



高陽科技(中國)有限公司*

HI SUN TECHNOLOGY (CHINA) LIMITED

(於百慕達註冊成立之有限公司)

(Incorporated in Bermuda with limited liability)

(股份代號 Stock code: 00818)

Environmental, Social and
Governance Report

環境、社會及管治報告 **2022**



* For identification purpose only
僅供識別

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About This Report

Reporting Period and Scope

Hi Sun Technology (China) Limited (“Hi Sun Technology” or “the Company”, together with its subsidiaries, collectively known as “the Group” or “We”) is pleased to present its Environmental, Social and Governance Report (this “Report”) for year 2022, for the purpose of disclosing the Group’s management approach, strategy, policies as well as accomplishments in sustainability in the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

Unless otherwise stated, the reporting scope of this Report covers the five core businesses of the Group through our key subsidiaries operating in the People’s Republic of China (the “PRC”), as listed below:

- Payment and Digital Services - VBILL OPCO (“VBILL”);
- Fintech Services - 南昌隨行付網絡小額貸款有限公司 (unofficial English translation being Nanchang VBill Internet Micro-Credit Co. Ltd.) (“Nanchang VBill”) and 北京隨行付商業保理有限公司 (unofficial English translation being Beijing VBill Commercial Factoring Co. Ltd.) (“Commercial Factoring”);
- Platform Operation Solutions - Hunan Hisun Mobile Pay IT Limited (“Hunan Hisun”);
- Financial Solutions - Beijing Hi Sun Advanced Business Solutions Information Technology Limited (“ABS”); and Shenzhen Hi Sun Fintech Global Company Limited (“Hi Sun Global”); and
- Others - Hangzhou PAX Electronic Technology Limited (“Hangzhou PAX”).

The coverage of this Report will be reviewed on an annual basis, and determined by the materiality of each major business to our business and operations, as well as the impacts on sustainability. To align with the Group’s business development, Hi Sun Global has been included in the reporting scope to present a more comprehensive sustainability performance. In addition, the “Information Security Chips and Solutions” business is excluded from the reporting scope of this Report following the completion of disposal transaction of the relevant business in the first half of year 2022.

Reporting Standards

This Report is prepared in accordance with the “mandatory disclosure requirements” and “comply or explain” provisions in Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEx”). For guidance on the “comply or explain” approach, reference can be made to the “Corporate Governance Code” set out in Appendix 14 to the Listing Rules.

Reporting Principles

In the preparation of this Report, we have strictly adhered to the four reporting principles set out in the ESG Guide of the HKEx when disclosing our sustainability performance, to ensure that the content of this Report is material, quantitative, balanced and consistent, with significant issues on sustainability being covered.

Principle	Definition	The Group’s Response
Materiality	The issues covered in this Report should reflect the Group’s significant impact to the environment, society and governance. Materiality represents the threshold at which environmental, social and governance (“ESG”) issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported.	We communicate with various stakeholders through different channels to understand their concerns and opinions. Materiality analysis and assessment are conducted on an annual basis to identify material sustainability issues relevant to the Group and stakeholders. The materiality of the issues is reviewed and confirmed by the Board of Directors of Hi Sun Technology (the “Board”), to ensure that relevant sustainability impact is disclosed in this Report. For details of the assessment process and results, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment.”
Quantitative	This Report should disclose the data or comparative data of the Group’s historical key performance indicators (“KPI”), and calculate the relevant data in a quantitative manner. The Group	We disclose quantitative environmental and social KPIs, and where applicable, include historical performance comparison in this Report, enabling stakeholders to have a better understanding on our sustainability

Principle	Definition	The Group's Response
	should set targets (including numerical or directional targets) to reduce a particular impact to ensure that the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	performance and progress. By formulating four core focus areas in our sustainability strategy, corresponding directions and targets in environmental and social areas are set out for evaluating our ESG performance in a more effective manner.
Balance	This Report should provide an unbiased picture of the performance of the Group and the challenges it faces, for the purpose of presenting the overall sustainable development of the Group.	We present our environmental and social-related impacts and performance in a balanced manner. This Report makes a comprehensive disclosure of achievements, challenges and areas for improvements disclosed with comprehensive data and KPIs.
Consistency	The Group should consistently compile this Report in accordance with the data calculation methodology set out in the ESG Guide of the HKEx to facilitate meaningful comparison in reports in the coming years.	Unless otherwise stated, we adopt consistent methodologies for the calculations of environmental and social KPIs to allow a fair comparison of our performance over time, and include historical performance comparison in this Report.

Data Collection Method

The information cited in this Report is extracted from the official documents and statistical data of the Group. The Board has reviewed and approved this Report in March 2023.

Access To This Report

This Report is available in both Chinese and English versions on the websites of Hi Sun Technology and the HKEx. The Chinese version shall prevail in case of any discrepancies between the Chinese and English versions.

Feedback

The Group values stakeholders' views on sustainability. Therefore, we actively listen to our stakeholders and understand their concerns and expectations, to constantly promote the sustainable development and business development of the Group.

We welcome feedback or suggestions on this Report and our sustainability performance through email at ir@hisun.com.hk.

About Hi Sun Technology

Business Overview

The Group is currently one of the leading integrated solutions providers for payment, finance, and telecommunications in China, specialising in the provision of payment and digital services, fintech services, platform operation solutions, financial solutions and others. By leveraging the comprehensive business involvement in solid all-rounded digitalised solutions, fintech innovation and application development, system maintenance, and POS terminal supply, we are committed to providing mid, small and micro sized merchants, banks, financial institutions, telecom operators, and payment industrial chains with continuously innovative, convenient and high-quality products and services, to create sustainable value for stakeholders.

Below shows the summary and latest development of our Group's businesses:

Payment and Digital Services

- Principally engaging in the provision of payment processing services, merchants recruiting and related products and solutions
- Business covering Hong Kong, the United States of America ("USA"), Japan, Singapore and other countries and regions
- Serving chain operators and stores with a full range of digital products and services to improve the operational efficiency of merchants

Fintech Services

- Principally engaging in the provision of micro-lending, supply chain financing, factoring business, credit assessment services and related products and solutions
- Deploying self-developed supply chain financial service platform, the "Suixin Cloud Chain Financial Service Platform", to achieve business credit empowerment for enterprises, and "Commercial Bill Financing Service Platform" by resources integration in cooperation with financial institutions

Platform Operation Solutions

- Principally engaging in the provision of telecommunication and mobile payment platform operation services and operation value-added services, offering customers in the telecommunications, payment, and e-commerce industries with high-quality technical products and services
- Successfully renewed contract with China Mobile Financial Technology Co., Ltd. ("CMFT"), continuing to provide project support services such as product development, system maintenance and business operation support for the Interactive Voice Response ("IVR") Base of China Mobile Ltd. ("China Mobile") and the Animation Base of China Mobile

Financial Solutions

- Principally engaging in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks
- Closely cooperating with several large banks and financial institutions such as Bank of China ("BOC") Hong Kong and BOC Macau to provide efficient and secure migration of banking transaction systems, helping banks achieve digital transformation and independent control
- Expanding actively in new overseas countries and improving overseas financial IT service capabilities

Others

- Mainly comprising of the electronic power meters business and various new business projects in development stage
- Equipped with modernised production lines and smart monitoring systems, providing unique and high-quality products and solutions

Awards and Recognitions

The Group has always dedicated itself to the principle of sustainability by striving to improve the quality of products and services as well as fulfil social responsibilities. During the Reporting Period, the sustainability performance of our business segments was widely recognised by various sectors and won a number of awards, certifications and partnership opportunities.

Recognitions on Business Quality

The Hunan Xiangjiang New District Working Committee of the Chinese Communist Party and the Hunan Xiangjiang New District Management Committee

- Top 100 Revenue Enterprises of Service Industry in Hunan Xiangjiang New District 2021 - Hunan Hisun

iResearch Consulting Group

- China Top 50 FinTech Enterprises 2021 - VBILL

National Supercomputing Centre in Changsha

- Ecological Partner 2022 - Hunan Hisun

The United Front Work Department of Beijing Municipal Committee and the Beijing Federation of Industry and Commerce

- Beijing Top 100 Private Enterprises in Science and Technology Innovation - VBILL

Southern Finance Omnimedia Corp., 21st Century Business Herald and 21 Finance

- 2022 Excellent Technology Financial Service Platform - VBILL

Social Contribution

Golden Pine Awards

- 2021 "Golden Pine Award" FinTech Enterprise Public Welfare Award - VBILL

Cailian Press

- Social Responsibility Pioneer Enterprise Award - VBILL

Technology Certifications

The Software Engineering Institute in the USA

- Capability Maturity Model Integration ("CMMI") Level 5 - ABS

Sustainability Strategy

Sustainability Overview

Environmental Protection

- Total greenhouse gas emissions decreased by 2% as compared to last year
- Energy consumption decreased by 2% as compared to last year
- Total water consumption decreased by 20% as compared to last year

Caring for Employees

- Male and female staff ratio: 3:2
- Average training hours per employee: over 11 hours
- Organised various activities for employees to promote their physical and mental wellbeing

Product Responsibility

- Payment and Digital Services: obtained 25 trademarks
- Fintech services: obtained 1 trademark
- Platform operation solutions: obtained 4 software copyright certifications
- Financial solutions: obtained 15 software copyright certifications and 5 innovation achievements
- Electronic power meter product business under the business segment of "Others": obtained 2 invention patents

Community Contribution

- Donated over RMB 2.9 million
- Focused on 4 areas of community investment, including poverty alleviation, promoting historical culture, supporting education and academic research, and promoting volunteerism

Sustainability Governance and Board Oversight

Sound sustainability governance is the cornerstone of the Group's long-term development. The Board takes the ultimate responsibility for formulating the overall ESG strategy and overseeing ESG-related issues of the Group. Delegated by the Board, our Risk Management Committee is responsible for the oversight of the Group's ESG management approach and strategy, as well as for driving and managing the planning and implementation of ESG matters related to the Group. Our Risk Management Committee advises the Board on matters including but not limited to the below on a regular basis:

- Formulation and review of the Group's ESG management approach, strategy and policies;
- Identification, analysis and management of ESG-related risks (including but not limited to climate-related risks, and environmental and social risks along the supply chain) and formulation of mitigation measures;
- Evaluation and prioritisation of sustainability issues for identifying material issues to the Group, and establishment of long-term ESG strategic direction;
- Formulation of ESG-related targets and metrics based on material sustainability issues related to the Group's business nature, as well as review of the progress on a regular basis;
- Formulation and monitoring of the implementation of the Group's sustainability-related initiatives;
- Coordination with employees of core businesses to implement ESG-related matters in daily operations; and
- Compilation of the Group's annual ESG report for approval by the Board.



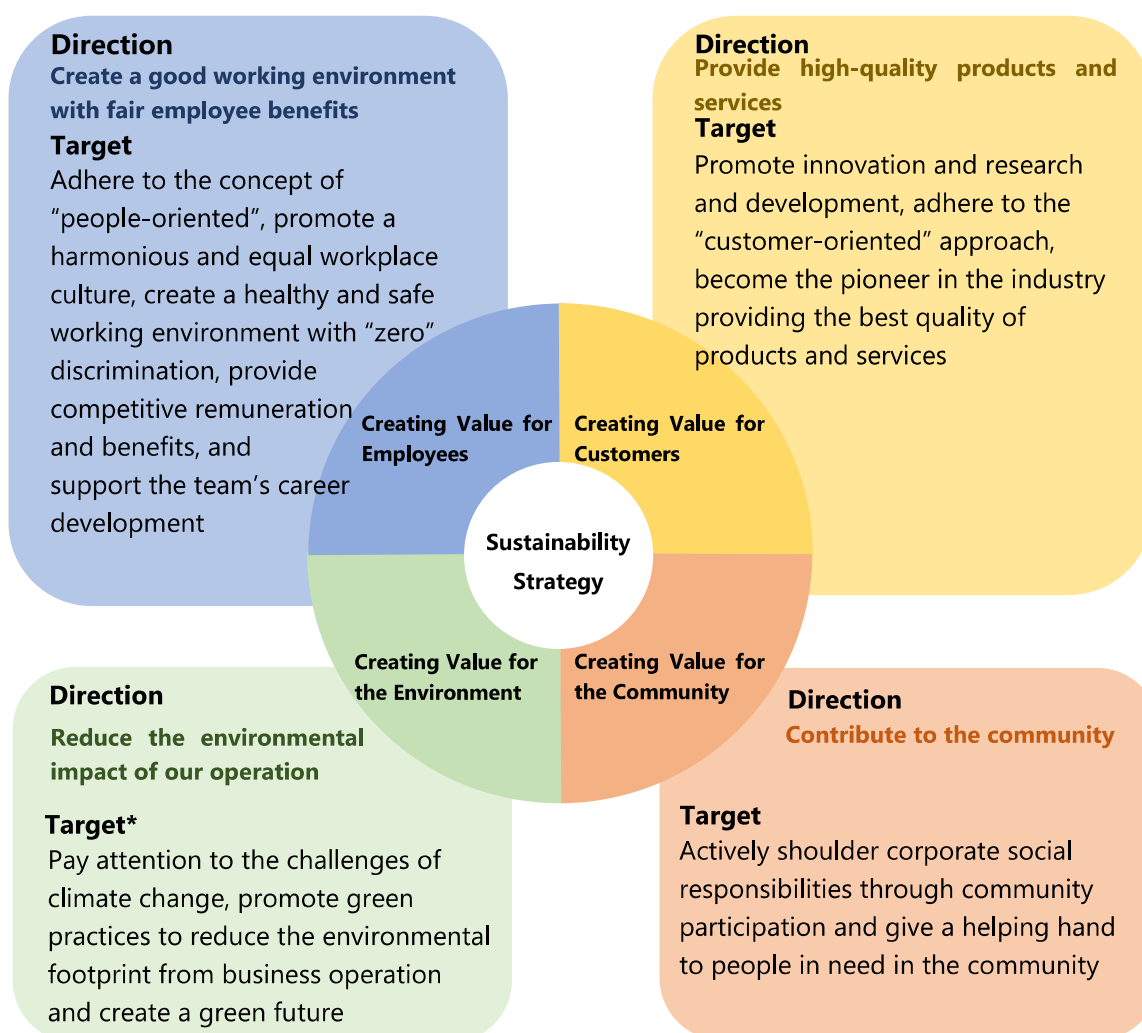
For details of the corporate governance of the Group, please refer to the section headed “Corporate Governance Report” in the 2022 Annual Report of the Group.

Sustainability Risk Assessment

The Group is aware that sustainability-related risks may affect the Group’s business and development. Delegated by the Board, our Risk Management Committee is responsible for identifying, evaluating, prioritising and managing material ESG-related risks, including but not limited to climate risks and environmental and social risks along the supply chain. The Board retains ultimate responsibility for oversight of the Group’s ESG risk management. Our Risk Management Committee regularly submits relevant risk reports to the Board to determine the potential impacts and the significance of impacts on the Group’s business. Response measures are implemented to mitigate the identified risks. To ensure that the Board is aware of the sustainability-related risks, we have set up an internal communication mechanism and report such risks to the Board in a timely manner. The Board regularly reviews the effectiveness of the response measures and provides relevant suggestions for improvement when necessary.

Sustainability Management Approach and Strategy

In order to integrate sustainability into our daily operations, the Group has formulated our sustainability management approach and strategy. Our sustainability strategy is divided into four core areas, namely “Creating Value for Employees”, “Creating Value for Customers”, “Creating Value for the Environment”, and “Creating Value for the Community”. Corresponding directions and targets are formulated under each core area. During the Reporting Period, the Board reviewed and confirmed the sustainability management approach and strategy. We will continuously review our sustainability strategy and its implementation to maximise the benefits and value created for our stakeholders.

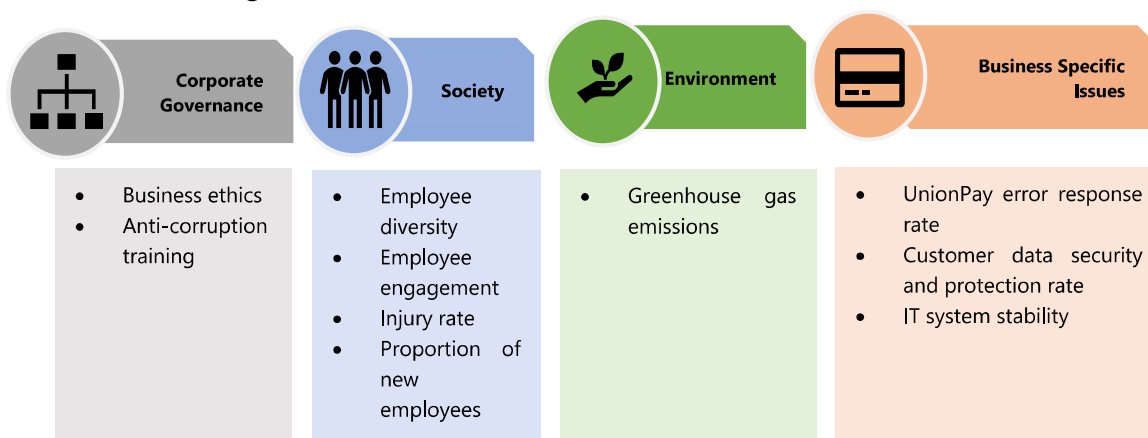


* For more detailed environmental targets, please refer to the section headed “Creating Value for the Environment”.

Responsible Investment Strategy

To promote responsible investment and incorporate sustainability elements into investment decisions, the Group has brought in private investment funds under EQT Partners (“EQT”) since 2019. EQT is a European investment agency which aims to promote sustainability among enterprises, and actively invests in companies that bring positive impacts to society and supports enterprises in implementing the United Nations Sustainable Development Goals (“UNSDGs”).

Complying with the requirements of the Responsible Investment and Ownership Policy formulated by EQT, we annually report our ESG measures and performance to EQT, for instance, observing principles set out in the United Nations Global Compact (“UNGC”), formulating sustainability codes or policies, and managing material sustainability risks and opportunities. We also present our performance based on core KPIs of EQT and report specific KPIs for the payment industry, including the KPI value, target value, year of target achievement, current progress towards target, etc. The KPIs we reported are shown in the figure below:



We are dedicated to improving our ESG performance and continue to promote a culture of responsible investment and sustainability with EQT and other enterprises.

ESG Policy

As part of our commitment to achieve long-term sustainable growth and meet the expectations of stakeholders and the public, the Group has formulated the ESG Policy to ensure the integration of ESG principles in its business operation and decision-making process, including but not limited to:

Environment	Social	Governance
<ul style="list-style-type: none">• Encourage recycling and reuse• Support the use of green energy• Encourage employees to combat climate change by implementing energy-saving measures and raising environmental awareness• Promote green procurement, giving priority to the use of environmentally friendly products, equipment and materials• Encourage suppliers to manage their environmental and social risks	<ul style="list-style-type: none">• Develop health and safety guidelines for the workplace• Provide fair employment opportunities• Maintain high level of product and labour standards• Nurture employee participation in community activities	<ul style="list-style-type: none">• Advocate high level of ethical business standards• Continuously strengthen corporate governance practices through internal control and risk management systems• Review the corporate governance framework regularly

Stakeholder Engagement

In line with the Group's sustainability principles and strategy, we believe that meeting the concerns and interests of our stakeholders is essential for our long-term development. To understand the needs of our stakeholders, we continue to maintain close communication with stakeholders such as employees, customers, shareholders and investors, suppliers and business partners, government and regulatory bodies, as well as the community and the general public through various channels.

Stakeholders	Communication Channels
Employees	<ul style="list-style-type: none"> Social media platforms CEO mailbox and online message board Internal communication platform Staff training Annual dinner and staff activities
Customers	<ul style="list-style-type: none"> Company website and mobile application Online customer service Opinion survey Customer service hotline Face-to-face customer support
Shareholders and Investors	<ul style="list-style-type: none"> Shareholders' meetings and annual general meetings Investor relations website Non-deal roadshow Investor conference and teleconference Annual and interim reports
Suppliers and Business Partners	<ul style="list-style-type: none"> Site visits Regular review Product sampling Suppliers' websites
Government and Regulatory Bodies	<ul style="list-style-type: none"> Meetings and interviews Qualification assessment Policy consultation Disclosures and announcements
Community and General Public	<ul style="list-style-type: none"> The Group's official website Internet and traditional media Community visits Charity activities

Materiality Assessment

Understanding the materiality of ESG issues helps us formulate appropriate sustainability strategies and make disclosures. During the Reporting Period, we conducted a materiality assessment through communication with stakeholders to identify sustainability issues that have a significant impact on stakeholders and the Group. The process of the materiality assessment is divided into three steps, including:

Step 1: Identify relevant ESG issues

- A total of 33 ESG issues that are considered relatively material to the Group were identified based on the Listing Rules, prior results of stakeholder engagement, major industry trends and business nature

Step 2: Evaluate and prioritise material issues and stakeholder engagement

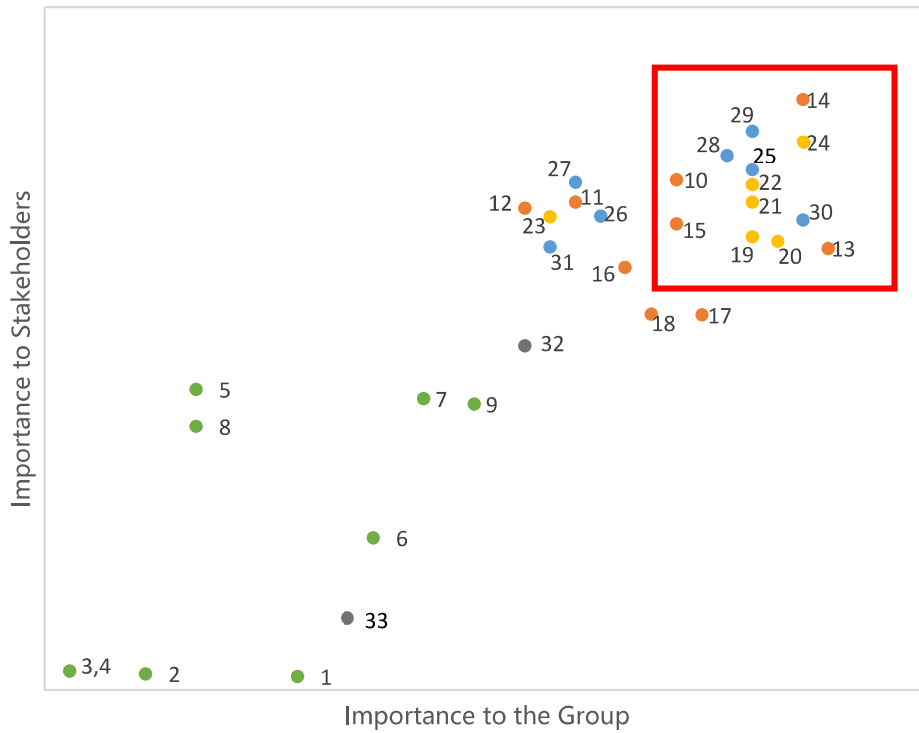
- Inviting stakeholders to complete an online questionnaire, conducted by an independent consultant commissioned by the Group, to rate the materiality of the 33 identified ESG issues to the Group and stakeholders
- Conducting materiality analysis and evaluation based on the results of the questionnaire and with reference to the opinions of the management to present the results in the form of a materiality matrix

Step 3: Review the results

- Reviewing and determining the results of the materiality matrix by the Board

The matrix below shows the materiality of these 33 ESG issues, where the issues that are most concerned by stakeholders and the Group are shown at the top right corner, while those that are less concerned by stakeholders and the Group are shown at the bottom left corner. We have identified 13 issues that are most significant to the Group's business and stakeholders. During the Reporting Period, the Board confirmed the materiality assessment result. The material issues identified will be addressed in greater detail in this Report.

Materiality Matrix



Environmental Protection and Green Operations	Corporate Governance	Customer Protection	Employee Rights	Community Investment
1. Climate change	10. Fair operation and fair competition	19. Reliable products and services	25. Employee relations and communications	32. Participation of voluntary activities
2. Greenhouse gas emissions	11. Anti-fraud and anti-corruption	20. Compliance of products and services	26. Participation of leisure activities	33. Charitable donations
3. Air emissions	12. Anti-Corruption training	21. Internet data and system safety	27. Anti-discrimination and equal rights	
4. Wastewater emissions and handling	13. Intellectual property protection	22. Data and privacy protection	28. Occupational health and safety	
5. Recycling and renewable energy	14. Compliance with laws and regulations	23. Advertising and promotion	29. Employee benefits and compensation	
6. Energy conservation	15. Supplier management	24. Customer satisfaction and complaint handling	30. Training and development	
7. Use of resources	16. Suppliers' environmental and social risk management		31. Child and forced labour	
8. Waste handling	17. Disaster contingency plan			
9. Green procurement	18. Epidemic prevention and control			

Material Issues	Section	Page
10. Fair operation and fair competition	Anti-corruption	23
13. Intellectual property protection	Creating Value For Customers	41
14. Compliance with laws and regulations	Corporate Governance	23
	Creating Value For Employees	28
	Creating Value For Customers	41
	Creating Value For the Environment	60
15. Supplier management	Building a Sustainable Supply Chain	25
19. Reliable products and services	Creating Value For Customers	41
20. Compliance of products and services	Creating Value For Customers	41
21. Internet data and system safety	Creating Value For Customers	41
22. Data and privacy protection	Creating Value For Customers	41
24. Customer satisfaction and complaint handling	Creating Value For Customers	41
25. Employee relations and communications	Creating Value For Employees	28
28. Occupational health and safety	Occupational Health and Safety	34
29. Employee benefits and compensation	Attracting and Retaining Talents	31
	Labour Rights and Interests	33
30. Training and development	Training and Development	37

Corporate Governance

Anti-corruption

The Group believes that maintaining corporate integrity and business integrity is of paramount importance. As such, we strictly comply with the relevant laws and regulations such as the Anti-Unfair Competition Law of PRC (中華人民共和國反不正當競爭法), the Criminal Laws of the PRC (中華人民共和國刑法) and the Interim Provisions on Prohibition of Commercial Bribery (關於禁止商業賄賂行為的暫行規定), and adopt an attitude of “zero” tolerance towards unethical business practices in any form, including corruption, bribery, extortion, fraud and money laundering.

In order to maintain sound corporate governance and integrity, we have formulated a series of anti-corruption policies and systems in each business segment, requiring all business units and employees to uphold the strictest standard of business ethics when handling transactions to prevent corruption and other illegal activities, including transfer of benefits and fraud. To curb money laundering and terrorist financing-related activities, in addition to strict compliance with the relevant laws and regulations including the Anti-money Laundering Law of the PRC (中華人民共和國反洗錢法), Administrative Measures for Payment Services of Non-Financial Institutions (非金融機構支付服務管理辦法), Administrative Measures for Anti-money Laundering and Anti-terrorist Financing of Payment Institutions (支付機構反洗錢和反恐怖融資管理辦法) by the Group, VBILL has implemented the Anti-money Laundering and Terrorist Financing Internal Control Policy (反洗錢和反恐怖融資內部控制制度) and set up an anti-money laundering working group, guiding its employees to take a series of measures, including examining client information, regularly investigating suspicious transactions and reporting any non-compliance, in an attempt to reduce the risks of money laundering and terrorist financing, to safeguard the interests of the Group.

The Group strictly prohibits employees and business partners from engaging in corruption, fraud, and other violations of business ethics. A comprehensive whistleblowing system is in place, encouraging employees and business partners to report any suspicious cases of corruption or other forms of illegal acts to our management. Active follow-up action and investigation will be conducted upon receipt of reports. We will make timely rectification in a professional manner and issue warning to or dismiss, or take legal action (as necessary) against, employees or business partners violating regulations according to the severity of the incident. Random inspections on compliance will be conducted from time to time to monitor the effectiveness of the preventive measures and system and to strengthening our risk management and corporate governance.

To raise our employees' awareness of anti-corruption, we continue to provide anti-corruption education and training to our employees. In addition to the orientation training covering anti-corruption and business ethics for new employees, directors and employees were offered anti-corruption training which included the information and website of the Independent Commission Against Corruption ("ICAC") on anti-corruption during the Reporting Period. The training content covered business ethics, anti-corruption, anti-fraud, anti-money laundering, etc., instilling them knowledge on the prevention of corruption and other irregularities to gain a clear understanding of the regulatory requirements related to integrity. Hangzhou PAX provided staff with training on anti-corruption and anti-fraud during the Reporting Period.

During the Reporting Period, the Group was not aware of any material non-compliance in violation of relevant laws and regulations relating to the prevention of corruption, bribery, extortion, fraud and money laundering. The Group was also not aware of any concluded corruption lawsuits brought against the Group and its employees during the Reporting Period.

Building a Sustainable Supply Chain

Apart from enhancing the sustainability performance of our business operation, we are also keen on enhancing the sustainability performance and management of our suppliers and business partners to establish a sustainable supply chain and reduce environmental and social risks along the supply chain. In this regard, we have incorporated responsible supply chain management into our ESG policy, encouraging suppliers to manage their environmental and social risks. In order to manage the sustainability risks present in the supply chain, we have identified environmental and social risks along the supply chain through our sustainability risk assessment process¹ and incorporated such risks into the Group's risk assessment mechanism. Response measures have been formulated to mitigate the relevant risks, which include the formulation of green procurement policies and the development of a series of internal procedures for procurement and supplier management, to ensure that suppliers meet the requirements of the Group as well as reduce the environmental and social risks along the supply chain.

When selecting suppliers and outsourced suppliers, strict evaluation of potential suppliers and outsourced suppliers will be conducted, in which the scale, qualification, product condition, pricing level, supply capacity, research and development ("R&D") capacity will be considered, to ensure that these areas meet the requirements of the Group before engaging with them. We also re-assess existing suppliers and outsourced suppliers in terms of their manufacturing capacity, production safety, price adjustment level, product inspection, after-sales services, timeliness of delivery and rectification of complaints to ensure that they meet the Group's operating standards. Suppliers who are rated as unsatisfactory in the evaluation process will be required to propose improvement plans. We will monitor the entire improvement process, and may terminate the partnership with suppliers who fail to correct and improve their performance within the specified timescale. During the Reporting Period, we implemented relevant practices to all major suppliers.

¹ For details of our sustainability risk assessment process, please refer to the section headed "Sustainability Risk Assessment".

To ensure that the suppliers who we work with can maintain product quality and responsible operating principles, suppliers strictly abide by the agreements and guidelines on quality requirements, ethical standards and business conduct. Suppliers are required to strictly adhere to the details relating to products and services of the agreement, and expected to comply with ethical standards related to sustainability, including but not limited to the below:

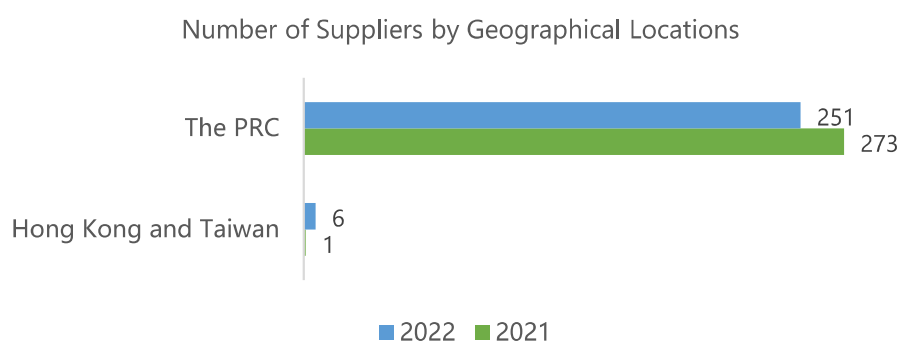
Aspects	Ethical standards related to sustainability
1. Lawful operations	Complying with local laws and regulations as well as the guidelines of the Group
2. Occupational health and safety	Providing a safe and clean workplace for employees
3. Employee rights	Complying with labour requirements of the operating locations and eliminating of all forms of child and forced labour
4. Environmental protection	Disposing waste in accordance with local and industry regulations
5. Anti-corruption	Forbidding all sorts of illegal acts such as corruption and bribery

We will evaluate the ethical standards of suppliers, and may terminate the business relationship with suppliers who fail to meet the relevant requirements.

Green Supply Chain

The environmental performance of suppliers is crucial to the Group's supply chain risk management, especially in the businesses involving manufacturing and sales of products. In order to promote the use of environmentally preferable products and services in the procurement process, green procurement policy has been formulated to establish eco-friendly procurement principles for the entire Group, such as prioritising the use of environmentally friendly paper and the procurement of electrical appliances with energy labels, prioritising products with less packaging or using environmentally friendly packaging materials, prioritising suppliers in neighbouring operating areas to reduce the carbon footprint, etc. The Group has also formulated detailed green procurement policies for its business segments. For instance, Hangzhou PAX has established the "Green Procurement Guideline", where the environmental performance of suppliers will be monitored and assessed based on the principle of "reduced environmental burden" in selecting suppliers, including attainment of ISO 14001 Environmental Management System Certification, passing of the Restriction of Hazardous Substances ("RoHS") environmental system audit, environmental compliance, and use of resource. It aims to ensure that suppliers manage their environmental risks in a responsible manner and achieve a green supply chain.

Meanwhile, to reduce the environmental footprint arising from transportation, the Group prioritises the suppliers in neighbouring regions of our operation to avoid carbon emissions from transportation, especially air transport. During the Reporting Period, the Group engaged 257 suppliers, of which 98% were located in the PRC. The following shows the distribution of our suppliers by geographical region²:



² Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

Creating Value for Employees

The Group is always concerned about our employees' well-being and therefore enhances their rights and benefits. Our Employee Handbook and Human Resources Policies set out policies on recruitment, benefits, training, promotion, etc. We strictly comply with all the local laws and regulations related to remuneration and benefits, employment and recruitment, development and promotion, working hours and overtime, holidays and rest periods, equal opportunity, diversity, anti-discrimination, other welfare, compensation and dismissal, including but not limited to the Labour Law of the PRC (中華人民共和國勞動法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法), the Social Insurance Law of the PRC (中華人民共和國社會保險法), the Law of the PRC on Occupational Disease Prevention and Control (中華人民共和國職業病防治法) and the Regulations on Prohibition of Child Labour (禁止使用童工規定). We have also implemented a variety of measures related to work safety, welfare, and anti-discrimination. During the Reporting Period, we were not aware of any material violations of labour-related laws and regulations within the Group together with its subsidiaries.

Employee Overview³

As of 31 December 2022, the Group employed a total of 2,782 employees⁴. The following sets out the total number of employees by gender, employee category, employment type, age group and geographical region:

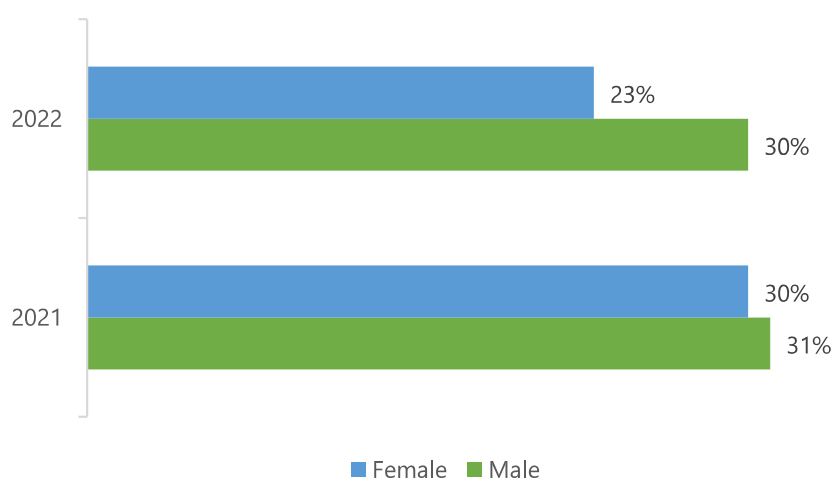
³ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

⁴ It covers the employee data of the Group's major business segments in the PRC and the Hong Kong office.

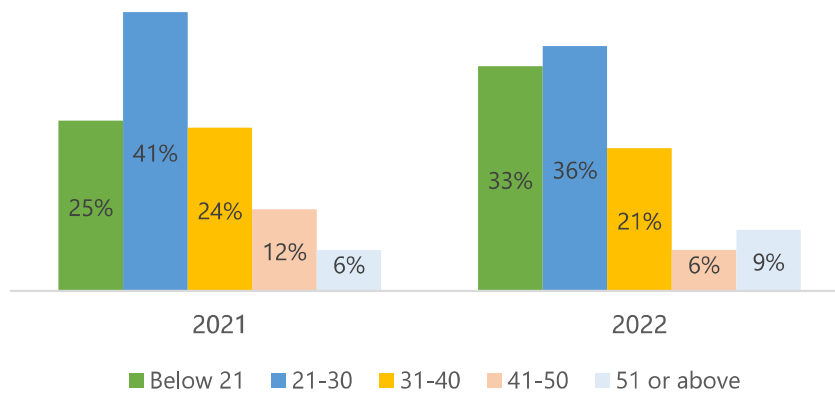
	2022	2021
By gender		
Male	1,737	1,684
Female	1,045	1,075
By age group		
Below 21	9	14
21-30	1,241	1,259
31-40	1,167	1,155
41-50	278	259
51 or above	87	72
By employee category		
Senior management	156	77
Middle management	208	323
General and technical staff	2,418	2,359
By employment type		
Full-time	2,779	2,759
Part-time	3	0
By geographical region		
The PRC	2,745	2,736
Hong Kong	37	23

The following sets out the employee turnover rate by gender, age group and geographical region:

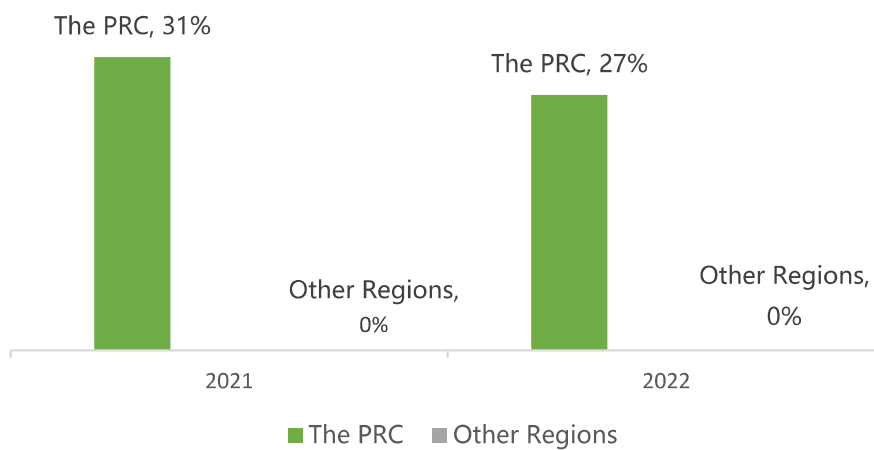
Employee Turnover Rate by Gender



Employee Turnover Rate by Age Group






Employee Turnover Rate by Geographical Region



Attracting and Retaining Talents

The Group regards the contribution of its employees as the key to long-term business development. To attract and retain top talents, they are recruited through different channels such as internal transfers, internal referrals, recruitment fairs, online recruitment, etc. We provide competitive and attractive remuneration and welfare packages to employees, and conduct regular review of and adjustments on remuneration packages to keep up with labour market trends. In addition, in accordance with the applicable laws including the Labour Law of the PRC (中華人民共和國勞動法), the Provision of Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Regulation on the Administration of Housing Accumulation Funds (住房公積金管理條例) of the State Council, we provide our PRC employees with five mandatory social insurance schemes, namely endowment insurance, medical insurance, industry injury insurance, unemployment insurance and maternity insurance, and one non-statutory housing provident fund.

In addition to public and statutory holidays, employees can also enjoy a variety of paid leaves, such as annual leave, marriage leave, maternity leave, bereavement leave, paternity leave, breastfeeding leave, etc. Meanwhile, our employees across the business segments are provided with a series of benefits and rewards, such as various subsidies and allowances, festive and birthday gifts, excellent staff awards, food and fruits, etc., with the aim of showing acknowledgment, encouragement and gratitude to employees.

<ul style="list-style-type: none">●Meal allowance●Transportation allowance●Telephone allowance●Offsite allowance●Shift allowance●Computer allowance●Additional meal allowance <p>Additional Allowance</p> 	<ul style="list-style-type: none">●Festive gift cards●Birthday gift cards●Marriage and childbirth red packets●Festive gifts●Fruit distribution●Subsidies for high temperature <p>Caring Gift</p> 	<ul style="list-style-type: none">●Attendance award●Excellent staff award●Excellent supervisor award●Excellent team award <p>Recognition Award</p> 
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We express our care and foster work-life balance among employees by organising a variety of employee activities including annual dinners, birthday parties, festival celebrations, team building activities, staff caring activities, outings, etc.



Distributing gifts on the International Women's Day



Handing out gifts on Dragon Boat Festival



Sending care under high temperature

Furthermore, we maintain regular communication with our employees to build mutual trust and good relationships with them. Employees are provided with various communication channels to express their opinions, including emails, bulletin boards, intranet message board and employee publications. A “CEO’s Mailbox” has been set up to create a space for open dialogue, allowing employees to have the opportunity to communicate directly with the management. We listen attentively to their requests and opinions and create the best working environment for them, in the hope to enhance their satisfaction and sense of belonging.

Labour Rights and Interests

The Group aspires to build an inclusive workplace culture, and to create a diverse and joyful working environment. We recruit, promote, and determine compensation based on the competencies, performance, and experience of job candidates and employees. Any form of discrimination based on gender, sexual orientation, age, marital and family status, pregnancy, disability, race, nationality, religion, etc., is strictly prohibited. Our Employee Handbook sets out the code of ethics for our employees, and requires them to respect each other.



We respect labour rights and prohibit any recruitment in violation of labour standards. We ensure strict compliance with relevant laws and regulations such as the Labour Law of the PRC (中華人民共和國勞動法) and the Regulations on Prohibition of Child Labour (禁止使用童工規定). Our Employee Handbook and Human Resources Policies set out detailed labour arrangements such as working hours, rest periods, overtime arrangements, holidays, and dismissals to ensure that employees enjoy sufficient rest days to avoid excessive or forced labour. To avoid child labour and illegal labour, our Human Resources Department would conduct detailed verification of the application information of candidates, including but not limited to age and employment information, and require them to produce valid identity documents. In the event that child labour is identified, we will promptly terminate the child labourer from working and escort the child labourer from the workplace. We will also investigate and notify law enforcement. During the Reporting Period, the Group was not aware of any cases of child or forced labour.

Occupational Health and Safety

As a responsible employer, the Group aims to provide a safe and healthy working environment for its employees. In this regard, the Group ensure strict compliance with relevant laws and regulations, including the Labour Law of the PRC (中華人民共和國勞動法), Law of the PRC on Occupational Disease Prevention and Control (中華人民共和國職業病防治法) and any other relevant laws and regulations. We have also established an occupational health and safety management system in Hangzhou PAX and Hunan Hisun, which have obtained the ISO 45001 certifications. Under such international management system, we adhere to the strict safety standards and adopt strict safety management manuals and measures to reduce and eliminate risks, thus ensuring that employees work in a safe environment. In order to improve employees' awareness on occupational health and safety, training sessions on occupational health and safety were provided for employees of our business segments during the Reporting Period, covering topics such as safe production, internal audit of occupational health and safety management system, fire safety, fire drills, etc.



We have formulated safety systems and emergency contingency plans related to production procedures, such as fire emergency plan, electrical emergency response plan, emergency evacuation plan, to strengthen employees' knowledge on safe operation by providing emergency response procedures and plans. In the event of an accident, employees will be able to analyse both the accident and the degree of hazard to implement emergency actions and conduct investigation by following the necessary procedures and plans. In addition, the Group remains vigilant of potential workplace hazards. A series of occupational health and safety measures has been implemented in our five major business segments, and assigned delegated staff in major businesses to monitor the measures implemented and thus, to reduce the risk of occupational injury:

 Safeguarding Employees' Health	 Safety Supervision
<ul style="list-style-type: none">• Arrange regular health check for employees to monitor their wellbeing• Purchase additional medical insurance for employees to satisfy their medical and healthcare needs• Cooperate with a gymnasium and subsidise employees to allow employees' access to designated gym rooms for fitness equipment to improve their physical and mental health	<ul style="list-style-type: none">• Conduct fire drills and regular inspections on a regular basis, to ensure all firefighting equipment is well-maintained• Provide employees with protective equipment such as face masks and anti-static gloves• Set up anti-static floor and anti-static mats in server rooms and product-testing areas in certain offices to prevent employees from electric shock and reduce accidents• Conduct power crisis identifications, check for abnormalities or aging conditions in distribution boxes and electrical wiring, and replace aging electrical equipment to prevent the risk of fire due to short circuits and power failure

During the Reporting Period, the Group did not record any lost days due to work injuries (2021: 3). At the same time, we have recorded no work-related fatalities in each of the past three years (including the Reporting Period). During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Response to the Risk of Novel Coronavirus Infection

In response to the coronavirus disease 2019 (the "COVID-19") pandemic, we have also implemented a number of pandemic prevention measures in our business segments, and continue to monitor the latest pandemic situation to reduce the risk of infection among employees.

Maintaining good communication

A COVID-19 control, prevention and emergency response plan is in place, which sets out the principles of pandemic prevention work, handling plan and responsibilities of each department. We provide employees with new pandemic prevention regulations and clear guidelines, including testing and isolation requirements, vaccination guidelines, travel notification measures, etc., to reduce the risk of infection for employees. We also update employees with the latest pandemic situations, government regulations and pandemic prevention information through various channels, such as the establishment of an internal "Pandemic Prevention Working Group" and producing promotional videos, posters, WeChat articles, etc., to enhance employee awareness.

Taking preventive measures

Employees are required to wear face masks in the office areas or upon contact with customers. Offices and public areas will be regularly sanitised, and employees are encouraged to check body temperature before going to work. Pandemic prevention materials, such as disinfectant, alcohol, masks, waterless hand sanitisers, thermometers, and gloves, etc., have been purchased and stocked. A takeaway and delivery station has been designated at office entrance to prevent the delivery personnel from entering the office areas, and people entering the office areas will be required to present their health QR code and travel QR code for tracking close contacts.

Training and Development


The Group highly values our employees and is keen to grow together with them. In order to assist employees in their career development and growth, we have formulated effective training systems and performance management systems to improve employees' knowledge and skills for discharging duties at work and to ensure that employees are provided with sufficient development and promotion opportunities.

In addition to the provision of orientation training for new employees, the business departments also formulate annual training plans, including training objectives, course plans and processes, aspiring to equip staff from different positions and duties for fulfilling their job requirements and career development. Apart from internal training, employees are also encouraged to attend external training, seminars, sharing sessions, etc. We will regularly summarise and review the annual training plan, with the aim of ensuring the effectiveness of such training plan, and will provide recommendations and also incorporate improvement plans into the future training plan. We also collect satisfaction scores and feedback from employees after the training, and provide training summary and recommendations to the management to improve the effectiveness of the training courses.

During the Reporting Period, the business departments initiated and provided a variety of training, covering customer service, personal growth, management training, professional skills, etc., to improve the skills and knowledge of employees in all aspects and help them achieve their potential.

- Business etiquette
- Communication skills
- Public speaking skills

Customer Service



- Corporate culture
- Sales skills
- Interview skills

Personal Growth



- Fire safety management
- Improvement of management skills
- Anti-corruption and compliance management
- Quality management
- Risk management

Management Training

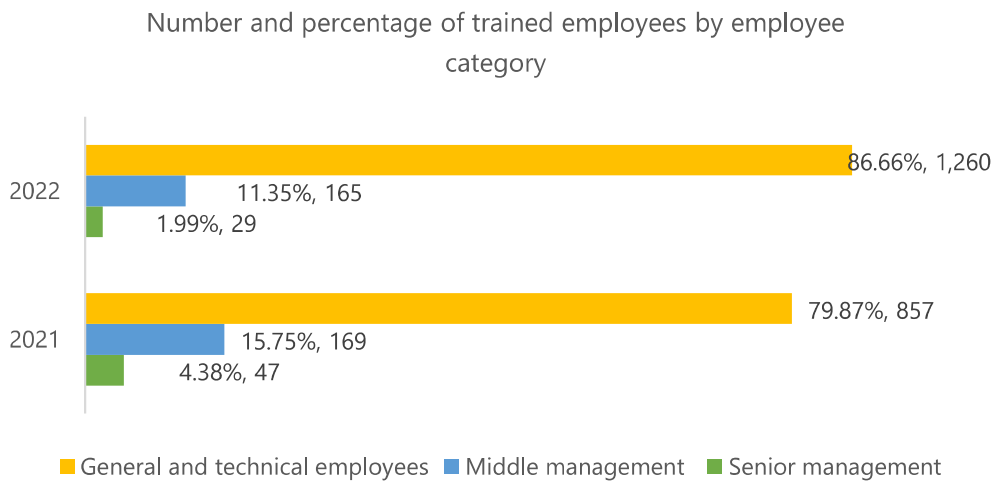
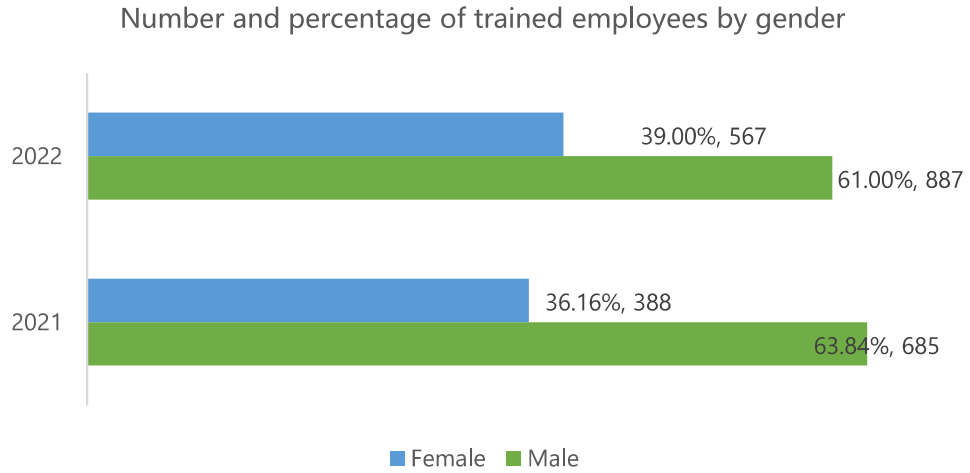


- Power engineering techniques
- Engineer training
- Production equipment maintenance and management

Professional Development



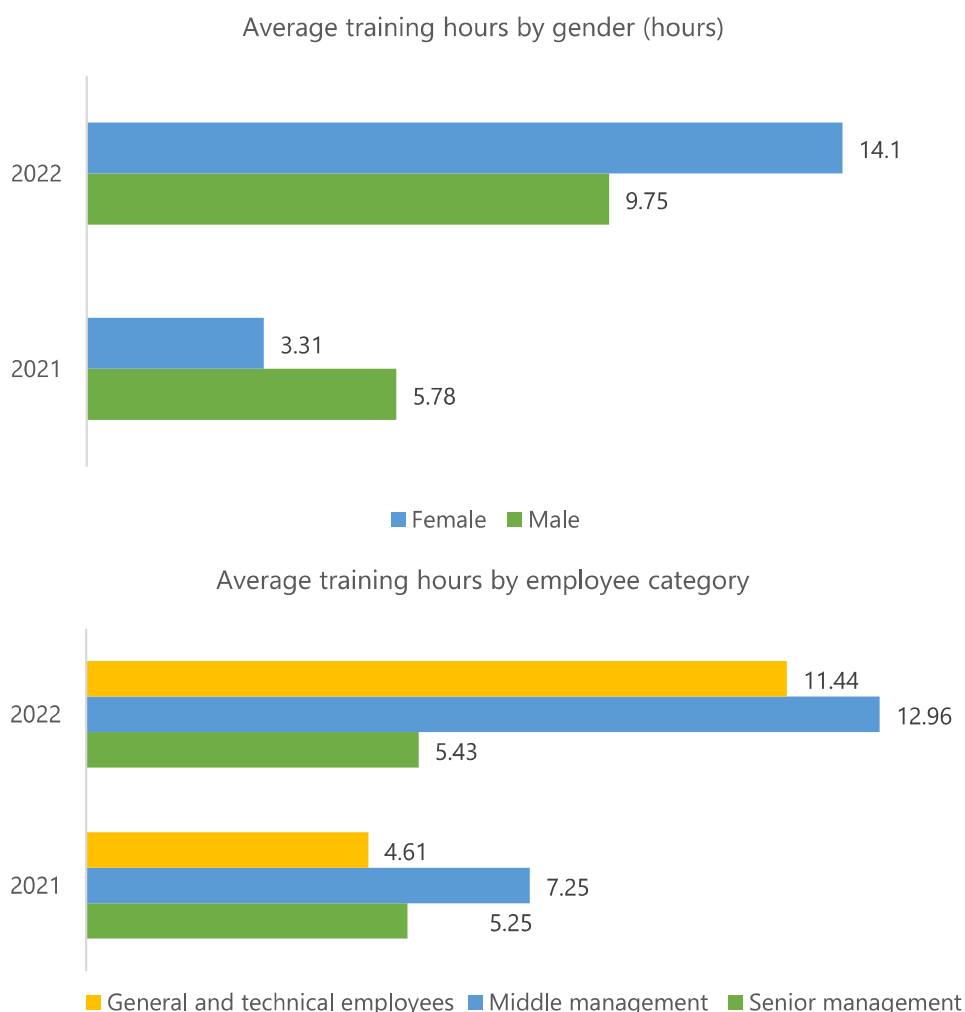
The following graphs show the number and percentage of employees trained by gender and employment category^{5,6}:



⁵ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

⁶ The calculation of the number and percentage of employees trained by gender and employee category only included the number of employees trained in the Group's major business segments in the PRC (including the data on those who left), to present an accurate reflection of the percentage of employees trained by gender and employee category.

The following sets out the average training hours by gender and employee category^{7,8}:



We provide our employees with ample promotion opportunities for career development. The Group conducts performance appraisals for employees every year, by assessing their work performance, achievements, skills, knowledge, management capability, communication skills, work attitude, interpersonal skills, discipline, etc., to determine their promotion opportunities and review remuneration packages.

⁷ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

⁸ The calculation of the average training hours by gender and employee category included the average training hours in the Group's major business segments in the PRC (including the data on those staff who left), to present an accurate reflection of the training resources invested by the Group.

Creating Value for Customers

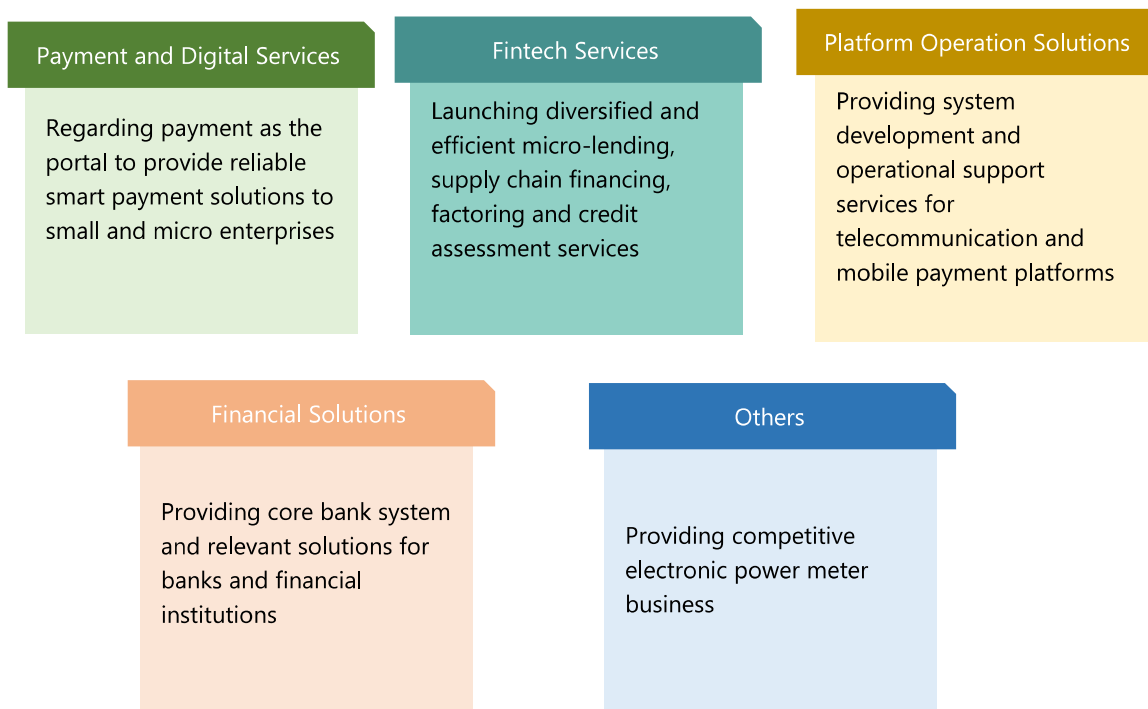
Adhering to the principle of “customer first”, the Group is committed to maximising the benefits for customers. The Group complies with local laws, regulations and industry regulatory standards, including but not limited to the Civil Code of the PRC (中華人民共和國民法典), Advertising Law of the PRC (中華人民共和國廣告法), the Patent Law of the PRC (中華人民共和國專利法), the Copyright Law of PRC (中華人民共和國著作權法), the Law of the PRC on the People’s Bank of China (中華人民共和國中國人民銀行法), the Administrative Measures for the Payment Services Provided by Non-financial Institutions (非金融機構支付服務管理辦法) of the People’s Bank of China, the Measures for the Administration of Bank Card Business (銀行卡業務管理辦法) and the UnionPay Card Merchant Risk Management Rules (銀聯卡收單機構商戶風險管理規則) to ensure business compliance and quality. During the Reporting Period, the Group was not aware of any material violations of applicable laws and regulations relating to health and safety, advertising, labelling, privacy matters of its products and services.

During the Reporting Period, the Group did not receive any material complaints⁹ about products and services (2021: 0¹⁰). During the Reporting Period, there were no products sold or shipped subjected to recalls for safety and health reasons (2021: 0). Please refer to this section for details on product quality management and complaint handling procedures.

⁹ Material complaints are defined as those that would result in long-term significant impact on our customers, or a failure to deliver agreed-upon service requirements.

¹⁰ Figure for 2021 has been adjusted to ensure data comparability.

With commitment to putting our customers first, we will strive to bring long-term benefits to our customers and create shared value through our five core business segments:



Payment and Digital Services

VBILL, a subsidiary of the Group responsible for the Payment and Digital Services business, is an offline smart payment platform in the PRC. As one of the few fully licensed payment companies in the PRC, VBILL has obtained a number of payment licenses and industry certifications, such as the National Bank Card Acquiring License, Internet Payment License, Mobile Phone Payment License and RMB Cross-border Payment License. The technology of VBILL has also received the Payment Card Industry Data Security Standard (“PCI DSS”) certification.

Continuously building upon four core capabilities: large-scale transaction handling and operation capabilities, data-driven intelligent application capabilities, comprehensive construction capabilities in offline scenarios and efficient channel sinking capabilities, VBILL provides small and micro enterprises with reliable payment and financial services, including offline acquiring, mobile payment, internet payment, cross-border payment, QR code payment, etc. During the Reporting Period, VBILL continued to open up overseas mainstream e-commerce platforms, built a global overseas payment network, and provided export enterprises with one-stop cross-border capital services such as cross-border payment collection, global payment as an agent, and foreign exchange management. VBILL has also launched a variety of smart products, including smart decision-making, smart marketing, smart account books, smart scales, etc., to comprehensively improve the operational efficiency of merchants.

Currently, VBILL has engaged with the most offline small and micro enterprises among all acquiring organisations, and ranked amongst the top ten bank card acquiring organisations. It also owns a huge pool of merchants by having introduced a large number of SaaS service providers, with business covering the PRC, Hong Kong, the USA, Japan and Singapore, other countries and regions.

Innovation and Development

To maintain a leading position in the payment industry in the PRC, the Group actively promotes innovation and development by continuously offering necessary support and resources to the R&D team. During the Reporting Period, VBILL obtained a total of over 50 software copyrights and 5 patents.

Payment Security

As a payment and digital services provider, we pay great attention to payment security to ensure that merchants can enjoy convenient services. To enhance the security of payment information, we continue to improve our products through innovation and development. Employees of VBILL are provided with internal systems such as the Integrated Risk Management Plan, Emergency Response Plan, Emergency Drill Plan, and the Internet Security Management System, with guidance on ways to identify risks such as suspicious transactions, fraudulent transactions, bank errors, and warnings from external institutions, as well as remedial measures and mechanisms in the event of an accident. In order to provide clear guidance for employees when dealing with risks, we have divided risk events into 4 levels and specified the response time of each level. We also regularly provide employees with data security evaluations and assessments to equip all employees with relevant response abilities.

Merchant Inspection

- We conduct reviews on the operation and licensing status of new merchants through on-site visits, telephone communication and inquires to relevant organisations or government departments to ensure that there are no unusual circumstances before signing with them. We also conduct on-site inspection to check the transaction situation of merchants
- We classify the risk level of merchants. For merchants with higher risk, such as merchants dealing in easily realisable products like jewellery, watches, computers, etc., merchants who have had suspicious transactions, suspected of fraudulent transactions or suspected of assisting card holders to cash out funds through transactions, etc., we will conduct more frequent on-site and telephone inspections to check their use of POS terminal, receipts and daily operations in order to identify and mitigate relevant risks in a timely manner

Daily Trading Risk Management

- If material risks are identified in daily operation, such as abnormal transactions, money laundering, illegal business activities, etc., or warnings from external institutions (including bank errors or warnings, blacklisting or requests for investigation assistance from the People's Bank of China (the "PBOC"), Payments and Clearing Association of China, the Ministry of Public Security of the PRC, UnionPay, other banks or other institutions), we would initiate relevant risk coordination procedures and actions, including terminating the payment transaction function of accounts with capital or material risks, freezing the accounts of merchants, suspending transactions, withholding payments, deferring settlements and adjusting transaction limit, etc.

Data Security

- General information and confidential information from customers would be stored separately. Confidential information would be encrypted to prevent leakage
- In terms of the server room in operation locations, we only open access rights Internet Protocol Address ("IP Address") verified by our internal office network and block all external internet visitors
- In case of any catastrophic event that results in business disruption, we would synchronise the core data in the major server room to the core database in the disaster recovery centre in real time to back up the data and prevent the loss of important data
- A variety of data security devices and systems, including bank-level back-office support system, external network firewall, external network Distributed Denial of Service ("DDoS") device, Intrusion Prevention System ("IPS") device, Web Application Firewall ("WAF") device, database firewall, bank access zone firewall and other data security equipment have been set up

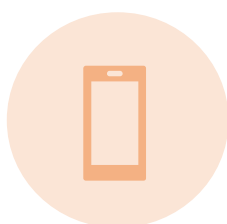
Response to Cybersecurity Risks

Online payment could be a common target for cybercrime and hacking. To protect the interests of merchants and consumers, we have developed a set of "Capital Monitoring System" covering the functions of "prior warning notification", "verification in-between the event" and "post-notification" to protect the security of the fund settlement process and reduce the risk of hacker attacks. The system is equipped with the payment information interception and UnionPay abnormality call-back warning technology, which acts as a major barrier to hacking activities such as network attacks and payment information pampering. The main functions of the "Capital Monitoring System" include:

- Interception of payment information for the verification of consistency of payment information on receipts and settlement bills;
- Cross-checking the information subsequent to a successful payment. Warning will be issued in case of any abnormalities;
- Extension of the payment settlement mode of the settlement system to prescribe the daily single transaction limit per card and the imposition of guarantee limit in the settlement system, enhancing security through limit interception in the settlement system;
- Retrieval and cross-checking of the payment reconciliation documents from UnionPay every hour. Warning will be promptly issued in case of discrepancy in the transaction number, amount, card number, account holder or payment reference number;
- Regarding swipe-and-pay real-time payment, the settlement system aggregates the transaction amounts on a 1-minute basis and monitors the total transaction amount in an all-round way. Warning will be issued if the aggregate transaction amount exceeds 20% of the average transaction amount for the same period of time in the latest 3 days; and
- Monitoring transaction amounts of TN-type payment on a daily basis. Warning will be issued if the increase in daily transaction amount exceeds the previous day by more than 20%. In respect of payments-on-behalf-of ("POBO") and bank POS system, the system will aggregate the real-time transaction amounts every 5 minutes, and the system will issue a warning immediately when the warning threshold is exceeded.

Merchant-oriented

As one of the most trusted financial and payment platforms for merchants, we have served more than 3 million merchants over the years. We devote efforts to build trusted and long-term relationships with customers, by communicating with and collecting feedback from them, through a variety of channels such as applications, websites and surveys.



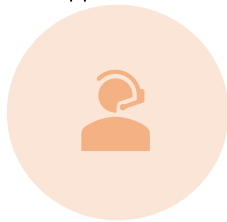
VBILL Payment Application



Official Website of the Group



Online Customer Service



Telephone Hotline



Artificial Intelligence ("AI") Customer Service Hotline



Customer Survey

Upon receipt of the comments and feedback from customers, we would handle them by referring to the procedures and standards in the Customer Complaint Management System, and make improvements based on customer feedback to ensure customer satisfaction.

In addition to maintaining close online communication with customers, our customer service team would also visit special merchants regularly to understand their usage of POS, and check the operation status of terminals, transaction process, merchants' operation situation, transaction authenticity, transaction abnormalities, etc., to ensure smooth transactions. Training and assessments on the practical operation of machinery and bank card acceptance would be provided to ensure relevant merchants have sufficient knowledge on the way to operate the terminals and bank cards, as well as how to prevent transaction risks.

Fintech Services

The Group's "Fintech Services" segment primarily provides supply chain financial technology, micro-lending and factoring services to large banks, core corporate suppliers, corporate financial platforms and bill-holding enterprises, covering micro-lending, supply chain finance, factoring business, credit assessment services, etc.

During the Reporting Period, we created two product service platforms: "Suixin Cloud Chain Financial Service Platform" ("Suixin Cloud Chain") and "Commercial Bill Financing Service Platform". In addition, we provide financial support to many small and micro enterprises through direct connection to banks, issuance of asset-backed securities schemes, and through our small loan companies and factoring companies.

Suixin Cloud Chain

Suixin Cloud Chain is our self-developed supply chain financial service platform. Relying on financial technologies such as blockchain, big data, cloud computing, etc., it helps to solve the problems of difficult, expensive and slow financing for small and medium-sized enterprises along the industrial chain.

Commercial Bill Financing Service Platform

The Commercial Bill Financing Service Platform, relying on the abundant resources on cooperation with financial institutions, provides one-stop standardised bill services. It also provides small and medium-sized enterprises with efficient, convenient, compliant, and safe financing services.

Improving Customer Experience

We continue to innovate and monitor market trends and market needs to enhance customers' experience and satisfaction. Meanwhile, a committee comprising multiple departments has been set up to review and manage risks in the business. We have implemented a series of systems and management processes related to factoring business management, project inspection, customer relationship management, etc.

Listening to Customers

Customers' opinions are valued. We actively listen to their voices and make improvements, by providing various channels such as customer service hotlines, emails, online groups and customer satisfaction surveys for their feedback on our services and products. Upon receipt of customer complaints, we would take the initiative to contact the customer, conduct a thorough investigation and take remedies and rectifications to enhance customer satisfaction.

Protecting Customer Personal Information and Data

As our fintech activities involve the collection of a substantial volume of customer data, such as personal information, identity card number, financial information, credit rating and other sensitive information, we strictly abide by applicable laws and regulations such as the Law of the PRC on the Protection of Customer Rights and Interests (中華人民共和國消費者權益保護法), Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) and the Data Security Law of the PRC (中華人民共和國數據安全法). We have formulated personal information protection policies and privacy policies, etc., to clearly explain the purpose of personal data and collection details to customers, so as to protect their rights and interests. Meanwhile, to protect customers' personal data, we have established a data protection system and implemented data security measures that meet industry standards, including:



Conducting regular data reviews to monitor abnormalities of data



Establishing an access authority mechanism to ensure that only authorised persons have access to customer information

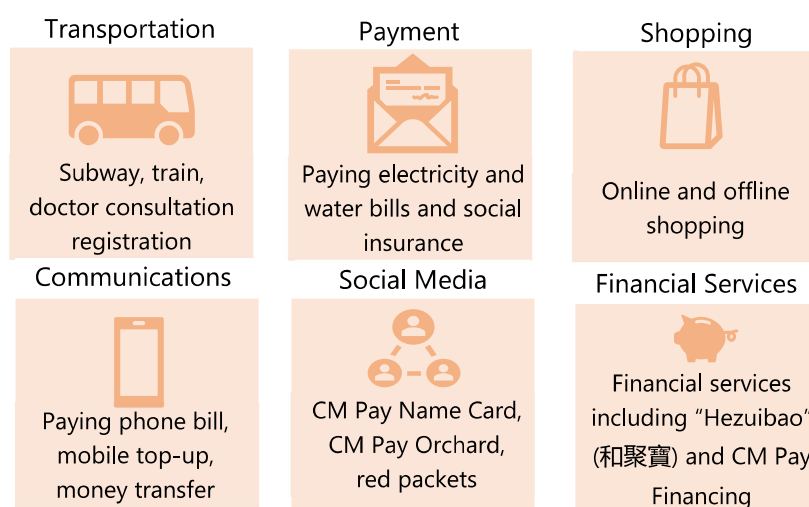


Using encryption technology to keep data confidential and store sensitive customer information in an encrypted way

The Cybersecurity Emergency Response Plan has been formulated, by providing guidance for employees to understand how to implement response measures in the face of network security risks such as cyberattacks. We also regularly arrange training courses regarding security and customer privacy protection to enhance employees' awareness on data security.

Platform Operation Solutions

Hunan Hisun is a leading payment platform and telecommunications solutions provider in the PRC, principally engaged in providing professional services to support activities including business operation, product development, and system maintenance in areas ranging from third-party payment, mobile internet, internet finance, information security, risk control and beyond. Our technology and service quality have obtained various international and national certifications, such as the PRC's High and New Technology Enterprise ("HNTE"), Software Enterprise of Hunan Province Economic and Information Technology Committee (湖南省經濟和信息化委員會), ISO 9001 Quality Management System certification, Capability Maturity Model Integration ("CMMI") Level 5 Optimising Certification, First-Level Capability Requirement certification of Communication Network Security Service Capability Assessment Certificate (通信網絡安全服務能力評定證書) issued by the China Association of Communications Enterprise and the Information Technology Service Operation and Maintenance Standard Compliance Certificate (信息技術服務運行維護標準符合性證書), etc.



Currently, we remain in cooperation with China Mobile in building and operating CM Pay Platform (和包), an integrated mobile payment platform. Additionally, we continue to jointly develop products and technical services supporting the business operations, system maintenance and other needs of CMFT, enabling over 100 million users to engage in various activities including payment, shopping, communications, social media, transportation as well as financial services on the mobile application. Meanwhile, we are also actively expanding technical service opportunities beyond the operator's system, such as technical services in the securities industry.

Project Quality

The Group has always supported innovation and development for the continuous improvement of our project quality. We obtained 4 new software copyrights during the Reporting Period, with a total of 65 software copyrights.

For the purpose of improving the quality, safety and efficiency of our products and processes, we have developed a series of project quality control procedures to ensure strict quality monitoring during demand analysis, product design and development, system testing, production and other stages. R&D personnel are required to conduct rigorous inspections in accordance with the Quality Assurance Procedures to ensure that the projects meet the relevant requirements and standards at each stage, as well as review the work performed during the project, including the technical design, coding, testing samples and detailed plan of the project according to the Review Procedures. In the meantime, we regularly perform quality testing, including unit testing, System Integration Testing ("SIT") and User Acceptance Testing ("UAT") to ensure that only projects that have met the standards can be put into production.

Once the project is determined to be put into production, we would handle the technical problems encountered by following the procedures established in the Daily Application and Maintenance Operation Manual, such as system failure, abnormalities in voice payment and cash shortage. We also maintain close communication with our customers, especially China Mobile, to understand and meet their requirements and expectations in our joint operations and product development. We regularly hold internal quality reviews, with China Mobile being responsible for supervising the review process and for rating the platform stability, successful rate of transactions, handling of system failure, server room management, data security and system maintenance. During the Reporting Period, the review of the CM Pay platform application software optimisation and improvement project of China Mobile reached an average score of 97.94, while the performance of the system maintenance service gained an average score of 99.52.

Data Security

We prudently manage activities involving information security to prevent the loss of customers' personal information and important data. In line with such efforts, our information security management system has obtained the ISO 27001 certification to ensure that data security risks in the development, operation and maintenance of software are effectively addressed. We have implemented a range of data security measures under our information security management system, including:



Routine network equipment inspection (including routers, firewalls, switches, etc.)



Data back-up



Access restriction of server room



Scan on network security vulnerabilities



Two-way authentication



Three-level key management system and cryptographic device

Financial Solutions

ABS is a subsidiary of the Group mainly engaged in solutions, products and services in the financial industry, focusing on the development of Innovative Banking Suite (“IBS”). ABS provides all-rounded financial solutions such as financial industry advisory services, solution design and implementation for its major customers (including large state-owned banks, commercial banks in the PRC, etc.). Boasting professional financial business experts, technical experts, and an R&D team equipped with professional techniques and innovative ideas, ABS is one of the most influential financial solution providers in the PRC. ABS is closely monitoring the emerging developments of the financial market and launching diversified business systems, including but not limited to: Fast Payment System (“FPS”), Open Application Programming Interface (“Open API”) Management Platform, Anti-money Laundering, Regulatory Statements and Virtual Bank Core Systems (“VBANK”). As an enterprise focusing on innovation, we attach great importance to the downshift of business systems. During the Reporting Period, BOC Hong Kong and BOC Macau successively kick-started system migration following China Guangfa Bank’s overall downshift of its core banking system.

As one of the Group’s major subsidiaries, Hi Sun Global focuses on financial technology and system implementation to deliver turn-key solutions and digital transformation services for the financial services industry, including providing core banking, e-banking, customer management, lending, payments, banking engines and other systems and solutions to retail banks, corporate banks, private banks, virtual banks, lending institutions, and payment providers and merchants. Hi Sun Global has enjoyed many successful cases in the PRC and has developed over 30 overseas projects. Our remarkable achievements and long-term position as an industry leader have resulted in our consistent ranking amongst the top 100 leading IT solution providers in the PRC. During the Reporting Period, we actively expanded our overseas market, achieving significant results in the newly developed decentralised and micro-service core systems. Hi Sun Global also cooperated with a cloud vendor to actively develop technical solutions for migrating from IBM mainframes to the cloud.

During the Reporting Period, the Financial Solutions business segment obtained 15 new software copyrights, with a total of more than 80 software copyrights.

Product Quality and Safety

During the Reporting Period, ABS obtained Level 5 certification of CMMI issued by the Institute of Software Engineering in the USA and Level 2 certification of System Integration Corporate Ability Standard of the China System Integration Industry Association. Furthermore, the Financial Solutions segment has established the Quality Manual based on the requirements of the international standard ISO 9001, specifying the stringent procedures including product requirement evaluation, design, development, and control of disqualified products. We have also formulated annual quality targets, including targets on customer satisfaction, etc. We conduct training, data collection and analysis, quality review, etc., according to the Quality Assurance Procedure to ensure that the product quality meets the standard before production.

During product development, we set quality standards with the Project Quality Management Standards to define the requirements of business functions, technical indicators, project engineering evaluation, project testing, technical documents, etc. We also conduct technical tests such as safety tests, stress tests and system anomalies. If any problem is identified during testing, we would rectify the problem in accordance with the Quality Improvement Management Procedures and conduct investigation to determine the cause of the problem.

In order to ensure that the products meet the quality standard, if the products are found to be below par after being provided to customers, we would recall and suspend the products, make corrections to the unqualified products and verify whether the products meet the quality standard.

Data Security

To guard against data security, we have developed a robust information security management system for business segments. For example, Hi Sun Global has established an information security management system in accordance with the international ISO 27001 standard to ensure that data protection processes comply with international standards. To prevent data leakage and loss of customer information in our systems, our Information Security System has stated our employees' responsibilities and measures related to data protection, including installation of anti-virus software and firewalls on computer devices, setting access rights to servers and websites, and reviewing website data with senior management. We also store and back up data on our internal servers to prevent data loss due to incidents such as cyber-attacks. Cybersecurity training is also conducted to strengthen our employees' relevant knowledge on relevant topics.

Response to Clients' Opinions

We collect customer feedback through the Project Stage Acceptance Report and the Client Service Record Form. Moreover, clients from development projects and maintenance projects are regularly invited to fill in the Customer Satisfaction Survey to evaluate their satisfaction with the technical level of project personnel, smoothness of communication, project status, etc. Customers can reach us through face-to-face visits, telephone hotlines, emails, letters, or websites in case of any opinions about our products and services. In response to customer complaints, employees are instructed to contact the customers and follow up with the complaints in a professional and timely manner in accordance with the Client Complaint Management Procedures. Meanwhile, details of the complaints would be logged and reported to the relevant departments to develop improvement plans. We would maintain communication with the customers by reporting the progress and the remedial measures. Once the complaints are resolved, we would continue to follow up with the customers to ensure that their requirements are met.

Others

Hangzhou PAX is a national-level high-tech enterprise integrating R&D, manufacturing and sales to manufacture electronic power metre equipment and provide all-rounded solutions. We have successfully developed hundreds of electronic power meter products, terminals and systems. Products include single-phase and third-phase electronic power meters, single-phase and third-phase pre-paid electronic power meters, third-phase electronic multi-function power meters, substation acquisition terminal, residential centralised meter reading system, etc., providing customers with diversified electronic power meter products and solutions. During the Reporting Period, we obtained 2 invention patents among a total of 13 effective patents and over 54 software copyrights certifications. Currently, we are actively following up with the research and construction work of the latest national standard specification for electronic power meters issued by the State Grid Power Research Institute. Our products comply with multiple national and industry standards, such as the Metrology Law of the PRC (中華人民共和國計量法), Electricity Metering Equipment (AC) Particular Requirements (交流電測量設備特殊要求), Specifications of Third phase Intelligent Electronic Power Meter (三相智能電能表型式規範), Specifications of Single phase Intelligent Electronic Power Meter (單相智能電能表型式規範), to ensure that our products are maintained at the highest level.

Quality and Safety

Our production and quality system has obtained the ISO 9001 quality management system, National Measurement and Testing System issued by General Administration of Quality Supervision, Inspection and Quarantine of the PRC, Provincial Standardisation Certification, National Metrology Institute of Germany ("PTB") certification, KEMA Power Safety Quality Certification issued by Keuring Van Elektrotechnische Materialen and Measurement Instrument Directive ("MID") of the European Union. A large amount of advanced automation equipment has been adopted in the production process to ensure that the production quality is effectively controlled. We develop quality control processes and systems for the stages of R&D, goods receipt, manufacturing and after-sales to ensure quality and safety levels.



R&D

We have established the R&D Management System to regulate the procedures and standards of the entire R&D process, including design concept, planning and design, development and testing, verification, and release. We conduct regular project reports and meetings to follow up the progress of R&D projects, and identify and solve existing problems. All products are required to pass unit, integration, model and performance tests, to ensure all national and industrial regulations as well as clients' requirements have been met before being put into production.



Goods Receipt

After purchasing raw materials and components from suppliers, we conduct inspections on the appearance, performance and functions of the supplies based on the GB / T2828 Counting and Sampling Inspection Procedures (GB / T2828 計數抽樣檢驗程序). When we allocate part of our products to be manufactured by outsourced contractors, we will conduct regular sample checks to ensure safety and product quality.



Production

We conduct routine inspections regarding products certified by China Quality Certification Centre ("CQC"). Appearances and functions of products will be inspected. Every year, we also inspect material product components such as transformers, relays and chips. Only products that have passed the inspections can be packaged. If any defective products are identified, we will conduct analysis to propose improvement plans. We also perform inspection before product delivery and record the results in the Delivery Inspection Report. The functions, appearances and packaging of products will be inspected. Only products that have passed the inspections and meet the requirements of relevant laws and regulations, industrial, national and international standards can be delivered to clients.



After-sales

If any defective product is identified among chips sold, we would take the initiative to contact the customer, conduct analysis of the defective product for proposing countermeasures, and arrange returns or refunds on a case-by-case basis.

Customer Service

In order to provide the most caring customer service, our customer service centres provide one-stop services. Customers can inquire before purchasing products and make an appointment for maintenance or other after-sales services. They can also visit any customer service centre across the country, raise their opinions or make enquiries through the 24-hour customer service hotline. If there is a problem with the customer's product, we provide on-site service and repairs. To understand customer feedback and needs, we also invite customers to fill in the Customer Satisfaction Survey every year to provide valuable feedback on product quality, product functions, technical capabilities, service attitude, etc., to help us improve our service quality.

Protecting Customer Privacy

We have established stringent privacy protection policies and procedures for our operation team to ensure that all employees prudently handle sensitive information with care. Employees are forbidden to disclose any customer information to third parties without prior consent. We require our business partners, outsourced suppliers and merchants to protect the privacy of client information and sign the Confidential Agreement to prevent data breaches.

Observing and Protecting Intellectual Property Rights

The Group respects intellectual property rights and has the responsibility for safeguarding our innovative R&D achievements. To prevent infringement of intellectual property rights, we strictly abide by the relevant laws and regulations such as the Patent Law of the PRC (中華人民共和國專利法) and the Copyright Law of the PRC (中華人民共和國著作權法), and also apply for patents and software copyrights for our R&D achievements to protect the interests of the Group.

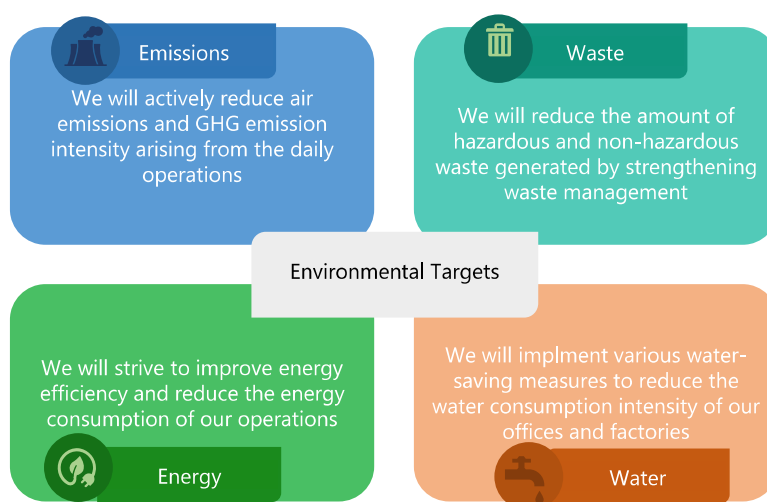
Advertising and Product Labelling

Accurate and authentic advertising and product labelling are essential to the Group's corporate identity and are in line with our sustainability strategy principles. To ensure the authenticity of advertising content, we strictly comply with relevant laws and regulations, including but not limited to the Advertising Law of the PRC (中華人民共和國廣告法) and the Laws of the PRC on the Consumer Rights and Interests (中華人民共和國消費者權益保護法). We strictly review our promotional materials to ensure that the content does not contain any false information and statements, protecting the rights and interests of consumers and enabling consumers to make appropriate decisions. Our product labels are strictly reviewed before product delivery to ensure compliance with all relevant standards.

Creating Value for the Environment

The Group is conscious about the impact of its operations on the environment through energy consumption and waste generation. In an effort to reduce the environmental impact of our operations and combat climate change, we have established an environmental management system in accordance with ISO 14001, as well as strictly abiding by the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) and the Law of the PCR on the Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法). During the Reporting Period, we were not aware of any material violations of any environmental-related laws and regulations by the Group and its subsidiaries.

We enhanced our environmental targets during the Reporting Period to promote the implementation of green operations by our business departments and employees. Our environmental targets related to air and greenhouse gas (“GHG”) emissions, waste, energy efficiency and water efficiency are outlined below:



The Board confirmed the environmental targets during the Reporting Period. We will review our progress towards the targets in a timely manner, and adopt corresponding measures to achieve these targets.

Combating Climate Change

As stakeholders' concerns about climate change continue to grow, the Group recognises the importance of addressing climate change in its operations. The increased frequency of extreme weather events brought about by climate change may threaten the safety of our employees, damage our infrastructure, and cause business disruptions resulting in revenue loss.

We have incorporated climate-related policies into our ESG Policy, to encourage our employees to tackle climate change by implementing energy-saving measures and enhancing their environmental awareness. We also actively address climate change through the following measures:

Mitigating Climate Change

- Implementing various environmental protection measures, actively achieving the target of emission reduction and implementing low-carbon operations, to achieve effective control and reduction of greenhouse gas emissions

Adapting to Climate Change

- Strengthening the climate risk response measures and integrating them into daily operations and future business development, to improve the ability to adapt to climate change

In order to identify and respond to climate-related risks, we have incorporated physical and transitional risks related to climate change into our risk assessment and management mechanism. The table below sets out the identified climate-related risks and our responses, during the Reporting Period.

Risk Category	Description of Risk	Responses
Physical Risk	Acute risks (e.g., floods) or chronic risks (e.g., persistent high temperatures, sea level rise) related to extreme weather events may impact business operations and supply chain continuity, damage assets and/or equipment, and increase health and safety risks for employees	<ul style="list-style-type: none"> • Establish an emergency response mechanism, including emergency plans and drills, to ensure that employees are aware of crisis management measures • Arrange flexible working hours according to weather warning to prevent accidents • Remind employees of safety issues and work arrangements related to extreme weather • Insure factories' machinery and inventory to avoid revenue loss • Maintain strong supplier relationships to manage delays caused by extreme weather
Transition Risk	Changes in climate policy, technological developments and shifts in market preference may have an impact on the Group's finance and reputation	<ul style="list-style-type: none"> • Continuously assess, monitor and manage climate transition risks • Closely monitor changes in relevant laws and regulations, government's policy trends, technological developments and market trends

Air Emissions and Greenhouse Gas Emissions

The Group's air emissions and greenhouse gas ("GHG") emissions are primarily derived from the use of electricity in our operations, the consumption of diesel and petrol fuel by company vehicles, and the production processes of the factories. Air emissions testing is conducted regularly to ensure air emissions meet regulatory requirements. For example, during the Reporting Period, Hangzhou PAX performed testing on pollutant emissions such as nitrogen oxides and carbon monoxide, as well as tin, lead and their respective associated compounds. As part of our efforts to save energy and reduce emissions, we have implemented a series of green operation measures to achieve energy efficiency, and/or reduce GHG emissions.

Green Operation Measures

- Encouraging employees to take public transport instead of private vehicles
- Using video conferences instead of business trips whenever possible
- Requiring employees to switch off electrical appliances when leaving
- Setting air-conditioning at office at designated temperature to reduce energy consumption
- Prioritising appliances with Grade 1 energy label
- Encourage planting in offices to improve indoor air quality

The Group's energy consumption and air and GHG emissions data¹¹ during the Reporting Period and year 2021 are listed below:

	Unit	2022	2021 ¹²
Emissions			
Air emissions			
Nitrogen oxides (NO _x)	kg	18.01	21.98
Sulphur oxides (SO _x)	kg	0.45	0.45
Particulate matters (PM)	kg	1.33	1.62
Total GHG emissions ¹³	tonnes of CO ₂ e	1,222.56	1,251.90
Direct emissions (Scope 1)	tonnes of CO ₂ e	81.85	81.09
Indirect emissions (Scope 2)	tonnes of CO ₂ e	1,141.17	1,171.27
GHG removals from trees (Scope 1)	tonnes of CO ₂ e	0.46	0.46
Total GHG emissions per floor area (Scope 1 and Scope 2)	tonnes of CO ₂ e/sq. meter	0.05	0.05
Energy Consumption			
Total energy consumption	MWh	2,150.42	2,197.40
Purchased electricity	MWh	1,870.46	1,919.79
Unleaded petrol	MWh	279.96	277.61
Total energy consumption per floor area	kWh/sq. meter	84.84	90.44

¹¹ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

¹² Figures for 2021 have been adjusted to reflect the actual situation.

¹³ According to the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) issued by World Business Council for Sustainable Development and World Resources Institute, scope 1 direct emissions cover GHG emissions directly produced by businesses owned or controlled by the Group, while scope 2 indirect emissions cover GHG emissions of "indirect energy" resulted from electricity (purchased or acquired), thermal energy, refrigeration and steam internally consumed by the Group.

Waste and Packaging Material Management

The non-hazardous waste generated from the Group's operations mainly includes general office refuse, waste papers and office supplies, while hazardous waste, such as batteries, tin ash and circuit boards, are produced by our businesses involving manufacturing. For the prevention of environmental pollution, third-party contractors have been appointed to handle and dispose of hazardous waste and domestic waste. We also implement measures such as recycling and reuse to reduce waste generation. The waste management measures that we have implemented are detailed below.

Waste Separation	Recycling and Reuse	Source Reduction
<ul style="list-style-type: none">• Separate non-hazardous waste and hazardous waste• Collect non-hazardous waste including general office refuse and wasted office supplies which will be transported by authorised organisations• Collect batteries, tin ash, circuit boards and other hazardous waste separately and store them in designated sealed containers which will be handled by certified recyclers	<ul style="list-style-type: none">• Dual printing and reuse of paper• Use reusable bags instead of one-off plastic bags	<ul style="list-style-type: none">• Reduce the use of plastic bags• Adopt e-communications to replace paper where possible

To reduce waste generation and resource consumption, we also continuously monitor the consumption of packaging materials, reduce packaging material consumption and use more environmentally friendly materials when possible.

The following outlines the waste emission and packaging material consumption data of the Group during the Reporting Period and year 2021¹⁴:

	Unit	2022	2021 ¹⁵
Emissions			
Total hazardous waste generated	tonnes	0.16	0.20
Total hazardous waste produced per floor area	g/sq. meter	6.31	8.23
Total non-hazardous waste generated	tonnes	92.69	103.67
Total waste disposed	tonnes	92.65	103.64
Total waste recycled	tonnes	0.04	0.03
Total non-hazardous waste generated per floor area	kg/sq. meter	3.66	4.27
Packaging material			
Total packaging material	tonnes	1.21	2.10
Paper	tonnes	1.21	2.10

¹⁴ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

¹⁵ Figures for 2021 have been adjusted to reflect the actual situation.

Water Resource Management

To cherish water resources, the Group makes every effort to reduce water consumption and pollution. Our factories conduct regular wastewater discharge tests to ensure that the water quality standards are met. We also closely monitor the water consumption in our offices and factories, and implement water conservation measures including:

- Adopt dual flush system in toilets to conserve water;
- Regular maintenance of faucets, pipes and equipment such as valves, flush and valves to improve water use efficiency;
- Repair or replace damaged equipment in a timely manner to avoid water wastage; and
- Set up water conservation reminders in conspicuous locations and near equipment to raise employee awareness.

During the Reporting Period, the Group did not encounter any issues in sourcing water. The total water consumption data of the Group during the Reporting Period and year 2021^{16,17} is as follows:

	Unit	2022	2021
Use of Water Resources			
Total water consumption	m ³	12,623.00	15,828.45
Total water consumption per floor area	m ³ /sq. meter	0.50	0.65

¹⁶ Due to the adjustment of the reporting scope during the Reporting Period, the statistics of the two years cannot be compared directly.

¹⁷ As certain property management companies were not able to provide water consumption records of individual users, the total water consumption does not cover headquarters of VBILL, VBILL Yinqi (銀企) office, Nanchang VBILL, Commercial Factoring, ABS – Hisun Beijing office and ABS – Hisun Shanghai office.

Noise and Indoor Air Quality Management

Apart from closely monitoring emissions and energy consumption, the Group also monitors noise caused by factory operation and indoor air quality of offices, to enhance environmental quality. Hangzhou PAX regularly conducts industrial noise testing to ensure compliance with the Emission Standard for Industrial Enterprises Noise at Boundary. Hi Sun Global also commissioned a third party to conduct indoor air quality testing and treatment during the Reporting Period to ensure compliance with national air quality standards.

Green Production

The Group actively mitigates the negative impact of daily operations on the environment and natural resources. We have established an internationally recognised ISO 14001 certified environmental management system for our business segments, and implemented environmental protection measures in our product design, procurement, production and scrapping processes to build sustainable green operations.

Choosing environmentally friendly raw materials

Prioritising the use of recycled materials and lead-free solder and choosing plastics without halogen flame retardants to prevent emission of toxic gas when using flame retardants.

Easy to disassemble and recycle

Adopting design elements that favour disassembling and recycling during product design when possible for the sake of easier recycling during product disposal, mitigating the burden on landfills.

Ensuring compliance of pollution

Engaging third-party testing organizations yearly to conduct inspection on wastewater, air emissions and noise generated during the production process to ensure that the emission concentration complies with the standards of the Integrated Wastewater Discharge Standard (污水綜合排放標準), the Indirect Discharge Limitation of Industrial Wastewater Containing Nitrogen and Phosphorus (工業企業廢水氮、磷污染物間接排放限值), the Integrated Emission Standard of Air Pollutants (大氣污染物綜合排放標準) and the Emission Standard for Industrial Enterprises Noise at Boundary (工業企業廠界環境噪聲排放標準) and other requirements to avoid emissions from causing material pollution to the surroundings.

Prohibiting the use of hazardous materials

Requiring raw materials, components and semifinished products suppliers to sign the relevant statements in the RoHS, ensuring that their supplies do not contain forbidden hazardous chemicals or the concentration of chemicals contained does not exceed the regulatory level, to prevent our products from causing material pollution to the environment.

Creating Value for the Community

The Group shoulders corporate social responsibility, by contributing to the community while focusing on business development. We encourage our employees to participate in community activities as part of our ESG Policy, and continue to help the needy in the community through community donations and participation in volunteer activities. During the Reporting Period, our community activities focused on addressing the needs of the local communities which include the aspects of poverty alleviation, promoting historical culture, supporting education and academic research, and promoting volunteerism, with a total of over RMB 2.9 million donated for charitable purposes.

Poverty Alleviation

The Group has been conscious about the disadvantaged, especially those living in rural villages. During the Reporting Period, we supported the underprivileged groups in Gansu and Ningxia villages through donations to improve their living standards. We also made donations to the Beijing Shijingshan Red Cross to provide financial support to enhance its poverty alleviation efforts.

Promoting Historical Culture

The promotion of traditional culture is one of the areas on which the Group places emphasis. During the Reporting Period, we made charitable donations to the China International Culture Exchange Foundation to foster international cultural exchange and cooperation.

Supporting Education and Academic Research

During the Reporting Period, the Group offered scholarship to Peking University and subsidies to its Centre for Chinese and Global Affairs, in support of their efforts in academic research development and education.

Promoting Volunteerism

We donated to the China Volunteers Association during the Reporting Period, with the aim of helping the association organise more charity events and services, to promote the culture of volunteering.

Looking Forward

Despite the challenges of the pandemic, the Group continues to adopt a robust governance structure, and is committed to integrating ESG efforts into our business operations. During the Reporting Period, the Group was once again recognised for its technology and product innovation, including attainment of various R&D achievements and product certifications, and will invest in R&D in the coming year to provide our customers with the best products and solutions. To better address environmental and climate-related challenges, the Group will set environmental targets and review relevant mitigation and resilience measures in a timely manner, to help further reduce our environmental footprint and combat climate change. By continuously adhering to the "people-oriented" approach, we will maintain a safe and joyful workplace for our employees. In the future, to promote staff well-being, we will focus on connecting with staff, fostering their health and happiness, learning and development. We will also actively support the well-being and long-term development of the communities in which we operate, and participate in community activities. The Group looks forward to continuing to move towards sustainable operations in the future, creating long-term value for the environment, society, employees, customers and stakeholders.

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