



奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1280



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The English names of the PRC entities mentioned in this report marked “” are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Introduction of Report

SCOPE OF REPORT

Organization scope of report: This report covers Qidian International Co., Ltd. and its holding subsidiaries.

Reporting period: From 1 January 2022 to 31 December 2022.

PREPARATION BASIS OF REPORT

This report is prepared in compliance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLICATION OF REPORT

This report is published in electronic format, which is available for inspection at www.hkex.com.hk or www.hyjd.com.

DEFINITION

For easy reference and reading, Qidian International Co., Ltd. is referred to as the “Company”, together with its subsidiaries, as the “Group” or “Qidian International”.

REPORT WORKING GROUP

During the reporting period, the Group has established a multi-level ESG internal management structure with the board of director of the Company (the “Board”) as the lead, the ESG working group as the driving force and specialists of all departments as the main force for implementation to specify the responsibility of implementing ESG management and objectives.

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Introduction

Qidian International 2022 Environmental, Social and Governance Report

INTRODUCTION

The Company has been listed on the Hong Kong Stock Exchange (stock code: 1280) since March 2010. Qidian International was founded in China in February 2008 and is engaged in the retail of household appliance, mobile phones, computers, import and general merchandise, provision of maintenance and installation services in the People's Republic of China (the "PRC") and the liquor business in the PRC.

Having been adhering to the view of making the world a better place because of us, the Group has taken the initiative to shoulder its social responsibility as a corporate citizen while realizing economic benefits. While it is selling and promoting the use of low-energy environment-friendly products, it rewards and repays the society through continuing to promote the concept of sustainable development with stakeholders such as suppliers, customers and employees as well as practice public welfare actions.

In 2022, the Group actively responded to the national call. On the one hand, the Group diligently practiced the concept of comfortable home and promoted the sale of green and environmentally friendly home appliances, paying attention to the reduction of energy consumption of household appliances. On the other hand, under the trend of household appliances update and iteration, the Group actively introduced healthy and smart products, continuously optimized supply chain management, and reduced costs through multiple channels such as online + offline, finally laid out liquor products, paying attention to improving the sustainable development level of the Group.

At the same time, it has always been our belief that the key to the long-term success of the Group rests with training and management of outstanding talent, therefore, the Group attaches great importance to talent training and systematic management strategies. During the reporting period, we organized employees to participate in a number of related training to improve their working skills.

In preparing this report, the Company has complied with the "Comply or Explain" provisions in accordance with the "ESG Reporting Guide" as set out in Appendix 27 to The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and in accordance with the practical circumstances of the Company.

The Board acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge, this report addresses all material issues and fairly presents the ESG performance of the Company and its impact. The Board confirms that it has reviewed and approved this report.

Our Stakeholders

OUR STAKEHOLDERS

The Group communicates with stakeholders through various channels to understand their demands, being committed to promoting the sustainable development of the Group's business and operations.

Based on the business scope of the Group, the Group has identified its main stakeholders, which include investors/shareholders, the government and regulatory authorities, employees, suppliers, consumers and community residents. Based on its communication with stakeholders during the year, the Group has concluded the following ESG concerns about the Group from various stakeholders:

Stakeholders	Main Channels for Communication and Response	Main Aspects of Concern
Investors/shareholders	Shareholders meetings; annual and interim reports; corporate announcements;	Internal corporate governance; compliance with laws and regulations; quality of products and services;
The government and regulatory authorities	Visits; correspondences; relevant meetings; information disclosures;	Compliance with laws and regulations; anti-corruption; environmental protection; protection of consumer rights and interests; protection of the basic interests of employees and staff welfare packages;
Employees	Employee surveys; employee internal communication meetings;	Equal opportunities and diversity policies in relation to remuneration, employment, recruitment and promotion; protection of the basic interests of employees and staff welfare packages; employees development and training; health and safety of employees;
Suppliers	Supplier management system; relevant meetings; negotiations on strategic cooperation;	Management systems in such aspects as supplier admission and evaluation and the implementation thereof; a fair and transparent mechanism for supplier management;

Our Stakeholders

Stakeholders	Main Channels for Communication and Response	Main Aspects of Concern
Consumers	Consumer satisfaction surveys; activities for giving back to consumers; the service complaint and response mechanism;	Quality of products and services; the complaints and handling mechanism; protection of consumer rights and interests and privacy;
Residents in community	Community activities; public welfare activities; social services support projects;	Resources contributed to community investment and the results thereof; environmental protection and use of resources.

IDENTIFICATION OF MAJOR ESG-RELATED ISSUES

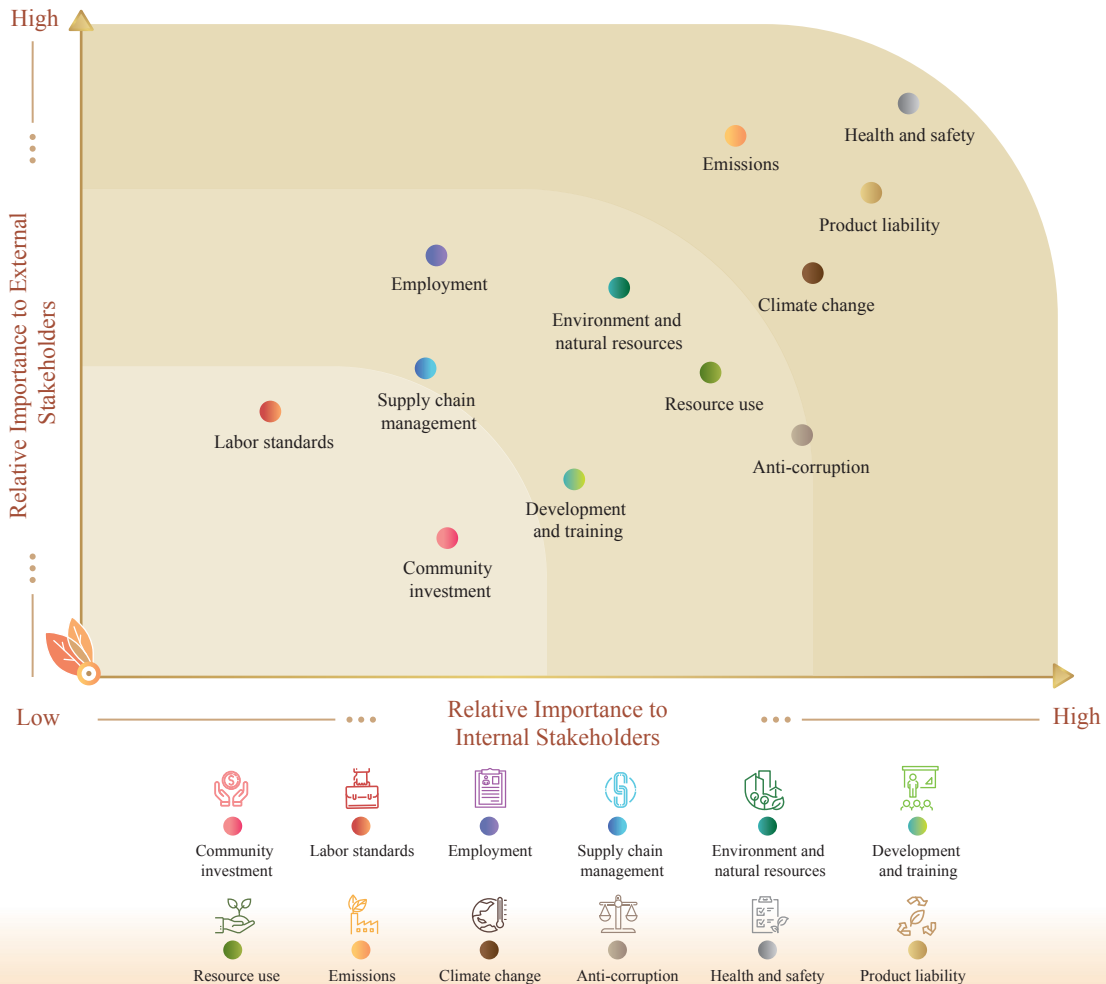
Based on the stakeholder demands and business characteristics of the Group, the Group has identified relatively material ESG aspects, and established objectives and work directions on relevant issues to guide the future development and operations of the Company.

Material Issues	Major Stakeholders Involved	Objectives and Work Directions
Quality of goods and services	Investors/shareholders, consumers, the government and regulatory authorities, employees and suppliers	To create a health and safe working and consumption environment for employees and consumers; to improve consumer experience; to pay continuous attention to consumer privacy issues, and protect consumer rights and interests.
Use of resources and emissions reduction	Investors/shareholders, the government and regulatory authorities, community residents, suppliers and consumers	To continuously promote environmental concepts internally; to create a green office environment; to proactively mitigate the environmental impact from operations.
Supply chain management	Investors/shareholders, employees and suppliers	To continuously establish a fair, transparent and orderly system for supplier access, screening and management; to promote and encourage suppliers to manage environmental and social risks.

Our Stakeholders

Material Issues	Major Stakeholders Involved	Objectives and Work Directions
Information security and consumer privacy	Investors/shareholders, consumers, the government and regulatory authorities	To pay continuous attention to consumer privacy issues and protect consumer rights and interests.
Employee health and safety, training and development	Investors/shareholders, employees, the government and regulatory authorities	To continuously promote the development and growth of employees; to provide a fair, competitive and highly transparent mechanism for reward and punishment; to pay attention to employees' health and provide them with a safe working environment.

The Company maintains communications with stakeholders through multiple channels. Based on the received feedback and the actual operation circumstance of the Company, we have summarized the stakeholders' focus on the Company's ESG fields. The key ESG issues identified by the Company include "health and safety", "product liability", "emissions", and "climate change", whereas the related topics include "environment and natural resources", "resource use", "employment", "development and training", "labour standards", "supply chain management", "anti-corruption", and "community investment". We will respond to the content of each topic separately in the Report.



Environmental Protection

ENVIRONMENTAL PROTECTION

As a representative of retail enterprises in third- and fourth-tier cities in East China, the Group regards energy conservation and environmental protection as its social responsibility. In terms of upstream suppliers, it has reached various strategic cooperation with them to guide green production and green consumption.

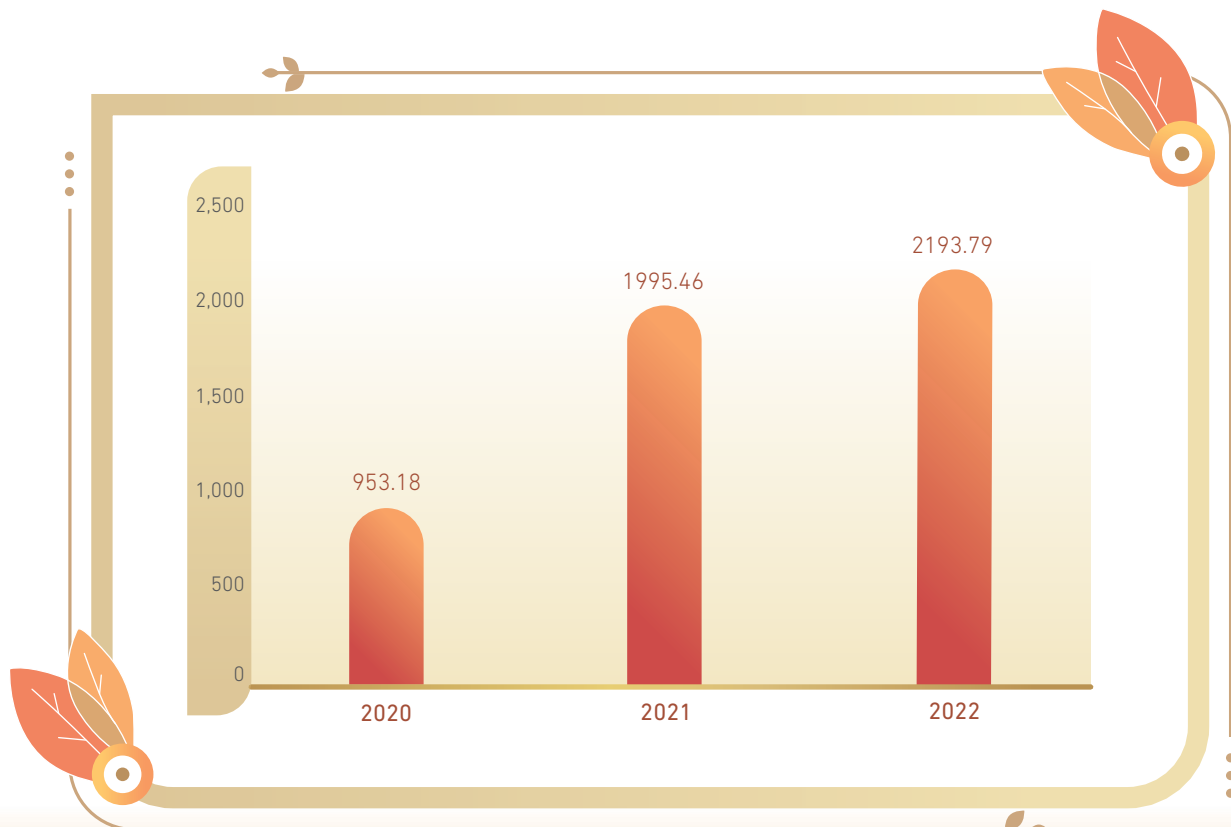
In terms of operation, the energy consumption of each store is supervised with the promotion of green development in the whole process of operation. In terms of downstream consumers, through the transformation of store scenes and layout, users have been introduced into green living spaces and green low-energy products have been promoted. The concept of green consumption has also been promoted through changing users' consumption concepts, consumption methods and introducing low-energy consumer products.

A1 Emissions

The main business of the Group is to engage in the retail business of household appliances, import merchandise and liquor products, as well as the APP online sales of products in the PRC. Therefore, the Group does not directly generate emissions or pollutants due to production. In the course of business, the Group indirectly generated emissions due to the use of resources such as electricity and gasoline. However, the Group continues to focus on energy conservation and emission reduction through a series of measures, such as smart logistics and the promotion of energy conservation and emission reduction. During the reporting period, the Group's resource consumption and carbon emission increased slightly from the same period last year.

In 2022, carbon emission was 2193.79 tonnes, which increased slightly 9.94% from 1,995.46 tonnes in 2021.

Indirect Carbon Emission (Tonnes)



Environmental Protection

A2 & A3 Use of Resources, the Environment and Natural Resources

I. Resources Conservation

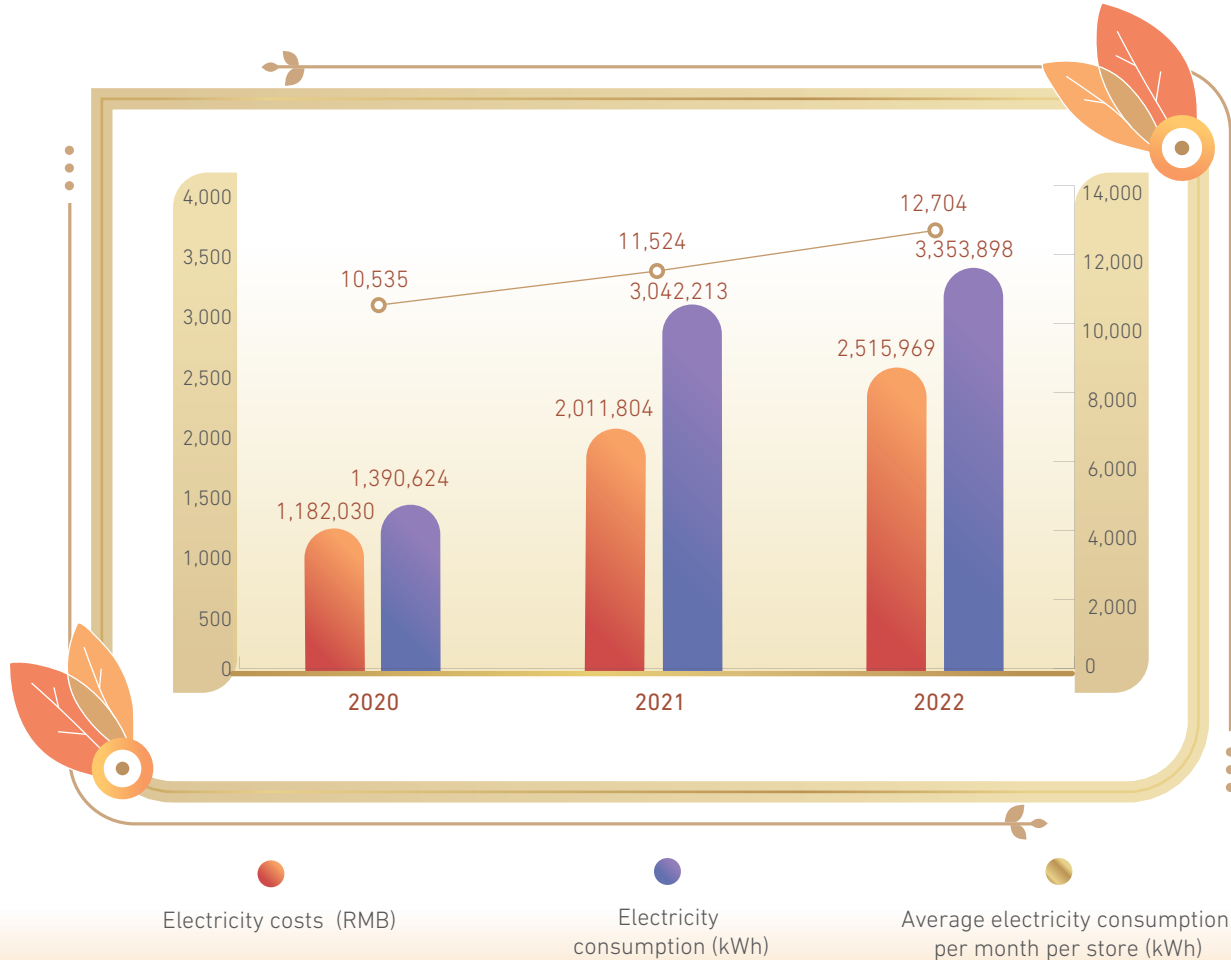
Electricity Saving

In order to reduce the electricity consumption and cost of electricity in the course of business, the Group continued to follow the policy of "energy conservation and emission reduction, with green operation", adopting the following control measures regarding the use of electricity:

- (1) Promote green lighting products on a large scale, existing stores and office lighting products are LED lights;
- (2) Promote and mainly use energy-saving lamps in the process of expansion and transformation of stores;
- (3) Strictly forbid the use of main lamps for lighting in the absence of important matters outside of working hours;
- (4) Strictly forbid the use of non-essential high-power consumption products at work; after work, turn off power-consuming equipment such as lights, water dispensers and printers.

In terms of electricity consumption in stores, the total electricity consumption by the Group was approximately 3,353,898 kWh during 2022, representing an increase of 10.25% as compared to that of 2021.

Electricity Consumption



Environmental Protection

II. Water Conservation

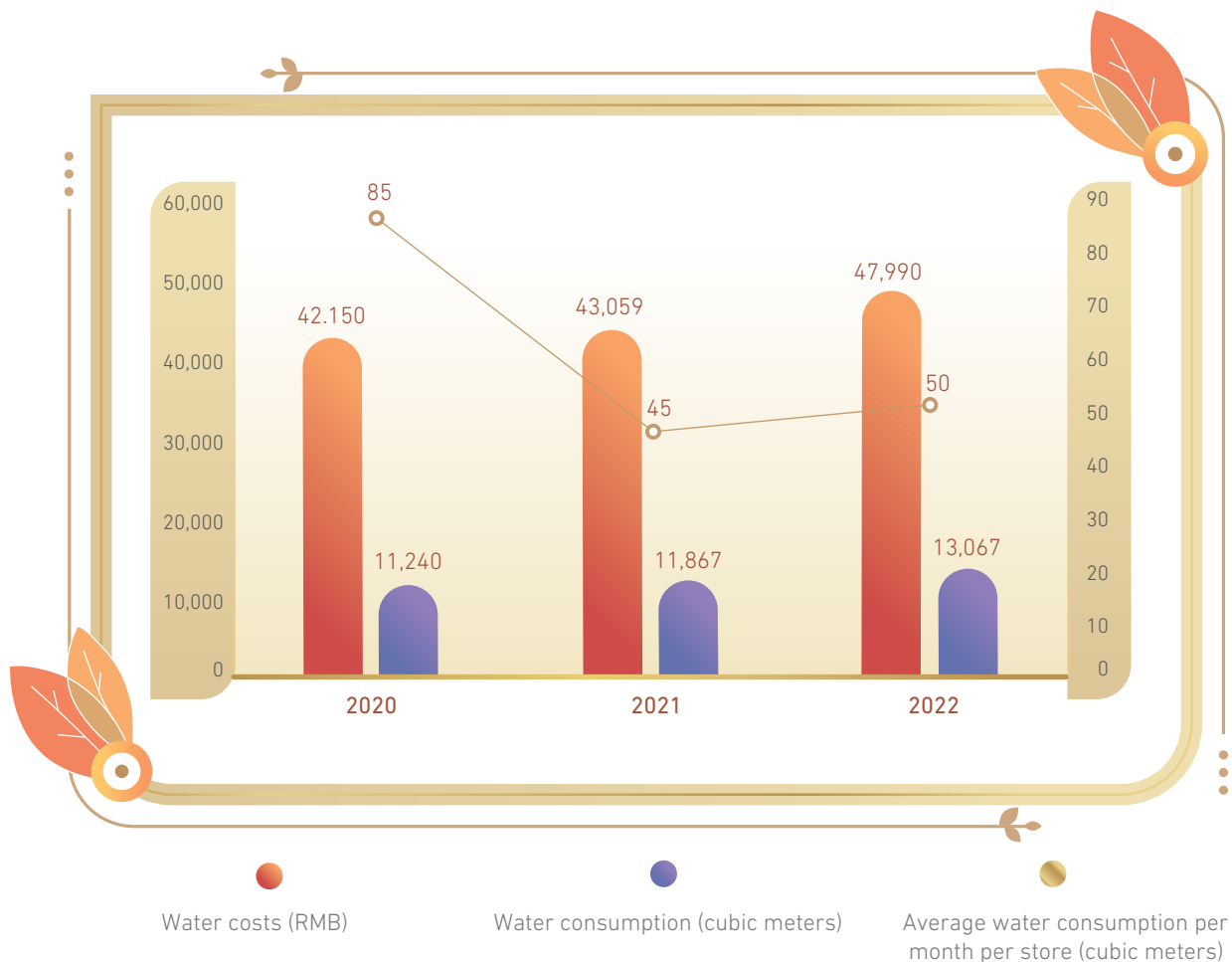
Water Saving

In addition to electricity, the Group also attached great importance to the management of water sources, especially in terms of water saving in stores. The main measures to save water were as follows:

- (1) Implement quota monitoring according to the size and number of employees of each store;
- (2) Strengthen daily inspections and supervision to prevent leakage, dripping and unintended flow of water;
- (3) Post "Water Conservation" and other promotional slogans in the washroom to enhance energy conservation awareness;
- (4) Replace all faucets in stores with induction faucets to implement water-saving measures.

Due to the business transformation and store replacement of the Group, the total water consumption of the Group was approximately 13,067 cubic meters during 2022, a slight rise of 10.11% from 2021.

Water Consumption



Environmental Protection

III. Others

Paper Saving

The Group mainly went through the following measures to save paper and to protect the environment:

- (1) Support front and back paper printing;
- (2) To set up environmental protection paper box, giving priority to using the second environmental paper for printing.
- (3) Implement paperless operation on a large scale;
- (4) Electronic coupon: For members or consumers of the Company, when the promotion is carried out during the holidays, electronic coupons will be issued through WeChat, WeChat Mall, Douyin and other APPs or small programs, or the accumulated bonus points can be used when products are purchased through the APPs or small programs so that the waste of paper can be reduced;
- (5) Electronic invoice: The original paper invoice is replaced with an electronic invoice. The electronic invoice can not only be conveniently saved, but also facilitates inquiries and reimbursement, reducing the use of printed invoices;
- (6) Implementation of office automation ("OA") system: The Group has currently implemented the OA office automation system. At the same time, it upgraded financial NC management system, and added an integrated fund management and control system and a comprehensive budget management system. All contracts, bill payment, management processes, stamps, etc. will go paperless, minimizing paper waste.

Logistics Management

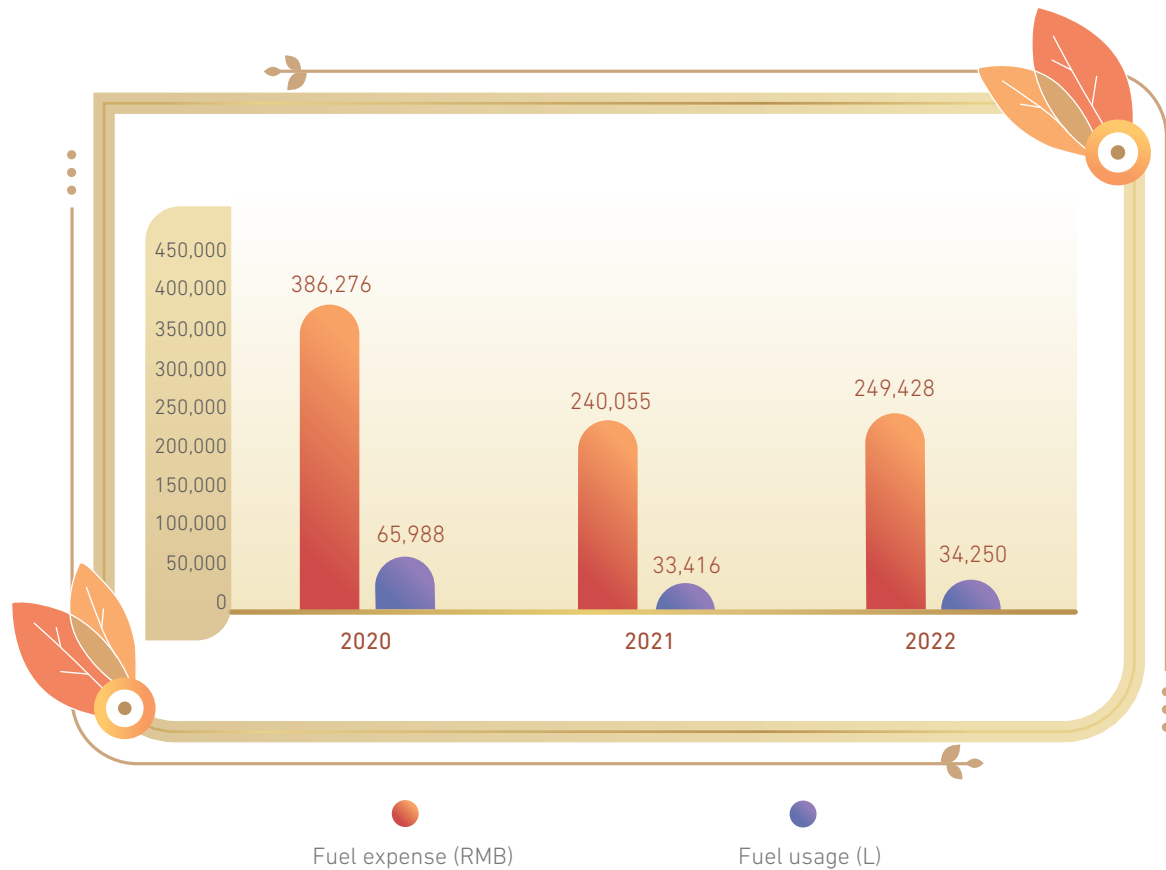
In 2022, the Group continued to optimize the logistics management system. On the one hand, it continued to vigorously develop smart logistics, rationally arranged and planned the logistics transportation route of delivery by installing GPS, reduced unnecessary driving and improved the delivery process and customers' online shopping experience to the maximum extent. On the other hand, the logistics management of existing logistics networks, warehouses and distribution centers was optimized to cope with the growing business operations continuously.

At the same time, the Company has a use of vehicle management system. In the case of non-urgent or important matters, means of public transportation may be used to handle the relevant matter to minimize fuel consumption and carbon emission of the Group's vehicles.

Environmental Protection

The total fuel consumption of the Group reached 34,250 liters in 2022, with a slight increase of 2.5% from 2021.

Fuel Consumption



Packaging Materials

As the business nature of the Group is mainly the sales of products instead of the manufacturing of products, and does not involve the use of a large number of packaging materials, the Group does not have statistics on the packaging materials of the products sold.

Environmental Protection

Sale of Energy-saving Products

Since the state issued relevant opinions on promoting the update and upgrading consumption of household appliances products and encouraging residents to buy energy-saving smart household appliances products, as the leading retail enterprise in East China, the Group has been actively responding to national policies with practical actions to guide consumers to purchase energy-saving appliances such as TV sets, refrigerators, washing machines, air conditioners, water heaters, range hoods, and air purifiers that meet national quality standards in an inclusive manner. At the same time, the Group diligently practises the concept of comfortable home, promotes energy-saving upgrade of the household appliance industry through promoting new generations of products, and selects home appliances, so as to encourage the promotion and application of energy-efficient products, driving the universal energy conservation and environmental protection.

IV. The Environment and Natural Resources

The principal business activities of the Group do not have any significant impact on the environment and natural resources. The Group is still committed to sustainability by seeking to reduce the environmental impact of its operations, with a particular focus on the reduction of greenhouse gas emissions and preservation of resources. During the reporting period, the Group did not have any material violations of any applicable laws and regulations relating to emissions of gas and greenhouse gases, discharge to water and land, and generation of hazardous and harmless wastes.

A4 Climate Change

As the impact of climate change is increasingly prominent, it poses extremely serious challenges around the world. Therefore, the Group has been actively communicating with its stakeholders through various channels, and regularly taking climate-related risks into consideration during its risk-management processes, in order to identify any any significant climate-related issues and mitigate the impacts caused by climate change. The Group needs to use natural resources in a responsible manner and endeavours to reduce the burden on the environment. As a responsible enterprise, the Group will firmly take a stand on climate change and commit to reduce greenhouse gas emissions from its daily operations as much as possible through various environmental protection measures such as the sale of green home appliances.

Extreme weather events, such as typhoons and floods, are expected to occur with an increasing severity in the future due to climate change, which can pose significant safety risks to the employees and cause damages to the Group's assets. Such extreme weather events will cause potential power shortages, adversely affecting the Group's business operations and increasing the costs of repair and maintenance. The Group will pay continuous attention to identify and mitigate significant potential climate-related issues.

As a home appliances and liquor products retail enterprise, the Group will closely support the Central Government's plan to promote the development of renewable energy, including in August 2022, nine departments, including the Ministry of Science and Technology, the National Development and Reform Commission, and the Ministry of Industry and Information Technology, issued the Implementation Plan for Carbon Neutrality Supported by Science and Technology (2022-2030) (the "Implementation Plan"), which put forward scientific and technological innovation actions and safeguard measures to support the goal of carbon peaking before 2030, and build a stockpile of technologies to achieve carbon neutrality by 2060. The Group needs to fully support and respond to the call of the State to vigorously promote the development of clean energy in many aspects, such as selecting green and energy-saving home appliances and continuously promoting the sales of green home appliances.

Employee Care

EMPLOYEE CARE

The Group strictly abides by "the Labour Law of the PRC", "the Labour Contract Law of the PRC", "the Regulations on the Paid Annual Leave of Employees" and other laws and regulations to protect employees' legal rights and interests. The Company has established a fair and reasonable salary management system to ensure that employees receive fair and reasonable benefits and treatment, as well as recruitment, training, performance appraisal and other systems to ensure that all job seekers have equal opportunities to be hired by the Company and employees have access to training and continuously get promoted and grow through performance appraisal. Meanwhile, the Group pays attention to the construction of corporate culture, introducing ten rules for colleagues' mutual encouragement to create a harmonious and friendly working atmosphere. The Company pays attention to the career planning and development of employees, and conducts vocational training from time to time to help employees achieve their career goals.

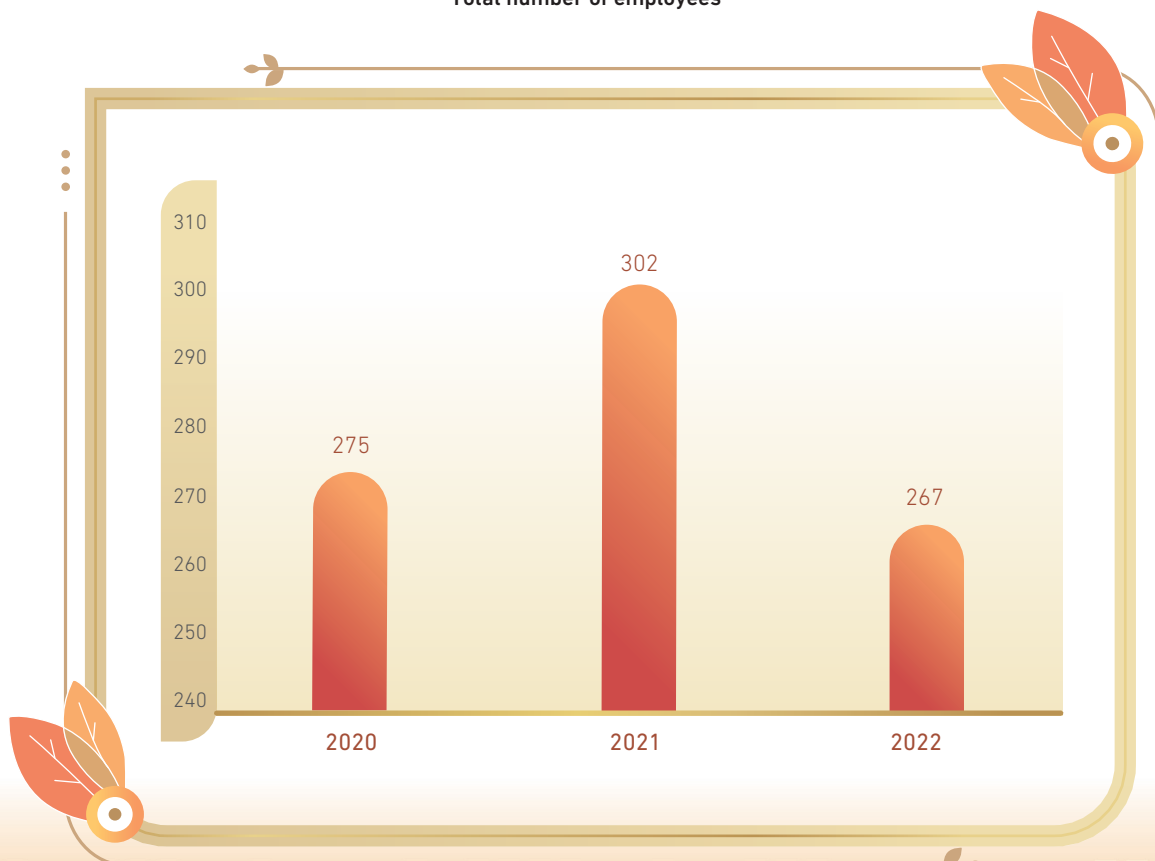
B1 Employment

I. Introduction of Talent

In terms of talent recruitment, the Group resolutely puts an end to racial and gender discriminations, adheres to the principles of fairness, justice and openness, and offers promotions and salaries raises according to the employees' conduct, ability and performance. All employees' remuneration packages, working hours and holidays are in strict compliance with relevant laws and regulations and the Company's system. Each employee is treated equally without discrimination.

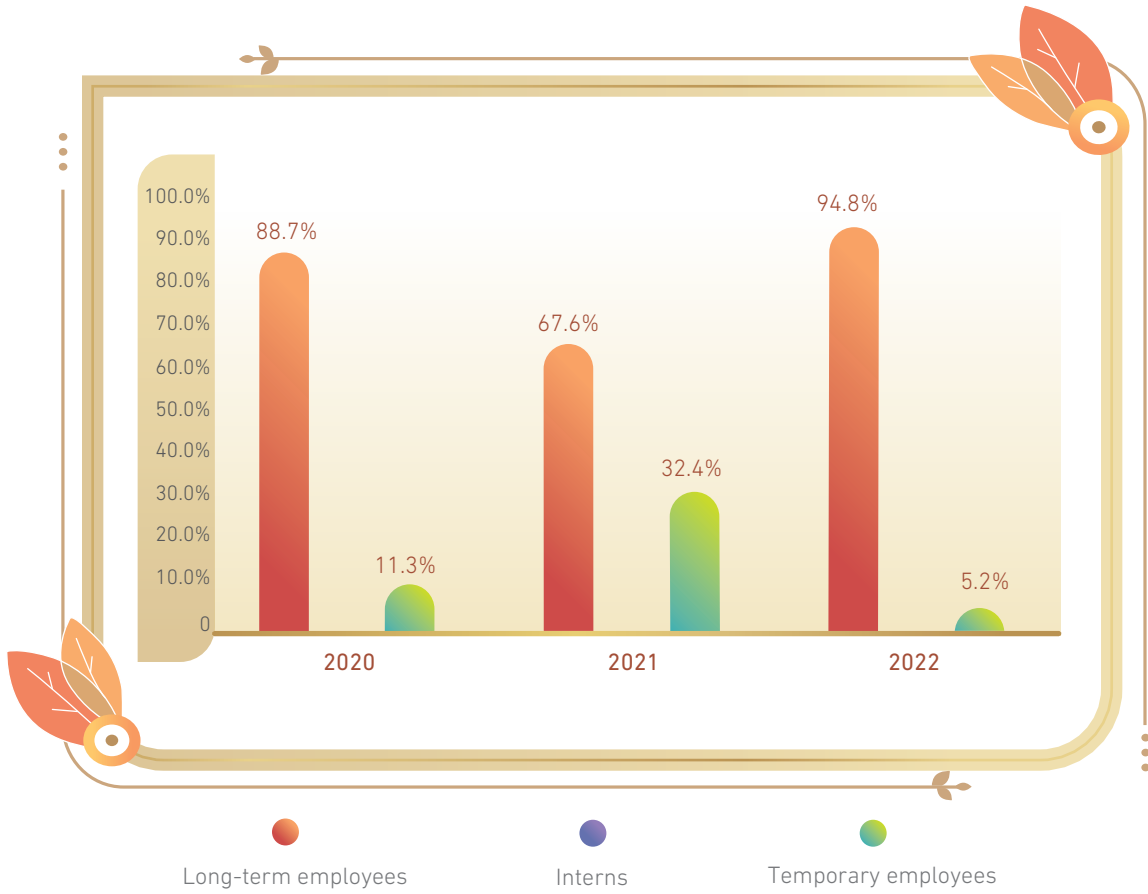
During the reporting period, the Group continued to sort out the functions, job requirements and KPIs of human resources, while strengthening the introduction of professional talents. As of the end of the reporting period, the total number of employees in 2022 was 267, which decreased from 302 employees in 2021. At the same time the Group, continued to pay attention to the introduction of employees who are from ethnic groups and the disabled, with a current proportion of 0.75%, which on the one hand, made the Group's employment of talents more diversified, on the other hand, reflected the Group's good sense of social responsibility.

Total number of employees

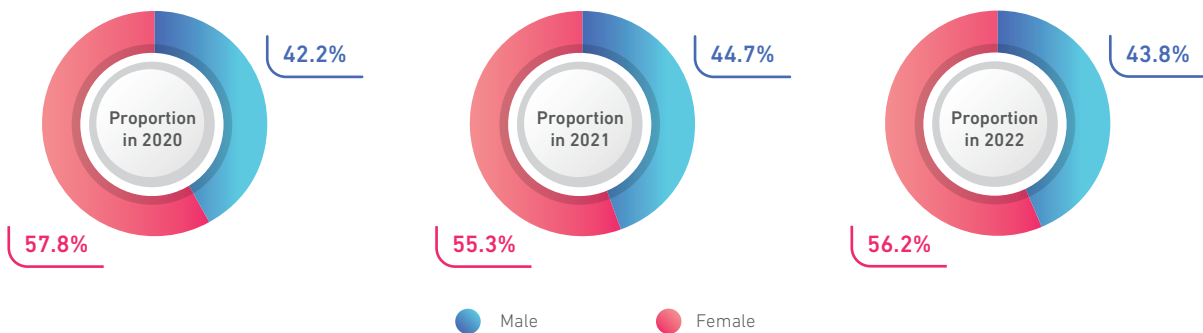


Employee Care

In terms of the type of employment, the employment type in 2022 remained diverse, with the ratio of full-time to temporary employees as follows:

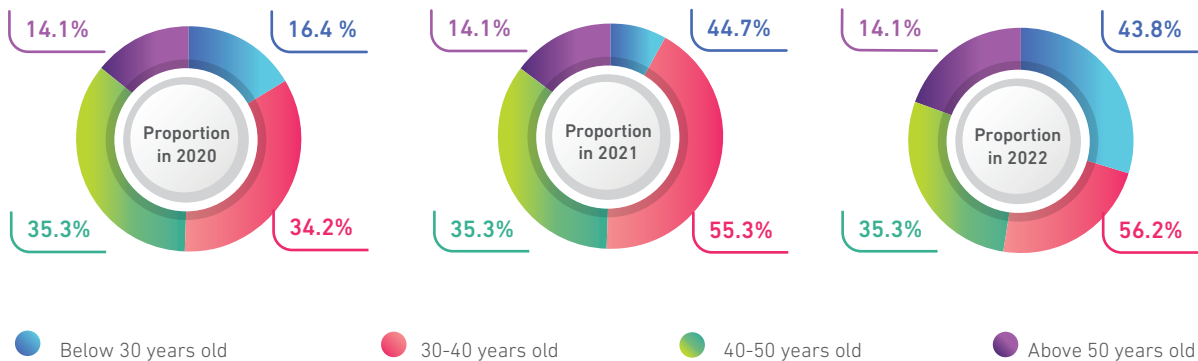


In terms of gender, the Group focused on gender balance, and the ratio of male to female members remained stable in 2022 as compared to 2021. During the reporting period, affected by the repeated occurrence of COVID-19, the Group adjusted and optimized the stores, and the staff turnover rate increased to a certain extent compared with that in 2021.

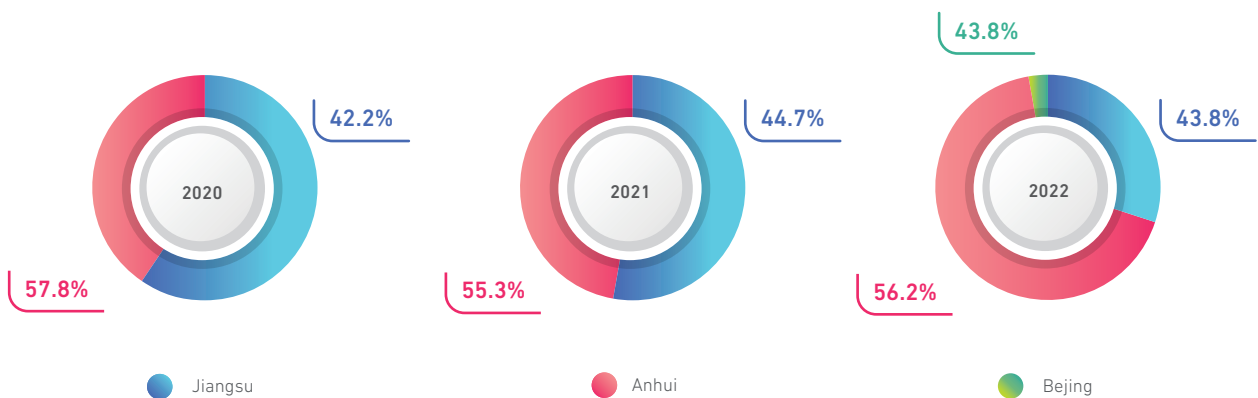


Employee Care

In terms of age, the Group continued to optimize the talent structure, the proportion of 30-50 years old talents in 2022 was basically unchanged from the previous year. Talents from 30-40 years old and 40-50 years old such two age groups are characterized by stability equipped with richer experience in operation, management and marketing, which is conducive to the healthy and stable development of the Group.



In terms of geographical regions, after strategic adjustment and business integration, the talent turnover rate in Jiangsu and Anhui markets increased to varying degrees in 2022.



Note 1: Average monthly turnover rate = number of resigned staff/(number of resigned staff + total number of employees)/12

Note 2: The Group's head office is located in Yangzhou City, Jiangsu Province.

II. Employee Welfare

Legal welfare

The Group pays social insurance and housing provident fund for employees such as pension, unemployment, work injury, medical care, and childbirth in accordance with the Social Insurance Law of the PRC.

Employee Care

General welfare

The Group provides employees with work meal subsidies, communication fee subsidies, transportation subsidies and other benefits, annual body check welfare for all employees at the end of the year, training for new recruits and current employees to enhance their knowledge, skills and abilities, and lays the foundation for employees to achieve goals in career planning. In order to enrich the employees' cultural life in spare time, the Group also organizes various festival activities during holidays to enhance team building of the employees.



2022 Annual conference activities

Special welfare

In addition to providing annual leave, marriage leave, sick leave, bereavement leave, maternity leave, work-related injury leave and breastfeeding leave in accordance with the Regulations on the Paid Annual Leave of Employees and the Holiday Measures on National New Year Festival and Memorial Days, the Company also provides special benefits such as travel for excellent employees with outstanding performance, as well as some office appliances such as special vehicles and laptops for some executives.

III. Promotion Of Employees

In terms of promotions of employees, the Group is in strict accordance with the principle of making the best use of employees' talents, fully explores their personal potential, and offers promotions according to their goals in career planning and their work performance evaluation, rather than relying on kinship or gender discrimination.

Through the promotion system established by the Company, each employee is given the same promotion opportunity, and each employee is scientifically evaluated and promoted to ensure that the employees on the Company's platform can make the best use of their personal value.

Employee Care

Regular promotion

Outstanding key employees and management cadres are selected through store appraisal, employee appraisal, and management cadre appraisal. The key employees and management cadres who continuously meet the appraisal standards and fulfil the promotion criteria will be placed on probation for the promotion and carry out trainee work in accordance with the standard of that position. After a period of time (generally three months), the employee who passes the assessment and fulfills the standard of the position will be promoted as the entry level management or middle and senior level management.

Exceptional promotion

In the rapid growth stage of the Company, a large number of middle- and high-level management cadres with professional ethics and leadership are required. Particularly active and outstanding employees who have made significant contributions in their positions can be recommended by the Company's leaders for exceptional promotions. Such exceptional promotions will be granted if after discussion, the senior management is of the view that the candidates possess key capabilities and skills required by that position.

B2 Health and Safety

I. Occupational Health

The Group cares deeply about the physical and mental health of its employees. On the one hand, the Group provides a safe and healthy work environment for its employees and provides employees with a good and comfortable work space to avoid work accidents or injuries. On the other hand, the Group organizes different forms of activities for the employees to release their mental stress to maintain their work-life balance and enrich their work.

Employee Care

With the outbreak of COVID-19, the safety and well-being of our employees remains our utmost priority. The Group has continued to minimise the transmission risk of COVID-19 through implementing various precautionary measures including but not limited to the:

- Requirement for all employees or visitors within the Group's premises to wear a mask;
- Establishment of a frequent cleaning and disinfection routine of public spaces;
- Placement of multiple hand sanitisers bottles in different public spaces.

In addition, body checks were provided by the Group to employees to promote a healthy and balanced life style.

II. Occupational Safety

The Group conducts unified guidance and supervision of occupational safety with its "Safe Operation Standards" system in accordance with China's laws and regulations on occupational health and safety and industry standards. For example, the Company's service staff have to carry out safety inspections on users' power supply, earth wire, wire direction, water pipes, water valves, air valves, water pressure, air pressure, and so on during the provision of installation and maintenance services. In case of potential safety hazards, it is necessary for them to propose rectification advice in time so as to avoid accidents from happening.

During the reporting period, the Group did not have any incident of death due to work (2020 & 2021: nil), nor there any work-related injuries during the reporting period (2020: 2; 2021: 2).

B3 Development and Training

I. Employee Development

As a leading enterprise in the retail industry in East China, the Group always attaches great importance to the training and development of talents. The Group has established a relatively complete training system and curriculum system, and has established long-term cooperative relationships with a number of high-quality enterprises. Courses include marketing, operation, finance, management and more.

Employee Care

Employee induction training

Each new employee of the Group is required to receive pre-employment training, and new recruits from all locations need to go to the headquarters to participate in unified training. The Human Resources Department will help employees understand the Company's development history, business composition, departmental composition, and future planning. On the other hand, employees will be informed of the Company's various management systems, requirements and specifications on dress code and etiquette, so as to enhance their sense of stewardship and service awareness.



All-staff training at stores

Performance improvement training

For each employee of the Group in their respective positions, in relation to business skills of the department and the Company's development needs, each department has to organize a study at least once every two weeks, and then check the learning achievements. The employees gain new knowledge by reviewing the old, consolidate the original knowledge structure while constantly absorbing new knowledge, and form a good way of thinking and behavior habit while improving business skills. In addition, the Company allocates members of the senior management to different stores with training. The training encourages and provides employees with guidance to boost their work and improve work performance.

Employee Care



In-store training



Store promotion activities

Corporate cooperation training

The Group pays attention to cooperation training with external manufacturers, and has conducted in-depth cooperation and exchanges with Haier, Midea, Konka, Panasonic and other world-renowned enterprises on training. Such forms can not only enable the Group's employees to better understand the products they sell and improve their business quality and skills, but also strengthen the strategic partnership with such manufacturers. The experience of joint exchanges and training will make the future cooperation between the Group and the manufacturers more smooth and stable.

Employee Care

Further education and training at higher education institutions

In order to enhance the theoretical knowledge system of senior management and expand the circle of industry contacts, the Group will give core senior management the opportunity to study and obtain further education at higher education institutions such as Tsinghua University, Peking University or Cheung Kong Graduate School of Business. Through the research and learning of MBA and EMBA courses in the institutions of higher education, the management and decision-making abilities will be improved, and internal control system and external strategic expansion capabilities of the organization will be enhanced.



Anhui consumption promotion activities



Huainan first Central air conditioning (home appliances) Expo

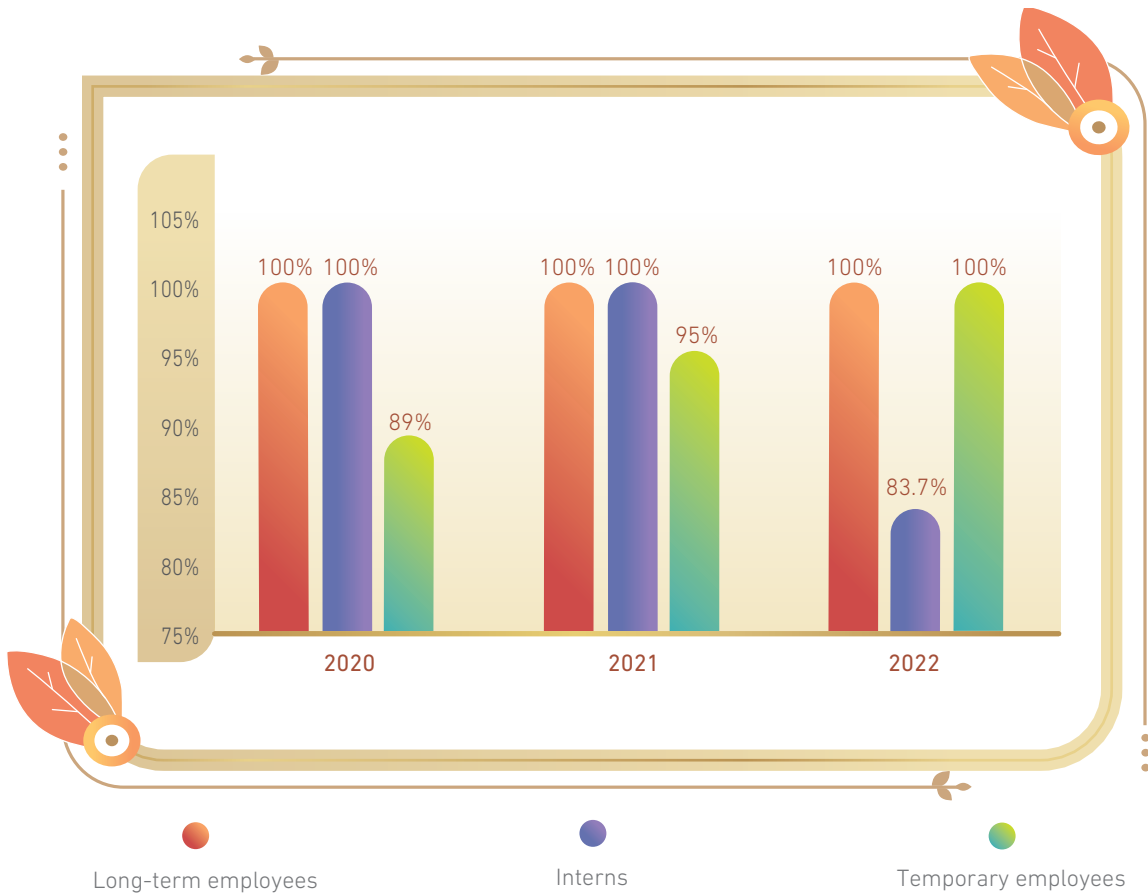
II. Talent Development Channels

The Group is concerned about training and development of key employees at each level, and has built a hierarchical talent training system. Through the matching of the Company's human resources strategic planning and employee career planning, promotion channels for management routes and technical routes are formed. Every employee of the Company has a clear career development goal to maximize the value of their lives.

Employee Care

In terms of training by type of employees, the Group continuously focused on staff training in 2022, so that the training system for the senior, middle and entry level employees is more balanced.

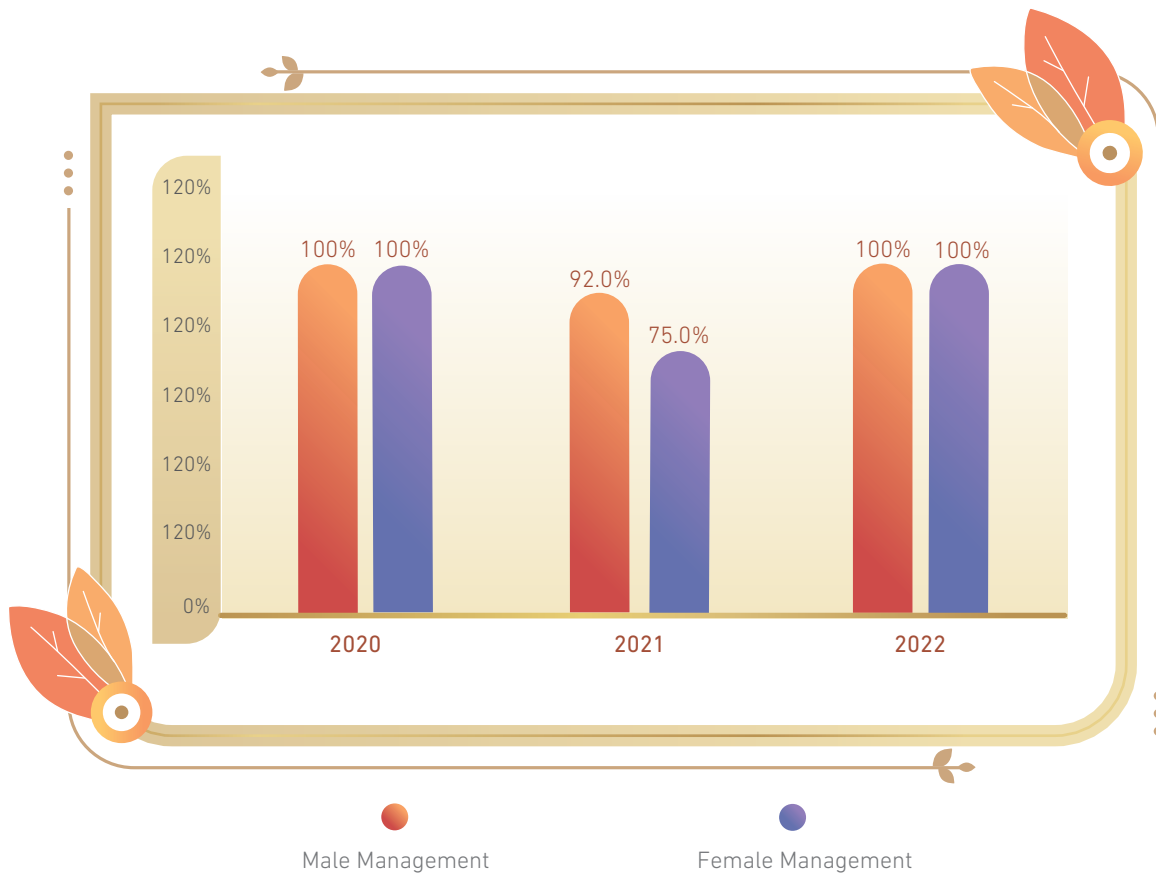
Percentage of employees trained by type of employees



Employee Care

In terms of training by gender, in 2022, the proportion of female managers receiving training improved to a certain extent and equalled to that of male managers.

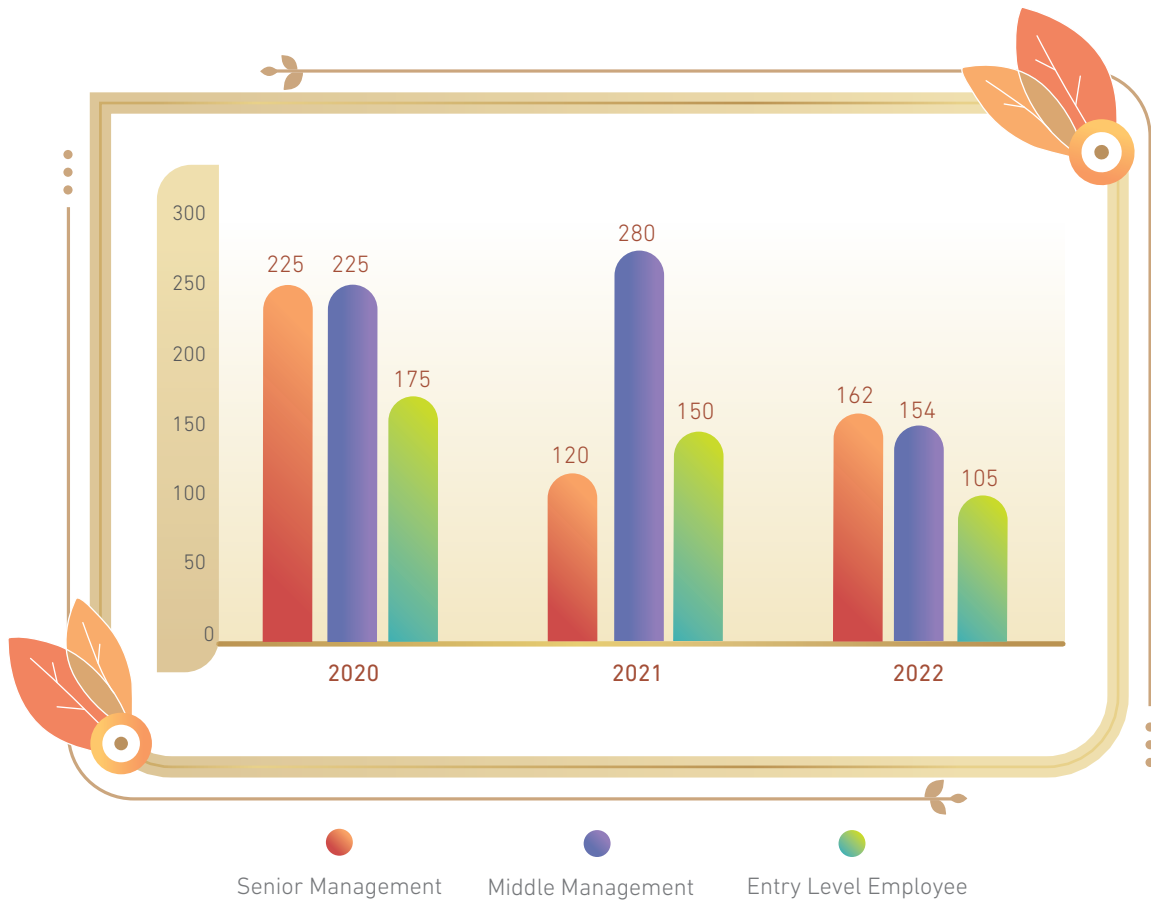
Percentage of employees trained by gender



Employee Care

In terms of training by type of employees, the Company continually stepped up effort in training during the reporting period so as to ensure that employees from different levels acquire sufficient knowledge and work skills to increase the operation and work efficiency.

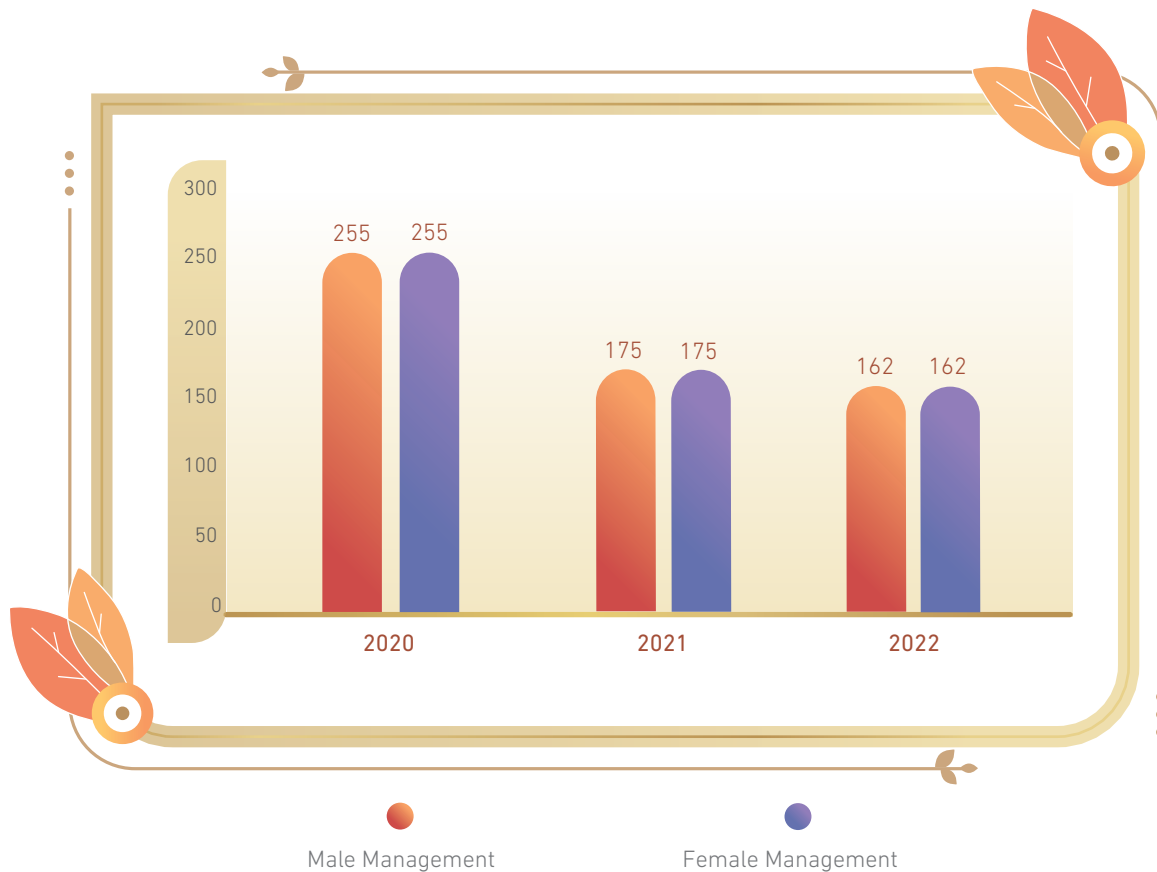
Average training hours per employee by type of employees



Employee Care

In terms of categorization by gender, the training hours for male and female managements become more balanced.

Average training hours per employee by gender



B4 Labour Standards

I. Preventing Child Labour and Forced Labour

The Group strictly abides by the State Council Decree No. 364 Prohibition of the Use of Child Labour. It is necessary to check the identity card of the recruited person when recruiting personnel, and it is forbidden to recruit minors under the age of 16 and introduce employment for minors under 16. At the same time, the Group conducts training on relevant laws and regulations on human resources from time to time, strengthens legal awareness, and removes the possibility of recruiting child labour from the source of recruitment.

Employee Care

The Group strictly implements the Regulations on the Paid Annual Leave of Employee, advocates efficient work, and encourages employees to complete tasks during working hours. If there is a special need to work overtime, employees need to go through the overtime process, and after the approval of the superiors, employees can work overtime. After overtime, employees can take compensation leave based on the overtime hours. The Group is dedicated to putting an end to the unreasonable overtime work phenomenon.

During the reporting period, the Group did not have any cases of child labour and forced labour.

Product Management

PRODUCT MANAGEMENT

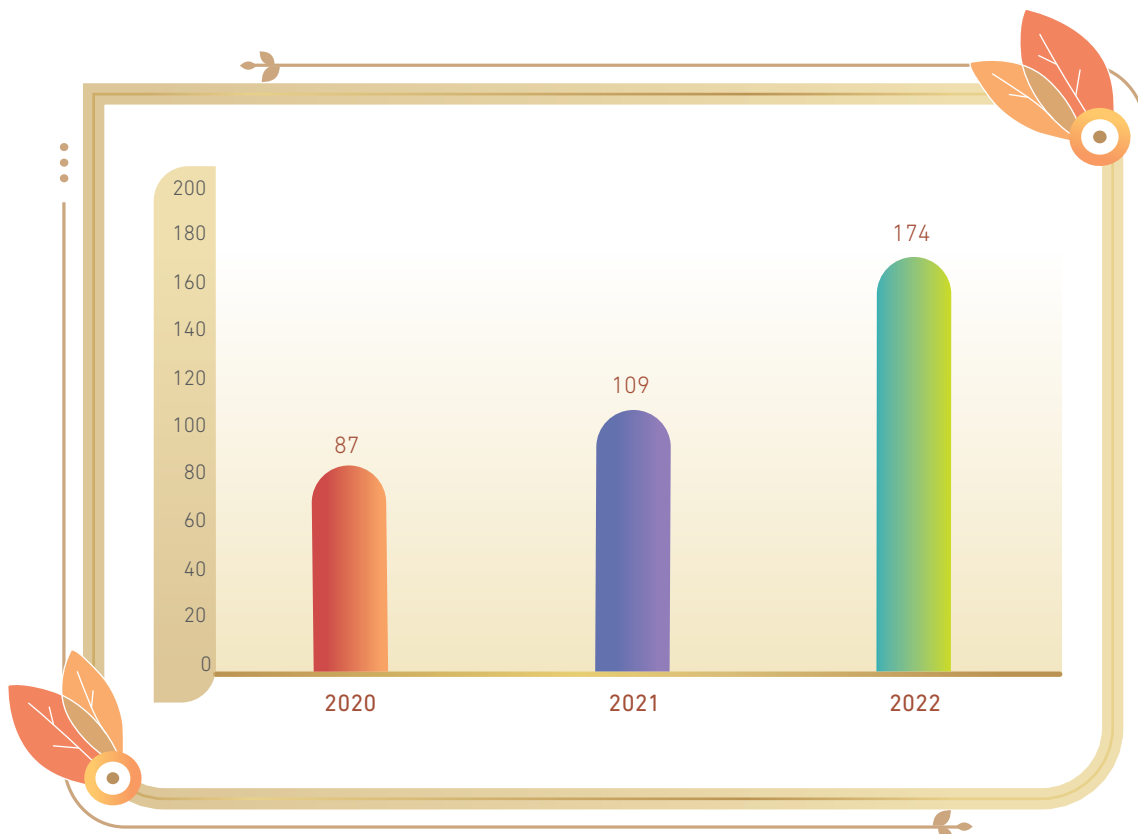
The Group has always been committed to the construction of supply chain capabilities and continuous innovation. In the process of operation on the one hand, the Group strictly selects suppliers to ensure the quality of products and services sold, and on the other hand encourages suppliers to provide green environmental product to contribute to energy conservation, emission reduction and environmental protection.

B5 Supply Chain Management

I. Screening of Suppliers

The Group follows the principles of openness, fairness and transparency in selecting suppliers, develops and implements procurement management manual, specifying procurement and bidding procedures and regulations, as well as supplier assessment and selection criteria to assess suppliers' performance in terms of price, quality, cost, freight and after-sales service. According to the material demand plan and the types of materials required of each department, the procurement of materials is generally carried out by means of price inquiry and comparison and sentinel procurement; the suppliers are selected through quality and price screening and evaluation of suppliers.

East China Region (Number of Suppliers)



The Group's main market is in East China. Thus, in order to facilitate and speed up the supply of goods, supplier are mainly concentrated in East China. The Group also improved the bargaining power for supplied products and selected the quality suppliers on a larger scale. During the reporting period, the Group effectively integrated the operation, marketing capabilities and management experiences of Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd ("Anhui Four Seas"), a holding

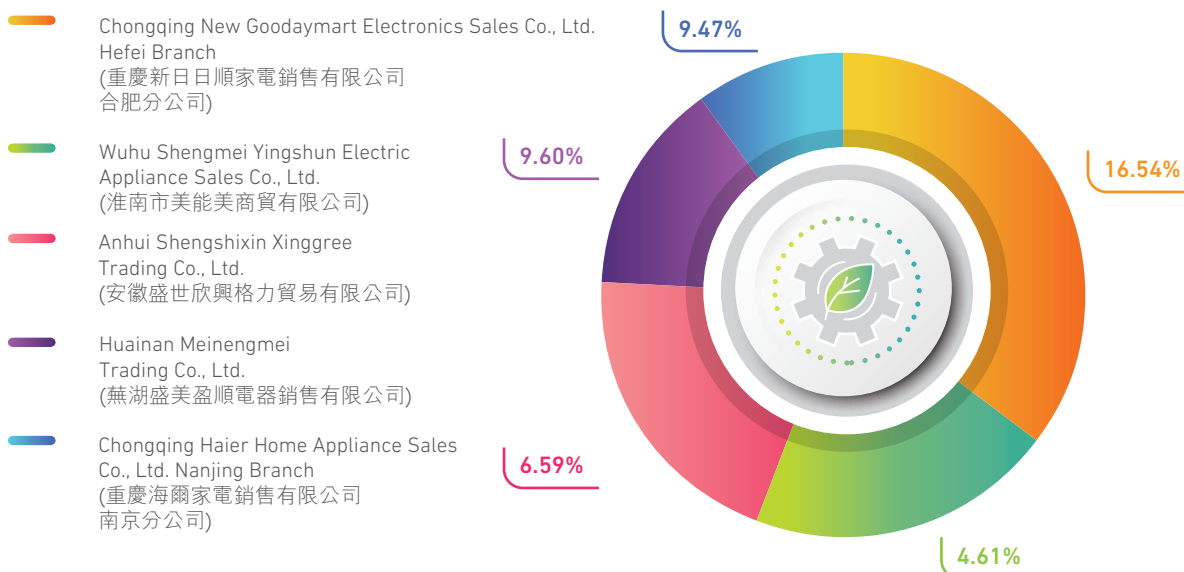
Product Management

subsidiary, and strengthened the efficiency of negotiation and communication with suppliers, focusing on the selection of smart home appliances.

Note 3: East China Region mainly includes Jiangsu, Anhui and other areas.

In addition, in order to ensure the suppliers' ability in quality assurance, safety, environmental protection and other environmental management, the Group conducted on-site investigations of suppliers if necessary and field surveys of their production capacity, technical level, quality assurance, supply capacity, and safety environment management qualification. As far as is reasonable and practicable, the Group will give priority to products and services that have a relevant environmental label, use resources efficiently and produce less hazardous and non-hazardous waste.

The proportion of total procurement of top 5 suppliers of the Group (%)



B6 Product Responsibility

I. Quality Control

In accordance with the provisions of the Product Quality Law of the PRC, the Group established and strictly enforced a check-for-acceptance system while replenishing stock, and verified the product qualification certificate and other marks to ensure the quality of the products sold. The Group strictly forbids selling products which are invalid or deteriorated, or the government has ordered to phase out and stop selling. The marks of the products sold shall be in compliance with the provisions of Article 27 of the Product Quality Law of the PRC. It is strictly forbidden to forge the place of origin, forge or fraudulently use the name and address of another person or quality marks such as certification marks.

The Group has formulated the "Procurement Management System", "Inventory Management System", "Warehouse Stocktake System" and "Defective Products Management System" to check and manage product quality. All products sold shall not be counterfeit or of an inferior quality, so as to avoid any safety-related incident arising from product quality. During the reporting period, the Group did not have any product recalls.

Product Management

The Group leads by example and always demands itself with the “quality first” standard. In terms of products sold, products from reputable brands such as Gree, Panasonic, Haier and Midea were sold so as to contribute to the high living standard of local residents.

II. Advertising and Publicity

The Group strictly abides by the provisions of “the Advertising Law of the PRC and acts in good faith and competes fairly in the process of engaging in advertising activities in compliance with laws and regulations.

The statements in relation to the performance, function, origin, use, quality, composition, price, producer, validity period, promise, etc. of the product or the content, provider, form, quality, price, promise, etc. of the service shall be accurate, clear and understandable. If the advertisement indicates that the products or services promoted are gifts, the variety, specification, quantity, duration and method of the attached products or services shall be clearly indicated. The content that should be clearly stated in the advertisement as required by the laws and administrative regulations shall be presented obviously and clearly. Through the above measures, the Group effectively safeguards the legitimate rights and interests of consumers.

III. Product Identification

The Group strictly abides by the provisions of Articles 27, 28, 30 and 31 of “the Product Quality Law of the People’s Republic of China”. The household appliances sold shall comply with the safety standards for household and similar electrical appliances, and shall be labeled in accordance with the provisions of the product standard GB 4706 series. The Group strictly abides by the relevant product labeling regulations, checks the products supplied by the suppliers through the inspection and acceptance system for incoming products and verifies the product qualification certificate to ensure the quality and safety of the products sold.

Product Management

IV. Privacy Protection

The Group strictly abides by “the Law of the PRC on the Protection of Consumer Rights and Interests”. When collecting and using consumers’ personal information, it follows the principles of lawfulness, righteousness and necessity, and clearly states the purpose, manner and scope of collecting and using information, and obtains consent from consumers. The information shall not be collected or used in violation of the provisions of laws and regulations or the agreement of both parties. Consumers’ personal information collected by the Group and its staff must be kept strictly confidential and must not be disclosed, sold or illegally provided to others. The Group will take technical measures and other necessary measures to ensure information security and prevent consumers’ personal information from being leaked or lost. Remedial actions will be taken immediately in the event of occurrence or possible occurrence of information leakage or loss. Commercial information may not be sent to consumers without the consent or request of the consumers, or if the consumers expressly refuse.

V. After-Sales Guarantee

After-sales service

The Group has a professional after-sales service center and an after-sales personnel training center, as well as dozens of maintenance organizations designated by manufacturers. Through years of service experience, the Group provides professional service guarantee for consumers. In addition, the Group has established a logistics computer management network and a township logistics transfer station and an after-sales service station. The delivery cycle is shorter and the on-site service is faster, ensuring that customers can get a full and convenient after-sales service experience.

Complaint service

On the one hand, the Group will conduct telephone servings with customers who purchased our products to understand customers’ experience with the products and solve the problems encountered by customers. On the other hand, the Group has a 24-hour service hotline to resolve complaints at any time. The Company has established a complaint handling team consisted of a customer service manager, business manager and vice president of business. In case of complaints, the customer service will refer it to the team in a timely manner. The complaint handling team will categorize the complaints based on its severity and provide individual reply and opinion concerning each complaint, while the customer service staff will take the initiative to inform the customer of the processing progress and properly compensate them. The Group has built an efficient, convenient and reliable service platform for consumers to solve various problems encountered by customers in a timely and efficient manner.

During the reporting period, the Group did not receive any complaints related with products and services nor any recalls related with products and services. In order to protect intellectual property rights, the Group will ensure all the materials and products purchased and sold are attached with identification label or with reliable suppliers (as the case may be) to ensure the materials purchased are genuine products..

Integrity Culture

INTEGRITY CULTURE

B7 Anti-Corruption

Integrity culture is an important part of the Company's corporate culture, and the culture of honesty and altruism that is symbiotic with integrity is an important guarantee for the Company's sustainable and healthy development. Integrity is not only the foundation and ethical requirement for the Group's work, but also the responsibility and obligation of all employees.

I. Education on Integrity

The Group regards education on integrity as an important part of employee training. The Group educates employees to strictly abide by the Company Law of the PRC and avoid violating the Criminal Law of the People's Republic of China, and prohibits and eliminates bad behaviors such as bribery, extortion, fraud and money laundering. It uses cases of duty crimes to alert employees to ensure that the employees of the Group are honest and trustworthy and have good ethics and code of conduct.

II. Integrity Policy

The Group established "Anti-fraud and Whistleblowing Management System" to monitor the conduct and action of employees in daily operations. At the same time, such system is supplemented and updated annually according to the Company's adjustment of strategy and management philosophy. Through the annual self-reflection, the Group reviews the implementation of the code of ethics and related regulations to ensure that the code of ethics and related regulations are implemented in actual operations and management practices, and effectively eliminated bribery, extortion, fraud, money laundering, etc., to balance and maintain the interests of the Group and stakeholders and build long-term partnerships.

III. Measures Against Corruption

On the one hand, the Group engages an independent auditor to conduct an independent audit of the Group and prevents and controls the Group's corruption or unethical conduct through internal monitoring and independent audit. On the other hand, the Group provides an anti-fraud mailbox and an anti-fraud anonymous hotline to the internal and external parties of the Group, accepting complaints and whistleblowing from internal employees of the Group and related suppliers/agents/fixed customers of the Group with dedicated personnel to carry out proper recording and storage of the cases. The President's Office/Human Resources Department is responsible for the collection, analysis, transmission and exchange of all kinds of information related to anti-fraud. The findings of anti-fraud cases will be implemented, followed up, announced and filed. Anti-fraud work is regularly supervised by the risk management supervision team.

Complaints and whistleblowing will be handled depending on the position in the Group of the person being complained about or reported. Cases about employees from middle management or below will be investigated and handled directly by the Group's office/Human Resources Department and punished upon approval from the Group's anti-fraud team. Cases about those from middle or higher management will be investigated and handled directly by the Group's anti-fraud team and punished upon approval from the Group's senior management. The Group shall keep any complaints or whistleblowing confidential to prevent the personal interest and benefit of complainants or whistleblowers from being compromised.

In addition, the Audit Committee of the Board of Directors of the Group regularly receives reports from the internal audit department on the current internal control work and keeps abreast of the Group's integrity work, and promptly reports to the Board of Directors of the Group.

During the reporting period the date of this report, the Company was not involved in any corruption cases concerning its employees or the Company.

Community Public Welfare

COMMUNITY PUBLIC WELFARE

As a leading retail chain company in the third- and fourth-tier cities in East China, over the years, the Group has adhered to the original mission of public welfare, persisted in practising public welfare activities, solved the employment of local residents, paid taxes in accordance with the law, and assumed the social responsibility of corporate citizenship. At the same time, as a leading enterprise in East China, the Group takes advantage of its own brand to actively participate in the organization of various public welfare activities and becomes the driving force to promote the continuous progress of social public welfare.

B8 Community Investment

I. Community Services

The Group values the establishment of a harmonious and inclusive corporate and community relationship with the communities of the areas in which it operates, and actively participates in community activities to understand community needs.

The charity organization with Anhui Four Seas as its main member has been visiting Kongdian No.1 Nursing Home for the Aging since 2009, donations for the Nursing Home to the total of one million yuan.



Nursing Home Love Sympathy Activities

Community Public Welfare

II. Community Development

The Group's subsidiary Anhui Four Seas has been trying to expand its business scale for years, actively taking the lead in relation to the establishment of home appliances industry association of Huainan city, driving the development of more local enterprises progress, at the same time cultivating a group of capable business industry talents, contributes its own strength to promote the vigorous development of Huainan trade industry.

During the reporting period, due to the repeated outbreaks of COVID-19 in China, Mr. Yuan Li, Chairman of the Board of Directors of Qidian International, as a re-elected member of the Chinese People's Political Consultative Conference Chaoyang District of Beijing, participated in online meetings and activities organized by the CPPCC and its special committee, actively performed his duties and offered suggestions.

III. Community Employment

As a leading retail chain company in the third- and fourth-tier cities in East China, the Group continues to provide local employment opportunities while meeting the needs of consumption upgrading in the sinking market. In the future, with the development of new retail businesses, the Group will continue to increase its efforts in recruitment and contribute to community employment.

IV. Public Welfare Activities

The Group adheres to the principle of public welfare, and has always taken the practice of charity and public welfare as an important corporate culture. Actively fulfilling social responsibilities while developing rapidly, at the same time, employees are encouraged to take an active part in various public welfare undertakings, so as to actively return to the society and provide more help to the public while the enterprise gains profits.

Conclusion

CONCLUSION

The environmental, social and corporate governance report is an important manifestation of corporate governance and development strategies. On the one hand, the Group abides by the concept of good environmental protection, social responsibility and corporate governance, attaches importance to the harmonious integration of enterprise, environment and social development, and takes the initiative to undertake social responsibility as a corporate citizen.. On the other hand, it pays attention to the sustainable development of the Group and establishes medium and long-term development strategies and plans, aiming to continuously improve investors' long-term returns and promote the coordinated and healthy development of the capital market and the Group's economy. During the reporting period, the Group actively fulfilled its social responsibilities, while meeting the needs of consumer upgrading. The Group has strived for the concept of comfortable home, and promoted the sale of green and environmentally friendly home appliances as well as layout of liquor field, increasing retail product categories, and paid attention to the balance of interests among the Company and stakeholders, shareholders, employees, customers, suppliers and the community, and promoted actively environmental protection as well as social welfare activities. Overall, the Company's corporate governance work has made significant progress compared with the previous year.

The Group continues to improve the quality of corporate governance and better repay the society and the country by focusing on the application of "materiality", "quantitative" and "consistency" of the reporting principles under the new reporting guidelines.

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
Environmental	A1 Emissions	General Disclosure	Environmental Protection
		Information on:	
		(a) the policies; and	Environmental Protection
		(b) compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Environmental Protection
		A1.1 The types of emissions and respective emissions data.	A1 Emissions
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions		
A1.5 Description of measures to mitigate emissions and results achieved.	A1 Emissions		
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A1 Emissions		

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
A2 Use of Resources		General Disclosure	A2 & A3 Use of Resources, the Environment and Natural Resources
		Policies on the efficient use of resources, including energy, water and other raw materials.	A2 & A3 Use of Resources, the Environment and Natural Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	I. Resources Conservation
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	I. Resources Conservation
	A2.3	Description of energy use efficiency initiatives and results achieved.	A2 & A3 Use of Resources, the Environment and Natural Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A2 & A3 Use of Resources, the Environment and Natural Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
A3 The Environment and Natural Resources		General Disclosure	A2 & A3 Use of Resources, the Environment and Natural Resources
		Policies on minimising the issuer's significant impact on the environment and natural resources.	A2 & A3 Use of Resources, the Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A2 & A3 Use of Resources, the Environment and Natural Resources
A4 Climate Change		General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	A4 Climate Change A4 Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	A4 Climate Change

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
Social	B1 Employment	General Disclosure	Employee Care
		Information on:	
		(a) the policies; and	B1 Employment
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Employee Care
		relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	B1.1 Total workforce by gender, employment type, age group and geographical region.	B1 Employment	
	B1.2 Employee turnover rate by gender, age group and geographical region.	B1 Employment	
	B2 Health and Safety	General Disclosure	B2 Health and Safety
		Information on:	
		(a) the policies; and	B2 Health and Safety
(b) compliance with relevant laws and regulations that have a significant impact on the issuer		B2 Health and Safety	
relating to providing a safe working environment and protecting employees from occupational hazards.			
B2.1 Number and rate of work-related fatalities.	B2 Health and Safety		
B2.2 Lost days due to work injury	B2 Health and Safety		
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	B2 Health and Safety		

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B3 Development and Training	General Disclosure	B3 Development and Training
		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3 Development and Training
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	II.Talent Development Channels
		B3.2 The average training hours completed per employee by gender and employee category	II.Talent Development Channels
	B4 Labor Standards	General Disclosure	B4 Labor Standards
		Information on:	
		(a) the policies; and	B4 Labor Standards
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	B4 Labor Standards
		relating to preventing child and forced labour.	
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	B4 Labor Standards
		B4.2 Description of steps taken to eliminate such practices when discovered.	Not applicable, as such phenomena did not occur

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
B5 Supply Chain Management		General Disclosure	Product Management
		Policies on managing environmental and social risks of the supply chain.	B5 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	B5 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	B5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5 Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5 Supply Chain Management	

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B6 Product Responsibility	General Disclosure	B6 Product Responsibility
		Information on:	
		(a) the policies; and	B6 Product Responsibility
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	B6 Product Responsibility
		relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
		B6.2 Number of products and service related complaints received and how they are dealt with.	V. After-Sales Guarantee
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	V. After-Sales Guarantee
		B6.4 Description of quality assurance process and recall procedures.	V. After-Sales Guarantee
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	IV. Privacy Protection

Appendix – Content Index Under the Environmental, Social and Governance Reporting Guide

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B7 Anti-corruption	General Disclosure	B7 Anti-corruption
		Information on:	
		(a) the policies; and	B7 Anti-corruption
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7 Anti-corruption
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7 Anti-corruption
		B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	B7 Anti-corruption
		B7.3 Description of anti-corruption training provided to directors and staff.	B7 Anti-corruption
	B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Public Welfare Community Public Welfare
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8 Community Investment
		B8.2 Resources contributed (e.g. money or time) to the focus area.	B8 Community Investment