	112,559.2 m³	181,961.0 m ³
Shenzhen Head Office	6,159.2 m³	16,087.0 m ³
Dongguan workshops	160,400.0 m³	165,874.0 m ³
Water consumption intensity	210.0 m³ per employee	247.9 m ³ per employee
Packaging Materials		
Total packaging materials consumption	163.8 tons	474.4 tons
Packaging materials consumption intensity	0.3 tons per employee	0.6 tons per employee

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Social Data

	Year ended 31 December 2021	Year ended 31 December 2020
Employment Indicators		
Employment		
Total number of employees	536	734
By Gender		
Male	365	507
Female	171	227
By Years of Service		
Below 1 year	208	320
1–3 years	142	117
3–5 years	33	55
5–10 years	104	168
Above 10 years	49	74
By Age Group		
Below 18 (as intern staff)	–	4
18–25	70	125
26–35	336	400
36–45	114	185
46–55	16	20
By Type of Employment		
Full time	536	Not disclosed
Part time	–	Not disclosed
Temporary	–	Not disclosed
By Geographical Region		
Mainland China	536	Not disclosed
Employment turnover		
Total number of employee turnover	1,009	1,033
% of employee turnover (monthly average)	11.7%	9.9%
By Gender (monthly average)		
Male	11.4%	9.1%
Female	12.0%	11.2%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2021	Year ended 31 December 2020
By Age Group (monthly average)		
Below 18 (as intern staff)	22.7%	Not disclosed
18–25	26.2%	Not disclosed
26–35	9.2%	Not disclosed
36–45	5.8%	Not disclosed
46–55	2.9%	Not disclosed
By Geographical Region		
Mainland China	11.7%	Not disclosed
Health and Safety Indicators		
Number of reported injuries	–	1
Number of loss hours	–	664
Number of lost days	–	27.7
Development and Training Indicators		
Total number of hours of staff training	2,934	10,982
Total number of employee received training	489	1,663
Male	346	1,081
Female	143	582
Percentage of employees received training	91.2%	90.0%
Percentage of employees trained		
By Gender		
Male	70.8%	Not disclosed
Female	29.2%	Not disclosed
By Employee Category		
Frontline Staff	91.2%	Not disclosed
Mid-level Management	8.2%	Not disclosed
Senior Management	0.6%	Not disclosed
Average training hours completed per employee		
By Gender		
Male	5.7	Not disclosed
Female	5.0	Not disclosed
By Employee Category		
Frontline Staff	5.6	Not disclosed
Mid-level Management	4.8	Not disclosed
Senior Management	1.8	Not disclosed

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	Year ended 31 December 2021	Year ended 31 December 2020
Number of suppliers		
Total number of suppliers	29	287
By Geographical Region		
The PRC	8	246
Taiwan	1	2
Hong Kong	16	37
Singapore	2	1
Sweden	–	1
Japan	1	–
Korea	1	–
Product Responsibility Indicators		
Total number of complaints received	8	–
Total number of goods returned	2	19
Total number of goods delivered	935,922	1,069,321
Percentage of goods returned	0.02%	0.0018%
Anti-corruption Indicators		
Number of conducted legal cases regarding corruption	–	–
Community Indicators		
Community Investment		
Corporate charitable donation (equivalent amount)	HK\$15,208,000	HK\$68,000
Employee volunteering		
Number of employee volunteers	16	2
Total number of service hours	24	48

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE & REFERENCE

A. Environmental

Reference in this report

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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.	8–11
KPI A1.1 The types of emissions and respective emission data.	8–11
KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g per unit of production volume, per facility).	9–10
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g per unit of production volume, per facility).	10
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g per unit of production volume, per facility).	11
KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	8–11
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	10–11
A2. Use of Resources	Page #
Policies on the efficient use of resources, including energy, water and other raw materials.	12–14
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	12–14
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13–14
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	12–14
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	13
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	14
A3. The Environment and Natural Resources	Page #
Policies on minimizing the issuer's significant impacts on the environment and natural resources.	14
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14

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A. Environmental

Reference in this report

A4. Climate Change	Page #
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	15
KPI 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.	15

B. Social

Reference in this Report

B1. Employment	Page #
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.	16–18
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	18
KPI B1.2 Employment turnover rate by gender, age Group and geographical region.	16–17

B2. Health and Safety	Page #
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.	19–20
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	20
KPI B2.2 Lost days due to work injury.	N/A
KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	19–20

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