

**Environmental,
Social and
Governance Report**
TONGDA GROUP HOLDINGS LIMITED

2021

Environmental, Social and Governance Report

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ABOUT THIS REPORT

Tongda Group Holdings Limited's ("Tongda" or the "Company", together with its subsidiaries, collectively "Tongda Group" or the "Group") is pleased to publish its Environmental, Social and Governance (ESG) Report (the "Report"). The Report aims to disclose the sustainable development commitments and approach of the Group, and to highlight relevant performance to its stakeholders. The Report has been prepared in both Chinese and English and is publicly available at the Group's website (www.tongda.com) and the website of HKEx (www.hkexnews.hk). This report is in both Chinese and English. If there is any inconsistency, please refer to the Chinese version.

Reporting Scope and Period

The Report covers the production bases in Shishi, Xiamen and Guangdong of PRC where the Group mainly operates the core businesses during the period from 1 January 2021 to 31 December 2021 (the "Reporting Year" or the "Year"), including (i) handset casing and high-precision components; (ii) household and sports goods; (iii) network communications facilities and other; and (iv) smart electrical appliances casings. The Group's offices in various locations are for supportive purpose, which do not have significant impact on the Group's overall sustainability performance, hence are excluded from the reporting boundary.

The Report has been prepared in accordance with the disclosure requirements of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the "HKEx"). It has fully complied with the reporting principles in the guidelines, which materiality, quantitative, balance and consistency, are mainstay of the Report. For the application details, please refer to the following table:

Principles	Application of Reporting Principles
Materiality	The Group conducted a questionnaire survey with its relevant stakeholders for materiality assessment. A reporting framework was formulated by identifying and prioritizing key issues to the Group and its major stakeholders, which focused disclosure are made accordingly
Quantitative	In order to effectively compare and evaluate the Group's performance, where practicable, quantitative information on the Group's environmental and social key performance indicators is disclosed. In addition, in accordance with the recommendations of the ESG Reporting Guide, the Report has disclosed the corresponding key performance indicators and the standards, methods, assumptions and reference data for each quantitative indicator
Balance	The Report presents the Group's environmental, social and governance performance in an objective and truthful manner, for readers to obtain comprehensive information and evaluate the relevant performance rationally and objectively
Consistency	The reporting scope and reporting method of this report are generally the same as 2020, and annual comparable data is disclosed where feasible. If there are any changes that may affect the comparison with previous reports, the Group has added a note to the corresponding content in the Report

The Report has complied with the "Mandatory Disclosure Requirements" and "Comply or explain" Provisions contained in the ESG Reporting Guide. Except for provisions that the Group believes not applicable to business operations or provide partial disclosures, explanations are set out in the corresponding sections. The Board of Directors has reviewed and confirmed the contents of this report.

The Group highly values the opinions from its stakeholders, and therefore welcome different parties to provide feedback on the ESG report and sustainability performance. Please share your views with us via email: ir@tongda.com.hk.

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MESSAGE FROM CHAIRMAN

Dear Stakeholders,

In the past year, with global chip shortage and volatile situation of the COVID-19 pandemic, both the global markets for consumer electronics products and the smartphone industrial chains were affected, while corporate operations and development were also challenged by multiple uncertainties. Despite the continuous intense competition of domestic market, the Group actively leveraged its existing advantages in technology and resources. Using its forward-looking technological research and development (R&D) and innovation, and maintaining good corporate governance, it was able to make timely and flexible business decisions in response to various challenges, and hence promoted steady corporate development. In the context of “dual carbon targets” (i.e. carbon emissions peak and carbon neutrality), our country had significantly accelerated its pace in carbon neutrality. It continued to promote green and low-carbon transformation with different policies, driving the development of digital economy and new infrastructure. The Group responded quickly to the growth in market demand, constantly strengthening technological innovation and expanding its development scale. It also promoted innovations and breakthroughs in different governance levels, to continue its direction towards sustainable development.

As attention to ESG issues increases, local governments and institutions are gradually improving ESG-related standards and supervision, developing more clear guidelines and requirements for ESG performance. Satisfactory ESG management plays a key role in driving business competitiveness and sustainable development. Therefore, the Group devotes to improve ESG management. This Year, it reorganized its management direction into four major areas of “Environment”, “Employees and Social Welfare”, “Product Safety and Customer Relations”, and “Business Conduct and Information Security”. By formulating targeted strategies in response to ESG-related risks and opportunities, the Group had resulted considerable improvement in technological, product, talent and environmental management.

In terms of product responsibility, the Group attaches great importance to strengthening the management of product quality, data security and customer privacy, so as to boost customer satisfaction and confidence in the Group. It invested R&D and resources in technology and technique to develop diversified and leading automotive production level, production efficiency and product quality, and continued to bolster employee training on product quality. In addition to front-end management of product, the Group had also optimized supply chain management and enhanced evaluation and monitoring standards of suppliers constantly. In relation to the quality, environmental and social responsibilities of its partners, it developed clearer criteria and stricter supervision on their performance. Through deepening cooperation, the Group was able to fully and effectively implement its ESG management. Regarding its customers, the Group strives to reinforce information management and provide adequate protection for data, cybersecurity and customer privacy. During the Year, it made efforts to accelerate the construction of a competent information security management system, adopting internal and external audits by third-party organization for all-round monitoring, and had obtained relevant system certifications. With efficient product management, the Group is gradually promoting its sustainable development.

To meet the needs of business development, the Group had also strengthened its talent management. During the Year, it expanded its management team and actively recruited different talents. Continuous review of the employment system, remuneration and welfare policies enhanced the overall competitiveness of the Group. The Group continued its support to employees through provision of internal and external training courses, covering various areas such as skills, occupational health and safety, and anti-corruption, to build a high-quality workforce. In the aspect of environment, the Group advanced the effective operation of its environmental management system, and conducted regular risk assessment and monitoring of the environment and hazardous substances. Meanwhile, it set more progressive environmental goals and indicator plans this Year, and constantly examined the room for improvement in environmental management. By promoting its environmental performance, the Group was able to integrate the concept of sustainable development into its operations.

Looking ahead, the Group believes having good ESG governance is a crucial tool to cope with the ever-changing market environment. Apart from focusing on internal management, stakeholder communication and support are also key elements affecting the effectiveness of ESG work. The Group will maintain an open-minded, sincere and proactive attitude in sustaining close contact with stakeholders including investors, customers, employees, and partners, etc., to understand their suggestions on its sustainable development. The Group is committed to cooperate with all parties to continuously foster the working process of ESG. By enforcing and improving its ESG management with close attention and proactive actions, it aims to realize the harmonious development of business and environment, society and governance, leading the Group and all sectors to pursue sustainable development.

Chairman and Chief Executive Officer

Wang Ya Nan

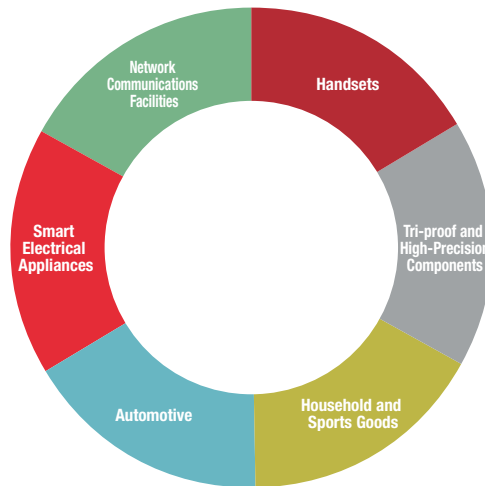
Tongda Group Holdings Limited

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ABOUT THE GROUP

After the Group has listed in 2000 on the Main Board of The Stock Exchange of Hong Kong, it has strategically transformed itself from an appliances-oriented industrial manufacturing enterprise into a globally renowned and leading high-precision handset components supplier in the technological hardware industry. Through these years, the Group accumulated numerous patented technologies and built a solid customer base. It is firmly committed to communicate with stakeholders in an open-minded and dedicated manner as it works closely with its employees to speed up decision making, and focus on operational efficiency, as well as promote holistic balance between good corporate governance, environmental management and corporate social responsibility.

Major Business



Core Values



Operating Model

Leverage on innovative technology and craftsmanship, together with a number of leading production technologies and listening to market needs and trends, Tongda continues to improve and develop precision mold designs, utilize diversified raw materials and enriched surface decoration designs to consolidate product strength and diversify customer base, thereby enhancing the competitive advantage.

Production Scales and Facilities

The Group is strategically located in Fujian Province and Guangdong Province in the PRC as the main production bases of the Group. With offices established in Singapore, Vietnam and Taiwan, a multi-site service network is built with approximately 26,000 staff.

Headquarter: Hong Kong

Overseas offices: Singapore, Vietnam and Taiwan

Production bases: Shishi, Fujian; Xiamen, Fujian; Dongguan, Guangdong

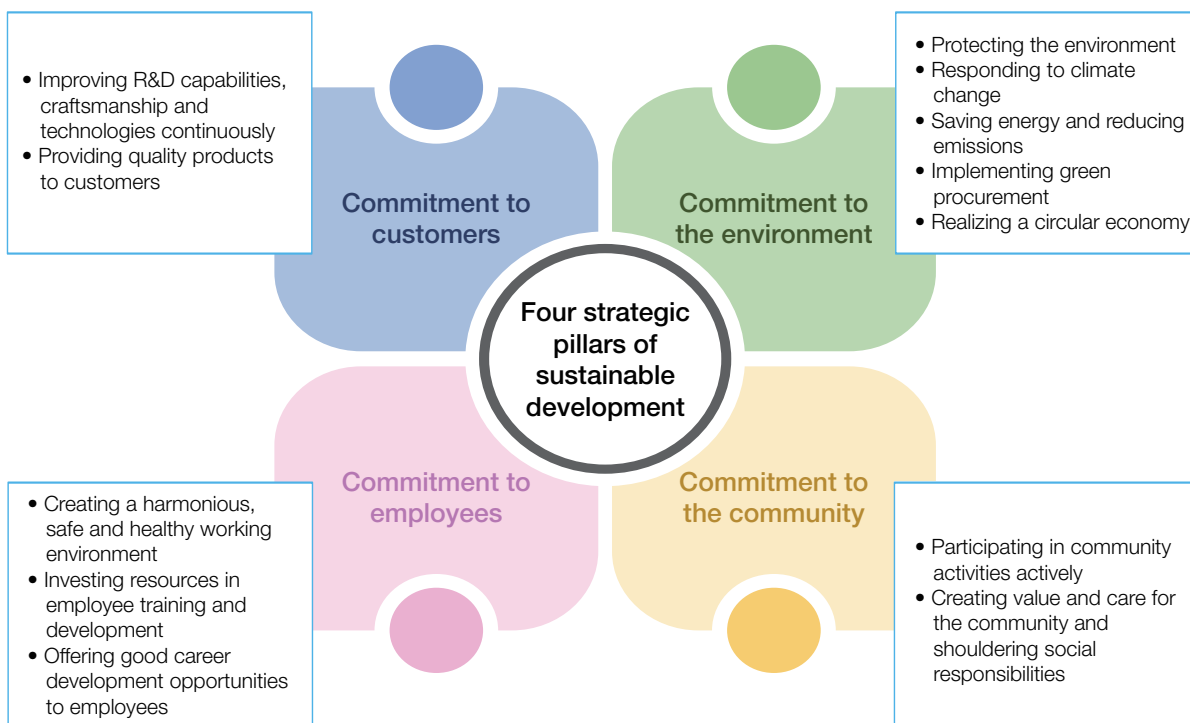
Regarding factory facilities, the precision of moulds always directly influence product quality to a large extent. Therefore, Tongda requires a very high standard on moulds of precision handset components and other businesses. The production equipment for high-precision and complex mould manufacturing, processing and plastic injection are mainly purchased from leading machine manufacturers in the PRC, Germany and Japan.

Looking ahead, the Group will continue to focus on the application of new technologies, actively promote intelligent manufacturing, and realize the production model of Industry 4.0. From manufacturing, testing, warehousing to logistics, we will gradually improve the application of artificial intelligence, the Internet and big data in each process. Aiming at increasing speed and efficiency while saving energy and reducing emissions, the Group would establish an important foundation for further improvement in product quality.

OUR APPROACH TO SUSTAINABILITY

Sustainability Strategy

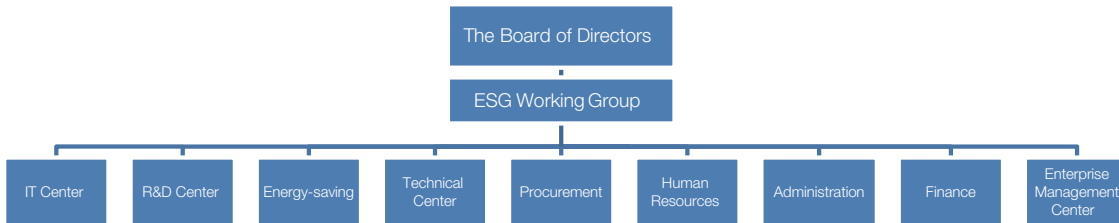
Not only does the Group pay attention to operational efficiency, it also sets sustainable development as its long-term goal in upholding the core value of “Innovation and perpetual operation”. Therefore, the Group strives to leverage its own advantages with technological innovation, and make continuous improvement in its environmental, social and corporate governance performance to advance the interests of all parties while responding to social expectations. The Group emphasizes working together with stakeholders such as shareholders and investors, customers, suppliers, employees, the government and the community. It advocates maintaining good communication with an honest, open and responsible attitude to create long-term value collectively. The Group is dedicated to strike a balance among governance, environmental management and social responsibility in business development and daily operations, and respond to different risks and opportunities in a timely manner. It hence established four strategic pillars for its sustainable development strategy.



Sustainability Governance Structure

In order to demonstrate its commitment to sustainable development, the Group strives to integrate the concept of sustainability into its governance structure for effective promotion and implementation of sustainability policies. Under the leadership of the Board of Directors, the Group has in place a cross-departmental ESG Working Group, which is constituted by various departments including Enterprise Management Center, Finance, Administration, Human Resources, Procurement, Technical Center, Energy-saving, IT and R&D center.

Members of the ESG Working Group are responsible for monitoring ESG-related work performances, identifying and managing its major risks, reporting to the Board on a regular basis, as well as assisting the Board in devising the Group's sustainability strategy and periodically reviewing ESG goals.



The Board of Directors is responsible for overseeing the ESG work of the Group, and reviewing the performances and reports of ESG-related work annually, to ensure the effective implementation of the Group's sustainability strategy. At the same time, the Board of Directors relates and issues major ESG topics to the Group, and supervises the progress of various departments and units, helping the Group to promptly identify and respond to relevant risks and opportunities, and gradually improve its sustainability performance.

Sustainability Risk Identification and Response

The Group understands that sustainability risks bring instability to business operations, the Board of Directors of the Group regularly reviews its risk management. Also, it has formulated relevant risk management procedures in relation to environment, social responsibility, and occupational health and safety, such as *"Environmental Factors Identification and Evaluation Management Procedures"*, *"Social Responsibility Risk Assessment Procedures"*, *"Environmental, Occupational Health and Safety Management Manual"* and *"Occupational Health and Safety Performance Monitoring and Measurement Control Procedures"*, etc. According to their responsibilities and authorities, each department and unit continuously reviews the Group's operational risks, and regularly monitors, identifies, analyzes and evaluates potential material risks and opportunities related to the environment, society and governance.

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To coordinate the operation of the management systems, the Group's subsidiary will formulate its ESG risk management goals, indicators and action plans every year, such as "2021 Environmental Risk and Opportunity Assessment Analysis", "2021 Occupational Health and Safety Risk and Opportunity Assessment Analysis" and "2021 Social Responsibility Targets and Indicators Management Plan", etc. Meanwhile, in order to maintain an effective risk management and internal control system, the Board of Directors of the Group's subsidiary will conduct a management assessment of its ESG-related performance and goals on an annual basis. After review and approval, the person in charge will sign for confirmation and implement corresponding measures. Several production bases of the Group have identified and assessed ESG-related risks, and developed relevant measures during the Year, which are listed below:

Category	Risk Description	Corresponding Measures
Emission	<p>Failure to maintain and upgrade the sewage treatment facilities, nor to carry out effective monitoring, may lead to excessive sewage discharge. Illegal discharge of the subsidiary would result in suspension of production for rectification, damage to reputation and disadvantages in industry competition.</p> <p>Data of environmental monitoring exceeding the standard or invalid record, may cause harm to the surrounding environment and employees' health, and bring negative impacts to the subsidiary.</p>	<ul style="list-style-type: none"> • Incorporate compliance assessment into operational control requirements, and formulate annual and monthly maintenance plans for sewage treatment facilities • Assign personnel to monitor and collect data for statistical analysis. In case of excessive discharge or abnormalities, the personnel shall report and handle the situation in time to ensure meeting the discharge requirements • Conduct environmental tests once a year • Arrange testing by qualified third-party testing agencies • Advance on-site signage of occupational hazard warning, and strengthen daily maintenance and management of environmental protection facilities

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Category	Risk Description	Corresponding Measures
Occupational Health and Safety	Outdated and inaccurate information on updates of occupational health and safety related regulations, relevant system may be implemented with the chance of violating related laws and regulations. Potential risks in occupational health and safety management of the subsidiary may cause injuries or even fatalities.	<ul style="list-style-type: none"> Strengthen information collection on updates of occupational health and safety related laws and regulations, to ensure relevant departments could enforce related requirements Formulate stringent requirements for employees involved in special operation, and regularly conduct external trainings and inspection on safety skills
	Existing facilities and equipment of the subsidiary generates noise, wastewater, air pollutants, and use of chemicals during production, which would involve certain occupational health and safety risks.	<ul style="list-style-type: none"> Production units ameliorate management of on-site equipment, and conduct daily monitoring and maintenance Distribute personal protective gears to employees regularly The General Office is responsible for regular monitoring of noise, wastewater and air emissions Place secondary containers for use at the production sites, and standardize the storage areas with labels for identification
Product Responsibility	Failure to consider the product life cycle during the development stage, causing environmental pollution.	<ul style="list-style-type: none"> During the design and development stage, the product development department shall collect and monitor data and performance of the product in each life cycle stage, in order to improve the environmental impacts of the product
	Improper disposal of scrap products would produce environmental pollution.	<ul style="list-style-type: none"> Design labels with instructions on proper handling of end-of-life products, to inform users about the disposal method in accordance with legal requirements

In the future, the Group will continue to utilize the assistance of its team and external consulting agencies to continuously formulate a more complete and targeted ESG risk management framework, conduct regular review on related ESG risks, and update relevant policies, measures and targets. It hopes to improve its sustainable development and risk management, and to create a team of efficient governance performance.

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STAKEHOLDER ENGAGEMENT

To effectively devise suitable sustainability strategies and measures for the Group, it values the opinion from its stakeholders. The Group collects opinions from different stakeholders via diversified channels and highly transparent communication platforms, such as financial reports, sustainability reports, surveys, regular dialogues and meetings, etc., to further understand their expectations and views on its future development. Through the close cooperation with various parties, the Group has created common goals and development direction, and implemented corresponding measures to make definite improvement.

During the Year, the Group communicated with key stakeholders through the following ways:

Stakeholder Engagement List

Stakeholders	Communication Channels	Issues of Concern	The Group's Response and Measures
Investors and shareholders	<ul style="list-style-type: none"> Annual General Meetings and Extraordinary General Meetings Investor presentation Annual reports, interim reports and announcements Investors' meetings 	<ul style="list-style-type: none"> Safeguard shareholder interests Gain investment returns Disclose important information Understand the business performance and prospects of the Group 	<ul style="list-style-type: none"> Convene annual general meetings and extraordinary general meetings Disclose important information Continue to promote the healthy development of the Group
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Seminars 	<ul style="list-style-type: none"> Product safety and quality management Product development and technological innovation Anti-corruption Data security and customer privacy management 	<ul style="list-style-type: none"> Strictly control R&D, procurement and production and so on Respond quickly to customers' needs Improve the quality management system Establish an information security system and access control Legal operation
Suppliers	<ul style="list-style-type: none"> Supplier conferences 	<ul style="list-style-type: none"> Supply chain management and sustainable development Anti-corruption and anti-fraud Establish supplier code of conduct in compliance with laws and relevant regulations Environmental protection and compliance Product quality management 	<ul style="list-style-type: none"> Implement a mechanism for including and excluding suppliers Conduct supplier training and audit Sign a letter of undertaking of integrity

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Stakeholders	Communication Channels	Issues of Concern	The Group's Response and Measures
Employees	<ul style="list-style-type: none"> Staff hotline, forum and Chairman mailbox Staff care center Employee satisfaction surveys WeChat official accounts with backend message function Internal newsletter Regular training 	<ul style="list-style-type: none"> Occupational health and safety Employee development and training Employee welfare and rights Employment system and management 	<ul style="list-style-type: none"> Comply with labor regulations Establish barrier-free communication systems and processes to understand employees' opinions Optimize career development and training mechanism Provide competitive salaries and welfare Implement health and safety management system
Government/ community	<ul style="list-style-type: none"> News reports Monitor information reporting and delivery Forums for exchange 	<ul style="list-style-type: none"> Abide by laws and regulations Promote employment Protect the environment Carry out community charity activities 	<ul style="list-style-type: none"> Ensure non-violation Organise voluntary activities Participate in community building

Materiality Assessment

In order to gain an in-depth understanding of the opinions of stakeholders in different fields, the Group commissioned an independent sustainability consultant to conduct a questionnaire survey with the Board of Directors this year. Various internal and external stakeholders are also invited to participate, including customers, suppliers, investors, frontline staff and management, etc. It analyzed, sorted, reviewed and evaluated major sustainability issues through the two dimensions of "importance to the Group" and "importance to stakeholders" to understand the importance and influence of each sustainability issue to stakeholders. According to the survey result, the Group identified 6 material issues and included highlighted discussion in this report. The steps of assessment are as follow:

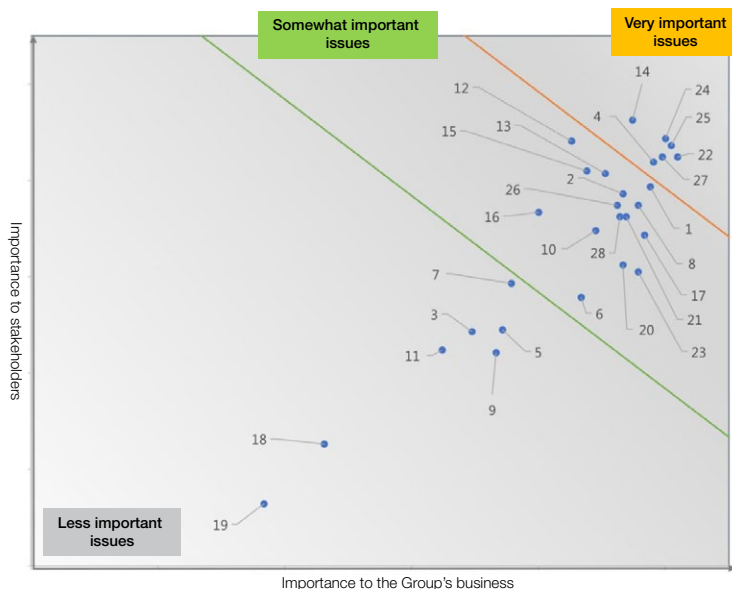
1. Identification With reference to the results of stakeholder communication, the HKEx guidelines and latest industry trends on sustainable development, identified material topics that are relevant to the Group's business.
2. Ranking Invited internal and external stakeholders to participate in an online questionnaire in assessing the importance of each topic to the stakeholders and the Group's operation and development.
3. Analysis Analyzed the collected data from the questionnaire, and mapped the materiality of issues in a matrix form to determine the most important issues at two levels.
4. Review The Board and senior management reviewed and validated the process and result of materiality assessment for prioritization and focused reporting.

In accordance with the latest guidelines issued by the HKEx, the Group has identified 28 material sustainability topics that are important to it and its stakeholders, which were structured as the questionnaire. The questionnaire covered 4 aspects of "Environment", "Employee and Social welfare", "Product Safety and Customer Relations" and "Business Conduct and Information Security", in which "Cybersecurity" is a newly added topic for this year.

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The stakeholder questionnaire was conducted online and received a total of 210 valid responses. The materiality assessment result is as follow:

Materiality Matrix



Environmental, Social and Governance Issues (In Descending Order of Materiality)

Very Important Issues		Somewhat Important Issues		Less Important Issues	
24	Product Quality Management	1	Environmental Legal Compliance	7	Water Usage
25	Data Security and Customer Privacy Management	12	Employee Benefits	5	Non-Hazardous Waste Management
14	Occupational Health and Safety	13	Talent Management	3	Greenhouse Gas Emissions
22	Customer Satisfaction	2	Emissions Management	9	Packaging Material for Finished Product
27	Anti-corruption	8	Wastewater Discharge	11	Major Climate-related Policies
4	Hazardous Waste Management	15	Training and Development	18	Community Involvement
		26	Management of Unfair Competition Conduct	19	Community Welfare Investment
		21	Product Health and Safety		
		17	Child Labor and Forced Labor Management		
		28	Cybersecurity		
		10	Environmentally-friendly emission		
		23	Intellectual Property		
		20	Supply Chain Management		
		16	Employee Diversity and Equal Opportunity		
		6	Energy Consumption		

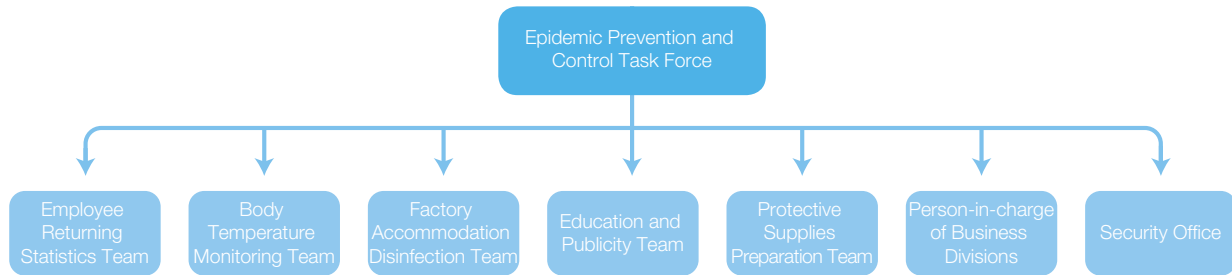
As shown in the materiality matrix above, material issues identified are mainly from the “Product Safety and Customer Relations” and “Business Conduct and Information Security” aspects. In terms of “Product Safety and Customer Relations”, Product Quality Management, Customer Satisfaction, Occupational Health and Safety has continued to be the concerning topics for various stakeholders. As for “Business Conduct and Information Security”, different stakeholders have continuously focused on the topics of Data Security and Customer Privacy Management and Anti-corruption. To fully apply the “materiality” principle required by the HKEx, the Report is prepared in accordance with the reporting framework based on the above materiality assessment result. In-depth disclosures are made for issues that are important to various stakeholders, in answer to their concerns over the Group’s business development.

In the future, the Group will regularly review these topics, make revisions regarding the latest development of the industry and the Group, and deploy coping plans and determine future governance policies to improve its sustainability performance. Moreover, the Group will continue to utilize different communication channels and expand its collection of stakeholders’ opinions. It promises to fully consider the needs and concerns of stakeholders in decision-making, so as to realize the vision of sustainable development for the Group.

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COMBATING COVID-19

The COVID-19 pandemic situation has remained unclear and uncertain in 2021, posing continuous threats to the health and safety of employees and customers. The Group is committed to sustain public health, it helps combat the spread of COVID-19 while maintaining normal production and operation. Since the pandemic outbreak, the Group's divisions have established epidemic prevention and control task forces, which are responsible for formulating and supervising the implementation of a range of effective response and preventive measures. To strengthen the management of epidemic prevention and control, its task forces implemented relevant prevention work in aspects of crowd management and monitoring, cleaning and disinfection, publicity and education, and protective equipment.



Experienced several waves of epidemic outbreaks, the Group has quickly responded to the latest situation and prevention requirements, to secure employees' safety. The Group paid close attention to the development of the epidemic and rigorously implemented epidemic prevention requirements issued by the government. For crowd control, each production base cooperated with the government to arrange nucleic acid testing for all employees, and required visitors to present their health codes and undertake temperature checks at the entrance. Regarding changes in the epidemic situation, it checked the travel tracking code when necessary, and required a valid proof of COVID-19 nucleic acid test result within 48 hours before entrance.

In terms of environment, in addition to conducting thorough cleaning and sanitization at various factory zones regularly, the Group also maintains the ventilation systems in good condition, and separates tables at canteen with partitions to minimize gatherings. To facilitate self-protection, the Group actively promotes epidemic prevention and control. It disseminates the latest government epidemic prevention information and personal hygiene knowledge to employees through the corporate WeChat platform, enhancing employees' awareness on pandemic prevention and minimizing infection risks. During the Year, with appropriate internal epidemic prevention and control of the Group, it resumed normal operation in an orderly manner on the premise of safeguarding employees' health, its production was not significantly affected.



Arranging nucleic acid testing for all employees at the production bases



Conducting health code and temperature checking for visitors at the entrance

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COMMITMENT TO CUSTOMERS

The Group attaches great importance to the continuous improvement of products. It is committed to fulfill its social responsibilities, and enhance customers' confidence. The Group established a compliant and reliable operation model, and formulated relevant policies and regulatory measures for quality and safety, information security and privacy management, and supply chain management. The Group utilizes an effective quality management system to build mutual trust with customers and suppliers, and promote long-term partnership.

Among them, the Group has established a comprehensive quality control system based on the 6S (Sort, Organize, Tidy Up, Clean, Discipline and Safe) management system to promote orderly and efficient production. As a responsible corporate, the Group pays attention to the environmental and social risks that might be caused during production, it is committed to ensure its production meets local standards and requirements. It aspires to integrate products with the concept of sustainable development, and provide customers with high-quality, safe and environmentally friendly products.

With that, the Group's subsidiaries have had their quality control system and environmental management system ISO 9001 and ISO 14001 certified respectively. Through its Quality Control Department, strict trial production of products and random checks of mass produced products are conducted to meet customers' quality standards, as well as monitoring product quality together with customers.

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Quality and Safety

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Procedural Provision	<i>"Quality/HSPM/Environment/Occupational Health and Safety Handbook"</i>	Clearly stating procedures relevant to product quality, major environmental factors and risk control, to assure product compliance
Raw Material Management	<i>"Regulations for Environmental Substances"</i> <i>"Commitment for Not Using Prohibited Substances"</i>	Requiring suppliers to sign relevant documents in procurement, to guarantee product safety
Development Management	<i>"New Product Development Management Procedures"</i> <i>"Trial Production Management Procedures"</i>	After understanding the customer's standards and requirements for product quality, employees can determine the feasibility of meeting the standards according to relevant policies, to ensure the final product can meet customer expectations
Production Process Control	<i>"Incoming Material Inspection and Control Procedures"</i> <i>"Shipment Inspection and Control Specifications"</i> <i>"Product Inspection and Management Procedures"</i> <i>"General Specifications for Sample Inspection"</i> <i>"Identification and Traceability Control Procedures"</i> <i>"Unqualified Product Management Procedures"</i> <i>"Method for Assessing Quality KPIs"</i> <i>"Corrective and Preventive Action Control Procedures"</i> <i>"Unqualified Product Control Procedures"</i>	Setting requirements for quality control of raw materials, semi-finished products and finished products Standardizing how to conduct sample inspection of finished products, which qualified products are then marked for delivery Standardizing the identification, traceability and processing procedures for unqualified products Standardizing quality indicators for performance assessment, to promote product quality and safety Developing uniform specifications for the identification, separation, review, logging and disposal procedures of unqualified products

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Promoting product quality and safety not only helps the Group maintain its brand reputation, but also demonstrates its commitment to product responsibility. The Group focuses on ensuring and continuously improving product quality and safety in the process of development, design, production and sales. It also aims to meet international and local health and safety standards by strictly complying with relevant laws and regulations.

In terms of quality, the Group advocates the management approach of “high-tech, high-quality, high-efficiency while providing customers with satisfactory products and services”. While for hazardous substance process management (HSPM), it manages based on the principle of “complying with laws and regulations, upholding environmental protection, gaining customer satisfaction, striving for continuous improvement”. The Group strives to implement quality and safety management throughout the product cycle, which threads from development, production, quality inspection to the handling of defective products. It continuously advances its quality management system to prevent related risks effectively. If the client raises dissatisfaction on product quality, the Group will handle the case according to the unqualified products procedures, relevant procedures are as follows:

Identification, separation, review, logging and disposal procedures of unqualified products	<ul style="list-style-type: none"> • In case of unqualified products, the responsible unit needs to conduct a review and issue a notice, which contingency actions will then be taken for handling. After that, analysis will be made to identify the cause and formulate improvement plans • Unqualified products will be handled depending on different conditions. Repairable products are rectified for delivery, while irreparable products will be destroyed to avoid outflow of defective items • Take appropriate corrective and preventive actions, and confirm and maintain the effectiveness after implementation
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During the Year, the Group had not recalled any products for safety and health reasons. The Group was not aware of any material breaches of applicable laws and regulations regarding health and safety of its products and services.

Intellectual Property Rights

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Intellectual Property Rights Provision	<i>“Intellectual Property Rights Management System”</i> <i>“Guidelines for the Protection and Control of Intellectual Property Rights”</i> <i>“Organization Knowledge Management Procedures”</i>	Regulating the management, maintenance and supervision of intellectual property rights in the Group’s business operations
Management of Employees’ Performance in Intellectual Property Rights	<i>“Intellectual Property Rights Reward and Punishment System”</i>	Encouraging employees to actively develop technological innovation and imposing strict penalties on any infringers, to promote the protection of intellectual property rights

The Group respects all intellectual property rights and their owners, and is committed to ensure all intellectual property rights are effectively protected in its business operations. In order to strengthen the management of intellectual property rights, the Group has a number of policies in place to standardize the management, maintenance and monitoring of intellectual property rights.

The Group has set up professional management positions and working groups, which are responsible for the acquisition, application, protection, daily maintenance, transfer, licensing, risk prevention and response of intellectual property rights. Meanwhile, a management system has been developed regarding patents, trademarks, copyrights and other fields, to safeguard the legitimate rights and interests of the Group and related persons. The Group's subsidiaries have also established a development plan and a performance evaluation system, and passed the GB/T 29490-2013 system certification, to practically promote intellectual property rights management. With the help of relevant management staff, the Group enhances employees' awareness of protecting intellectual property rights, ensuring employees could protect the property entrusted to them from being lost, damaged, improperly used, accessed or stolen.

During the Year, the Group had a total of 227 effective patents and is currently applying for 20 new patents in addition. It was not aware of any violation or infringement of intellectual property rights.

After-sale Service

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Handling Customers' Opinion	<p><i>"Customer Complaint Management Procedures"</i></p> <p><i>"Customer Complaints Handling Procedures"</i></p> <p><i>"Corrective and Preventive Action Control Procedures"</i></p>	Regulating the responding channels and handling methods for product quality problems with uniform and standardized procedures, to ensure the problem is resolved within an enclosed system, as well as addressing customer complaints in a timely and accurate manner
Maintaining Satisfactory Customer Relationship	<i>"Analysis and Management Procedures of Customer Satisfaction Survey"</i>	Supervising and conducting customer satisfaction surveys and follow-up in a unified way

The Group maintains its commitment to product quality and safety, and aspires to pursue excellence continuously and surpass the expectation of customers. To guarantee its professional level and competitive products, the Group established after-sales service related policies for follow-up to product status and customer opinions.

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The Group established a customer complaint handling mechanism, related procedures are as follows:

- Respond to customers within 2 hours, acquiring initial understanding of the situation, including on-site visit, request for samples or pictures of defective product, etc., for confirmation, and provide customers with proper contingency measure(s) as reply, while processing internal investigation and announcement of customer complaints after classified registration;
- Reach consensus with customers within 24 hours and implement relevant contingency remedial measure(s), coordinate personnel to execute emergency actions, and regularly report progress to relevant departments and customers;
- Call for a review meeting to analyze the causes within 48 hours, then develop a “8D Improvement Report” to report analysis results, and submit improvement strategy to responsible department(s);
- Develop mid- and long-term improvement measures within 5 days, review and approve the “8D Improvement Report” to reply to the customer, continue to follow up and improve until the problem is completely resolved.
- Track and verify the situation every two weeks, and update relevant personnel with feedback of the resulting effects, which report will be closed only after confirmation.

During the Year, the Group received a total of 287 customer complaints, of which 285 cases have been handled in accordance with the established procedures, while the remaining cases are in the process of handling. In addition, the Group utilizes telephone, interviews, questionnaires, visits, symposium surveys to actively conduct customer satisfaction surveys. Through gauging and analysis, the Group had thorough understanding of customers’ opinions and needs, which helped enhance its product quality performance.

Advertising and Labelling

The Group formulated the “*Packaging and Design Regulations*”, which clearly indicates the information contained in the product labeling and more, to ensure product traceability. With regards to the nature of its business, the Group does not involve in any advertising. Only some of the products are displayed in the Group’s showcases.

Information Security and Privacy Management

Data Security and Privacy Management

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Information Management Provision	<p><i>"Information Security Management Manual"</i></p> <p><i>"Data Security Control Procedures"</i></p> <p><i>"Specification of Information Flow Management for Confidential Project"</i></p> <p><i>"Information and Technological Security Management Procedures"</i></p>	Standardizing the processing methods and procedures for data and confidential information in the Group's business operations, to prevent information leakage

The Group understands the importance of data security and customer privacy. Related risks will undermine the normal operation of its business activities, resulting in losses to the Group, its partners and customers. Therefore, it upholds the information management strategic targets of "data confidentiality, information integrity, risk control, continuous improvement, and extensive participation for excellence". Moreover, the information security management system of its subsidiaries had fulfilled the requirements of GB/T 22080-2016 standard, and obtained relevant certification..

In order to prevent the occurrence of information system interruption, loss of data and sensitive information leakage, the Group has clearly defined the responsibilities and authorities of relevant departments and positions:



Meanwhile, the Group stipulated that all employees shall keep confidential when receiving, using and distributing information and documents, and adopt backup and encryption when necessary. Employees are required to apply for permission when handling confidential documents and information, access would be allowed upon approval of information security personnel and general manager. The Group maintains systematic information management, it has effectively safeguarded data security and customer privacy through clear audit and monitoring system, as well as mechanism for handling major information security incidents and violation penalties. Relevant execution and monitoring methods are as follows:

1. Unless with supplier consent, supplier's contact information will not be disclosed;
2. Establish supplier record system, using supplier codes to assist management. To avoid leaking information of suppliers, supplier codes are used to replace the name of suppliers;

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3. Dedicated personnel are responsible for managing supplier records, which includes supplier contract information and related forms. Access to supplier records for personnel of non-procurement functions are strictly forbidden;
4. If personnel of the Resources Purchasing Department have to leave their desks, no files containing supplier information shall be left on the desk, and their computers must also be locked;
5. Upon the request by supplier, no information about raw materials other than those agreed by the supplier shall be seen at the production site;
6. Keep confidential customer information, customer name, address, telephone information, by using code for customer's name, etc.

During the Year, the Group had 1 case of customer information leakage. Remedial measures had been taken in accordance with relevant management procedures, and investigations and corrections had been carried out to prevent similar incidents from happening. In the future, the Group will continue to improve its information security management system, conduct regular information security risk assessment, facilitate employees' information security awareness and skills through education and training, so as to eliminate risk of information leakage.

During the Year, the Group was not aware of any material breaches of applicable laws and regulations in relation to information security and privacy.

Cybersecurity

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Cybersecurity Management Provision	<i>"Network Security Management System"</i> <i>"Computer Room Management System"</i> <i>"Information Management Procedures for Communication Security"</i> <i>"Information Security and User Access Control Management Procedures"</i>	Standardizing the code of conduct for employees relating to accessing network and information safely, to safeguard the security, effectiveness and integrity of information and its transmission on the network

The Group understands that cybersecurity is the essence to safeguard its network communication system in maximizing information service and preventing the threat of cyberattacks. On the basis of its information security management system, the Group has a series of management in place, with specified management procedures for the server room, hardware equipment, firewall and computer, software, network configuration, etc. The Information Management Center conducts daily maintenance and management to ensure the safe operation of the Group's Local Area Network (LAN), to reduce cyber risk exposures.

During the Year, the Group was not aware of any material breaches of applicable laws and regulations in relation to cybersecurity, and neither cybersecurity failure nor the dissemination of illegal content occurred.

Supply Chain Management

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Supplier Management Provision	<p><i>"Supplier Management System"</i></p> <p><i>"Environmental Control and Management Specification"</i></p> <p><i>"Management Procedures"</i></p> <p><i>"Management Procedures for Suppliers and Subcontractors"</i></p> <p><i>"Supplier Control and Management Procedures"</i></p> <p><i>"Supplier Selection and Review Management Procedures"</i></p>	Standardizing supplier management procedures, and implementing full-process control for selection, management, qualification assessment, and monitoring of suppliers

Given the Group uses various raw materials in its production, it is critical to select, manage and evaluate qualified suppliers. To effectively manage the environmental and social risks of its supply chain, the Group actively promotes Supply Chain Social and Environmental Responsibility (SER) Management practices, ensuring purchased products or services are in line with the specified standards and requirements.

Supplier Selection

The Group has established a supplier management system to enforce full-process control in selection, management, qualification assessment and monitoring of suppliers. For that, the Group developed clear management procedures to guarantee its suppliers can provide considerable products or services, so as to protect the best interests of the Group and its customers.

Procedures for employing new suppliers:	<ul style="list-style-type: none"> • The Procurement Department will conduct research and collect basic information according to the <i>"Supplier Questionnaire"</i> for preliminary assessment • Assigned employee will conduct on-site inspections, and evaluate supplier's facilities, engineering technology, environmental management, and social responsibility system, etc., which will be consolidated into <i>"Supplier Evaluation Report"</i> • Upon approval, preliminary qualified suppliers can be included in the <i>"Qualified Supplier List"</i> • Cooperating suppliers are required to sign the <i>"Procurement Framework Agreement"</i> and other agreements or letter of commitment on quality, hazardous substance, etc., while providing corresponding third-party testing reports on hazardous substances as needed for information review and confirmation
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Procedures for cooperating with suppliers:	<ul style="list-style-type: none"> • Carry out trial production and verification for sample inspection • Only after passing the inspection, order can be processed for bulk purchase • Implement relevant control work during the delivery stage
Assessment for cooperating suppliers:	<ul style="list-style-type: none"> • Conduct quarterly and annual assessments, and regularly assure their performance in aspects of quality, supply delivery, economic indicators, prices, environmental protection, hazardous substances, and services to update the <i>“Qualified Supplier List”</i> • Require suppliers with unsatisfactory performance to rectify, and constantly follow up and review the effectiveness of their implementation of improvement measures. If suppliers fail to make effective improvements, their qualifications will be discontinued and the partnership will be terminated

Sustainable Procurement

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Supplier Social and Governance Risk Management Provision	<i>“Supplier Corporate Social Responsibility Agreement”</i> <i>“Integrity Undertaking”</i> <i>“Social Responsibility Commitment”</i>	Ensuring that suppliers can meet the Group’s social responsibility requirements
Supplier Environmental Risk Management Provision	<i>“Hazardous Substance Identification and Evaluation Control Procedures”</i> <i>“Environmental Control and Management Specification”</i> <i>“Environmental Questionnaire for Related Parties”</i>	Standardizing environmental auditing of suppliers, including their performance in environmental management systems, environmental monitoring reports, regular internal audits, etc., to reduce the environmental impact of the supply chain

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As a further step to incorporate the concept of sustainable development into the supply chain, the Group strengthens the management of suppliers' environmental and social responsibilities. It monitors their fulfillment of social responsibilities and investment in environmental protection, fostering the identification and elimination of supply chain risks.

Social and governance risks in supply chain:	<ul style="list-style-type: none"> Require cooperating suppliers to sign various documents, allowing them to understand and enforce relevant requirements of the Group Using "Social Responsibility Questionnaire" or "Supplier's Social Responsibility Questionnaire" to assess suppliers' social responsibility performance and guarantee that suppliers have not violated relevant laws and regulations
Environmental risks in supply chain:	<ul style="list-style-type: none"> Implement "hierarchical management and control for high-risk materials" for relevant suppliers, to advocate green partnership management Regular sampling and testing of purchased materials Require cooperating suppliers to sign guarantee documents such as "Commitment for Not Using Prohibited Substances" or "Guarantee of Environmental Management of Substances" Assist cooperating suppliers involving hazardous substances to establish a competent hazardous substances free (HSF) environmental management system, and further prevent and control the pollution of hazardous substances Make every effort to promote "green procurement", requesting suppliers to implement energy conservation and emission reduction measures, and prioritizing suppliers with outstanding environmental protection performance
Supplier annual evaluation:	<ul style="list-style-type: none"> Assessments on environmental and social responsibility are included Assign dedicated personnel for high-risk suppliers to conduct on-site monitoring and supervision on improvement, to facilitate effective management

During the Year, the Group employed a total of 2,296 suppliers to provide materials and services, some of which have obtained ISO 9000, ISO 14000, ISO 26000 or OHSAS 8000 system certifications. The Group's suppliers come from various locations, all of which have been managed in accordance with the Group's supplier policy. Since the relevant supplier information is closely related to the Group's business and may involve confidential operation information, it has not been disclosed in this Report. In the future, further disclosure will be considered.

Anti-corruption

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Overall Integrity Management Provision	<p>"Tongda Home Appliance Business Group Integrity Management System"</p> <p>"Anti-corruption Work Management System"</p> <p>"Anti-commercial Bribery Management System"</p> <p>"Anti-Corruption and Promoting Integrity Management System"</p>	Enhancing integrity awareness within the Group, while regulating behavior of its employees and partners, to avoid the occurrence of corruption cases
Overall Business Ethics Performance Management Provision for Employee	"Code of Business Ethics"	Promoting employees' awareness on business ethics through the establishment of internal control system, and stipulating transparent business practices

Environmental, Social and Governance Report

The Group adheres to the principle of “observing the law, integrity, fairness and justice”. In order to effectively avert commercial bribery and illicit benefits, and manage employees’ business ethics, the Group has established a comprehensive internal control system, promoting honest and ethical behavior of employees, among which includes but not limited to:

Avoiding conflict of interest:	<ul style="list-style-type: none"> • Report the relationship with partners (including suppliers and employees) • Employees shall not accept or solicit cash, gifts, benefits or hospitality in any amount
Anti-corruption and bribery:	<ul style="list-style-type: none"> • Report and handover monetary or non-monetary gifts received from external parties
Anti-collusion and conspiracy:	<ul style="list-style-type: none"> • Strictly forbid abusing the power for fraud and personal gain
Competitive and fair trading practices:	<ul style="list-style-type: none"> • Uphold the principles of fairness and impartiality, while seeking competitive advantage through unethical or illegal business practices shall not be allowed • Maintain judicious when conducting business with competitors • Provide guidance when subordinates seek anti-corruption-related advice
Upholding the principle of confidentiality:	<ul style="list-style-type: none"> • Respect and protect privacy of others • Safeguard and use assets and intellectual properties of the Group in cautious
Regulating business ethics:	<ul style="list-style-type: none"> • Upholding honesty and integrity • Respect the rights of colleagues, subordinates and third parties, any discrimination, insults, defamation, etc. shall not be tolerated

To advocate anti-corruption, the Group emphasizes on taking both punitive and preventive measures. In addition to regulating business conduct and employee ethics, it also developed measures including investigation and auditing, reward and punishment, prevention and correction, publicity and education, etc., regarding the violations of business ethics and other improper means for gaining advantages, so as to eradicate any disregard for business ethics. The following summarizes the related management work:

With anti-corruption education and promotion for business ethics, helping employees and relevant stakeholders understand anti-corruption laws, and enhancing integrity and anti-corruption awareness	<ul style="list-style-type: none"> • Require employees to sign the “<i>Integrity Commitment</i>” or “<i>Integrity and Self-discipline Commitment</i>” when they join the Group, and request written confirmation every year thereafter, to make sure they are acknowledged of the code of conduct applicable to their duties and positions • Relevant regulations are posted in offices and sent through email regularly • Conduct planning and training with all department heads once a year in promotion of anti-commercial bribery
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<p>Ensure the effectiveness of relevant policies through regular internal integrity review</p>	<ul style="list-style-type: none"> • The Audit and Risk Committee will assist the Board of Directors in monitoring the Group’s risk management and internal control systems, and review and revise the Group’s code of conduct in a timely manner in face of changing business environment • Creating channels to collect regulatory information, and integrate integrity assessment into annual appraisal • The Finance Department and the Human Resources Department will collectively conduct anti-commercial bribery inspection on a quarterly basis. They will also carry out social evaluation of business ethics once a year, which assesses anti-commercial bribery strategies of the regulatory department, the industry and the Group, and then summarize into an analysis report and submit to the Group for follow-up evaluation work
<p>Encourage reporting of any suspicious corruption cases, to further reduce potential risks</p>	<ul style="list-style-type: none"> • Set up mailbox and hotline for corruption reporting, which the Executive Deputy General Manager is responsible for handling. Specific personnel will be designated to form an investigation team responsible for examining the reported case • All reporting materials will be strictly kept in confidential, to secure that whistleblowers will not be subject to any form of revenge
<p>Seek accountability of violators to maintain high standard of integrity and discipline</p>	<ul style="list-style-type: none"> • For confirmed cases after investigation, the offender will be punished according to the severity of the case. The Group reserves the right to take further legal actions, and will transfer to the judicial organization for handling if there is any suspected breaches of laws and regulations

During the Year, the anti-corruption training organized by the Group are as follows:

Average Training Time	2021
Anti-corruption training received by employees (hour)	10
Anti-corruption training received by Board members (hour)	2

During the Year, the Group did not have any material violations of applicable laws and regulations regarding the prevention of bribery, extortion, fraud and money laundering, nor had any legal cases regarding corrupt practices brought against it or its employees.

Environmental, Social and Governance Report

COMMITMENT TO THE ENVIRONMENT

The Group endeavours to monitor and improve our environmental performance, and continuously promote sustainable development regarding aspects of protecting the environment, saving resources, reducing pollution and responding to climate change. In its daily operations, the Group constantly monitors and improves its environmental management by implementing comprehensive and effective management policies and measures, then further reduces negative impacts and potential risks on the environment, and contributes to environmental protection.

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Waste Management Provision	<i>"Hazardous Waste Management Procedures"</i>	Establishing clear and effective management practices for disposal of hazardous waste, to ensure no environmental pollution is induced
	<i>"Environmental Pollutant Control Management Regulations"</i>	
	<i>"Waste Disposal and Recycling Management Practices"</i>	Formulating clear practices for classification, recycling and management of non-hazardous waste, to ensure no environmental pollution is induced
	<i>"Waste Safety Management Procedures"</i>	
	<i>"Environmental Pollutant Control Management Regulations"</i>	
Air Emission Management Provision	<i>"Air Emission Management System"</i>	Strengthening air emission management and control, to safeguard air quality of surrounding areas and the health of personnel
Water Use Management Provision	<i>"Sustainable Development Management System"</i>	Establishing clear standards for the performance and principles of the Group's water use with continuous assessment and application of water-saving technologies, it improves water efficiency and promotes water conservation, to reduce water consumption
	<i>"Water Management Regulations"</i>	
Wastewater Treatment Management Provision	<i>"Environmental Pollutant Control Management Regulations"</i>	Standardizing wastewater treatment methods of each operation point, and ensuring compliance with the discharging standards by monitoring discharged sewage
	<i>"Environmental Performance Monitoring and Measurement Management Procedures"</i>	
	<i>"Wastewater Treatment Process Operation Regulations"</i>	

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Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Product Packaging Management Provision	<p><i>"Order Review and Creation Management System"</i></p> <p><i>"Product Packaging Design Practices"</i></p> <p><i>"Product Packaging Management Procedures"</i></p>	Establishing clear systems and practices to manage packaging design and materials, and standardizing procedures for packaging materials purchase
Climate Risks Management Provision	<p><i>"Environmental Factor Identification and Evaluation Management Procedure"</i></p> <p><i>"Emergency Preparedness and Response Control Procedures"</i></p> <p><i>"Interim Measures for Environmental Emergency Response Plans Management"</i></p> <p><i>"Measures for Environmental Emergency Management"</i></p> <p><i>"Measures for Investigation and Handling of Environmental Emergencies"</i></p>	<p>Formulating policies to provide concise practices on climate change-related risk assessment principles. It also improves its emergency response management system to improve responsiveness and adaptability to climate change</p> <p>Formulating relevant procedures and measures in response to emergencies, such as strong winds, heavy rains, earthquakes and other extreme weather conditions</p>
Green Production Management Provision	<p><i>"Greenhouse Gas Management Regulations"</i></p> <p><i>"Saving Electricity Management Practices"</i></p> <p><i>"Energy Conservation and Emission Reduction Management Regulations"</i></p> <p><i>"Effective Use of Energy Management Practices"</i></p> <p><i>"Sustainable Development Management System"</i></p>	Formulating energy and carbon emissions management practices to foster green production, as well as promoting energy consumption and carbon emissions reduction through managing relevant performance

Environmentally-friendly Operation Policies

Environmental protection is the Group's basic responsibility on top of its operation management. The Group has formulated four major approaches regarding its environmentally-friendly operation policies: 1) improving environmental pollution management, reducing and avoiding air, water, land pollution and other environmental-related accidents; 2) striving to improve production techniques, technologies, equipment for enhancing product quality, saving resources and reducing wastage; 3) setting up requirements of inspection reports and certification for product materials and supplier quality, to ensure environmental performance of production; and 4) raising employees' environmental awareness using positive means, and encouraging mastering of knowledge and skills of environmental protection. Subsidiaries of the Group have established an environmental management system, and formulated a number of environmental protection operation policies and guidelines, of which cover different areas of environmental issues. These demonstrated the Group's commitment on full compliance with laws and regulations and continuous improvement in environmental performance. Meanwhile, its environmental management system has complied with ISO 14001 standards, and its major factories have obtained ISO 14001 certification.

The Group has consistently implemented effective and reasonable control over environmental pollution. In order to reduce environmental risks, its subsidiaries have identified and evaluated various environmental factors every year, and established the annual "Environmental Targets and Indicators Management Plan" to evaluate major environmental factors, and formulated measures to advance environmental control. The Group regularly entrusts government monitoring departments or qualified third parties to carry out tests for discharged wastewater, exhaust gases, noise and solid waste, and set the passing rate of environmental monitoring to 100%. Through close monitoring and management of air emissions, water quality, noise, and soil pollution, the Group has analyzed and evaluated the performances, and adopted progressive and preventive methods for continuous improvement in environmental performance.

Although our business activities have no significant impacts on the environment and natural resources, the Group will communicate and cooperate with local environmental regulators from time to time, proactively report major environmental matters, and promote environmental education and information exchange.

Waste Management

The Group manages its waste according to two categories: non-hazardous waste and hazardous waste. Strict management system is formulated with reference to relevant national laws and regulations. At the same time, the Group is committed to advocate the reduction, harmlessness and recycling of waste. By promoting the application of 6R waste management (i.e. rejection, reduction, reuse, recycling, energy recovery and restructuring), it enhances the efficiency of resource utilization. Considering potential accidents that may occur in production, storage, logistics and disposal of hazardous waste, it has in place a contingency plan to protect the environment and its employees.

Hazardous Waste

The Group strictly abides by national and local regulations and standards. It has fully implemented safe treatment, delivery, storage, use, recycle or reuse and harmless disposal of hazardous wastes, minimizing the environmental impact caused. In general, production of the Group generates sludge from wastewater treatment, waste activated carbon, waste cutting fluid, waste lubricating oil, waste acid, waste mineral oil, waste organic solvent, etc.

The Group handles wastes depending on different situations and material properties. Designated personnel will be arranged for record and supervision, ensuring all hazardous wastes are under stringent and effective management. The Group also employs companies approved by the Energy Information Administration (EIA) to assure the emitted substances are hazard-free, and undergoes annual inspection of the production bases by local environment protection authority. In the event of accidents involving hazardous waste, the Group has stipulated employees to report the accident within one hour and take emergency measures immediately. Submitting reports on consequences and cause investigation are needed afterwards, so as to consolidate environmental supervision and management.

Moreover, to lessen the generation of hazardous wastes, the Group has been actively promoting methods such as material upgrading, optimization of production process, utilization of raw materials and improvement of productivity, etc. By reducing the production of scrap products and hazardous waste, it promotes clean production.

Case Sharing: Recycle and Reuse of Hazardous Waste

To optimize the use of resources, the Group's handsets and automotives division implemented a recycling project during the Year. Using the phosphoric acid extraction equipment, waste acid is extracted from the high-phosphorus wastewater, which is reused in the production workshops as a supplement for phosphoric acid. The project can reduce the disposal of hazardous waste (waste acid), while cutting down usage for new phosphoric acid.

Non-hazardous Waste

Non-hazardous wastes generated by the Group are mainly general waste, paper, plastic, metal, wood, food waste, etc. Procedures for processes ranging from waste generation, collection, storage, treatment, training, document management and logging have been formulated in a competent management system.

The Group advocates waste reduction at the source and adopts classified collection for waste. Each department is responsible for collecting and sorting their waste. Through reasonable and effective waste management, and continual promotion of recycling, the Group endeavors to minimize or avoid wastage and protect the environment.

Taking wastepaper as an example, the Group actively encourages the reuse of paper. Each department is required to submit its paper budget to the Human Resources Department. It also stipulates that all single-sided wastepaper needs to be recycled and 100% reused. Upholding waste reduction at the source, the Group supports a paperless operation model and encourages employees to use electronic means for internal communication. The Group will continue to reduce the use to paper, and set an annual target of decreasing the packs of A4 paper used on a monthly basic

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The following highlights the Group's waste management work:

Hazardous Waste

- All hazardous waste is collected by the source units and collectively stored in the secondary anti-leakage tanks of the hazardous waste warehouses, and shall not be placed randomly
- When accumulated to a certain volume, the Procurement Department is responsible for contacting qualified hazardous waste unit for legal transfer and processing
- Hazardous waste storage sites are equipped with relevant firefighting equipment and hazardous waste labels
- Assign designated personnel to manage hazardous waste data, who is responsible for keeping hazardous waste management records in file, and reporting to the environmental protection department for registration
- Designate responsible personnel for monitoring, conducting safety inspections on hazardous waste warehouses on a weekly basis, and scrutinizing the classification and storage of hazardous wastes on-site, as well as implementing immediate rectification if any problems are spotted
- 100% of hazardous waste are recycled by the Warehouse Management Department
- Provide training to hazardous waste management personnel and workshop transfer personnel

Non-hazardous Waste

- Separated storage from pollutants
- Handle wastes with clear specification and accurate sorting, and weigh the amount for record-keeping
- Recyclable wastes are cleaned and stored for reuse, or are regularly transferred to qualified companies for recycling
- Non-recyclable wastes are regularly handed over to environmental protection unit for cleaning
- Keep record of waste disposal
- Maintain good condition of storage locations and equipment

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During the Year, the Group generated a total of 3,638.59 tonnes of hazardous waste and 12,394.62 tonnes of non-hazardous waste, the details are as follows:

Hazardous Waste	2021	2020	Unit
Total amount of hazardous waste	3,638.59	3,495.34	Tonnes
Total hazardous waste intensity	0.0004	0.0004	Tonnes/HK\$1,000
Non-hazardous Waste	2021	2020	Unit
Total amount of non-hazardous waste	12,394.62	6,893.69	Tonnes
Disposed non-hazardous waste	7,658.70	2,635.20	Tonnes
Recycled non-hazardous waste	4,735.92	4,258.49	Tonnes
Total non-hazardous waste intensity	0.0012	0.0007	Tonnes/HK\$1,000

The Group has fully complied with all waste-related laws and regulations, and understands the legal consequences and negative impact on corporate reputation brought by the violation of relevant laws and regulations. During the Year, the Group was not aware of any material violations of applicable laws and regulations in relation to waste.

Air Emissions Management

The Group has constantly carried out strict monitoring and control of air emissions, and strives to reduce air pollution while meeting emission standards. In order to monitor and ensure compliance with national and local air emission standards at production sites, treatment facilities have been set up at gas discharge outlets which operate simultaneously with the main production facilities. The exhaust gas ought to meet relevant standards after being uniformly treated, so as to avoid being directly discharged into the air and causing severe pollution. The following outlines the Group's emission measures for treating waste gas produced during the production process:

Sources of Air Emissions	Treatment Methods
Emissions from spray painting	Under ventilation driven by a fan, emissions enter a horizontal spray tower through air ducts, then undergo water curtain mixing effect generated by a Louver air diverter and spraying; most of the paint is removed by the horizontal spray tower, the emissions then enter a built-in demister for paint mist. After going through filter cotton, paint mist filter, louver defogger and other devices, paint mist particles are basically removed
Organic VOC emission	Emissions enter a UV photocatalytic equipment, then are synergistically decomposed and oxidized by high-energy beams
Emissions from injection and printing	Emissions are treated with activated carbon
Cooking fumes from canteen	Emissions are filtered by a fume purifier, meeting emission standards

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Sources of Air Emissions

Treatment Methods

Anodizing process releases phosphoric acid mist and sulfuric acid mist	Alkaline spray towers are set up, maintained by special personnel, and recorded with inspections. The spray towers are inspected and maintained daily by operators, and inspected by personnel from Environmental Safety Department from time to time
Boiling produces sulfur dioxide, particulate matters and nitrogen oxides	Clean energy and natural gas boilers are used; emissions are discharged via a 12-meter exhaust pipe to reduce impacts

Relevant pollution control equipment is operated under a maintenance system, which personnel has been assigned to inspect, maintain and clean the equipment, ensuring the facilities are in good status, and preventing leakage or other system failures which could bring harmful effect to the surrounding environment. In response to the occurrence of excessive emissions caused by accidents, employees will take emergency measures in accordance with “*Emergency Preparedness and Response Control Procedures*”, to control air pollution within a reasonable range.

Air emission is one of the major environmental factors identified by the Group. Its subsidiaries have set up corresponding targets and indicators according to nature of their business, and are required to achieve 100% compliance of their emissions. Meanwhile, the Group has formulated appropriate air emission monitoring procedures, and conducts internal routine monitoring and external professional third-party testing every year. Relevant measurement results will be evaluated. If the results do not comply with standards, the Group will investigate the case in a timely manner and improve the situation.

The emission data are as follows:

Air Emissions	2021	2020	Unit
Nitrogen oxides (NOx)	10,798.11	10,109.94	Kg
Sulfur oxides (SOx)	1,190.48	1,731.98	Kg
Particulate matters (PM)	97.20	167.78	Kg

The Group’s main sources of air emissions from daily operations are from exhaust gas of vehicles and natural gas combustion. Apart from controlling air emissions, such as conducting regular inspections for corporate vehicles to ensure compliance with emission standards, the Group also strives to reduce exhaust emissions from source. It encourages employees to take public transportation or cycle to reduce emissions from vehicles, phases out natural gas boilers and other equipment with high exhaust gas emissions. With gradual improvement in air quality, it has achieved effective pollution prevention and environmental protection.

During the Year, the Group was not aware of any material violations of applicable laws and regulations in relation to air emissions.

Water Resources Management

There are two major uses of water resources of the Group - industrial production and domestic use, whereas those used in industrial production is for oxidation and other production processes. To further improve its water use performance, the Group has installed water meters for recycled water in relevant facilities and implemented monthly water consumption monitoring. Relevant statistics were processed for comparison and analysis, so as to oversee water use of employees and for production. The Group has designated personnel in each industrial park to patrol and inspect all cooling water towers and water pipelines on a monthly basis. When water leakage is identified, related unit will be notified in time for maintenance to reduce water wastage.

Water Use

The Group adopts various measures to save water resources, its subsidiaries even include production water in their production cost assessment to encourage use of water-saving appliances. The Group has now gradually reached annual target of reducing monthly water consumption. Water-saving measures implemented by the Group are summarized as follows:

- Modify various water-saving equipment and systems through facility upgrade: install water-saving faucets, modify smart flushing valves to replace traditional valves
- Reuse water through water filtering equipment: after wastewater is treated and reaches required standard, they will be recycled through the recycled water recovery system for cooling of air conditioners and air compressors, spraying in misting cooling systems, cleaning toilets and other facilities, etc.
- Through construction of "sponge city", collect and recycle rainwater for greening
- Condensed water produced by electrodeionization (EDI) is diverted to original water tank for reuse so as to reduce water intake
- Post water-saving signs so as to encourage employees to save water

Case Sharing: Reduce Use of Water

In order to conserve water, during the Reporting Year, the handsets and automotives division of the Group implemented two water-saving projects.

1. Phasing out heating by natural gas boilers, introducing external thermal power plants for central heating, which could reduce water consumption per day;
2. Adding condensed pipe network around the plant, recycling the condensed water generated during production of deionized water, to replace water for sprinklers, toilets flushing, and environment cooling. The daily water intake from this source can be increased.

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The water consumption data during the Year are as follows:

Water Consumption	2021	2020	Unit
Total water consumption	3,882,192.80	3,735,755.00	m ³
Water consumption intensity	0.39	0.38	m ³ /HK\$1,000

Wastewater Treatment

In protection of clean water sources, the Group is committed to reducing the impact of wastewater discharge to the environment in its operations. The Group's wastewater is mainly from two sources: production and domestic wastewater. On top of compliance with wastewater discharge of the local government, the Group has formulated a comprehensive internal management policy and set forth appropriate wastewater treatment at each operating point. In addition, it entrusts qualified external agencies to test the discharge every year, while receiving regular testing from government monitoring department, to further monitor the quality of wastewater.

Domestic Wastewater

- Wastewater is treated by recycled water treatment facilities for reuse, other sewage is treated in carburetor and septic tank and then discharged to municipal pipelines
- To ensure compliant operation of sewage system, debris are prohibited to enter sewers to prevent blockage and damage; industrial wastewater is strictly prohibited to be discharged into treatment system of domestic wastewater

Industrial Wastewater

- Wastewater is stored in sewage circulation tanks designated for production plants; discharge and recycling are controlled according to specific treatment procedures
- Regular maintenance and overhaul of industrial wastewater treatment systems

Relevant wastewater treatment measures and processes include:

- Adopting process of "adjustment + secondary reaction precipitation + coagulation precipitation treatment", treating total phosphorus in wastewater with calcium hydroxide and PAM, and adjusting pH of water quality by adding sodium hydroxide and sulfuric acid
- Adopting integrated systems for wastewater, phosphorus recovery, cutting fluid filtration, membrane sealing, membrane dyeing and water deionization
- Adopting coagulation precipitation, hydrolysis acidification, biological contact oxidation and MBR membrane treatment
- Adding flocculating chemicals into wastewater to remove paint residue for recycling
- Undergoing sedimentation and separation after wastewater collection, chemical reaction and physicochemical separation before discharge

During the Year, the Group discharged 727,774.47 tonnes of wastewater in total. The following table presents details of effluent discharge data:

Wastewater Discharge	2021	Unit
Total wastewater discharge ¹	727,774.47	Tonnes
Wastewater discharge intensity ¹	0.07	Tonnes/HK\$1,000

The Group mainly relies on municipal water supply, and there is no problem with sourcing water that is fit for purpose. During the Year, the Group was not aware of any material breaches of applicable laws and regulations in relation to water resources.

Green Production

The Group adequately considers its environmental footprint in its daily operations, striving to reduce energy consumption and carbon emissions in order to lessen the burden on the environment. Therefore, the Group strictly abides by various relevant laws and regulations, and develops related energy and carbon emission practices under its environmental management system. It encourages reduction of energy wastage and optimized use of natural resources, to promote sustainable development of the environment.

Energy Conservation Technology Development Committee, which was established by the Group years ago, continues to perform their duties in promoting effective use of resources and the implementation of environmental protection policies. The Group extended its low-carbon strategy in the Year, it implemented energy consumption statistical analysis system, equipped the management system with new energy metering instruments, and enforced dynamic monitoring throughout the entire process of energy use, to strengthen management and inspection of energy efficiency.

Energy and carbon emissions management:	<ul style="list-style-type: none"> • Relevant performance monitoring, evaluation and control procedures are available • Each subsidiary will collect annual statistics on GHG emissions and energy consumption, then formulate energy conservation and emission reduction targets for the next year • Implementing energy conservation and emission reduction through selecting types of energy and facilities of emission sources • The Group is proactively initiating discussion and preparation work for setting energy conservation and emission reduction targets, in the future, relevant information will be disclosed in due course
Electricity management:	<ul style="list-style-type: none"> • Monitoring electricity consumption using electricity meters and pressure gauges, gathering statistics and conducting analysis regularly to strengthen management, identify and eliminate wastage in a timely manner • In its daily operation, a strict management system is established for the use of air conditioners and the operation of air compressors, to ensure reasonable electricity consumption • Actively optimizing energy and carbon emission systems, continuously promoting energy-saving technology transformation projects, to improve electricity efficiency and reduce consumption • Conducting training and promotion on energy conservation and emission reduction to raise employees' awareness of conservation

¹ The disclosed data only includes the production wastewater at all production bases of the Group.

Environmental, Social and Governance Report

Existing energy saving measures are as follows:

- Reasonable planning of production workshops, upgrading energy-saving performance of various equipment and equipment, including ventilation and air compression systems, air conditioners, light switches, etc., to improve energy efficiency;
- Conducting daily electricity inspections, checking and maintaining equipment and air pipes regularly, to reduce energy consumption;
- Promoting use of green energy, such as phasing out natural gas boilers, switching to external thermal energy, phasing out old diesel forklifts, switching to electric transport tools, purchasing green electrical appliances, etc.;
- Encouraging green travelling, such as purchasing energy-efficient vehicles, carpooling with dispatched cars, etc.;
- Maintaining vehicles regularly to avoid oil leaks.

Case Sharing: Reduce Energy Consumption

In order to save energy, during the Year, the handsets and automotives division of the Group implemented two plant renovation.

1. Changing treatment method of waste mineral oil from electric-heating distillation to tubular membrane filtration, which could reduce electricity consumption;
2. In compressed air water removal system under energy saving renovation project, cold water dryers, air cooling modules and other equipment were newly installed, to replace some lower energy-efficiency machinery. It could help save electricity throughout the year.

The main energy consumption of the Group's business comes from electricity, which is used for plant operations for production of decorative parts and precision components. The manufacturing processes include plastic injection, molding, CNC, polishing, oxidation, etc. In addition, the Group's operations also involve use of other fuels, such as gas, natural gas, gasoline, diesel, etc., which are mainly used in boilers, vehicles and mobile machinery in factories. The following table presents details of energy consumption and emissions data:

Energy Consumption	2021	2020	Unit
Total energy consumption	459,688.38	550,027.59	MWh
Purchased electricity	392,908.78	500,830.77	MWh
Unleaded petrol	3,191.12	1,637.60	MWh
Diesel oil	5,379.16	900.50	MWh
Pipeline natural gas	29,354.89	46,658.72	MWh
Liquefied Petroleum Gas (LPG)	9.77	Not applicable ²	MWh
Steam and heat	28,844.66	Not applicable ²	MWh
Energy intensity	0.05	0.06	MWh/HK\$1,000

² Relevant data was not disclosed in the previous reporting year.

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Greenhouse Gas Emissions	2021	2020	Unit
Total greenhouse gas emissions (Scope 1 and 2)	249,583.19	413,862.25	Tonnes CO ₂ e
Direct emissions (Scope 1) ³	8,741.27	10,274.21	Tonnes CO ₂ e
Indirect emissions (Scope 2) ⁴	240,841.92	403,588.04	Tonnes CO ₂ e
Total greenhouse gas emission intensity (Scope 1 and 2)	0.03	0.04	Tonnes CO ₂ e/ HK\$1,000

Packaging Material Management

The Group uses packaging materials mainly for packaging finished products. In addition to the management of packaging design and materials, there are also standardized procedures for purchasing packaging materials. In order to make full use of resources, production departments review requirements of materials, purchase according to needs and conduct accounting to avoid wastage. At the same time, the Group implements approaches such as weight reduction, reuse and recycling to improve utilization efficiency of packaging materials, and also minimizes volume and weight of the packaging through design, so as to reduce the use of packaging materials as much as possible.

The packaging materials involved in the Group's production include cartons, vacuum-formed boxes, corrugated fiberboards, vacuum bags, plastic, wood and metals, etc. During the Year, data of packaging material used are as follows:

Packaging Material	2021	2020	Unit
Paper	10,682.89	9,092.57	Tonnes
Plastic	8,061.85	3,429.00	Tonnes
Wood	501.00	550.00	Tonnes
Metal	727.12	315.32	Tonnes
Total materials used in the packaging of finished products	19,972.86	13,386.89	Tonnes
Intensity of packaging material	0.002	0.001	Tonnes/HK\$1,000

³ According to *The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition)* published by the World Business Council for Sustainable Development and the World Resources Institute, Scope 1 direct emission is directly generated by the businesses which are owned or controlled by the Group, including cooking fumes from canteen, boiler fuel, vehicle fuel, factory machineries fuel, volatility of refrigerant from air-conditioning equipment, emission of carbon dioxide from fire extinguishers, etc..

⁴ Scope 2 indirect emission is generated by the emissions from (purchased or acquired) electricity consumed within the Group.

Environmental, Social and Governance Report

Tackling Climate Change

The Group is aware that climate change may affect its business operation, causing potential risks. As extreme weather intensifies, it could have significant impacts on safety and infrastructure. Therefore, the Group has incorporated elements of climate change in its risk assessment process, and continued to improve its emergency response management system, so as to enhance its responsiveness and adaptability to climate change.

In response to extreme weather, the Group mainly carries out management in five categories: daily operation, early warning, emergency, post-disaster, as well as reporting and review. In the event of severe weather, the Group will form an emergency command and liaison team heeding Meteorological Bureau forecasts. If required, the Group will arrange employees to work from home in order to ensure the safety of its employees. To prevent the negative impacts of extreme weather on warehouses and logistics, the Group continuously improves the environment and facilities of the warehouses.

Daily Operation Management

- Weather information monitoring, drainage pipeline maintenance, emergency supplies management, etc.

Early Warning Management

- Release early warning and information, prepare disaster relief materials, investigate and eliminate potential safety hazards, arrange safety drills, etc.

Emergency Management

- Setting up a special taskforce to deal with the crisis and carry out contingency work

Post-disaster Management

- Post-disaster handling, inspection and repairing of equipment and machinery

Reporting and Review

- Post-disaster review on the effectiveness of management measures for system improvement

COMMITMENT TO EMPLOYEES

The Group upholds the “people first” policy, continuously promotes and improves its personnel management. It establishes a team of high-quality employees with regard to five aspects: occupational health and safety, business ethics, talent management, labor standards, and internal communication, which helps enhance performance of its employees and businesses. The Group is also committed to create a harmonious, fair, safe and healthy working environment for its employees. It pays attention to employee training and promotion opportunities, so as to boost employees’ sense of belonging and achievement.

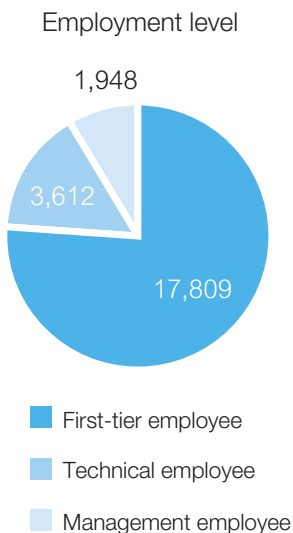
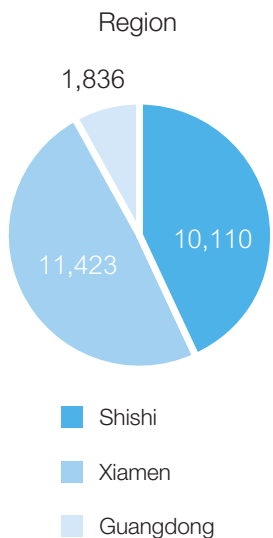
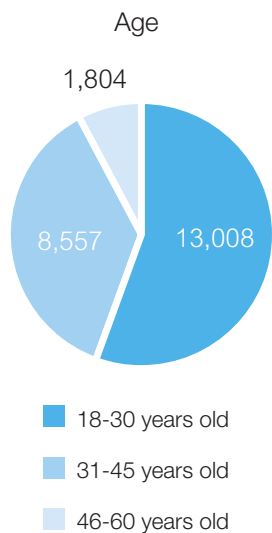
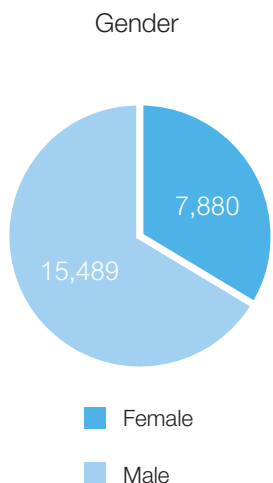
As at 31 December 2021, the Group has a total of 26,271 staff across its operation points, all of which are full-time staff. 23,369 of them are employees, comprising of 7,880 females and 15,489 males, while there are 2,902 workers. Given work nature of the Group is more physically demanding, it employed more male than female, which does not involve any discrimination. In addition, due to the high labor mobility nature of the Group’s business, overall turnover rate of the Year was 21.81%, including 22.67% of male and 20.10% of female. The Group had sufficient replenishment of human resources, its overall employment rate was 23.31%, including 24.63% of male and 20.72% of female. Relevant breakdown of the Group’s employees and workers is as follows:

2021		Total Number of Employees	Employee Turnover Rate	Total Number of Workers
Gender	Male	15,489	22.67%	2,249
	Female	7,880	20.10%	653
Employment type	Full-time	23,369	21.81%	2,902
	Part-time	0	0%	0
Age	18-30 years old	13,008	24.17%	2,499
	31-45 years old	8,557	18.37%	362
	46-60 years old	1,804	21.06%	41
Employment level	First-tier employee	17,809	24.92%	Not applicable ⁴
	Technical employee	3,612	12.62%	Not applicable ⁴
	Management employee	1,948	10.37%	Not applicable ⁴
Region	Shishi	10,110	16.06%	98
	Xiamen	11,423	12.54%	2,553
	Guangdong	1,836	111.11%	251
Total		23,369	21.81%	2,902

⁴ The Group’s workers were not organized by the classification of “employment level”, therefore relevant data cannot be provided.

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Total Number of Employees



Occupational Health and Safety

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Provision for Overall Occupational Health and Safety	<p><i>"Occupational Health Management System"</i></p> <p><i>"Environmental, Occupational Health and Safety Management Manual"</i></p> <p><i>"Quality/HSPM/Environment/Occupational Health and Safety Handbook"</i></p>	Promoting the establishment of production safety management system through developing related policies
	<p><i>"Safety and Health Management Procedures"</i></p> <p><i>"Occupational Health and Safety Control Procedures"</i></p> <p><i>"Occupational Disease Hazard Accident Handling and Reporting System"</i></p> <p><i>"Environmental and Occupational Safety and Health Management Procedures"</i></p> <p><i>"Occupational Health and Safety Performance Monitoring and Measurement Control Procedures"</i></p>	Established based on related policies, which aimed to standardize the safety management of the working environment and safeguard safety of employees
Provision for Handling and Management of Danger and Risks	<i>"Emergency Preparedness and Response Control Procedures"</i>	Formulating emergency rescue plans for production safety accidents, to attain comprehensive risk prevention and control
Provision for Labor Safety Training	<p><i>"Safety and Health Management Procedures"</i></p> <p><i>"Safety Training and Education System"</i></p>	Stipulating classification, content, requirements and assessment standards of safety training and education to guide the responsible department, in devising and implementing annual training plans, so as to enhance the overall safety awareness of employees

As the Group's business nature involves mechanical operations and use of chemicals, safeguarding employees' health and safety has always been its primary objective. The Group strictly abides by relevant laws and regulations, has established an occupational health and safety management system. It has also complied with the national laws on prevention and control of occupational disease hazards, and standards for occupational health and safety system certification. The Group has obtained occupational health and safety certifications, namely ISO 45001 and GB/T 45001-2020 certificates.

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The Group implements a production safety responsibility system, supervising daily operations to reduce risks. According to the regulations, all departments are required to designate safety officers in the workplace to conduct daily safety inspections. It allows the identification of any potential sources of danger in a timely manner, whereby analysis and immediate and effective corrective and preventive measures can be made. Apart from carrying out monthly safety scrutiny, the Production Safety Committee organizes risk identification assessment annually to facilitate the monitoring and management of production safety. Meanwhile, the Group has in place management and control guidelines for safety information, safety protection and labor protection supplies, and stipulated that each department shall arrange body checks for employees, in order to strengthen protection of employees' health and safety.

Safety Training

The Group endeavors to provide various education and training on safety and production, with the aim of ensuring employees are well equipped with skills and knowledge required for their position, and effectively guarantee their own safety.

- Newly recruited employees: Required to receive three-level of safety production training
- All employees: Required to attend on-the-job training on a quarterly basis, including operation position safety training, chemical operation safety training, fire safety training and special training organised by the government
- Employees involved in special operation: Required to receive additional training, which an assessment is conducted to validate their skills in implementing safe production operation, in order to strengthen employees' capabilities in prevention of accidents and handling of emergencies

The Group strictly prohibits any employees who are not qualified in safety production education and training from performing their duties. In addition, it organizes voluntary fire-fighting teams to partake in government-held firefighting skills competition every year for advancing employees' fire fighting skills.

During the Year, there were 99 cases of work-related injuries in the Group, which were mainly due to safety issues in the working environment, and insufficient safety awareness of employees leading to improper operation of machines and resulting in work-related injuries. It has offered immediate treatment to the injured employees, and provided support and compensation in accordance with local laws and regulations and the Group's regulations. Furthermore, the Group will investigate the accidents for continual improvement of its safety production management system, and promptly enforce preventive and corrective measures, to minimize risks of economic losses and casualties.

The Group was not aware of any material breaches of applicable laws and regulations in relation to occupational health and safety during the Year.

	2021	2020 ⁵	2019 ⁵
Number of work-related injuries	99	Not available	Not available
Rate of work-related injuries	0.42%	Not available	Not available
Lost days of work-related injuries	3,121	Not available	Not available
Number of work-related fatalities	0	0	0

⁵ Relevant data were not disclosed during the 2019 and 2020 reporting periods, the Group will continue to improve data collection and disclosure in the future.

Talent Management

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Recruitment Management Provision	<p><i>"Employee Management System"</i></p> <p><i>"Recruitment Management System"</i></p> <p><i>"Recruitment and Employment Management Procedures"</i></p> <p><i>"Recruitment Management Regulations"</i></p>	Strengthening team formation of the Group through standardized and procedural management
Corporate Culture Management Provision	<p><i>"Discrimination and Harassment Prevention Procedures"</i></p> <p><i>"Anti-discrimination Management Procedures"</i></p> <p><i>"Management Procedures Against Discrimination"</i></p> <p><i>"Employee Complaints and Related Parties Management Procedures"</i></p> <p><i>"Complaint Handling and Anti-retaliation Procedures"</i></p>	Formulating clear standards and procedures for regulating employee behavior and management, to create a respectful, harmonious and equal working environment
Provision for Protecting Employees' Rights	<p><i>"Employee Complaints and Related Parties Management Procedures"</i></p> <p><i>"Freedom of association and Right to Collective Bargaining"</i></p> <p><i>"Complaint Handling and Anti-retaliation Procedures"</i></p>	Protecting legitimate rights and interests of employees by providing communication channels and complaint handling mechanism
Compensation and Welfare Management Provision	<p><i>"Remuneration Management Regulations"</i></p> <p><i>"Salary Adjustment Management Measures of Home Appliances Division"</i></p> <p><i>"Remuneration Management System"</i></p> <p><i>"Salary Management System"</i></p> <p><i>"Working Hours and Wage Management Procedures"</i></p>	Advocating reasonable compensation for work, subsidiaries shall develop a proper remuneration management system based on their production and operation characteristics

Environmental, Social and Governance Report

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Attendance and Holiday Management Provision	<p><i>"Attendance Management Regulations"</i></p> <p><i>"Attendance and Leave Management System"</i></p> <p><i>"Employee Management System"</i></p> <p><i>"Overtime Work Management System"</i></p> <p><i>"Holiday Management Regulations"</i></p> <p><i>"Working Hours and Wage Management Procedures"</i></p>	Establishing clear management policies for regulating employees' working hours, holidays, overtime work and compensation, to guarantee appropriate work arrangements
Employee Training Management Provision	<p><i>"Training Management System"</i></p> <p><i>"Training Control Procedures"</i></p> <p><i>"Training Management Procedures"</i></p> <p><i>"Human Resource Management and Education and Training Procedures"</i></p>	Allowing every employee to receive proper training and education through the formulation of relevant management guidelines, to enhance employees' quality, environmental and occupational safety awareness, and professional skills and capacity
Employment Practices Management Provision	<p><i>"Promotion Management System"</i></p> <p><i>"Employee Handbook"</i></p> <p><i>"Resignation Management System"</i></p> <p><i>"Employee Resignation Management System"</i></p> <p><i>"Recruitment Management System"</i></p> <p><i>"Management Rules about Child labor/ Underage worker/Students"</i></p> <p><i>"Child Labor Prevention Policy and Remedial Procedures"</i></p> <p><i>"Prohibiting Forced Labor Control Procedures"</i></p> <p><i>"Not Using Slavery or Labor Trafficking Regulations"</i></p> <p><i>"Non-Compulsory Work Procedures"</i></p> <p><i>"Prevention of Forced Labor and Prohibition of Prison Labor Management Procedures"</i></p>	<p>Standardizing the processes of recruitment, promotion and resignation with the establishment of specified employment management system and policies, to secure employees' rights</p> <p>Preventing child labor and any form of forced labor with the formulation of explicit employment management system and policies</p>

Environmental, Social and Governance Report

Policy of the Group and its Subsidiaries

Aspect	Policy	Relevant Objective and Concerning Issue
Employee Communication Management Provision	<p><i>"Employee Communication Mechanism Management System"</i></p> <p><i>"Freedom of association and Right to Collective Bargaining Management Procedures"</i></p> <p><i>"Employee Representative Election Methods"</i></p> <p><i>"Complaint Handling and Anti-retaliation Procedures"</i></p>	Establishing a communication mechanism to ensure employees' opinions are responded and addressed in a fair and impartial manner, so as to protect employees from discrimination or subject to retaliation

To realize strategic business goals and human resources planning of the Group, it has established a comprehensive employment system. The competent management helps the Group in building an excellent and diverse team, while securing employees to work in an equal, safe, healthy and friendly environment.

Recruitment:	<ul style="list-style-type: none"> • Its subsidiaries conduct timely review and recruitment with regard to their operational, production and development needs, to supplement manpower • Recruit talents following the principles of open recruitment, equal competition, selective admission, internal recruitment before external recruitment • Relevant departments are required to submit recruitment applications based on their needs. Upon approval, the Human Resources Department will carry out background investigation and interview assessment, labor contract will then be signed with the most suitable candidates
Equal opportunity and anti-discrimination:	<ul style="list-style-type: none"> • Discrimination against any nationality, race, gender, religious belief, marital status, physical disability, etc. in the recruitment and employment processes is strictly forbidden. Also, any harassment such as bullying, threats, intimidation, control, etc. in the workplace and other public places shall not be tolerated • All terms of employment, including recruitment, salary, benefits, training opportunities, work arrangements, discipline, dismissal and retirement, are determined according to the individual working ability • Maintain a serious manner when dealing with discrimination or harassment cases. A complaint mechanism has been developed for making direct complaints to employee representatives, senior management or general managers, which immediate investigation and corrective actions will be initiated by responsible personnel in a timely manner. Violators will also receive punishment

Environmental, Social and Governance Report

Employee Welfare

As a recognition of their hard work and demonstration of emphasis on their rights and interests, the Group is committed to provide employees with comprehensive and competitive compensation packages, fostering employees' interests and corporate benefits.

Compensation and welfare:	<ul style="list-style-type: none">• Advocate reasonable compensation for work, subsidiaries shall develop a proper remuneration management system based on their production and operation characteristics• Provide salary at a level not lower than the local minimum wage standard. Corresponding to their duties, positions, working environment, performance, etc., it appropriately offers various bonuses, subsidies and allowances• Provide benefits in accordance with the national and local regulations, including five national statutory social insurances and one housing fund, commercial and accident insurance• Make salary adjustments as needed for motivation and insurance to employees
Attendance and holiday:	<ul style="list-style-type: none">• Appropriately manage working and resting time of employees with the established regulations for reasonable work arrangements• Regulations on overtime arrangement are in place, which application and approval are required, to control overtime working hours. Also, overtime compensation will be provided• According to local regulations, employees are entitled to paid leave for national statutory holidays. They can also apply for marriage leave, funeral leave, maternity leave, sick leave, annual leave, nursing leave, parental leave, work injury sick leave, personal leave, etc.• The Human Resources Department monitors and reviews attendance of employees, to assure work discipline and efficiency for work-life balance

The Group cares for its employees, it actively introduces multiple forms of employee benefits, promoting the development and growth of the Group and its employees. For example, the Group has a staff cafeteria in the factory for employees to enjoy high-quality and healthy meals at lower prices. This also helps encourage interaction among employees, further enhancing team spirit and productivity. In addition, the Group organized different types of activities for employees and reserved a budget to support group activities. Not only does it help relieve work pressure, but also strengthens ties among employees, thereby boosting their sense of belonging.

During the Year, attendance for development and training activities organized by the Group was 28,648, accounting for 4,919.5 hours in total.

Employee Activities

Description

Employee Birthday Event

The Group organized birthday events for its employees. Apart from birthday gifts and cards, it also presented greetings to employees for celebration, and held quarterly birthday activities such as parties, dinner, outdoor activities, etc.

Quality Month 2021

To enhance the overall quality awareness of employees, the Group launched the “Quality Month 2021” event in September 2021. Through various activities including opening ceremony, quality training, quality contests, training plans, etc., it supported its employees to attain satisfactory performance in production.



The Group presented birthday gifts to its employees



The Group held birthday party for celebration



Opening ceremony activity of the “Quality Month 2021



Quality training activity of the “Quality Month 2021

Environmental, Social and Governance Report

Development and Training

The Group enforces the management of employee training in an organized and systematic manner. Apart from monitoring the implementation of various training activities, it also reviews and manages the effectiveness of training. The Human Resources Department will summarize the training performance of each department in a year into the “Annual Training Summary Report”. Based on this, the Human Resources Department will conduct a training needs survey to each department. With reference to functional requirements of each position, operating condition of the Group, resource allocation and needs for staff development, it will compile an “Annual Training Plan” for implementation. Relevant documents include:

Annual Training Summary Report

- Analysis of training achievement rate and the reasons for not implementing the plan
- Status of external training, including quantity and training fields
- Evaluation of training results and analysis of existing issues
- Key issues or suggestions to be addressed in the following year

Annual Training Plan

- The annual training plan needs to be based on training performance from the previous year and takes into account the overall approach and annual goals set by the Group
- Amendment in functions or structure of departments or introduction of new technologies, processes, new equipment or change in production conditions
- Projects added due to special requirements by government bodies or changes in system standards

In accordance with the above management regulations, the Group classified training programs by position and level for management. For job training by position, the Human Resources Department considers the principle of promoting awareness and enhancing knowledge for positions, and implements skills improvement training, safe operation training and key position training. For job training by level, the Human Resources Department will formulate a promotion and training plan regarding the business needs of each department and the responsibilities and requirements of position at different levels, and arrange training correspondingly. As a condition in assessment for promotion, employees are required to undertake examination after training, in forms of reports, written test, practical operation, etc., for evaluation. Relevant training records will be archived for reference and inspection.

The Group also provides targeted training for employees that are involved in special operations, working in key positions and are newly recruited. It helps employees to master the basic knowledge and necessary skills for their positions, and obtain relevant qualification certifications. The Group supports employees to participate in internal and external training. In addition to advancing their professionalism, it also facilitates exchanges among employees for team-building. Training programs offered by the Group cover different areas, including:

Quality Management

- Product quality control, statistics, inspection methods, etc.

Professional Skills

- Skills such as production and techniques, equipment maintenance and repairing, network information, systems and special expertise, etc.

Environmental Safety

- Knowledge of environmental protection, important environmental factors, identification and prevention of dangerous sources, environmental risks, occupational health and safety, energy consumption, etc.

Management Science

- Management of production, human resources, finance, sales, procurement, etc.

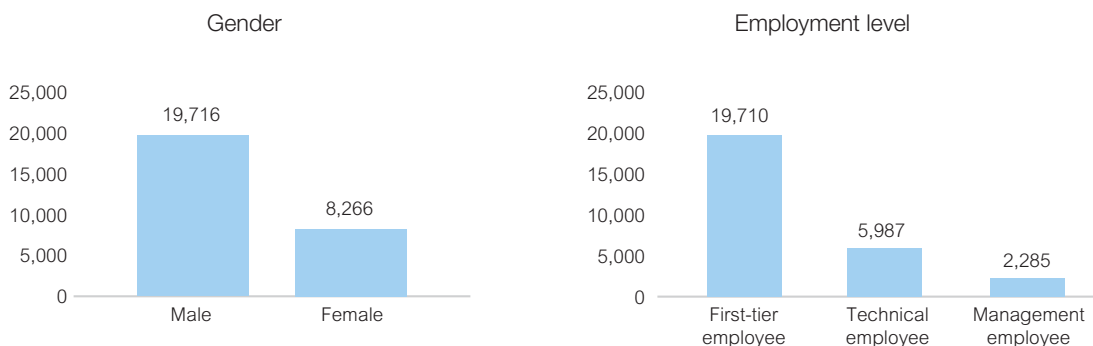
Others

- Education on values, daily operation, experience sharing, etc.

As the first reporting year of the Group in disclosing detailed training data, the information of the Year is incomplete. The Group will continue to advance its data collection, improving the integrity and accuracy of data. During the Year, it has arranged training for different employees. The total training attendance was 27,982, with an average of 1.2 times per employee. In addition, the training hours totaled 59,765 hours, and the average training hours was 2.56 hours per employee, of which the average training hours for male and female were 2.75 hours per employee and 2.17 hours per employee respectively. The Group will disclose the percentage of employees trained and the average training hours by employment level after further improving its data collection. Training attendance by gender and employment level are as follow:

Training Attendance of Employees		2021
Gender	Male	19,716
	Female	8,266
Employment Level	First-tier employee	19,710
	Technical employee	5,987
	Management employee	2,285
Total		27,982

Training Attendance of Employees



Career Development

The Group establishes a reasonable employment system for employees and offers opportunities for career development. On the basis of legal compliance, it upholds the principle of fairness and impartiality for employee promotion and resignation. With a competent management system for position adjustment, the Group safeguards employees' rights in career development.

In terms of promotion, the Group will review its business development planning, job optimization management or employee's request, and consider qualified employees with regard to factors such as appraisal, performance, working experience, ability, etc. After selecting outstanding candidates, qualification review and training assessment will be carried out orderly. Upon discussion and review by the Human Resources Department, corresponding position transfer will be confirmed and executed.

Regarding resignation, the Group implements termination of employment in accordance with full compliance principle. Accordingly, the Human Resources Department will approve and confirm the termination in written form, execute resignation procedures, and pay salary and settle remuneration with reference to the regulations. In addition, the Group dismisses employees who are incompetent for their jobs due to various reasons, violated Company's rules or national laws and regulations in a reasonable manner, and legally terminates the labor contracts in accordance with relevant procedures.

During the Year, there was no non-compliance case of applicable laws and regulations in relation to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, other treatment and benefits within the Group.

Labor Standards

The Group strictly complies with labor standards, it is committed to protect the legal rights, physical and mental health of all children, underage and its employees. It ensures all employees are employed and perform their work fairly and voluntarily, and that they can reasonably enjoy appropriate social insurance and benefits.

Preventing misuse of child labor:	<ul style="list-style-type: none"> Prohibit the employment of child labor or workers aged below 16. It enforces stringent legal recruitment during the process, and checks identity documents of applicants to verify their age and authenticity of identity information
Discovery of child labor:	<ul style="list-style-type: none"> Inspect the situation and stop the child from working as soon as possible, then arrange body check to examine his/her health status and inform the authorities and customers If necessary, the Group will provide support and voluntary education, to safeguard the safety, health, education and development of the child labor The Group will conduct rigorous investigation afterwards to identify the cause, take disciplinary actions on violators in accordance with the regulations, as well as implementing effective remedial measures to avoid recurrence of similar events
Protecting underage workers and students:	<ul style="list-style-type: none"> After validating his/her qualifications and identity documents, the Group will legally sign and execute the employment contract in compliance with relevant employment regulations Forbid assigning underage workers and students to engage in operations above level 3 of labor intensity or work with potential safety dangers Provide safety and skills training before onboarding, and conduct regular body check, to promote legal employment and social responsibility of the Group
Preventing use of forced labor:	<ul style="list-style-type: none"> Reject employing any form of slavery or labor trafficking, while all forced labor by means of violence, threats or illegal restrictions on personal freedom shall not be allowed. It also opposes to any form of harassment or abuse Perform legal recruitment, and conduct on-site interviews and background investigation. Also, it carries out internal inspections and interviews within the personnel system periodically, to monitor and identify related violation risks and condition Relevant management regulations apply to both suppliers and contractors cooperating with the Group
Discovery of forced labor:	<ul style="list-style-type: none"> Immediately carry out handling procedures, stop and rectify the situation in a timely manner, and resort to legal action if necessary

The Group has a complaint handling mechanism in place, allowing employees and stakeholders to make complaints to union representatives verbally or in written form, or through the opinion collection box and other channels. The person in charge will collect from the opinion collection box every week, and understand the received opinions and views regularly. During the Year, the Group did not commit any material violations of relevant laws and regulations in the prevention of child labor and forced labor.

Communication with Employee

The Group respects and values the opinions of its employees, in an attempt to create a harmonious and inclusive working atmosphere, and enhance working efficiency and labor productivity as a whole. To encourage honest communication and active expression of opinions, the Group has established diverse communication channels for employees of different age groups. It strives to facilitate mutual understanding and provide appropriate assistance according to their needs, while exploring room for improvement in its operations. Employees can access to the latest information of the Group through channels such as website, instant communication, Company's newsletter, internal forum, etc., while the Group has established the following approaches for employees to express their opinions:

- Set up an Employee Relations Department, to receive and understand employees' opinions and demands
- Set up a 24-hour employee care hotline, arrange dedicated staff to answer the employee hotline and handle employees' requests
- In line with the preference of younger generation, develop online message board or via the backend of corporate WeChat for commentary
- Set up an employee care room, to resolve their concerns at source
- Set up an anonymous mailbox, to regularly collect employees' thoughts and views
- Set up a Chairman mailbox, to receive reports/related suggestions about corruption or non-compliance behavior
- Elect employee representatives on a quarterly basis, to collect employees' opinions for interfacing with management
- Organize regular forums with employees, to allow exchanges between the two parties

COMMITMENT TO THE COMMUNITY

The Group believes shouldering corporate citizenship responsibility and promoting community well-being are important elements to realize the core value of perpetual operation. In contribution to the society, it has been actively participating in the construction and development of local communities, and encouraging the engagement of our employees in community services. While promoting various charitable activities, it also relieves employees' work pressure, helps its employees to achieve work-life balance, as well as enhances employees' sense of responsibility and dedication to the society.

During the Year, the Group has continuously increased investment in community contribution. Its investment in social welfare approximately adds up to RMB2,234,800, with a total of 502 hours of services provided. Also, the Group is committed to understand the needs of communities, and has particularly focused on contribution to education and assisting epidemic prevention and control. Relevant details are as follows:

Theme	Description
Educational Charity	Through educational donation, the Group hopes to cultivate talents and help them in building a better future. In 2021, the Group made donations to different educational units, including Shishi No. 3 Middle School Affiliated School, Shanghai Pengzhong Public Welfare Development Center, Shishi City Hanjiang General Union and Shishi City Primary Education Promotion Association. In addition, it donated RMB1 million as scholarship to University of Science and Technology Beijing and Beijing University of Chemical Technology respectively.
Supporting Epidemic Prevention	In 2021, the Group donated cooling drinks to 12 epidemic prevention points in the community. During the pandemic outbreak in Xiamen, it also coordinated the implementation of nucleic acid testing in communities. By assisting the community prevention and control work, it helped fight against the spread of viruses.
Environmental Protection	In July 2021, the Group held an environmental voluntary activity, "cleaning garbage and promoting civilization". Through practical action, it promoted the green concept to its employees.
Caring for the Elderly	In October 2021, the Group made donations to two elderly associations in Hanjiang, Shishi City during Chung Yeung Festival, in demonstration of respect and care for the elderly.



A subsidiary of the Group held an environmental voluntary activity, its employees were cleaning garbage on the street

APPENDIX: LAWS AND REGULATIONS

The Group strictly adheres to relevant laws and regulations, including but not limited to the following:

Environmental Aspect

- “Environmental Protection Law of the People’s Republic of China”
- “Energy Conservation Law of the People’s Republic of China”
- “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (Revised)”
- “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”
- “Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes”
- “Directory of National Hazardous Wastes (Version 2021)”
- “Management Regulation on Hazardous Wastes Manifests”
- “Water Conservation Management Regulations”
- “Regulation on the Administration of Permitting of Pollutant Discharges”
- “Technical Specifications for Environmental Monitoring of Groundwater”
- “Water Pollution Prevention and Control Law of the People’s Republic of China (Revised)”
- “Emission Standard of Volatile Organic Compounds for Industrial Surface Coating”
- “Emission Standard of Pollutants for Electroplating”
- “Integrated Emission Standard of Air Pollutants”
- “Emission Standard of Air Pollutants for Boiler”
- “Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations” (DB44/814-2010)
- “Xiamen Air Pollutant Emission Control Standards”
- “Electric Power Law of the People’s Republic of China”
- “Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)”
- “Administrative Measures for Urban Living Garbage”

Social Aspect

Quality and Safety

- “Product Quality Law of the People’s Republic of China”
- “Restriction of Hazardous Substances in Electrical and Electronic Equipment” (RoHS)
- “Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products” (China RoHS)
- “Waste Electrical and Electronic Equipment Directive” (WEEE)
- “Registration, Evaluation, Authorization and Restriction of Chemicals” (REACH Regulation)
- “Directive of Eco-design Requirements of Energy-using Products” (EUP Directive)
- “Model Toxics in Packaging Legislation” (CONEG)
- EU 2009/251/EC Directive
- “Materials for Printed Boards and Other Interconnecting Structures” (IEC 61249-2-21 Directive)

Intellectual Property Rights

- “Patent Law of the People’s Republic of China”
- “Management Regulations for Enterprise Intellectual Property Rights”

Data Security and Privacy Management

- “Measures for the Administration of Internet Domain Names of China”
- “Provisions on Internet Security Supervision and Inspection by Public Security Organs”
- “Anti-Unfair Competition Law of the People’s Republic of China”
- “Criminal Law of the People’s Republic of China”

Cybersecurity

- “Cybersecurity Law of the People’s Republic of China”
- “Measures for the Administration of Internet Domain Names of China”
- “Provisions on Internet Security Supervision and Inspection by Public Security Organs”

Environmental, Social and Governance Report

Anti-corruption

- “Criminal Law of the People’s Republic of China”
- “Anti-Unfair Competition Law of the People’s Republic of China”
- “Interim Provisions on Banning Commercial Bribery”

Occupational Health and Safety

- “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (Revised)”
- “Law of the People’s Republic of China on Prevention and Treatment of Infectious Diseases”
- “Production Safety Law of the People’s Republic of China”
- “Regulations for the Safe Use of Chemicals in the Workplace”
- “Provisions on the Supervision and Administration of Occupational Health at Work Sites”
- “Regulation on Work-Related Injury Insurances”

Employment System and Labor Standards

- “Labor Law of the People’s Republic of China”
- “Labor Contract Law of the People’s Republic of China”
- “Law of the People’s Republic of China on the Protection of Disabled Persons”
- “Law of the People’s Republic of China on the Protection of Rights and Interests of Women”
- “Employment Promotion Law of the People’s Republic of China”
- “Trade Union Law of the People’s Republic of China”
- “Provisions on Minimum Wages”
- “Regulation on Public Holidays for National Annual Festivals and Memorial Days”
- “Regulation on Paid Annual Leave for Employees”
- “Regulation on Work-Related Injury Insurances”
- “Law of the People’s Republic of China on the Protection of Minors”
- “Provisions on the Prohibition of Using Child Labor”