

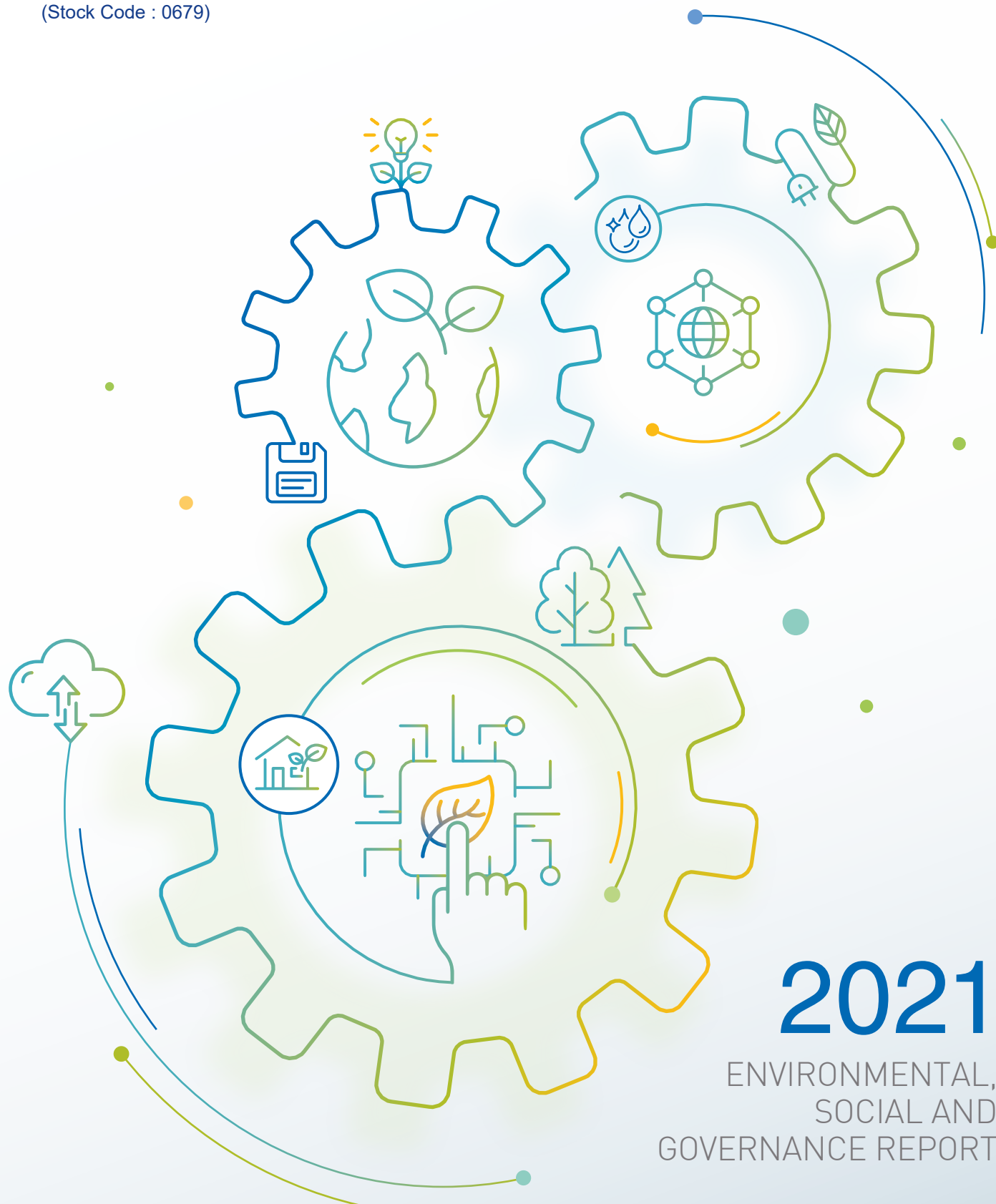


亞洲聯網科技
有限公司

Asia Tele-Net and Technology Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0679)



2021

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



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About Us

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





About This Report

The board of directors of the Company (the “Board”) is pleased to present its environment, social and governance report for the year ended 31 December 2021. This report discloses the Company’s measures and performance on sustainable development issues so that our stakeholders would appreciate our effort and commitment towards environmental protection and social responsibilities.

REPORTING YEAR AND BOUNDARY

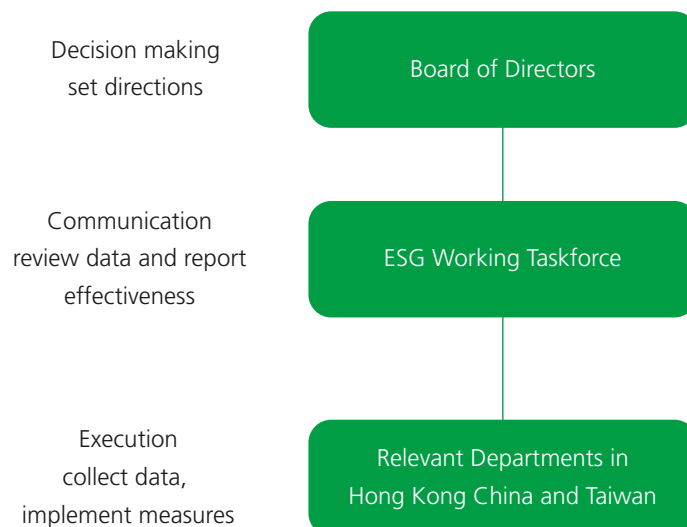
The information contained in this report covers operational activities of our Hong Kong office, manufacturing facilities and various service centers in the People’s Republic of China (“PRC”) as well as our service center in Taiwan during the period from 1 January 2021 to 31 December 2021.

REPORTING STANDARDS

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

ESG GOVERNANCE STRUCTURE

The Board has overall oversight of the Group’s sustainability strategy and performance. ESG issues are prioritized and corresponding materiality is assessed. ESG working taskforce is formed which is composed of heads of business units and is led by the Deputy General Manager of the Group. Based on the directions set by the Board, the ESG working taskforce is responsible for assessing, identifying and managing risks of the Group on all ESG issues. Assigned management members from relevant departments will report to the ESG working taskforce and are mainly responsible for data collection and report any irregularities.



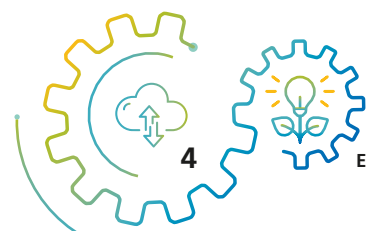


About This Report

ESG STRATEGY

The Group's materiality analysis, a process that involves both internal and external stakeholders, identifies the key areas to be considered when developing our sustainability strategies. With health and safety as the foundation, we organized our ESG strategy and priorities around three pillars: People, Performance and Planet. Together with our corporate governance policies and practices, the Group is able to monitor the effectiveness on key ESG issues in a consistent manner.

PEOPLE	PERFORMANCE	PLANET
Build a fair working environment: Develop practices that benefit the Group's employees and where possible, our consumers and wider community Priority topics include: <ul style="list-style-type: none">• Talent attraction and retention• Diversity, equity & inclusion	Drive business profit under proper governance: Maintain honest and transparent accounting practices and regulatory compliance while we grow our business Priority topics include: <ul style="list-style-type: none">• Product responsibility• Anti-corruption	Reduce our footprint & protect the environment: Protect the planet and minimize our impact is morally imperative Priority topics include: <ul style="list-style-type: none">• Energy & emissions• Water• Waste• Climate change



About This Report



ESG GOALS AND PERFORMANCE

We are committed to operate in an environmentally, socially and economically responsible manner across all aspects of our business. Having considered the expectations from various stakeholders, we have identified sustainable development goals which are relevant to our businesses and integrated such goals into our day-to-day operations.

	Topic	Goal	Target Date	2021 Status
People	Talent attraction & retention	• Provide on-going training and development	Ongoing	Achieved
		• Provide employee friendly policies	Ongoing	Achieved
	Diversity, equity & inclusion	• Given the nature of engineering field, maintain a right employee gender balance (80% male and 20% female)	By 2023	Behind
		• Update our diversity, equity and inclusion framework/policies	Ongoing	Achieved
	Health and safety	• Annual goal of “zero” lost time incidents for employees	Ongoing	Achieved in HK and China but not in Taiwan
Performance	Product responsibility	• Annual goal of “zero” product recall	Ongoing	Achieved
	Anti-corruption	• Annual goal of “zero” case against the Group regarding corrupt practices	Ongoing	Achieved
Planet	Energy & emission	• Consumption of electricity not to exceed the level consumed in 2019	Ongoing	Achieved
		• Consumption of vehicle fuel not to exceed the level consumed in 2019	Ongoing	Achieved in China and Taiwan but not in HK
	Water	• Water consumption intensity not to exceed the level consumed in 2019	Ongoing	Achieved in Shenzhen and Taiwan but not in HK and Suzhou
	Waste	• Food waste intensity maintained at 2019 level	Ongoing	Achieved in HK, Suzhou and Taiwan but not in Shenzhen
		• Office garbage intensity to be maintained at 2019 level	Ongoing	Achieved

For those goals we have not achieved in 2021, the ESG Working Taskforce will review the underlying reasons and implement measures rectification.



About This Report

STAKEHOLDER ENGAGEMENT

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

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

Expectations of Stakeholders and Responses

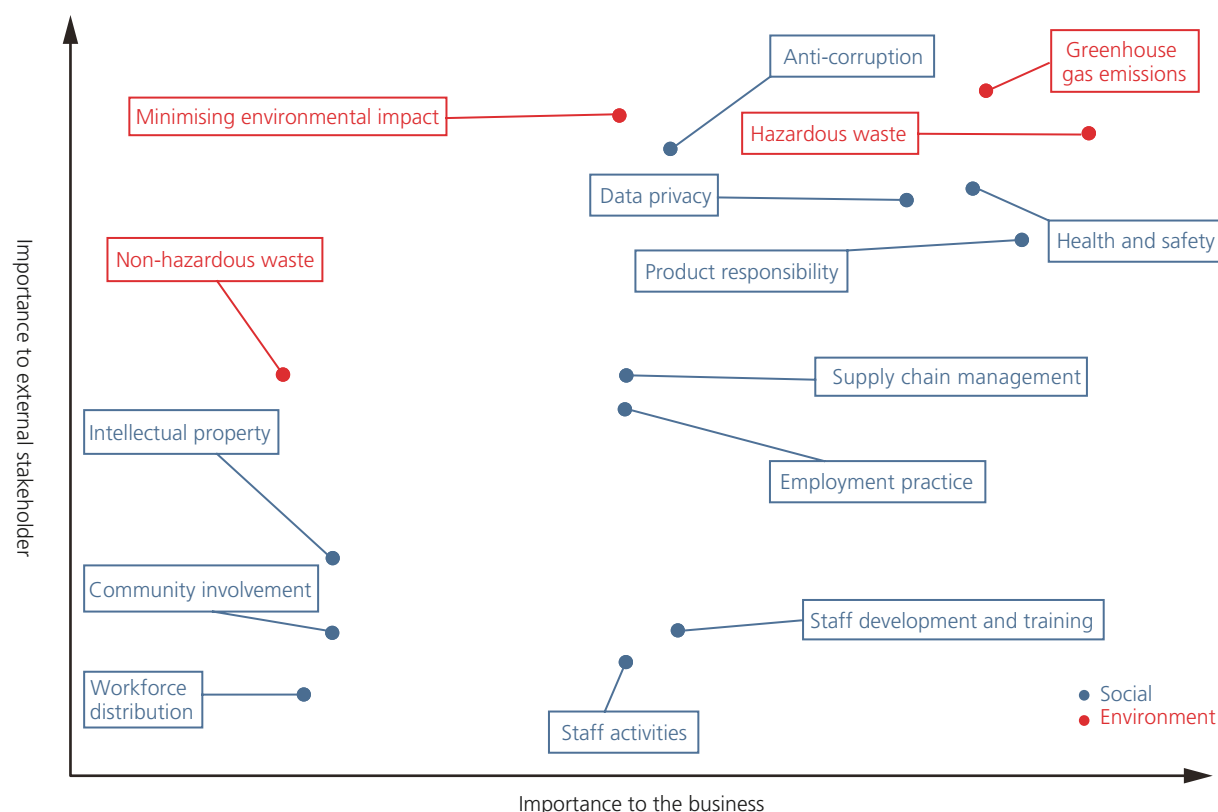
Stakeholders	Concerned Issues	Communication and Responses
Shareholders	<ul style="list-style-type: none">• The corporate governance system• Business strategies• Business performance• Investment returns	<ul style="list-style-type: none">• Shareholders' meetings• Annual Report & interim report• ESG Report• Announcements and circulars
Customers	<ul style="list-style-type: none">• Product quality safety• Service quality• Pricing• Customer data protection• Business ethics• Contract compliance	<ul style="list-style-type: none">• Requests raised during meeting and/or contract negotiation• Constant improvement in product design• Monitoring of customers' satisfaction• Project review meeting
Employees	<ul style="list-style-type: none">• Employee rights and benefits• Compensation policy• Training and development• Work environment	<ul style="list-style-type: none">• Employee activities• Employee training• Company's intranet
Suppliers	<ul style="list-style-type: none">• Business ethics• Fair competition• Contract compliance including punctual payment	<ul style="list-style-type: none">• Requests raised during meeting and order negotiation• Project review meeting
Governments and Supervisory institutions	<ul style="list-style-type: none">• Compliance over rules and laws• Degree of harm done to environment• Creation of employment	<ul style="list-style-type: none">• Visits to the Group companies• Questionnaire sent to the Group• Information disclosure
Community and the public	<ul style="list-style-type: none">• Contribution to community development• Environmental protection• Business ethics	<ul style="list-style-type: none">• Community activities• Employee volunteer activities• Social undertakings

About This Report



MATERIALITY ASSESSMENT

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



ACCESS OF THIS REPORT

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

FEEDBACK

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



Environmental Protection

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

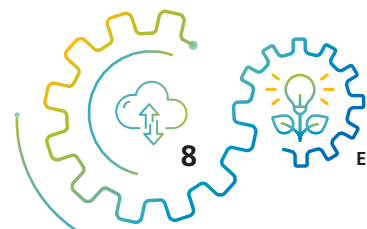
We have established a data collection system to measure our emissions and waste generation. By analyzing the data year by year, it will help us identifying problematic areas and hence establishing rectification measures.

EMISSIONS

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

- Promote and use high efficiency or energy-saving equipment
- Promote concept of energy-saving and emission reductions amongst employees by reminding employees to turn off any computers, printers, light and other office equipment that are not being used
- Set ventilation system with an average temperature between 23 to 25 degrees Celsius
- Offer company coach services to staff so that they commute between office and major bus/MTR stations via our company coach which is a similar form of public transport
- Reduce frequency of travel by encouraging the use of video-conferencing
- Install sensor light for people who pass through the corridor in the office at night, the sensor light will turn on automatically
- Use environmental friendly paper to print Annual Reports and Interim Reports for our stakeholders' perusal

Relevant emission data are reported below.



Environmental Protection



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

	2021 Hong Kong office	2020 Hong Kong office	2021 Shenzhen office	2020 Shenzhen office	2021 Taiwan office	2020 Taiwan office
A1. Pollutants from air emissions						
NOx emissions (g)	82,289	54,184	68,421	71,400	20,835	26,460
SOx emissions (g)	285	273	221	182	42	53
PM emissions (g)	7,751	5,029	6,431	6,620	4,867	6,181
A2. Greenhouse gas emission						
CO ₂ emissions (kg)	61,080	48,330	35,563	29,348	36,592	48,811
CH ₄ emissions converted to CO ₂ emissions (kg)	70	70	74	60	0.3	0.4
N ₂ O emissions converted to CO ₂ emissions (kg)	4,690	5,100	3,719	3,481	NA	NA

The Group owns a number of light vehicles for carrying passengers and heavy-duty trucks for goods delivery. Overall business activities and hence mobility were greatly reduced in year 2020 due to Covid-19. When business resumed normal in 2021, all figures for air emissions and greenhouse gas emissions from the fuel consumption in both Hong Kong and Shenzhen offices in 2021 were increased when compared with those figures in 2020. Although total mileages run by the cars owned by our Shenzhen office have increased, the mileages run by the trucks were less in 2021 and hence the reduction in NOx and PM emissions. The NOx conversion rate for heavy-duty trucks is much higher than light vehicles.

Air and gas emissions in our Taiwan office in 2021 were reduced by 20-25% when comparing to 2020 because of reduced service activities.

Environmental Protection

B. Greenhouse gas emissions from other sources

CO ₂ emissions (kg)	2021	2020	2021 Shenzhen		2020 Shenzhen		2021 Suzhou		2020 Suzhou		2021	2020
	Hong Kong office	Hong Kong office	Office & Factory	Staff quarter & Canteen	Office & Factory	Staff quarter & Canteen	Office & Warehouse	Staff quarter & Canteen	Office & Warehouse	Staff quarter & Canteen	Taiwan office	Taiwan office
Use of electricity	249,899	249,779	378,260	109,819	422,423	111,060	12,978	2,081	11,326	2,837	283	224
Use of natural gas	N/A	N/A	N/A	76,994	N/A	88,640	N/A	N/A	N/A	500	N/A	N/A
Generated from wasted papers	3,712	6,706	14,928	N/A	13,560	N/A	492	N/A	612	N/A	2,120	2,544
Electricity used by Water Supplies Department for fresh water we consumed	262	315	N/A		N/A		N/A		N/A		N/A	N/A
Electricity used by Drainage Services Department for sewage we generated	124	149	N/A		N/A		N/A		N/A		N/A	N/A
Generated from business travel activities	28,576	54,404	4,909		2,948		242	N/A	745	N/A	N/A	484
TOTAL	282,573	311,353	584,910		638,631		15,793		16,020		2,403	3,252

Comparing with 2020, greenhouse gas emissions for all operating locations were decreased in 2021:

- Overall use of electricity was relatively the same except our Shenzhen office. We increased the sub-contraction proportion in 2021 and hence consumed less electricity in our Shenzhen factory.
- The use of natural gas by our Shenzhen office was reduced in 2021 because overall number of staff has reduced. Our Suzhou staff quarter has moved from residential units to apartment building where no gas is provided and hence there is no consumption of natural gas.
- Greenhouse gas emission generated from wasted papers were decreased in all regions. Hong Kong office implemented work from home policy for majority of staff for most of the months in 2021. Staff is more adapted to the use of electronic documents. In addition, the need for internal forms used for declaration and for internal propaganda in relation to Covid-19 purpose was greatly reduced in 2021 in our Shenzhen and Suzhou offices.
- CO₂ emissions generated from business travel activities were decreased due to travel bans/restrictions imposed by various countries. We still had a small group of staff who were required to travel overseas for installation and service works.

Environmental Protection



SOLID WASTE

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

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

Environmental Protection

Total non-hazardous waste produced are as follows:

	2021		2020		2021		2020		2021		2020		2021		2020	
	Hong Kong office Consumption (tonnes)	Intensity	Hong Kong office Consumption (tonnes)	Intensity	Shenzhen office & factory Consumption (tonnes)	Intensity	Shenzhen office & factory Consumption (tonnes)	Intensity	Suzhou office Consumption (tonnes)	Intensity	Suzhou office Consumption (tonnes)	Intensity	Taiwan office Consumption (tonnes)	Intensity	Taiwan office Consumption (tonnes)	Intensity
Food waste	0.21	0.002 tonnes per employee	0.44	0.004 tonnes per employee	20.28	0.07 tonnes per employee	17.81	0.06 tonnes per employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Office garbage	0.54	0.005 tonnes per employee	0.64	0.006 tonnes per employee	3.54	0.01 tonnes per employee	3.74	0.01 tonnes per employee	0.52	0.02 tonnes per employee	0.52	0.02 tonnes per employee	2.81	0.13 tonnes per employee	2.64	0.13 tonnes per employee
Packing material waste	1.34	N/A	2.15	N/A	1.05	N/A	1.68	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Production remaining waste	N/A	N/A	N/A	N/A	0.65	N/A	1.55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- Hong Kong office implemented work from home policy for majority of staff for most of the months in 2021. As such, food waste generated by our Hong Kong offices (due to provision of lunch boxes) in year 2021 has greatly reduced.
- Creation of office garbage remained relatively the same in 2021.
- As explained above, our production arm in Shenzhen has subcontracted more works outside and hence, packing and production waste were reduced.

Environmental Protection



WATER

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

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

For year 2021 the major driving factor is Covid-19. In order to maintain a clean and hygienic environment, especially staff quarter is concerned, more internal cleaning was conducted and hence more water was consumed.

Water consumption for office, production plant and staff quarters in total and intensity are as follows:–

	2021 Hong Kong office	2020 Hong Kong office	2021 Shenzhen Office & Staff quarter Factory & Canteen	2020 Shenzhen Office & Staff quarter Factory & Canteen	2021 Suzhou office Office & Staff quarter Factory & Canteen	2020 Suzhou office Office & Staff quarter Factory & Canteen	2021 Taiwan office	2020 Taiwan office
Water consumption in total (cubic meters)	619	743	5,54810,499	6,04310,493	N/A93.5	477.4170.5	69	42
Intensity	5.59 cubic meters per employee	6.42 cubic meters per employee	20.05 cubic meters per employee37.94 cubic meters per employee	20.54 cubic meters per employee35.67 cubic meters per employee	N/A2.88 cubic meters per employee	14.01 cubic meters per employee5.00 cubic meters per employee	3.17 cubic meters per employee	2.02 cubic meters per employee

Our Suzhou office has moved to an industrial park and our rent paid has included the water consumption cost. As a result, there was no water consumption data available for our Suzhou office.

From time to time, the Group is required to set up small testing equipment in Hong Kong. We mainly use distilled water and chemicals for testing purposes. After testing, hazardous waste water will be produced and stored in special containers. These containers will be sent to professional contractor licensed by the Environment Protection Department for further processing before discharge to the drainage system. In order to reduce the consumption of distilled water, our testing team will carefully evaluate each project and will try to use fresh water instead of distilled water whenever possible. Nevertheless, as each project or each testing set up has its own objective(s), any increased or reduced use of distilled water year by year is very much driven by project objectives.



Environmental Protection

In 2021, most of our development projects were non-electroplating projects and as such, there was no usage of distilled water nor test panels. Nevertheless, as there were other non-electroplating testings, certain level of hazardous water was generated.

	Hong Kong Office	
	Consumption In 2021 (litre)	Consumption In 2020 (litre)
Use of distilled water	0	473
Hazardous water generated	3.18	10.15

USE OF RESOURCES

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

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

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

	2021 Hong Kong office	2020 Hong Kong office	2021 Shenzhen office	2020 Shenzhen office	2021 Taiwan office	2020 Taiwan office
Consumption of vehicles fuels in total (tonnes)	18.52	17.99	12.75	12.20	16.17	19.75
Intensity (tonnes per employee)	0.17	0.16	0.05	0.04	0.74	0.95

Intensity for consumption of vehicles fuels in Hong Kong and Shenzhen offices had a slight increase. We have used more of private cars for staff to commute in order to reduce their risk exposure from infection. As explained above, the service activities in Taiwan was slightly reduced and hence the less use of vehicles.

Environmental Protection



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

	2021 Hong Kong office	2020 Hong Kong office	2021 Shenzhen		2020 Shenzhen		2021 Suzhou		2020 Suzhou		2021 Taiwan office	2020 Taiwan office
			Office & Factory	Staff quarter & Canteen	Office & Factory	Staff quarter & Canteen	Office & Factory	Staff quarter & Canteen	Office & Factory	Staff quarter & Canteen		
Consumption of electricity (kWh in '000s)	490	489.76	600.41	174.31	670.51	176.29	22.77	3.65	19.87	4.98	53.47	42.40
Intensity (kWh in '000s per employee)	4.424	4.229	2.170	0.630	2.279	0.599	0.702	0.113	0.583	0.146	2.458	2.038

As explained above, overall use of electricity was relatively the same except our Shenzhen office. We increased the sub-contracting proportion in 2021 and hence consumed less electricity in our Shenzhen factory.

MINIMISING ENVIRONMENTAL IMPACT

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

In order to achieve this, we:

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



Environmental Protection

1/ Reduction in energy consumption

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

2/ Water consumption

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

3/ Waste management

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

CLIMATE CHANGE

Science tells us that the sooner we respond to climate change, the lower the risks and costs will be in the future. Climate change is affecting our lives and livelihoods in many ways, including lower air quality, increased illness and death, higher energy costs, and damages to the economy. The Board and our management team fully realize that responding to climate change can bring a wide range of benefits and opportunities to the Group or the community at large, including energy security, new jobs, and social and economic equity — making it a more desirable place to live. While climate change affects nearly everyone, the most severe impacts often fall on those who are not prepared. With this in mind, we have reviewed and assessed the physical and transitional risks which climate change may bring.

Physical and transitional risks

Physical risks may include extreme natural disasters, such as drought or flooding, and the longer-term impact of increasing average global mean temperature. Generally, physical risks will be classified between chronic risks and acute risks. Transition risks, on the other hands, may include risks associated with global transition to a low-carbon economy, new regulations and innovations in energy efficiency.

Environmental Protection



Risks identified and mitigation plan

We have identified several climate-related risks with potential impact to our business as described below.

Risk type	Possible impact	Economic impact	Likelihood/Time horizon/ Risk of consequences
Physical risks	Interruption of material supply	Higher cost of production due to shortage of supply	Less likely Medium term Medium
	Operations continuity due to (i) damage to operation locations, (ii) road accessibility (iii) power outages (iv) government service shutdowns	Higher capital spending for repair and maintenance and higher operating cost as pricing of electricity and water will increase	Less likely Medium term High
	Damage to general health conditions of our human capital	Higher health care cost and lost time due to sickness	More likely Short term Medium
Transition risks	Exposure to changes in prices of various resources (such as electricity and water) that result from emerging regulations	Possible additional tax on using traditional energy sources	More likely Short term Low
	Emerging regulation on greenhouse gas emission	Cost involved in observing additional compliance	More likely Short term Low

Physical risks are broadly considered. All our operating locations are situated at cities with mature infrastructure networks and are not near the coastal lines. Unless there is occurrence of regional-wide natural disasters, risk of operation continuity is quite low.

We use a wide range of materials and components which come from numerous suppliers. Because some key parts may be available only from a single supplier or a limited group of suppliers, we are subject to supply and pricing risk when the operations of our key suppliers are disrupted due to possible physical risks. It will adversely affect our product sales and operating results to a certain extent. To mitigate such risk, when risk level increases from less likely to likely, we will consider building up inventory. In the meantime, whenever possible, our design engineers shall continue to look for new design without the use of sole-source components.



Environmental Protection

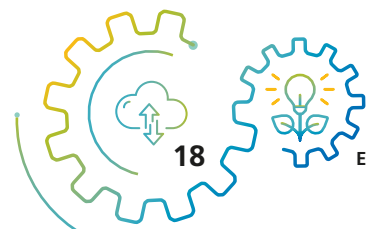
Climate change is already impacting health in many ways. Air pollution caused by burning fuel will bring in various respiratory disease. Global warming has exacerbated the effects of pollen allergy and the increasing temperatures will also cause heat stress, heat strokes and has exacerbated cardiovascular problems. Being in-action is not an answer anymore. China has laid down its roadmap to achieve carbon neutrality before 2060 and Hong Kong has committed to do the same by 2050. While the Group will have a part to play in those schemes through compliance, the Group will reduce the level of outdoor works where possible. Where outdoor work is inevitable, guideline will be introduced to allow reasonable rest intervals and appropriate equipment will be provided.

As far as transition risks are concerned, climate change regulations could require us to limit emissions, change our manufacturing process or product offerings, or undertake other costly measures. These possible emerging mandates on regulations may lead to increased indirect operating costs. The Group will switch to the use of renewable energy where possible and keep an eye on any latest innovative technologies. Technological improvements or innovations that support the transition to a lower-carbon, energy efficient system can help us mitigate such transition risks.

While the Group sees numerous challenges as described above, the Group also see opportunities resulting from climate change. The demand of low emission products may bring in business opportunities. In fact, in last few years, our design engineers have been focusing on designing an electroplating equipment which consume less of water and electricity so as to reduce the carbon footprint for our customers.

COMPLIANCE TO LAWS AND REGULATIONS

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



Operational Practice



SUPPLY CHAIN MANAGEMENT

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

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

Region	No. of supplier in 2021		No. of supplier in 2020	
	Percentage		Percentage	
China/Hong Kong	253	80.57%	289	82.81%
Southeast & East Asia (except China)	25	7.96%	28	8.02%
USA	6	1.91%	8	2.29%
Other region	5	1.59%	4	1.15%
Europe	25	7.96%	20	5.73%
Total	314	100.00%	349	100.00%

PRODUCT RESPONSIBILITY

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

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

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

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

During the reporting period, we experienced no product recall.



Operational Practice

INTELLECTUAL PROPERTY

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

We respect original design and work done. Apart from registration of trademark, the Group has also patented some of our top-notch engineering design. We warrant to our customers that we have good titles to the technology and design in the equipment we sold to them. As at 31 December 2021, the number of patents in effect is 27 (2020: 20) with 6 (2020: 8) patents pending for approval.

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

DATA PRIVACY

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

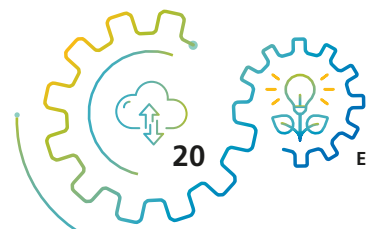
Besides, we have included in the employee handbook several confidentiality provisions which require employees to keep confidential of the information they receive from time to time from our customers or business partners. Also, access rights are set so that the information in our ERP system, databases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

ANTI-CORRUPTION

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

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

In 2021, there were no case regarding corrupt practices brought against the Group or our staff.





Operational Practice

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

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

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



Employee Care

EMPLOYMENT PRACTICE

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

Fair and open recruitment

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

Employment terms

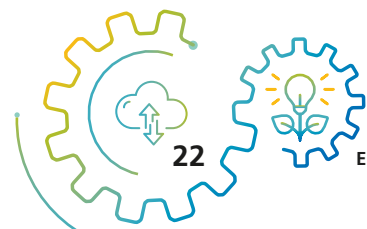
To protect the legitimate rights and interests between the Group companies and the employees, all successful candidates are required to sign an employment contract which outlines all agree terms. We have also issued employees' handbook which covers and governs the compensation, discipline, recruitment,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

Appraisal

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

Benefits, welfare and employee care

We provide medical and life insurances, mandatory provident fund scheme, free lunch, company coach service and overtime travelling allowances to our employees. Education subsidies will also be granted to appropriate employees. To create a sense of belonging, the Company also provide massages machines, sofa and television in rest spaces and room for breast-feeding. The Group also provides accommodation to our employees in China.



Employee Care



WORKFORCE DISTRIBUTION

Our workforce distribution is as follows:-

The workforce and turnover rate of employees by employee category (Hong Kong office) for the year 2021

Employee category	Percentage of		Number of employee turnover	Percentage of turnover
	Number of employees as at 31 Dec 2021	each employee category (as at 31 Dec 2021)		
Management	37	34.58%	3	2.71%
Production Staff	0	0.00%	0	0.00%
Engineers	21	19.63%	3	2.71%
Technicians	9	8.41%	0	0.00%
Others	40	37.38%	9	8.13%
Total	107	100.00%	15	13.54%

Average total number of employees 110.75



Employee Care

The workforce and turnover rate of employees by gender and age group (Hong Kong office) for the year 2021

Gender and age group	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Male				
30 or below	3	2.80%	2	1.81%
31-40	15	14.02%	2	1.81%
41-50	22	20.56%	2	1.81%
51 or above	34	31.78%	1	0.90%
Sub-total	74	69.16%	7	6.32%
Female				
30 or below	4	3.74%	2	1.81%
31-40	10	9.35%	1	0.90%
41-50	6	5.61%	3	2.71%
51 or above	13	12.15%	2	1.81%
Sub-total	33	30.84%	8	7.22%
Total	107	100.00%	15	13.54%
Average total number of employees	110.75			

Employee Care



The workforce and turnover rate of employees by employee category (Shenzhen office) for the year 2021

Employee category	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Management	7	2.64%	0	0.00%
Production Staff	30	11.32%	1	0.36%
Engineers	64	24.15%	13	4.70%
Technicians	20	7.55%	4	1.45%
Others	144	54.34%	11	3.97%
Total	265	100.00%	29	10.48%

Average total number of employees 276.75

The workforce and turnover rate of employees by gender and age group (Shenzhen office) for the year 2021

Gender and age group	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Male				
30 or below	8	3.02%	12	4.34%
31-40	59	22.26%	3	1.08%
41-50	85	32.08%	1	0.36%
51 or above	70	26.42%	4	1.45%
Sub-total	222	83.77%	20	7.23%
Female				
30 or below	5	1.89%	4	1.45%
31-40	21	7.92%	0	0.00%
41-50	11	4.15%	2	0.72%
51 or above	6	2.26%	3	1.08%
Sub-total	43	16.23%	9	3.25%
Total	265	100.00%	29	10.48%

Average total number of employees 276.75

Employee Care

The workforce and turnover rate of employees by employee category (Suzhou office) for the year 2021

Employee category	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Management	1	3.13%	0	0.00%
Production Staff	0	0.00%	0	0.00%
Engineers	6	18.75%	1	3.08%
Technicians	9	28.13%	0	0.00%
Others	16	50.00%	0	0.00%
Total	32	100%	1	3.08%

Average total number of employees 32.42

The workforce and turnover rate of employees by gender and age group (Suzhou office) for the year 2021

Gender and age group	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Male				
30 or below	3	9.38%	0	0.00%
31-40	10	31.25%	0	0.00%
41-50	11	34.38%	0	0.00%
51 or above	3	9.38%	0	0.00%
Sub-total	27	84.38%	0	0.00%
Female				
30 or below	0	0.00%	0	0.00%
31-40	5	15.63%	1	3.08%
41-50	0	0.00%	0	0.00%
51 or above	0	0.00%	0	0.00%
Sub-total	5	15.36%	1	3.08%
Total	32	100.00%	1	3.08%

Average total number of employees 32.42

Employee Care



The workforce and turnover rate of employees by employee category (Taiwan office) for the year 2021

Employee category	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Management	2	10.00%	2	9.20%
Production Staff	0	0.00%	0	0.00%
Engineers	9	45.00%	1	4.60%
Technicians	6	30.00%	1	4.60%
Others	3	15.00%	0	0.00%
Total	20	100.00%	4	18.39%

Average total number of employees 21.75

The workforce and turnover rate of employees by gender and age group (Taiwan office) for the year 2021

Gender and age group	Number of employees as at 31 Dec 2021	Percentage of each employee category (as at 31 Dec 2021)	Number of employee turnover	Percentage of turnover
Male				
30 or below	5	25.00%	1	4.60%
31-40	0	0.00%	0	0.00%
41-50	10	50.00%	3	13.79%
51 or above	1	5.00%	0	0.00%
Sub-total	16	80.00%	4	18.39%
Female				
30 or below	0	0.00%	0	0.00%
31-40	2	10.00%	0	0.00%
41-50	1	5.00%	0	0.00%
51 or above	1	5.00%	0	0.00%
Sub-total	4	20.00%	0	0.00%
Total	20	100.00%	4	18.39%

Average total number of employees 21.75



Employee Care

Movement of average number of employees

	Average no of employees In year 2021	Average no of employees In year 2020
HK office	110.75	115.80
Shenzhen office	276.75	295.17
Suzhou office	32.42	34.08
Taiwan office	21.75	20.80

The drop in workforce was due to voluntary turnover.

HEALTH AND SAFETY

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

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

The Group has dedicated department and personnel for safety management in offices, factory and customers' sites. The Group has developed the relevant safety systems and operating procedures as follows:–

At China factory

- established Work Safety Department
- appointed safety officers to conduct daily safety check at factory and remind staff to wear appropriate protection gears including safety helmets and belts when they are at works

Employee Care



At office

- appointed safety officer to inspect the office safety regularly

At customers' sites

- team leaders act as safety supervisors to conduct relevant safety training beforehand and to provide safety guidance during installation to our staff and sub-contractors (if any)
- team leaders have to ensure staff will wear protective gears and uniform where necessary such as safety shoes, safety helmets, protective goggles, mask and acid-proof gloves ("Protective Equipments") provided by the Company before starting the work
- we would send safety officer to site (large size jobs) to help for onsite safety measures implementation
- the safety officer would even prosecute the workers who violate the safety rules, like not wear safety belt when working at height. A fixed penalty will be imposed if prosecution
- at the sites in Taiwan, all our staff are required to attend local safety training before entering into customer's site
- the Group provides a comprehensive safety handbook to staff who works at the site

At laboratory

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

In 2021, there was no fatal accident happened for offices in Hong Kong, Shenzhen, Suzhou and Taiwan.



Employee Care

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

	Hong Kong Office	Shenzhen office and factory	Suzhou office	Taiwan office
Lost days	0	0	0	17

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

RESPONSE TO COVID-19

The outbreak of COVID-19 has seriously threatened health of humanity. The Company places great importance to the potential health and safety impact of the COVID-19 on its employees. In order to minimize the risk of cross-infection, the Company has closely monitored the pandemic situation from the beginning of the pandemic and quickly established an emergency team for pandemic prevention and control. A number of notices were issued, an emergency plan was formulated, the emergency prevention and control plan were detailed, and the prevention and control measures were strictly implemented. Detailed arrangements and measures were made in terms of pandemic control, production arrangements, employee return, post-holiday safety and insurance, and work arrangement.

For year 2021, the Group has continued most of the disinfections practices as outlined in the 2020 ESG report.

Employee Care



DEVELOPMENT AND TRAINING

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

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

The information of employees trained by employee category (Hong Kong office) for the year 2021

Employee category	Number of trained employees	Training hours completed	Average training hours per head
Senior Management	0	0	0
Middle Management	1	1	1
Engineers	1	1	1
Technicians	0	0	0
Production Staff	0	0	0
Others	1	1.5	1.5
Total	3	3.5	1.2

The information of employees trained by employee category (Shenzhen Office) for the year 2021

Employee category	Number of trained employees	Training hours completed	Average training hours per head
Senior Management	7	224	32
Middle Management	57	1,824	32
Engineers	64	2,072	32.4
Technicians	20	752	37.6
Production Staff	30	960	32
Others	87	2,784	32
Total	265	8,616	32.5



Employee Care

The information of employees trained by employee category (Taiwan Office) for the year 2021

Employee category	Number of trained employees	Training hours completed	Average training hours per head
Senior Management	0	0	0
Middle Management	2	9	4.5
Engineers	27	90	3.3
Technicians	14	42	3
Production Staff	0	0	0
Others	0	0	0
Total	43	141	3.3

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

EMPLOYEE-FRIENDLY POLICIES

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

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

In compliance with various social-distancing rules, the Group has stopped all staff activities and has not participated in any charitable event in year 2020.



Employee Care

LABOUR STANDARD

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

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

Community Involvement

The Group operates mainly in Hong Kong, China and Taiwan. When the Group allocates its resources for investment in communities, we focus mainly on helping the underprivileged.

MOON CAKES FROM A SOCIAL ENTERPRISE

During the Mid-Autumn Festival, and as in many years in the past, we distributed moon cakes and fruits to our employees. In year 2021, we purchased the moon cakes from iBakery who is one of the social enterprises under Tung Wah Group of Hospital. iBakery trains and hires people with disabilities, and feeds Hong Kong with a healthy and delicious menu. The distribution of moon cakes and fruits not only shares the joy of the Mid-Autumn Festival with our employees, but also support the social enterprises and socially disadvantaged for achieving self-reliance and promoting social harmony.



DONATIONS

During 2021, we donated RMB1,000,000 to The Shaanxi Qianshan Foundation to support their activities. The foundation is meant to carry out charity activities such as helping the elderly, young, students, doctors, the poor and disaster relief, and protecting traditional culture. Using data as a tool, the Foundation is looking for a new poverty alleviation model which is sustainable and will bring big impact with a reasonable input of resource.



ATNT

亞洲聯網科技
有限公司

Asia Tele-Net and Technology Corporation Limited

