

CHEERWIN

朝雲集團有限公司

Cheerwin Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6601





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ABOUT THIS REPORT

INTRODUCTION OF THE REPORT

This report is the third environmental, social and governance report (the “**Report**” or the “**ESG Report**”) issued by Cheerwin Group Limited (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**Cheerwin**”). The Report is published on a regular basis every year, for the purpose of providing information on the Group’s environmental, social and governance (“**ESG**”) system building and performance and objectively disclosing the Group’s management and effectiveness in respect of sustainable development in response to the expectations of our stakeholders and the public, so as to strengthen communication and connection with various stakeholders.

SCOPE AND BOUNDARY OF THE REPORT

The Report discloses the management and results of ESG related issues for the period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**” or the “**Year**”) and part of the information dates back to the previous year or covers the first quarter of 2023. For details of the Group’s business, please refer to the annual report of the Company (the “**2022 Annual Report**”).

BASIS OF PREPARATION

The Report has been prepared strictly in accordance with the requirements of Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), responding and based on the following principles:

Materiality: The Report discloses the procedures of identifying material ESG factors, including identifying, communicating and discussing with internal and external stakeholders and conducting assessment on substantive issues using the materiality matrix, and highlights the key factors and issues related to ESG.

Quantitative: The Report measures key performance indicators and discloses quantitative data as required by the ESG Reporting Guide issued by the Stock Exchange. The Report also discloses the statistical scope and calculation methods.

Balance: The Report fairly and objectively presents our ESG related work.

Consistency: The Report adopts a consistent data disclosure approach and explains relevant statistical methods and standards.

The content index of the ESG Reporting Guide is set out in the Appendix II of the Report for easy and quick reference by readers.

DATA SOURCES AND RELIABILITY STATEMENT

The information and data disclosed in the Report are based on the statistical reports, formal documents and financial reports of the Group and have been reviewed by the relevant departments. The Group confirms that there is no misstatement or misleading representation contained in the Report and takes responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.



ABOUT THIS REPORT

PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG issues, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

ACKNOWLEDGEMENT AND APPROVAL

Subject to the acknowledgement of the management, the Report has been approved by the Board of Directors of the Company on 24 March 2023.

ACCESS TO AND FEEDBACK ON THE REPORT

The electronic version of the Report will be available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cheerwin.com). Should you have any advice or recommendation as to the Group's disclosure and performance in relation to ESG issues, please contact us through the following way:

E-mail: esg@cheerwin.com



MESSAGE OF THE MANAGEMENT

Since its establishment, Cheerwin Group has always been committed to creating a better life for families in China. Looking back on 2022, we remain in awe. In the year when opportunities and challenges coexisted, we continuously innovated and forged ahead, providing consumers with more efficient, convenient and safe products through product upgrades and iterations. We actively responded to the changes in policies and markets, giving full play to the advantages of enterprises, and making efforts to be a good enterprise with social responsibility in the minds of consumers.

In 2022, our philosophy remained unchanged. The mission of “Life is cheerful” drove Cheerwin to keep innovating. Many new products were successfully launched. Cheerwin pursued product safety and effectiveness. Through technological innovation, breakthroughs were made in the composition of products. Cheerwin made green recycling undertakings for the environment. By optimizing the packaging structure and using environmental protection materials, we successfully improved the green and environmental protection properties of our products. The original intention of Cheerwin for consumers is user-friendliness. We strengthened humanized considerations, thus greatly improving user experience. We are pleased that our efforts are acknowledged by both the market and consumers, as evidenced by the various awards we won. Cheerwin will keep improving on the path of product research and development in the future, and better fulfill its social responsibilities while meeting the needs of consumers.

We attached importance to product quality. Cheerwin’s strict quality control was reflected in product development, purchase of raw materials, production and processing, inspection of finished products, logistics and transportation. Through our in-house events, such as 15 March series of work and Quality Month activities, we also promoted the awareness of quality to every employee. We strengthened marketing management, always adhered to the principle of responsible marketing, strictly controlled advertising and publicity materials, and continuously promoted brand products and told brand stories through online and offline channels. In the past year, we achieved exciting results, enabling Cheerwin to gain significant traction.

Cheerwin currently has more than 900 employees. We always uphold the people-oriented philosophy and improve the human resources system to protect the legitimate rights and interests of employees to the greatest extent. In order to build a humanistic enterprise, we pay attention to all aspects of life and growth of employees, and improve the sense of belonging and happiness of talents from the aspects of employment of talents, talent development, health and safety, talent care, etc., so as to help employees realize their personal values and achieve the common growth of talents and Cheerwin.

We always pay attention to the environmental impact of our operations, and proactively respond to the challenges from “carbon peaking” and “carbon neutrality”. We continuously strengthened our understanding of climate change and strove to improve our risk analysis and management capabilities in terms of climate change. Under the national dual-carbon policy, Cheerwin continuously explored the potential of low-carbon operations to improve our environmental performance. Similarly, we encouraged employees to develop a low-carbon and environmental awareness, integrate the green philosophy into their lives, and practice sustainable development.

The support of the state, society and partners has contributed to today’s achievements of Cheerwin. We will not forget the support from all parties along the way. We will remain true to the original aspiration and continue to cooperate with our suppliers, distributors and other partners in various fields in future development. Meanwhile, we persist in participating in charity, supporting epidemic prevention and control, animal protection and people in need, thus contributing to society.

In 2022, based on our ESG management philosophy, we have constantly improved the ESG management level and better integrated the ESG philosophy into the Company’s operation management system. Despite difficulties, Cheerwin remained true to the original aspiration, making efforts and continuously growing in environmental, social and governance aspects. In the new year, we will continue to adhere to the principle of “good products widely available, making life easier”, and continuously implement the multi-brand, multi-category and omni-channel development strategy to create good products that gain more traction with consumers, thus becoming a fast-moving consumer goods group that accompanies the lives of ordinary people!



ABOUT US

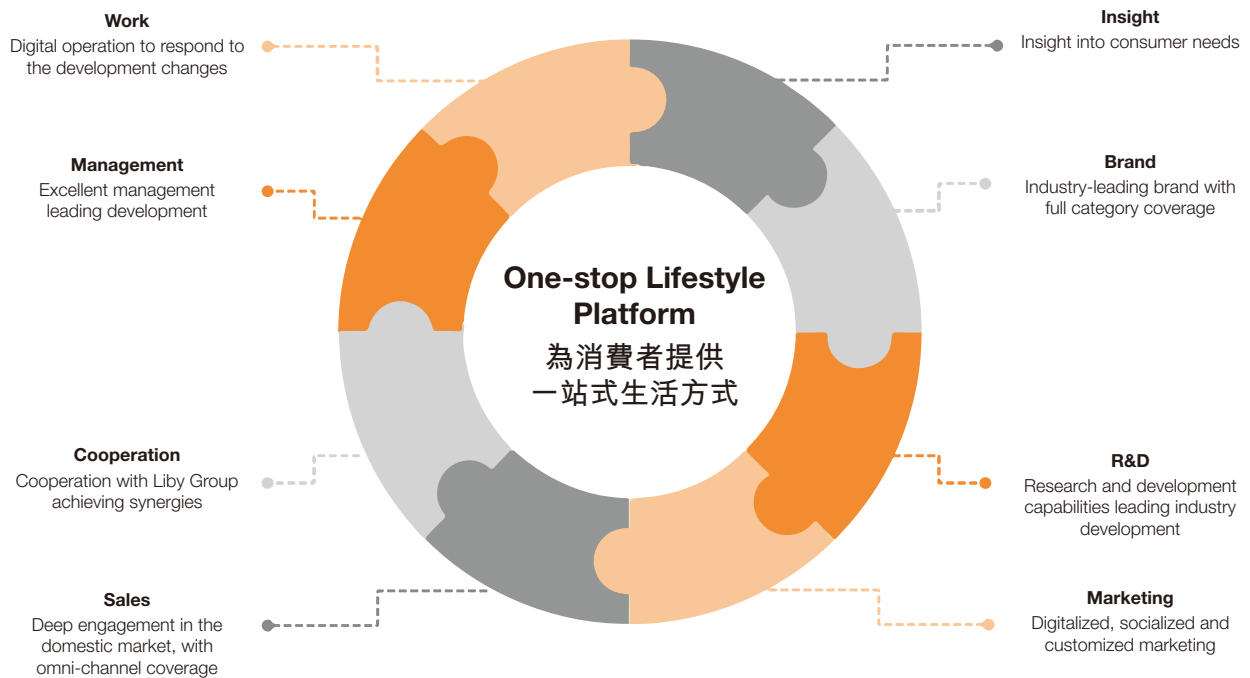
COMPANY PROFILE

Cheerwin Group Limited is a leading one-stop multi-category household cleaning, pet care and personal care platform in China, and is the company with the largest number of brands and sub-categories among the top five household cleaning companies in China. In March 2021, the Group was successfully listed on the main board of the Stock Exchange with stock code: 6601.

Adhering to the mission of “Life is cheerful” and the dreams of becoming “China’s largest fast-moving consumer goods corporation and the global top 500 fast-moving consumer goods group”, the Group is committed to bringing innovative products and experience to every family by fulfilling the values of “customer first, pursuit of excellence, embrace changes, help each other, in trust we see”, and creating a leading one-stop multi-category household cleaning, pet care and personal care platform in China. Currently, Cheerwin owns eight brands, namely “Superb (超威)”, “Babeking (貝貝健)”, “Vewin (威王)”, “Naughty Buddy (倔強尾巴)”, “Naughty Mouth (倔強嘴巴)”, “DUX (德是)”, “Rikiso (潤之素)” and “Cyrin (西蘭)”. Since 2015, based on retail sales, Cheerwin has ranked first in China’s household insecticides and repellents market in terms of market share for eight consecutive years, ranked second in both household cleaning and air care market shares, and established leading positions in a number of market segments such as personal care and pet care.

BUSINESS OVERVIEW

We have a vertically integrated business model that provides us control over the critical elements of the corporate value chain, including research and development, manufacturing, marketing and sales and distribution. We distribute our products through our nation-wide multi-channel sales network and have broad customer bases in our target markets. The Group is committed to providing a one-stop lifestyle platform for consumers through the following eight pillars.





ABOUT US

Guided by the strategy of “multi-brand, multi-category and multi-channel progressive development to meet varying demands of different consumers”, the Group has continuously developed, manufactured and sold multiple categories of products, covering various types of household insecticides and repellents, household cleaning, air care, personal care, pet care and pet food. For different consumer groups and consumption scenarios, we have launched eight core brands, namely “Superb (超威)”, “Babeking (貝貝健)”, “Vewin (威王)”, “Naughty Buddy (倔強尾巴)”, “Naughty Mouth (倔強嘴巴)”, “DUX (德是)”, “Rikiso (潤之素)” and “Cyrin (西蘭)”.

Brands

Main Products



Household insecticides and repellents products:
Superb Electric Mosquito Swatter (超威電蚊拍), Superb Electric Mosquito Killer (超威電滅蚊燈), Superb Liquid Vaporizer (超威電熱蚊香液), Superb Insect Killer (超威殺蟲氣霧劑), Superb Electric Mosquito Repellent (超威電蚊香), Superb Light Smoke Mosquito Coil (超威微煙蚊香), Superb Roach Baits (超威殺蟑餌劑), etc.



Household insecticides and repellents products:
Babeking Liquid Vaporizer, Babeking Mosquito Repellent Gel, Babeking Mosquito Killer Lamp, Babeking Mosquito Nets, Babeking Floral Water, etc.

Personal care products:
Babeking Plant Essential Oil Paste, Babeking Natural Protective Bag, Children's Lithospermum Mint Paste, Babeking Natural Protective Spray, Babeking Pop Liquid Soap, Babeking Hand Wash-free Gel, etc.



Household cleaning and sterilization products:
Vewin Kitchen Cleaner Series, Vewin Toilet Cleaning Series, Vewin Washing Machine Tank Cleaner Series, Vewin Liquid Disinfectant Series, Vewin Pipe Dredging Agent, etc.



ABOUT US

Brands

Main Products

倔强尾巴

Pet care products:

Naughty Buddy Pet Deodorant Spray, Naughty Buddy Disinfectant, Naughty Buddy Deodorant and Antibacterial Agent, Naughty Buddy Pet Tooth-cleaning Gel, Naughty Buddy Pet Ear Cleaning Gel, Naughty Buddy Oral Cleaning Tooth Water, Naughty Buddy Tofu Cat Litter, Naughty Buddy Hybrid-type Cat Litter, etc.

倔强嘴巴

Pet food products:

Naughty Mouth Fresh Meat Complete Cat Food for Adult Cat, Naughty Mouth Fresh Meat Complete Cat Food for Kitten, Naughty Mouth Fresh Meat Complete Dog Food for Adult Dog, Naughty Mouth Fresh Meat Complete Dog Food for Puppy, Naughty Mouth Complete Canned Staple Food, Naughty Mouth Pet Snacks for Cat, Naughty Mouth Pet Nutritional Supplement, etc.

DUX
德是

Pet care products:

DUX Ocean Series Dog Shampoo, DUX Ocean Series Cat Shampoo, DUX Ocean Series Cat & Dog Conditioner, DUX Ocean Series Cat & Dog Waterless Shampoo, DUX Ocean Series Dog Perfume, DUX Plant Series Tofu Cat Litter, etc.

润之素

Household insecticides and repellents products:

Rikiso Mosquito Repellent Florida Water, etc.

Personal care products:

Rikiso Soap, Rikiso Disinfectant Hand Wash, Rikiso Hand Cream, Rikiso Facial Cream, etc.

西兰
CYRIN

Air care products:

Cyrin Air Purifier, Cyrin Dehumidifying Bag, Cyrin Deodorizing Aromatic Bead, Cyrin Liquid Air Freshener Series, Cyrin Deodorant, Cyrin Fragrance, Cyrin Solid Perfume Series, etc.

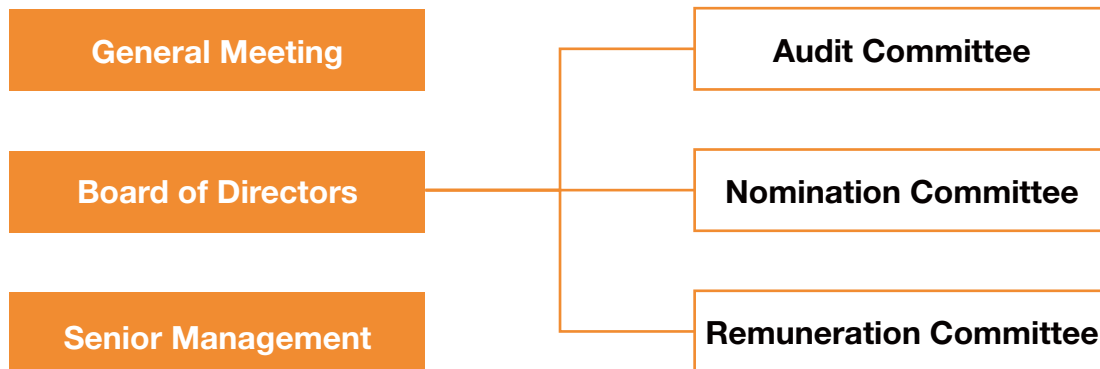


ABOUT US

CORPORATE GOVERNANCE

- **Governance structure**

Good corporate governance is crucial to stepping up the management of the Group and protecting the interests of shareholders as a whole. Cheerwin has adopted the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules as the code for governing its corporate governance practices. Under this code, the Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee, and each committee operates in accordance with the terms of reference set by our Board. To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. As at 31 December 2022, the Board comprised 7 Directors, including 3 executive Directors (1 female executive Director), 1 non-executive Director and 3 independent non-executive Directors.



Corporate Governance Structure

For more governance information, please refer to the Corporate Governance Report of the Company's 2022 Annual Report.

- **Risk management and control**

The Group has always attached great importance to internal compliant operation and risk management, strictly complied with relevant national laws, regulations and industry requirements. On this basis, the Group has developed a number of internal policies for all processes of operations of the Company. Please see Appendix I for the laws and regulations applicable to the Group and a list of our internal policies.



We have also developed a complete set of internal control and risk management procedures to address various identified potential operational, financial, legal and market risks related to operations, including but not limited to procurement management, credit risk, related party transaction control, information disclosure control and regulatory procedures. The risk management procedures set out procedures for identifying, analyzing, classifying, mitigating and monitoring various risks. The risk management policy of the Group also sets out the reporting grade related to the risks identified in our operations. Our Board is responsible for supervising our overall risk management.

During the Reporting Period, the Audit Department of the Group led and carried out a number of special audits, covering production and cost, marketing and promotion of the pet division, marketing and promotion of the e-commerce operation center, media promotion of the brand management center, warehousing and logistics expenses of third parties, marketing expenses and outsourcing expenses. Meanwhile, the Group also carried out market visits, internal control evaluation of e-commerce inventory, and system and process reviews to identify potential risks in operations and continuously optimize the risk management effect.

- **Anti-corruption**

The Group strictly abides by *the Company Law of the People's Republic of China*, *the Anti-Unfair Competition Law of the People's Republic of China* as well as recognized business ethics on anti-corruption, bribery, extortion and fraud. The Group has developed the internal Audit Supervision Management System and the Corruption Prevention and Punishment Management System, etc., so as to identify and solve the possible corruption problems of the Group in a timely manner. We accept the supervision of all stakeholders through the integrity whistle-blowing channel on our official website at tousu@cheerwin.com. In addition, we have also filmed anti-fraud videos of Cheerwin, which are disseminated in the Company to create a corporate culture atmosphere of clean and honest employment.

During the Reporting Period, the Group launched the “Anti-corruption Month” campaign, during which the Group had provided trainings to employees in relation to anti-corruption and honesty, and promoted the corporate culture atmosphere of honest practice. We also carried out work for reporting conflicts of interest among all employees of the Company, as well as anti-fraud training for all members of the Board of Directors.

During the Reporting Period, the Group was not involved in any legal case regarding corruption or fraud.



Anti-fraud Training



ABOUT US

AWARDS AND HONORS

During the Reporting Period, the Group received many awards and recognitions.

	Awards and Honors	Awarding Institutions
	2022 China Excellent Management Company Award	Deloitte, Bank of Singapore, Business School of The Hong Kong University of Science and Technology, Harvard Business Review (Chinese Edition)
	Most Valuable Social Service Company	Zhitong Caijing
	Most Socially Responsible Listed Company	Zhitong Caijing, Tonghuashun Finance, Bank of China Securities and CGS
	Overseas Listed Company with the Most Growth Potential	Daily Financial News
	Award for Scientific and Technological Advancement	China National Light Industry Council
	Ranked fourth among the Top Ten Companies in Light Industries by China Daily Necessities Industry Association in 2021	China Daily Necessities Industry Association
Cheerwin	Model Enterprise with New Contributions to Innovation in the Daily Necessities Industry in China in 2022	China Daily Necessities Industry Association
	Star of Public Welfare Contribution in the Washing Product Industry of China in 2022	China Cleaning Industry Association
	Golden Wheat Quality Award	Taobao Tianxia (淘寶天下)
	Jury Award in the 13th Huxiao Award (第十三屆虎嘯獎評審團大獎)	China Advertising Association of Commerce
	Seven Marketing Case Awards in the 13th Huxiao Award	China Advertising Association of Commerce
	Grand Award in the 9th Golden Byte Awards	Advertiser Review
	Business Value Rankings in the 11th ADMEN International Awards 2022	Adman Culture Group
	Company with the Most Growth Potential in the 11th ADMEN International Awards 2022	Adman Culture Group
	Three Integrated Marketing – Golden Practical Case Award in the 11th ADMEN International Awards	Adman Culture Group



ABOUT US

	Awards and Honors	Awarding Institutions
Marketing and Publicity Project of “Using Superb for Professional Mosquito Repellence”	Silver Award in Brand Companies, Bronze Award in Agency Companies, and Nomination Award in the ROI Business Creative Marketing Awards	ROI
Marketing and Publicity Project of “With Superb, Without Mosquitoes”	Benchmarking Case Award for Brand Building and Sales Effect Integration, Brand Marketing and Content Marketing in the 9th Golden Byte Awards	Advertiser Review
	International Digital Marketing Annual Awards	DMAA International Digital Marketing Summit
Naughty Buddy	JD.com Pet Best New Brand Award	JD.com
Naughty Mouth	Annual New Brand Award in PFA AWARDS	PFA Awards



ESG GOVERNANCE

ESG PHILOSOPHIES

The Group adheres to the mission of “Life is cheerful” and persists in providing good products for every consumer. Meanwhile, we are committed to promoting the sustainable development of the Group through improving the Company’s risk management capability and internal control system, the Company’s integrity management level, optimizing the Company’s governance capability, strengthening communication with stakeholders, integrating ESG philosophies into the production and operation activities of the Group, actively fulfilling social responsibilities, and establishing a good corporate image.

STATEMENT OF THE BOARD

The Board of Directors of the Group attaches great importance to environmental, social and governance work, and focuses on business development and enterprise operation. As the most important leading role in the Group, the Board of Directors directly manages and supervises the environmental, social and governance issues of Cheerwin, and is fully responsible for ensuring the effectiveness of the Group’s environmental, social and governance work and reports.

Our environmental, social and governance work focuses on non-financial indicators and covers many aspects, including compliance management, research and development, innovation, product quality, human resources, low-carbon operation and social responsibility. In order to strengthen the management level of the Board of Directors in environmental, social and governance aspects, we have established an environmental, social and governance office of Cheerwin (ESG Office) under the Board, which is led by an executive Director. The Audit Department of the Group takes the lead in the management and execution of ESG-related matters. We have also established an environmental, health and safety team (EHS team) to assist the ESG Office in assessing and managing all ESG-related matters. The ESG team, comprising the Audit Department, the Human Resources Center, the Technology R&D Department, the Legal Affairs Department, the Sales Center, the KA Sales Department, the Procurement Management Department, the Quality Management Department, the Supply Management Department, has fully improved the Group’s ESG management and integrated the ESG philosophy into our daily management and operation.

During the Reporting Period, the Board of Directors supervised and reviewed the ESG-related work. The Board of Directors confirmed the climate risk identification list of Cheerwin, and reviewed the environmental targets in terms of water consumption, energy consumption and emissions, and required the continuous decline in the environmental performance intensity indicators. The Board of Directors has discussed the demands of stakeholders many times and determined the material ESG issues of the Group and their importance. By reviewing and evaluating the ESG performance of Cheerwin, the Board of Directors steadily promoted the sustainable development of the Group.

The Board will continue to pay attention to the environmental, social and governance performance of the Group, and provide stakeholders with practical and reliable ESG-related information.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important aspect of the ESG management of the Group, and is closely related to the growth and development of Cheerwin. We always pay attention to the demands of stakeholders, including shareholders/investors, governments and regulators, consumers, customers, employees, distributors, suppliers and partners, and regularly engage with stakeholders through different channels to understand their demands and respond in a timely manner, so as to improve our ESG management.



ESG GOVERNANCE

During the Reporting Period, based on regulatory requirements, concerns in the capital market and leading industry peer practices, the Group sorted out and identified the following major stakeholder groups that have decision-making power over and influence on the Group and are closely associated with the Group.

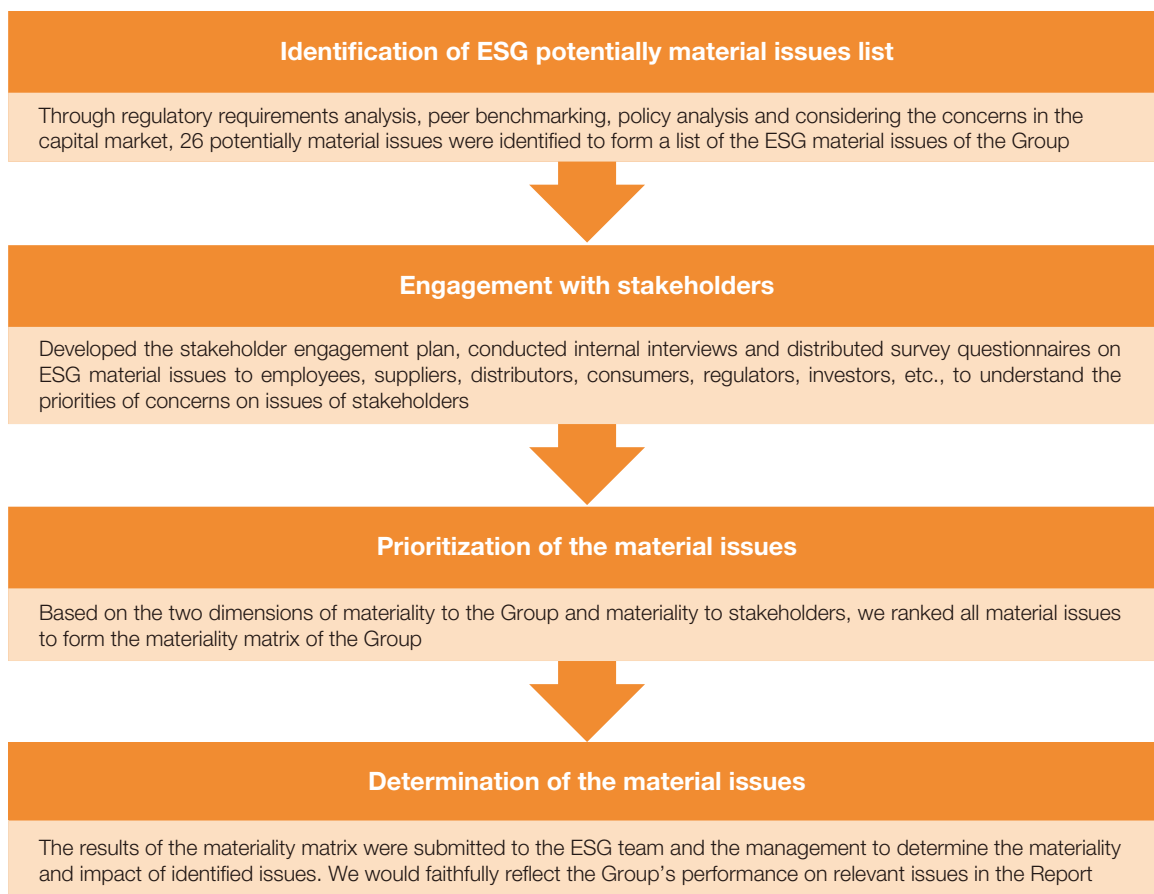
Type of Stakeholders	Issues Concerned	Communication Channels/ Feedback Methods
Government and regulator	<ul style="list-style-type: none"> Compliant operation Tax payment by law 	<ul style="list-style-type: none"> Reception for research Proactive reporting Annual reports
Investors/Shareholders	<ul style="list-style-type: none"> Corporate governance Economic performance ESG performance 	<ul style="list-style-type: none"> General meetings/extraordinary general meetings Results presentation Press releases/announcements Annual reports and interim reports of the Company ESG reports
Customers and consumers	<ul style="list-style-type: none"> Safe, healthy and environmentally friendly products Customer privacy and data confidentiality Product diversification Quality service 	<ul style="list-style-type: none"> Innovative research and development Whole process product quality control Brand promotion Responsible marketing Consumer service hotline
Distributors	<ul style="list-style-type: none"> Profit guarantee Boosting business capability 	<ul style="list-style-type: none"> Evaluation for admission of distributors Distributor training and publicity
Suppliers	<ul style="list-style-type: none"> Supplier admission management Supplier evaluation Supplier cooperation 	<ul style="list-style-type: none"> Supplier admission evaluation Supplier performance evaluation Regular visits to suppliers
Employees	<ul style="list-style-type: none"> Protection of basic rights and interests Remuneration and benefits Training and development Health and safety 	<ul style="list-style-type: none"> Employee communication platform Regular growth and performance evaluation Cheerwin Academy Health and safety training



ESG GOVERNANCE

IDENTIFICATION AND DETERMINATION OF MATERIAL ISSUES

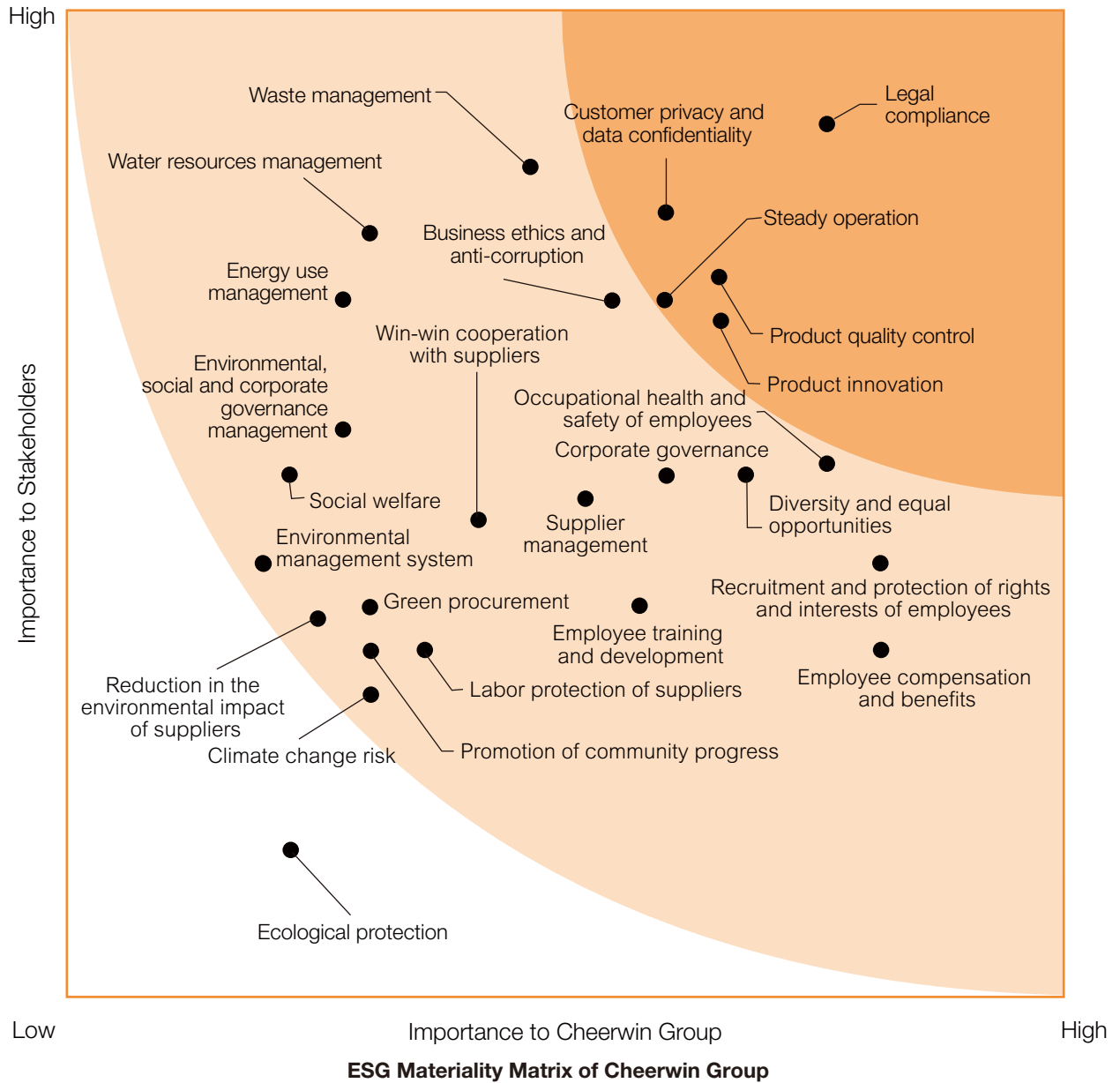
During the Reporting Period, based on the disclosure requirements of the ESG Guide of the Stock Exchange and the materiality matrix of the Sustainable Accounting Standards Board (SASB) and in line with the leading industry peer practices and the key ESG concerns in the capital market, the Group identified potentially material issues and, through in-depth interviews and questionnaire surveys with stakeholders, determined the sequence of each issue, so as to promote the in-depth development of the ESG management of the Group.





ESG GOVERNANCE

During the Reporting Period, the Group identified 26 ESG issues, including 5 issues of high materiality, 20 issues of moderate materiality and 1 issue of low materiality. Issues of high materiality constitute the key part of the Report, which will be disclosed in detail in the Report.





I. INNOVATION DRIVES A BETTER FUTURE

Just like Cheerwin's philosophy of "Life is cheerful", we are always committed to creating a better life for families in China. Cheerwin will continuously provide consumers with high-quality, efficient, convenient, safe, good-looking and user-friendly products through research and development, upgrade and iteration of production technologies.

1.1 PRODUCT INNOVATION

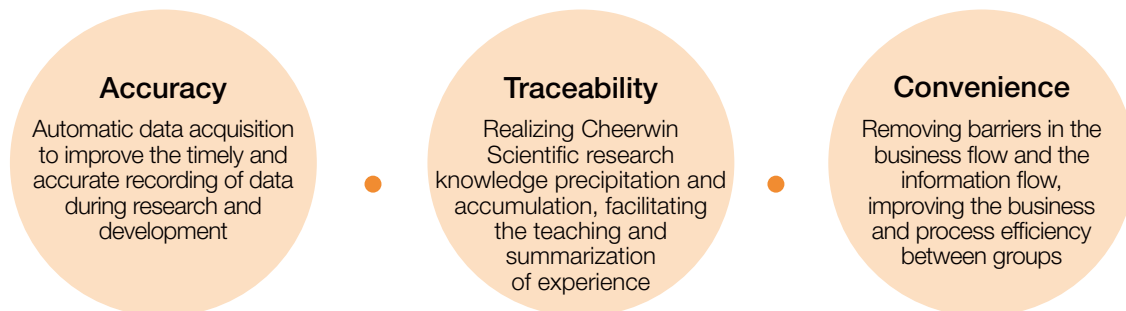
In the face of the growing emphasis on health and environmental protection, Cheerwin has always adhered to the consumer-oriented principle, constantly injecting new technologies and philosophies into research and development and innovation around the ever-changing product needs of consumers, solving pain points in markets, and constantly launching various categories of new products, thus protecting the healthy life of consumers.



1.2 TECHNOLOGY UPGRADE

Persisting in continuous technology upgrades is the key factor for launching various categories of new products of Cheerwin. We attach great importance to the capability for independent development of technologies in our business development process. During the Reporting Period, we have actively recruited highly educated talents, increased investment in research and development, and expanded the capacity of our research and development laboratories to carry out research into and effect tests of product formulation, packaging, and raw material technologies of our existing business units, and to support strategic arrangements of capabilities for construction of key scientific research and technology platforms.

Based on the requirements of strategic planning and development of Cheerwin's products, and realization of intelligentization, independence and confidentiality of research and development, we established an internal Cheerwin scientific research information management system, and a platform for sharing R&D information and resources, during the Reporting Period.





I. INNOVATION DRIVES A BETTER FUTURE

During the Reporting Period, Cheerwin began to improve the market competitiveness of its products from three aspects, namely raw materials, environmental protection and user-friendliness. Meanwhile, it actively assumed social responsibilities to continuously expand its social influence.

- **Raw Materials**

Cheerwin's products are closely related to people's lives. Based on the research and development philosophy of green, healthy and botanical sources, we put product safety first in product research and development, so as to avoid adverse impact on personal safety and health.

- **Vewin MAGIC FRUIT (威王魔力果淨):** We added plant-derived surfactant (APG) to the formula of multifunctional kitchen cleaner. It is a renewable resource. Compared with the surfactant derived from petrochemical derivatives, it not only makes the product safer, but also is easy to biodegrade, thus reducing carbon emissions and promoting carbon recycling. Compared with inorganic acid and synthetic organic acid added in the mainstream detergent products in the market, lactic acid from biogenic fermentation added in the bathroom cleaners makes the products more environmentally friendly and safer, solving the inherent problem that sanitary detergents highly irritate nasal mucosa.
- **Superb Icardin Repellent Liquid (超威癸萜酯驅蚊液):** We use hydroxygualate, a mosquito repellent ingredient imported from Germany and recognized by the national competent authority. It has a better performance in continuously preventing the irritation caused by mosquito incense and reducing transdermal absorption, thus ensuring the safety of consumers and preventing the spread of mosquito diseases.
- **Cyrin Cocktail Fragrance Gel (西蘭雞尾酒香氛凝露):** In view of the risk of children eating by mistake, we add a bittering agent to the formula to reduce the risk of swallowing by children after eating by mistake, and the bittering agent is easy to cause vomiting, thus reducing the intake and improving the safety of the product use.



I. INNOVATION DRIVES A BETTER FUTURE

• Environmental Attribute

Cheerwin practices the three principles of recycling economy in product research and development, actively increasing investment in development of product packaging materials, optimizing packaging structure and using environmentally friendly materials. Meanwhile, subject to ensuring the use of products, we optimize product formula, reduce the environmental impact of use, and improve the environmental properties of products. During the Reporting Period, we replaced the original composite materials with a single material, thus solving the pain point that products were difficult to separate in recycling, contributing to the closed-loop circulation of products and facilitating the recycling of materials.

Reduce

- Vewin MAGIC FRUIT: With regard to the series of 520g kitchen, bathroom and multifunctional cleaner products, the Company plans to change the 48g PET bottle embryo to 39g PET bottle embryo, which will be gradually replaced with a lighter PET bottle after passing the performance verification of packaging materials.
- Babeking Mosquito Coil and Superb Villatic Lotus Mosquito Coil: The formulas were adjusted to reduce the spraying amount in the production process by 12.7% and 11.3% respectively, thus decreasing the smoke emission in use of the mosquito coils while ensuring the product performance.
- Pet concentrated deodorant: Increasing the concentration of the concentrated solution can help reduce water consumption for product production by over 60% and the amount of packaging materials by more than 50% as compared with conventional products, and save energy in storage and transportation.

Replace

- Rikiso Hand Cream packaging materials : The current PE flexible pipe + PP screw cap are replaced with a single PE material, and the use of new buckles of pipe caps will also reduce the use of plastic (5.0g PP→3.7g PE).
- Vaporizing mat packaging materials: The existing multi-layer composite aluminum-plated bags are replaced with PE packaging bags made from a single material.
- Vertical packaging bags for Octopus Dudu (章魚嘟嘟): The current aluminum-plated composite film bags made of various materials are replaced with BOPP/CPP composite film bags made of a single material.
- Hybrid-type Cat Litter: Through the development and application of natural mineral soil materials, the consumption of materials such as bean dregs and starch was reduced by 30%.
- Vewin Toilet Cleaning products: The material for producing the shrink film of the series of products was changed from PVC material to PET material to reduce the environmental impact.



During the Reporting Period, Cheerwin further strengthened the certification of environmental protection marks of products, and obtained four new environmental label certification certificates, covering product series such as toilet cleaner, kitchen cleaner, air conditioning sterilization cleaner, aerosol air freshener and insecticide aerosol. Meanwhile, Cheerwin passed the annual review of environmental label certification of five products in two units, namely vaporizing mat and liquid vaporizer.



I. INNOVATION DRIVES A BETTER FUTURE

• User Friendliness

Improving the user-friendliness of products is another focus of Cheerwin product research and development. We pay close attention to the details. In consideration of different scenarios of users in use of products, the functional elements and humanization of products, we increase the safety, convenience and user-friendliness of products, so as to bring users a good experience.



Superb Icardin Repellent Liquid (Small Green Bottle)

Superb Icardin Repellent Liquid (Small Green Bottle) is easy to carry, which is in line with the modern social consumption philosophy.

- Easy to carry, with the same size as the lipstick
- Operable with one hand
- Convenient for replacement, without subpackage



Vewin MAGIC FRUIT Bathroom Cleaner

The product has a three-purpose spray, with the reverse spray function enabling consumers to easily clean toilet grooves and dead angles in the bathroom, helping solve the difficulty in cleaning the bathroom.



Cyrin Xiao Xiang Feng

The packaging form is improved by changing the aluminum easy open end to a more user-friendly heat-sealed aluminum film, so as to prevent consumers from being cut by the easy open end when opening.



Pet Food

The easy to tear strip is used as the seal, which makes the opening tidier. The zipper sealing strip is also used to achieve secondary sealing through pressing and zipping.



Babeking Mosquito Repellent Liquid

The waisted bottle is used for easy hold; meanwhile, the characters and patterns embossed on the bottle body increase the friction when holding the bottle, thus reducing the risk of slipping.

• Participation in the Formulation of Standards

Cheerwin actively participates in the formulation of relevant standards of China, industries and groups to promote the development and progress of the industry. We always keep close contact with trade associations, keep abreast of the development direction and market trends of the industry, and actively participate in the solicitation of relevant legal opinions by national trade organizations in relation to our products.

During the Reporting Period, Cheerwin formulated the standard T/ZGXX 0005-2022 Cat Litter for Pet Cleaning and Hygiene Products and participated in the formulation of the standard NY/T 4092-2022 D-cyphenothrin Active Compound, thus making due contributions to standardizing the market and improving product quality.



I. INNOVATION DRIVES A BETTER FUTURE

- **Honors and Awards**

During the Reporting Period, Cheerwin actively promoted the upgrading and innovation of product technology, which was highly recognized by the state and society, and won many honors, further enhancing its brand reputation and social influence.

Product Honors

- Vewin Liquid Disinfectant (beads) was included in the Catalogue of Promoted Products for the Elderly 2022 by the Ministry of Industry and Information Technology
- Mildew-resistant chlorine fluoride mosquito coil and Vewin air-conditioning sterilization cleaner were included in the Guide to Upgrading and Innovating Consumer Goods (the ninth batch in the light industry) by the China National Light Industry Council
- The key technology research into insecticide aerosol enhancement and its industrial application was awarded the second prize in scientific and technological progress by the Guangdong Light Industrial Council and the third prize in scientific and technological progress by China National Light Industry Council

1.3 INTELLECTUAL PROPERTY

With the increasingly important role of intellectual properties, the protection of intellectual properties has become the unremitting driving force for enterprises to achieve long-term development. In order to improve the enterprise identification and industrial competitiveness of Cheerwin, we strictly complied with *the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China* and other relevant laws and regulations. We have developed the Patent Management Rules, the Trademark Management Rules and the Copyright Management Rules, to standardize Cheerwin's application for, use and maintenance of intellectual properties including trademarks, copyrights and patents.

Through the Legal Affairs Department, we strengthen Cheerwin employees' awareness of the protection of intellectual properties, strictly investigate the infringement of intellectual property rights, and protect our intangible assets from infringement. Meanwhile, we respect and protect the intellectual property rights of others.

During the Reporting Period, the Group applied for a total of 369 trademark rights and obtained licenses to use 592 trademarks. The Group applied for a total of 27 patents and had 16 patents authorized. As at 31 December 2022, the Group had a total of 2,114 trademarks and a total of 109 authorized patents.



II. QUALITY, PROTECTION OF THE SUNNY LIFE

“Good products widely available, making life easier” is the development strategy of Cheerwin. Since its establishment, the Group has always pursued excellence, giving top priority to product quality assurance to ensure continuous and stable product quality. We also adhere to the principle of honest management and responsible marketing. Through the establishment of a sound quality control system, we safeguard the basic rights and interests of consumers and meet their diversified needs. We strive to become a leading enterprise in product quality and reputation in the industry.

2.1 QUALITY ASSURANCE

The Group has developed a sound quality control system, including the Measures for Management of Quality Objectives, the Measures for Handling Product Quality Complaints in the Market, the Measures for Handling Quality Events, etc. The Group summarizes the quality management every year and publishes the quality management objectives for the next year according to the work of the year. During the Reporting Period, we achieved the quality objectives set in the previous year and did not experience major quality accidents; our market performance was stable as a whole.

• Product Development

In order to effectively guarantee the quality of new products, we strictly comply with laws and regulations of the nation and the industry from the initial stage of product development and strictly standardize all product development processes. Our quality team always actively communicate with the research and development team, carry out professional and scientific evaluations of the safety and quality of all categories of products before launch, and make internal reports to record the evaluation details.

During the Reporting Period, the quality management team of Cheerwin was fully integrated into each process of new product development through early intervention, which enabled the smooth marketing of the Group’s new products such as Vewin MAGIC FRUIT, Babeking Mosquito Repellent Gel, Superb Icardin Repellent Liquid and sophora soap, thus achieving good market performance.

• Raw Materials

Quality control of raw materials is an important process in product quality assurance. For this reason, the Group has developed internal policies such as the Rules for the Management of Acquisition and Admission of Suppliers, the Quality Management Measures for Admission of New Suppliers of Raw Materials, the Measures for Daily Quality Management of Raw Materials Suppliers, and the Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Materials. The Group carries out strict evaluations from supplier admission to the daily management of suppliers to ensure the quality of raw materials.

Admission of Suppliers	Daily Management of Suppliers	Removal of Suppliers
<ul style="list-style-type: none"> • Testing raw materials samples • Establishing an on-site supplier review team and conducting on-site review of suppliers • Trial supply of raw materials • Formal supply of raw materials 	<ul style="list-style-type: none"> • Supplier assessment: Carrying out monthly and annual assessments of suppliers, and classifying supplier quality risks according to the assessment results • Special review and on-site inspection of suppliers: Organizing on-site inspection according to the daily quality performance of suppliers, and requiring suppliers that do not meet the requirements to make rectification 	<ul style="list-style-type: none"> • According to the severity, the Group will consider suspending the supply of suppliers who fail quality reviews, repeatedly have abnormal quality and act in bad faith.



II. QUALITY, PROTECTION OF THE SUNNY LIFE

Meanwhile, the Group requires suppliers to provide product quality inspection reports (COA) covering all technical standards and indicators for raw materials, and re-test raw materials to ensure that the quantity and quality of raw materials meet the standards before entering the production process.

Improvement in Crush Resistance of Cat Litter Packaging for Transport

Cartons with compressive strength of 200kg were used as outer packages of cat litter products of Cheerwin, leading to frequent carton deformation and damage during transportation, and needed to be replaced with other cartons. In order to solve this problem, during the Reporting Period, the Group increased the compressive strength of 2-pack cat litter cartons to 250kg and that of 4-pack cat litter cartons to 400kg, effectively ensuring the quality and safety of products.

• Product Manufacturing

We integrate the requirements of quality control into all product manufacturing processes. In this regard, we strictly comply with national and industrial laws and regulations. We have developed and adhered to the Group's Management Measures for Quality Monitoring and Measurement of Semi-finished and Finished Products and the Product Quality Policy of Cheerwin Group. We have carried out inspections and established strict release standards at key control points, so as to solve possible problems such as abnormal packaging, production technology and appearance during trial production and production, thus ensuring that the Group's products meet the quality standards before entering the market. We also continuously evaluate and follow up with factories of original equipment manufacturers (OEMs) and suppliers to promote common improvement.

During the Reporting Period, we issued special quality review reports to 27 factories, and obtained the ISO 9001 quality management system certification issued by the British Standards Institution (BSI).





II. QUALITY, PROTECTION OF THE SUNNY LIFE

- **Finished Products**

The Group strictly controls the quality of finished products in strict compliance with *the Product Quality Law of the People's Republic of China*. We conduct sampling inspections before products enter the market, covering each batch of products, so as to ensure that the quality of finished products meets standards. Meanwhile, due to the particularity of personal care products such as body wash and hand sanitizer, we persist in engaging professional third-party testing organizations to carry out strict safety tests such as standard full-item test, toxicology test and safety assessment of the products, so as to ensure the safety of products.

During the Reporting Period, the national product quality inspection departments at all levels conducted a total of 30 random inspections for the Company, with the percentage of passes reaching 100%.

- **Logistics and Transportation**

The logistics and transportation of the Group are undertaken by third-party logistics carriers, and we will regularly evaluate their capabilities. According to the annual evaluation results and in consideration of the Group's cost control and other factors, we continuously optimize the list of carriers, so as to achieve the purpose of cost saving and quality assurance. During the Reporting Period, we did not experience any major delays or improper handling of products.

- **Product Quality Activities**

During the Reporting Period, the Group organized the 15 March series of work, and carried out all-round quality improvement management of our Anfu Cheerwin Plant and Panyu Cheerwin Plant in terms of identification of potential hazards in product quality, quality awareness publicity and training, quality and safety inspection of inventory, market visits and self-inspection of pesticide production licenses, in order to improve the quality awareness and level of the Group. Meanwhile, we also launched the "Quality Month" series of activities to publicize and popularize the knowledge related to product quality. During the Reporting Period, the Group held more than 20 quality activities, actively identifying more than 120 potential hazards and organizing improvements, and conducted over 20 unannounced inspections, thus comprehensively improving the quality management capabilities and standards.



15 March series of work



"Quality Month" Series Activities



II. QUALITY, PROTECTION OF THE SUNNY LIFE

In terms of product quality control, the Group implemented a comprehensive and whole-process quality management process, which was highly recognized by the public. During the Reporting Period, the Group was awarded the title of “National Benchmark Enterprises on Quality and Credibility” by China Association for Quality Inspection consecutively, and our products were rated as the “Stable Qualified Products in National Quality Inspection.”



Certificate for National Benchmark Enterprises on Quality and Credibility



Certificate for Qualified Products in the National Quality Inspection

2.2 RESPONSIBLE MARKETING

The Group adheres to the principle of responsible marketing. The Group is always truthful and upholds integrity in product advertising and marketing, delivering the most authentic and objective product information to consumers. The Group protects the privacy and legitimate rights and interests of consumers in all processes.

- **Advertising and Publicity**

The Group attaches great importance to product market segments and adopts multi-brand and multi-category product strategies to accurately create suitable products for different types of consumers. In product promotions, the Group strictly complies with the national laws and regulations including *the Advertisement Law of the People's Republic of China* and *the Anti-unfair Competition Law of the People's Republic of China*. Meanwhile, the Group has developed and complied with the Company's internal advertisement compliance policies to ensure that product promotions are legal and compliant.

In actual brand promotion operation, the brand center will first develop promotion strategies, and the Channel Market Department will review and check publicity materials, languages and methods. The publicity materials will be made and released uniformly after approval. Meanwhile, our Marketing Department will implement the established brand promotion strategy. The Audit Department and other relevant departments will regularly check and give feedback on the results of implementation, through market visits.



II. QUALITY, PROTECTION OF THE SUNNY LIFE

- **Marketing Activities**

The Group always looks forward to shaping and optimizing the brand image through active and positive marketing activities, so that Cheerwin products can win the favor and trust of more and more consumers. We have built a brand marketing system that is oriented towards the varying needs of different consumers and adopted the omnichannel brand marketing strategy. We have continuously enhanced the brand image and influence from quality content to targeted delivery, and from working with strong IP to creating brand IP. During the Reporting Period, the Group actively invested in building brand exclusive stores, cooperated with a number of retailers to carry out marketing activities, repeatedly placed advertisements of Cheerwin on mainstream TV and online platforms, constantly shaped product images and told stories, thus promoting the sales of brand products.

- During the period from March to August 2022, Cheerwin launched the activity of building lion exclusive stores for retail channels. In the activity, a total of 2,081 exclusive stores were completed, effectively improving the distribution coverage and consumer reach of all brands.
- In March 2022, Naughty Mouth, a pet food brand of Cheerwin, officially announced that Mr. Yang Di would act as the “chief keeper.” Mr. Yang Di was invited to the Naughty Mouth Fresh Meat Factory with fans to witness the whole process of making pet food from fresh meat in six hours.
- In May 2022, Superb announced the appointment of Mr. Luo Yizhou, a well-known artist, as the “Superb Versatile Guardian.” By cooperating with artists with large followings, Superb stimulated fans to promote the hot sales of new products and nurtured a new generation of young consumers.
- In May 2022, Babeking, a brand of Cheerwin, cooperated with Mamamalls.com in jointly launching the White Paper of the Children’s Mosquito Repellent Industry, so as to provide professional knowledge of children’s mosquito repellent for mothers of young children. Within two days after the publication of the white paper, the number of views exceeded 10 million, and the topic of “Babeking, repelling mosquitoes for babies” became the top Weibo hashtag.
- In August 2022, Vewin MAGIC FRUIT Kitchen & Bathroom Cleaner Series, a product of Cheerwin, was incorporated into the name of Douyin City Music Party, for exclusive title sponsorship. By working with distributors and linking online and offline channels, the series became quickly.
- In August 2022, Cheerwin successfully held the first exchange meeting of pet business partners and the distributors’ conference, and the Naughty series of Cheerwin gained the attention of all parties.



II. QUALITY, PROTECTION OF THE SUNNY LIFE

- In November 2022, Vewin engaged Mr. Yang Di as its brand spokesperson, and created the Brand New Year Shopping Festival with the theme of “using Vewin for cleaning.” The total number of mentions of two topics exceeded 1.1 billion in the network.
- In November 2022, all Naughty series products of Cheerwin were shown at their expo and the Pet Fair, thus winning the great attention and favor of many visitors and partners.



**Exclusive Title Sponsorship for
Douyin City Music Party**



**All Naughty Series at
Their Expo and the Pet Fair**

• Consumer Privacy

In customer communication, the Group emphasizes customer privacy protection and information security. In this regard, we strictly comply with laws and regulations including *the E-Commerce Law of the People's Republic of China*, *the Law of the People's Republic of China on the Protection of Consumers' Interests* and *the Provisions on the Protection of Personal Information of Telecommunication and Internet Users*, and have developed and strictly implemented the Measures on Management of Information Security of Cheerwin to protect consumers' rights and interests. During the Reporting Period, we continued to adopt effective security policies and measures, established behavior control and used tools such as firewalls and antivirus software to provide technical support for data protection.

In strict compliance with the requirements of the international information security management system standard ISO 27001 and the national standard GB/T 22080-2016, we have developed corresponding data protection requirements and standards for all employees, to ensure the avoidance of leakage of consumer information in the course of business operation, and to ensure the safety of consumer information. During the Reporting Period, the Group did not receive any complaints or lawsuits concerning the leakage of consumer data and privacy.



II. QUALITY, PROTECTION OF THE SUNNY LIFE

2.3 CUSTOMER SERVICE

Putting customers first is our corporate value. From the perspective of consumers and customers, we pay attention to their consumption experience and constantly meet their consumption needs. We attach importance to the Group's after-sales service process and have established a method of multi-channel communication with users. In terms of online channels, we have set up a special after-sales service hotline and designated professional customer service personnel to give feedback immediately after receiving reports on issues including after-sales issues and complaints. In terms of offline channels, we have designated sales personnel to contact customers and will solve problems reported by customers according to the corresponding processes, based on the objective situation and severity of the problems, and subject to ensuring high efficiency. Over the years, Cheerwin has established a complete set of after-sales handling procedures. On the basis of properly handling problems, Cheerwin can also review the problems that occurred, to avoid the recurrence of similar problems.

During the Reporting Period, we received a total of 202 complaints, all of which involved communication with ordinary consumers for after-sales problems, without customer complaints about material quality problems, and 100% of the complaints were handled. The number of complaints represented a year-on-year decrease of 47% as compared with 382 complaints in 2021. In addition, we conducted a customer satisfaction survey of distributors in China. In 2022, the customer satisfaction score of Cheerwin reached 100 points.

Type	Total	Number of Well-handled Complaints	Percentage of Well-handled Complaints
Product and service complaints	202	202	100%



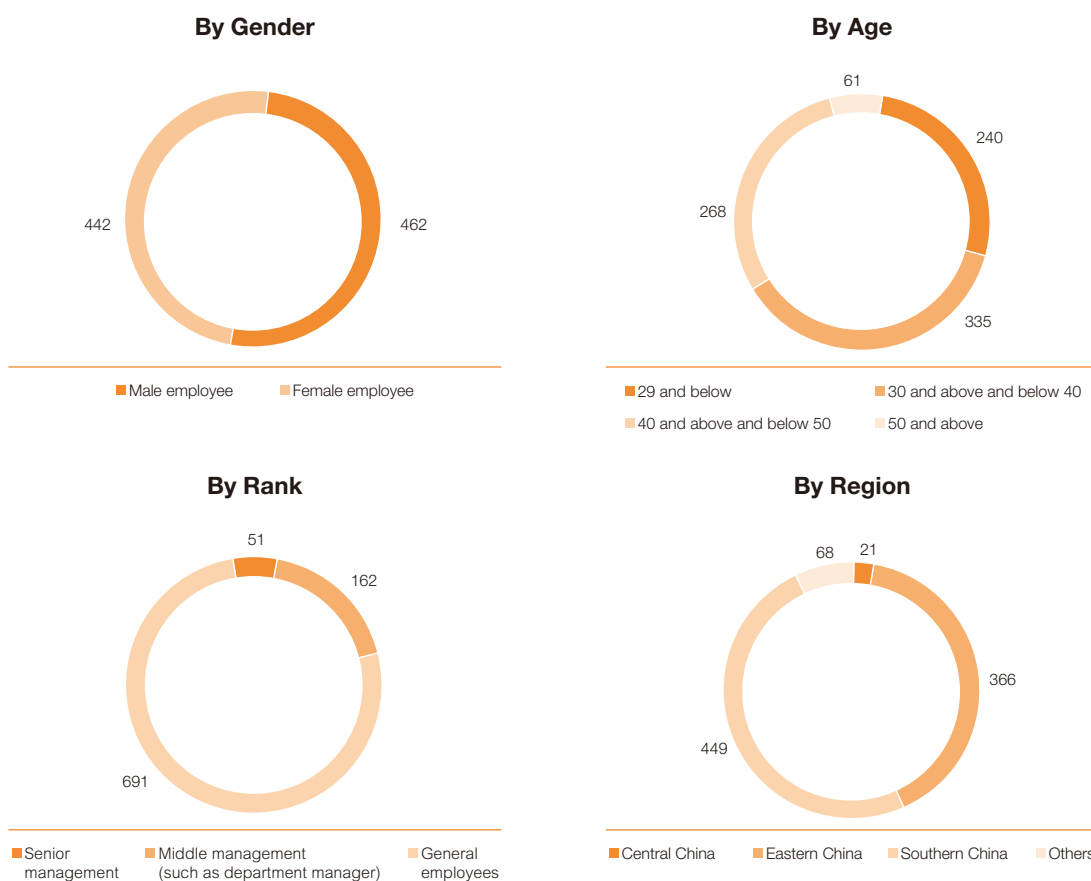
III. TALENT AND ENTERPRISE DEVELOPMENT

Talents are the first resource and foundation of enterprise development. Cheerwin always regards talents as the key element of enterprise management and development. We pay close attention to the nurturing and development of talents and meet the development needs of talents through a sound human resources system. We also attach importance to the health and safety of talents and resolutely safeguard their basic rights and interests. We enhance their sense of belonging to Cheerwin through various employee activities to promote the growth of talents and enterprises.

3.1 EMPLOYMENT OF TALENTS

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. Meanwhile, the Group has developed and complied with internal policies such as the Recruitment Management Measures, the Probation Period Management System and the Resignation Management System, so as to provide rules for employee management and protect the legitimate rights and interests of employees.

In terms of employment of employees, Cheerwin persists in diversified and inclusive development. While actively attracting external talents through campus recruitment and social recruitment, Cheerwin attaches importance to the identification and nurturing of internal talents. Cheerwin actively promotes female strength, respects employee differences, and resolutely puts an end to unfair treatment of ethnic minorities and disabled people to equally treat all employees. As at 31 December 2022, the Group had a total of 904 employees, all of whom were full-time employees. There were 442 female employees, accounting for 48.98%. There were 51 senior management, including 12 female members, accounting for 23.53%. There were 20 ethnic minority employees. During the Reporting Period, the total employee turnover rate was 22%. In addition, the Group strictly controlled all recruitment activities to ensure that no child or forced labour was used.





III. TALENT AND ENTERPRISE DEVELOPMENT

Total Employee Turnover Rate	22%
By Region	
Central China	0%
Eastern China	8%
Southern China	14%
Others	0%
By Gender	
Male	10%
Female	12%
By Age	
29 and below	7%
30 and above and below 40	10%
40 and above and below 50	4%
50 and above	1%

3.2 TALENT DEVELOPMENT

The growth of talents is an inexhaustible motive force for the development of enterprises. During the Reporting Period, we adjusted the organizational structure of the Group, provided promotion opportunities for talents through internal talent review, realized the continuous provision of internal talents and employee development, and promoted the continuous improvement in the talent structure of the Group. In addition, we attach great importance to employee training. The Group has established a sound employee training system, covering all stages from ordinary employees to the management, so that employees can improve their abilities and realize their self-worth from work.



III. TALENT AND ENTERPRISE DEVELOPMENT

- **Organizational Structure**

In order to implement the strategy of “multi-brand, multi-category and multi-channel progressive development to meet varying demands of different consumers”, satisfy the Group’s business objectives and business development needs, reasonably control labor costs and improve the Group’s operating efficiency, Cheerwin made overall adjustments to the organizational structure during the Reporting Period, under the principles of deep engagement in channels and expansion of businesses, flattening organization and streamlining staffing, and overall control of staffing.

1. Deep Engagement in Channels and Expansion of Businesses	2. Flattening Organization and Streamlining Staffing	3. Overall Control of Staffing
<ul style="list-style-type: none"> • Deep engagement in channels that are conducive to scale growth; • Development of new channels for profit growth; • Allocation of more resources to key areas, such as new pet care categories and personal care categories. 	<ul style="list-style-type: none"> • Implementation of the responsibility system of the ten major centers and all business units; • Implementation of the management requirements for flattening organization and streamlining staffing; • Improvement in the efficiency and effectiveness of organizational operations. 	<ul style="list-style-type: none"> • Analysis of per capita efficiency, labor cost and profit indicators; • Benchmarking against historical level and industry level, and appropriate resource matching based on actual situation; • Achieving overall control of staffing, keeping costs under control, realizing reasonable human resource efficiency and guaranteeing the profit.

Principle of Staffing Distribution

Meanwhile, in order to promote the internalization and construction of key capabilities of Cheerwin and meet the needs of new business development, the Group promoted the brand and quality internalization construction projects during the Reporting Period, which resulted in an increase of 40 employees for key positions.



III. TALENT AND ENTERPRISE DEVELOPMENT

- **Performance Appraisal and Talent Promotion**

Performance appraisal and talent promotion are important processes for improving the construction of the talent team of Cheerwin and arousing the enthusiasm of talents.

In terms of performance appraisal, the Group adheres to the principle of fair incentives, orients toward the matching of abilities of employees and quality requirements for positions, and emphasizes performance and output. During the Reporting Period, we updated the Performance Management System, optimizing the employee performance appraisal methods. We adopt monthly, quarterly and annual performance appraisal methods for employees, which not only involve key performance appraisals but also cover the content of talent values. We properly apply the results of appraisals and ensure fairness and impartiality.

In terms of talent promotion, in order to meet the increasing business needs of Cheerwin, the Group continued to implement the employee promotion rules which were implemented in previous years. The Group has developed the Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards for employees in four major positions, namely management (M), professional (P), sales (S) and operation (O) positions, which specifies the implementation of semi-annual employee promotion evaluation system. According to the review requirements, and in consideration of basic requirements, personal ability and performance, the Group provides employees at all levels with opportunities for promotion and pay rise.



Cheerwin Promotion System

During the Reporting Period, the Group carried out two unified promotion evaluations of the “employee career development channel”. We established an employee promotion evaluation team. Based on the requirements of talent values and talent strategy arrangements and under the principles of fairness and impartiality, matching employees and positions, we provided promotion opportunities for outstanding employees and introduced 9 senior management to enrich the management team of Cheerwin.



III. TALENT AND ENTERPRISE DEVELOPMENT

- **Chairman's Corporate Culture Sessions**

Chairman's corporate culture sessions is an important part of the talent development system of Cheerwin. In order to enable the corporate culture to deeply take root in people's hearts and stimulate team vitality, we organized seven "From Strategy To Implementation" corporate culture sessions, with the participation of more than 500 employees, during the Reporting Period.



Chairman's Corporate Culture Sessions

In addition, we also held the "Business Planning and Co-creation Meeting of Cheerwin Group 2023". At the meeting, the chairman of the Group led employees to discuss brand product category development and channel planning for 2023, and communicated corporate culture and values to employees, thus further forming internal cohesion and strengthening competitiveness.



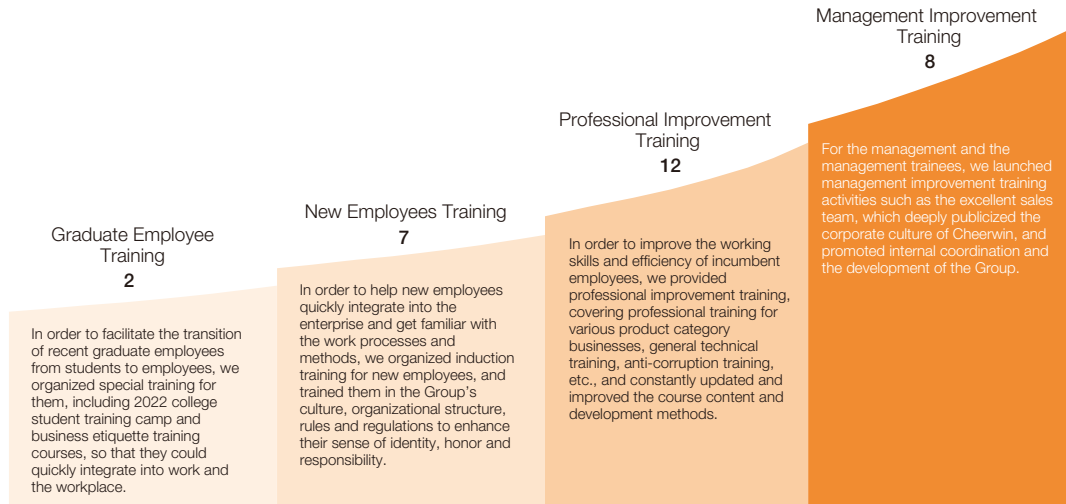
Business Planning and Co-creation Meeting of Cheerwin Group 2023



III. TALENT AND ENTERPRISE DEVELOPMENT

- Corporate Training System**

The Group continued to rely on Cheerwin Academy to establish a sound employee training system. Our training system covers three categories, namely induction training for new employees, professional improvement training and management improvement training, and provides targeted programs for employees at different stages, ranks and departments so that employees can continuously gain and grow to meet the growing business needs of the Group. During the Reporting Period, the Group organized 29 employee training activities, and all the training materials were kept. In the future, we will continue to enrich the training content, so as to make progress together with employees.



Corporate Training System



Graduate Employee Training



New Employee Training



III. TALENT AND ENTERPRISE DEVELOPMENT



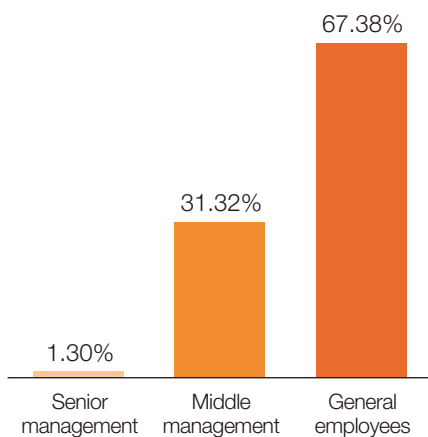
Professional Improvement Training



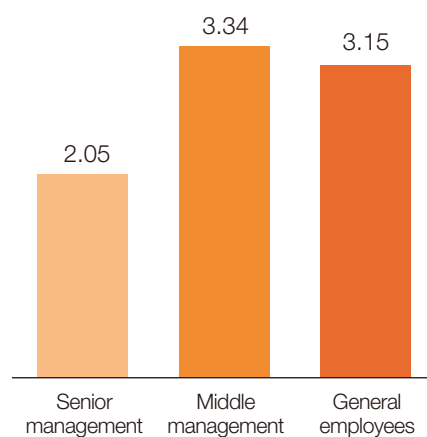
Management Improvement Training

During the Reporting Period, the number of trainees of the Group reached 1,389, and the percentage of trainees and the per capita training hours are as follows:

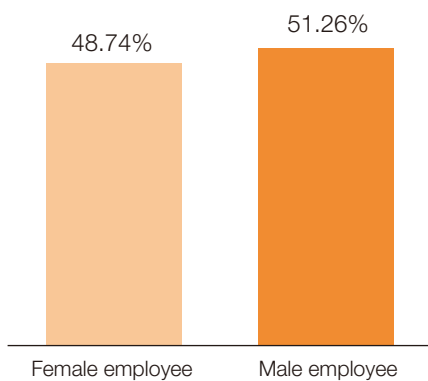
Percentage of Employees Trained by Employee Category



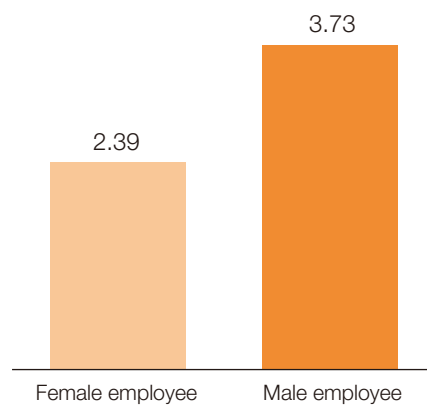
Average Training Hours Completed Per Employee by Employee Category (Hour)



Percentage of Employees Trained by Gender



Average Training Hours Completed Per Employee by Gender (Hour)





III. TALENT AND ENTERPRISE DEVELOPMENT

3.3 HEALTH AND SAFETY

The health and safety of employees are our first concern. The Group strictly complies with national laws and regulations including the *Law of the People’s Republic of China on Work Safety* and the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*. The Group has developed internal policies such as the Occupational Health Management System, the Code of Safe Conduct for Employees and the Safe Operating Procedures for Site Operations, fully integrating safety awareness into the working process, and fully guaranteeing the health and safety of every employee.

- **Employee Safety**

EHS management system: We pay attention to employees’ working conditions and occupational health and safety. Especially in the production base of Cheerwin, we have taken a series of measures to avoid occupational health and safety risks to our employees. In order to better improve occupational health and safety management and protect the legitimate rights and interests of employees, Anfu Cheerwin invited a third-party certification company to carry out supervision and review of the environment, occupational health and safety and energy management system of the production base, and passed the ISO 45001 occupational health and safety management system certification, during the Reporting Period. During the review, the third-party certification company also assisted Anfu Cheerwin to identify the shortcomings in EHS management and put forward rectification opinions, which effectively helped Anfu Cheerwin make further improvements in this respect. In the past three years, Cheerwin did not experience any industrial accidents.



Certification of Occupational health and safety management systems



III. TALENT AND ENTERPRISE DEVELOPMENT

Identification of potential safety hazards and drills: In order to improve the emergency escape skills of workshop employees, to enhance their emergency-response ability, and to avoid the negative impact of possible safety accidents on the health and safety of employees, the Group has always put production safety front and center. During the Reporting Period, Anfu Cheerwin organized safety month activities, including emergency training for rainwater pipe network pollution, learning the new work safety law, and emergency evacuation of office buildings. Anfu Cheerwin summarized the problems in practical operation, so as to draw inferences and respond in advance. Panyu Cheerwin also established a mechanism for potential safety hazard investigation, conducted special inspections of the production base on a daily, weekly and monthly basis, and organized six emergency safety drills during the Reporting Period.

Fire Knowledge Theory and Practical Training

In June and November 2022, Anfu Cheerwin invited firefighters from the county fire rescue agency to carry out theoretical and practical training in fire protection knowledge for employees of the Company, which improved the theoretical knowledge and practical ability of employees and reduced the fire safety risks in the factory.





III. TALENT AND ENTERPRISE DEVELOPMENT

- **Employee Health**

Employee check-ups: We continuously pay attention to the health of employees, and look forward to helping employees develop a healthy lifestyle and reduce health risks through the efforts of Cheerwin. To this end, we persist in establishing occupational health management files for employees and actively organize occupational health check-ups and annual health check-ups to help employees understand their health status, find health problems in a timely manner and take measures.

Epidemic prevention and control: The Group highly cooperates with epidemic prevention and control policies of national and local governments. Under the background of normalized prevention and control of the epidemic, we all obtain and interpret local epidemic prevention policies in a timely manner and have developed internal prevention and control plans. In order to grasp the course of the epidemic in a timely manner, we have established a group health code mechanism to know the nucleic acid test results of employees in a timely manner and monitor personnel with abnormal test readings. Meanwhile, we have actively sterilized the workplace and adopted measures such as distributing anti-epidemic materials to employees, organizing nucleic acid testing, encouraging vaccination, and reasonably making arrangements for working from home.



Organizing Nucleic Acid Testing



III. TALENT AND ENTERPRISE DEVELOPMENT

3.4 TALENT CARE

Based on the needs of employees, the Group has established a reasonable and sound salary, benefits and incentive system. In order to strengthen employees' sense of happiness at work, we attach great importance to employees' feelings about work and are committed to providing employees with a high-quality and convenient working environment and creating a harmonious and warm workplace atmosphere. We also regularly organize various cultural and sports activities to strengthen employee communication, enrich their spare time life, and meet their higher spiritual needs, thus enhancing their sense of happiness.

- **Compensation and Benefits**

Cheerwin strictly complies with the *Labor Contract Law of the People's Republic of China*, the *Provisions on Minimum Wages of the People's Republic of China* and other relevant national laws and regulations. Meanwhile, Cheerwin has developed the Employee Benefits Management Policy, so that employees can get a reasonable return for their efforts. At present, Cheerwin provides employees with eight benefits, including social security, paid leave and employee health benefits.

Social security benefits <ul style="list-style-type: none"> • Social insurance • Housing provident fund • Commercial insurance 	Paid leave benefits <ul style="list-style-type: none"> • Statutory holidays • Statutory leaves • Other paid holidays 	Holiday/congratulations money <ul style="list-style-type: none"> • Spring festival red pockets • Mid-autumn festival, Women's Day • Wedding, maternity • Birthday money (gifts) 	Product benefits <ul style="list-style-type: none"> • Welfare goods
Consolation money <ul style="list-style-type: none"> • Condolences on admission 	Employee health benefits <ul style="list-style-type: none"> • Health checks for new employees • Annual health checks • Health seminars for employees • Free health consultation 	Meal/accommodation <ul style="list-style-type: none"> • Meal subsidy • Staff dorm 	Internal superstore <ul style="list-style-type: none"> • Purchase of products of the Company at a discount

Cheerwin Benefits System

Meanwhile, Cheerwin has established an employee incentive mechanism to provide incentive bonuses for departments and employees with outstanding performance. During the Reporting Period, the Group introduced incentive schemes for the E-commerce Operation Center, the Sales Center and the Strategic Business Department, which fully mobilized the enthusiasm and subjective initiative of employees and helped realize the win-win goal of business achievement and results sharing.

III. TALENT AND ENTERPRISE DEVELOPMENT

- **Employee Communication**

In order to safeguard the legitimate rights and interests of employees and build harmonious labor relations, Cheerwin continuously attaches importance to democratic communication. In this way, Cheerwin expects to create a good working atmosphere and give employees a sense of belonging. To this end, we have established a sound employee communication and feedback mechanism. We strengthen the construction of employee communication channels, arouse employees' enthusiasm, and practically improve the employee communication quality and efficiency through employee interviews, DingTalk working platform, competitions for jobs, debriefing meetings, planning meetings, sales mobilization meetings, and kick-off meetings.



Planning Meeting



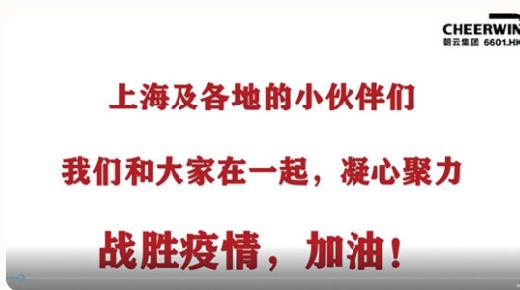
Sales Swearing Meeting



III. TALENT AND ENTERPRISE DEVELOPMENT

- Care for Employees

Cheerwin always expects to bring warmth to employees through all-round care for employees. Since March 2022, the COVID-19 epidemic has spread across Shanghai. Cheerwin has been highly concerned about its employees in Shanghai, making efforts to help the employees solve their life and work problems as far as possible, and shooting a special publicity video to cheer them up together.



Anti-epidemic Publicity Video

- Employee Activities

Cheerwin not only provides employees with competitive salary and benefits, but also cares about employees and attaches importance to the work and life balance of employees. During the Reporting Period, the Group held various activities, which not only stimulated the enthusiasm of employees for participation, but also brought employees closer to each other and enhanced their sense of belonging, thus injecting more enthusiasm and vitality to Cheerwin.



Employee Birthday Party Activity



“Superman Mom” Mother’s Day



“Teacher Appreciation” Teachers’ Day Activity



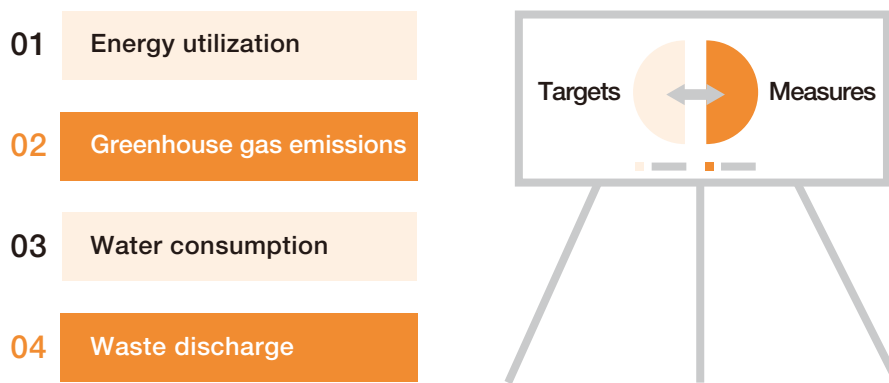
Mid-Autumn Festival Garden Party Activity



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

Cheerwin has always been committed to creating a clean and comfortable living environment for consumers and constantly bringing surprises to consumers' lives. We incorporate the philosophy of environmental protection into the business management of enterprises, the research, development and design of products, and every production process to form a green, low-carbon and environmentally-friendly development model. We strive to improve the resource utilization efficiency, strictly control the pollutant emissions in operation and production, reduce the greenhouse gas emissions in the enterprise value chain, and actively respond to the national goals of "carbon peak" and "carbon neutrality", so as to realize the sustainable development of Cheerwin.

We still maintain the established environmental goals, and adopt corresponding management measures in terms of greenhouse gas emissions, use of energy and water resources, and waste discharge, so as to continuously improve the environmental management capabilities of Cheerwin.



During the Reporting Period, due to our harmless treatment of waste, the hazardous waste discharge intensity of our Group has decreased. The remaining environmental intensity indicators increased slightly as compared with of 2021. We will analyze the reasons in depth, continuously optimize the equipment and production technology in the next year, and improve the resource utilization efficiency, so as to further realize our environmental goals and achieve green, low-carbon and sustainable development.



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

4.1 CLIMATE CHANGE

Climate change has become a common challenge in the world. With reference to the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD) and in consideration of the climate change scenarios, we identify the physical risks and transitional risks caused by climate change scenarios RCP8.5 and RCP2.6 to Cheerwin. In the future, Cheerwin will continue to strengthen its risk analysis and management capabilities in terms of climate change.

Climate Change

Risk (Level 1)	Climate Change Risk Item	Description of Major Impacts
Transition Risks	Enhancement of emissions reporting obligations	<ul style="list-style-type: none"> The higher standards of relevant national emission policies will increase production investment and process improvement-related costs of Cheerwin
	Policy and legal	<ul style="list-style-type: none"> Tightening policies on plastic/packaging containers in various countries may increase product packaging costs of Cheerwin
	Container related	<ul style="list-style-type: none"> As Cheerwin's processes improve, less plastics will be used or non-plastic materials will be adopted, which is in line with national policies and consumer habits, increasing our corporate value and revenue
	Technological innovation and product R&D	<ul style="list-style-type: none"> As China tightens requirements for carbon emissions of enterprises, Cheerwin reduces greenhouse gas emissions by upgrading technologies, optimizing processes and installing new equipment In the processes of technological investment and research and development, Cheerwin may encounter investment failure in new low-carbon environmental protection technologies
	Changing customer behavior	<ul style="list-style-type: none"> Increasing consumers' awareness of carbon emissions and decreasing demand for products with high carbon emissions will lead to a decrease in revenue As Cheerwin improves its processes and launches low-carbon and environmental friendly products in a timely manner to meet consumers' purchase needs, revenue increases
	Changes in investor evaluation	<ul style="list-style-type: none"> Investors expect more as climate change progresses. If Cheerwin fails to make timely improvement or enhancement, it will be affected accordingly



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

Climate Change

Risk (Level 1)

Risk (Level 1)	Climate Change Risk Item	Description of Major Impacts	
Physical risks	Rising average temperature	<ul style="list-style-type: none"> Rising temperatures will increase energy consumption (for cooling) and burden on workers, resulting in increased costs during operations As temperature increases, the frequency of daily cleaning increases, and so do the sales of Cheerwin's soap and cleaning products 	
	Mosquitoes and other insects and infectious diseases	<ul style="list-style-type: none"> Climate change will lead to an increase in mosquitoes and other insects and related infectious diseases, resulting in sales increase of Cheerwin's products for repelling mosquitoes and other insects and epidemic prevention 	
	Use of water resources	<ul style="list-style-type: none"> Cost increases due to water shortages and deterioration of water quality The development of water-saving products may lead to an increase in revenue in the event of water shortages 	
	Direct/indirect impacts due to abnormal climate	Flood	<ul style="list-style-type: none"> Flood will cause damage to materials while greatly affecting the supply chain, thus impacting the business
		Typhoon/hurricane	<ul style="list-style-type: none"> Typhoon will have a serious impact on Cheerwin's production plant in Panyu, Guangzhou, such as damage to infrastructure/production equipment of plant, or impact on the production/transportation process of suppliers along the product supply chain, resulting in business interruption or other serious impacts due to insufficient product supply



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

4.2 GREEN PRODUCTION

Cheerwin strictly complies with *the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other laws and regulations of China*, and the laws and regulations in the place where it operates. Cheerwin constantly optimizes production technology, improves pollutant control measures, and introduces energy-efficient equipment to reduce the impact of wastewater, exhaust gas and solid waste on the environment, and realize green and low-carbon production. Our Anfu Plant and Panyu Plant have passed ISO 14001 environmental management system certification and ISO 50001 energy management system certification. We have set up an energy management team to continue to deepen Cheerwin's subsequent improvement in the energy management system. During the Reporting Period, we engaged a third party to review the energy management system of Anfu Plant, and further provided suggestions for improvement and optimization of energy management.

ISO 14001
Environmental
management system
certification

ISO 50001
Energy management
system certification



Cheerwin puts forward further management requirements for the “three wastes” and noise emissions of Group, through issuing the Environmental Protection Management Policy, and complies relevant laws, regulations and standards. We have established a management structure with the general manager of the Company as the first person in charge of environmental protection and the environmental protection and production head as the second person in charge of environmental protection, to practically implement the environmental protection responsibility. We adhere to the principles of putting prevention first, combining prevention and control, and giving priority to prevention over control, so as to eliminate major environmental pollution.

IV. GREEN, SUPPORTING LOW-CARBON OPERATION

- Wastewater Discharge**

Cheerwin strictly complies with *the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Regulations on Urban Drainage and Sewage Disposal, Administrative Measures for Pollutant Discharge Permitting (Trial)* and local sewage discharge standards. Through the continuous optimization of production technology and production equipment, we reduce the amount of wastewater generated and the concentration of pollutants in wastewater. During the Reporting Period, we optimized the sewage treatment process and improved the effluent quality by upgrading the biochemical sludge in the sewage station; in addition, we adjusted the production plan and arranged the continuous production of the same category of products to reduce the amount of sewage generated as a result of washing machine for changing product categories.

In addition, we have established a real-time monitoring system for wastewater discharged, which manages the chemical oxygen demand (COD), ammonia nitrogen content (NH₃-N), pH value and flow data of the wastewater, and submits the testing records to the environmental regulatory authority. During the Reporting Period, our wastewater discharge complied with the relevant Integrated Wastewater Discharge Standard (GB 8978-1996).

Wastewater Discharge Parameters in 2022

	Unit	Standard ⁽¹⁾	Panyu Plant	Anfu Plant
Chemical oxygen demand (COD)	mg/L	300	14	32
Ammonia nitrogen (NH ₃ -N)	mg/L	30	9.94	0.675

Note (1): Integrated Wastewater Discharge Standard (GB 8978-1996)

- Air Emissions**

In strict compliance with *the Law of the People's Republic of China on the Prevention and Control of Air Pollution*, Cheerwin carries out air emission management to ensure legal compliance of air emissions. We regularly check the existing equipment for the treatment of air emissions to ensure the normal operation of the equipment. We continuously optimize the air emission treatment process to reduce air emissions. Meanwhile, we actively transform the treatment process to reduce fugitive emissions in the production process.

Fugitive Emissions Collection and Discharge

During the Reporting Period, Cheerwin installed a steel structure partition in the mosquito coil workshop of Anfu Plant to separate the spraying area; the fugitive emissions in the original area were collected, absorbed, and filtered by the dust removal tower before discharge.



Before transformation



After transformation



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

In accordance with relevant requirements, we conducted annual air emission testing of Panyu Plant and Anfu Plant, which met relevant emission requirements. During the Reporting Period, we dismantled the production boilers in Anfu Plant to ensure that there were no nitrogen oxides and sulfur dioxide in air emissions.

Air Emission Parameters in 2022				
	Unit	Standard	Panyu Plant	Anfu Plant
Volatile organic compounds	mg/m ³	30 ⁽¹⁾	5.20	3.08

Note (1): Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations (DB 44/814-2010)

• Solid Waste Discharge

In strict compliance with *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and the Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization of Cheerwin, it defined the management standards for the discharge of solid wastes through process nodes such as the management ledger and the declaration and treatment sheet, and standardized relevant operations in collection, storage and treatment of solid wastes, etc. After being collected uniformly, solid wastes were all handed over to qualified contractors for disposal.

In production, our hazardous wastes are mainly raw material solvent drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. During the Reporting Period, we recycled the solvent drums of hydrogenated light white oil (refined paraffin oil (capacity of 160kg per drum)) for solvent turnover transportation, thus saving 3,225 solvent drums, while we did not do so in the previous year.

• Resource Use

Cheerwin always adheres to the green and environmental protection philosophy. It improves the resource utilization rate to practice sustainable development.

Water Resources

- Anfu Plant uses reclaimed water for greening and toilet flushing in the plant. During the Reporting Period, 8,058 tons of reclaimed water was recycled;
- Anfu Plant increased the automatic recycling of water used for testing Toilet Cleaning to reduce water consumption, thus saving 280 tons of water.

Packaging Materials

- Anfu Plant reuses packaging containers and replaces the original cartons with reusable plastic frames, which can help save 22,800 sq.m. of cartons every year.

Fuel Oil

- Panyu Plant has 3 electric forklifts, which helps reduce fuel consumption and carbon dioxide emissions.



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

4.3 GREEN OFFICE

Cheerwin pays attention to the development of every employee's awareness of energy conservation and emission reduction. We have developed a number of environmental protection measures to develop an energy-saving, environmentally friendly and efficient working style and vigorously promote the environmental protection culture of green office.

Energy Conservation and Consumption Reduction

- We have developed the Rules on Management of Use of Air-conditioning, pursuant to which the air-conditioning temperature should be kept above 26°C in summer;
- We have developed measures including charging for coffee cups and recycling coffee capsules, so as to promote the environmental protection philosophy of self-service coffee machines;
- We change lighting equipment. During the Reporting Period, a total of 25 LED lighting lamps were used for replacement, saving power consumption in daily operation.

Paperless Office

- We encourage employees to go through the application procedures for business travel online, such as ticket booking, reimbursement, etc., to reduce the use of paper in the process.

Green Initiatives

- We place environmental protection stickers in the office area, and encourage employees to turn off lights and taps when not in use, save paper, print on both sides of the paper, etc;
- We encourage the use of public transport, and green commuting, to reduce the frequency of using fuel-fired private cars.



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

4.4 ENVIRONMENTAL PERFORMANCE

Key Performance Indicators	2022	2021	Unit
Direct energy use			
Gasoline	3,972.00	8,350.00	Liter
Diesel	1,977.30	2,695.80	Liter
Indirect energy use			
Total power consumption	1,872,645	2,027,471	kWh
Energy consumption			
Direct energy consumption	6.83	12.46	tce
Indirect energy consumption	230.15	249.18	tce
Comprehensive energy consumption	236.98	261.64	tce
Energy consumption density	0.16	0.15	tce per RMB million
Greenhouse gas emissions			
Scope 1 greenhouse gases	14.36	26.09	tCO ₂ e
Scope 2 greenhouse gases	985.29	1,066.74	tCO ₂ e
Total greenhouse gas emissions (Scope 1 + Scope 2)	999.64	1,092.84	tCO ₂ e
Greenhouse gas emission intensity	0.69	0.62	tCO ₂ e per RMB million
Water resources			
Total water consumption	62,518.00	34,440.55	tonnes
Reclaimed water consumption	8,058.00	3,465.00	tonnes
Water consumption intensity	43.35	19.47	tonnes per RMB million
Comprehensive sewage discharge	45,411.00	24,658.84	tonnes
Sewage discharge intensity	31.49	13.94	tonnes per RMB million
Waste			
Total non-hazardous waste	288.00	292.87	tonnes
Non-hazardous waste discharge intensity	199.70	165.54	kg per RMB million
Total hazardous waste	2.63	89.24	tonnes
Hazardous waste discharge intensity	2.07	50.44	kg per RMB million
Air emissions			
Sulfur oxides	0.00	0.00	tonnes
Nitrogen oxides	0.04	3.04	tonnes
Particulate matter	0.00	1.46	tonnes
Packaging supplies			
Total amount of packaging materials	2,179.60	2,836.50	tonnes
Packaging material intensity	1.51	1.60	tonnes per RMB million



IV. GREEN, SUPPORTING LOW-CARBON OPERATION

Environmental data description:

- The environmental data, covering the period from 1 January 2022 to 31 December 2022, were collected from the Group's two plants, the Anfu Plant and the Panyu Plant, as well as the Group's headquarters office area in Guangzhou.
- The intensity of environmental data is calculated using the total amount in 2022 divided by the Company's revenue for that year in RMB million.
- The main sources of greenhouse gas emissions (Scope 1) are diesel and gasoline, and greenhouse gas emissions (Scope 2) are from purchased electricity. Greenhouse gas emissions are calculated with reference to *the Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial)* published by the National Development and Reform Commission of the People's Republic of China.
- The direct energy type includes diesel and gasoline, and the indirect energy type includes purchased electricity. The energy consumption is calculated with reference to the national standard of *the People's Republic of China – GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption*.
- The non-hazardous wastes are office garbage and domestic garbage generated in the office area. The hazardous waste is mainly raw material packaging drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. During the Reporting Period, Anfu Plant disposed of raw material packaging drums harmlessly, and the weight data was included in the harmless waste.
- The total water consumption statistics include water used for production at the Group's production bases and water used in barrels at the Group's headquarters office area in Guangzhou. The municipal water consumption of the Group's headquarters office area is not included in the statistics and disclosure for the Year as it is centrally managed by the building property and the water consumption cannot be measured separately.
- The air emission data mainly come from gasoline consumption of official vehicles and air emission monitoring data of the production bases. The emission data of the Panyu Plant are uniformly discharged, treated and centrally monitored by the industrial park, and the Group does not record the level and density of its emissions. The boilers of the Anfu Plant were removed during the year, leading to a decrease in exhaust gas pollutants. The calculation of emissions from petrol consumption of official vehicles is based on the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.
- In the air emission data, the emissions of sulfur oxides and particulate matter amounted to 0.06kg and 2.73kg respectively. Due to the small size of data, it is disclosed as 0.00 when using the unit "tonnes".
- The packaging consumables are cardboard boxes and PET bottles used for product production.



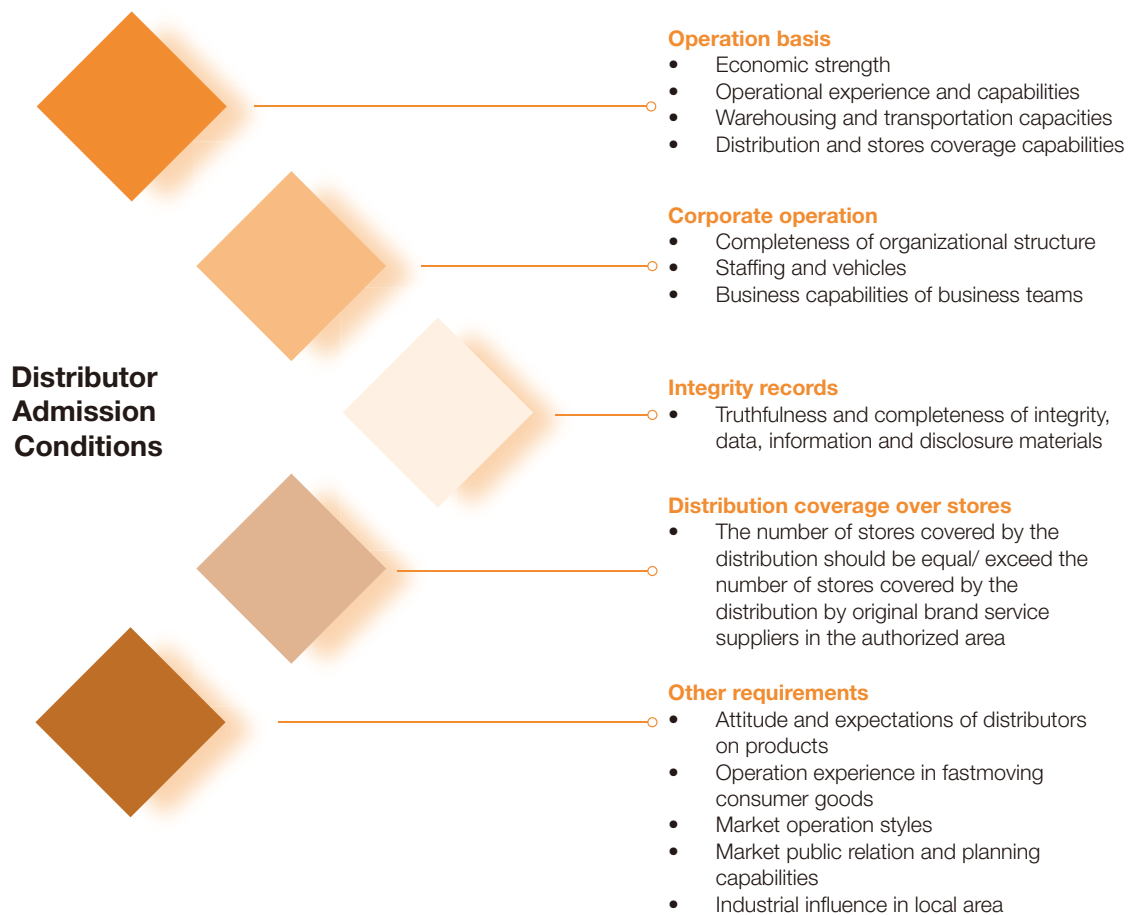
V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

In order to implement Cheerwin's strategic goal of "multi-brand and multi-category progressive development to meet varying demands of different consumers", we have always been committed to establishing long-term, stable, mutually beneficial and win-win cooperative relations with all partners, to jointly build Cheerwin's sustainable ecosystem supply chain through cooperation in various fields, close communication and sound management policies. In development, we also give back to society with practical actions, actively participating in public welfare undertakings, caring for the disadvantaged groups in society and promoting community development to create a beautiful social living environment.

5.1 RESPONSIBLE ECOSYSTEM

• Distributor Management

In order to standardize the management of introduction, ability training, daily supervision and assessment of distributors, and establish a long-term management mechanism for operating motivation and vitality of distributors, Cheerwin has developed the Measures for Management of Operations of Distributors, to create a fair and impartial cooperation environment for common development, consolidate core marketing channels of Cheerwin and implement marketing infrastructure construction. As at 31 December 2022, the Group had a total of 1,117 distributors.





V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

For approved distributors, the Group conducts account opening and closing management, regional adjustment management, routine business management, operation management and other work to promote the internal transformation and upgrading of distributors.



Account opening and closing management

- Access management
- Account opening management
- Responsible subject on account closing issues and accountability
- Account closing management



Region adjustment management

- Management of procedures on region adjustment of distributors



Routine business management

- Management of changes of contracting parties
- Management of changes of warehouse address and new branch warehouses



Operation management

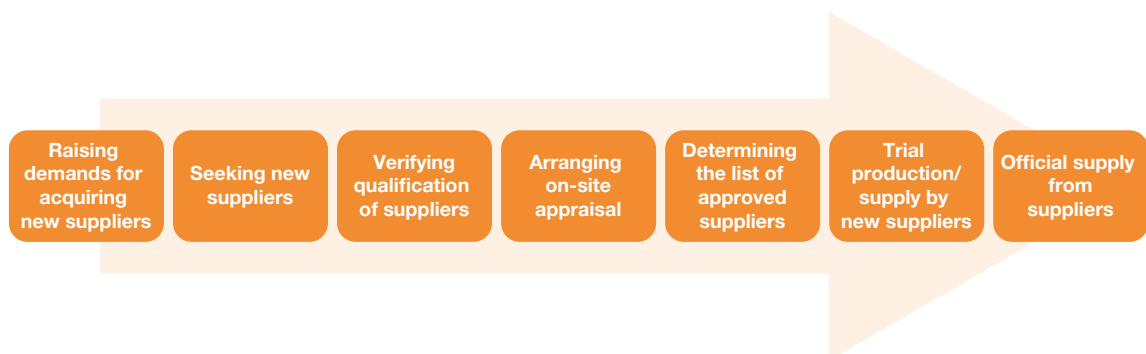
- Management of operation areas
- Management of cross-region sales and inventories
- Management of corporate operation

Meanwhile, during the Reporting Period, we actively developed emerging retail channels, including membership channels and CVS channels. The development of these emerging retail channels can help cope with the impact and sales pressure on traditional stores caused by channel changes, and help Cheerwin increase more sources of growth in sales, and achieve the comprehensive reach of Cheerwin products to consumers.

• Supplier Management

Cheerwin hopes to restrain the behavior of suppliers and purchasers through a sound institutional management system, and integrate the effective resources of both parties to jointly explore the market and create a development environment with virtuous circle.

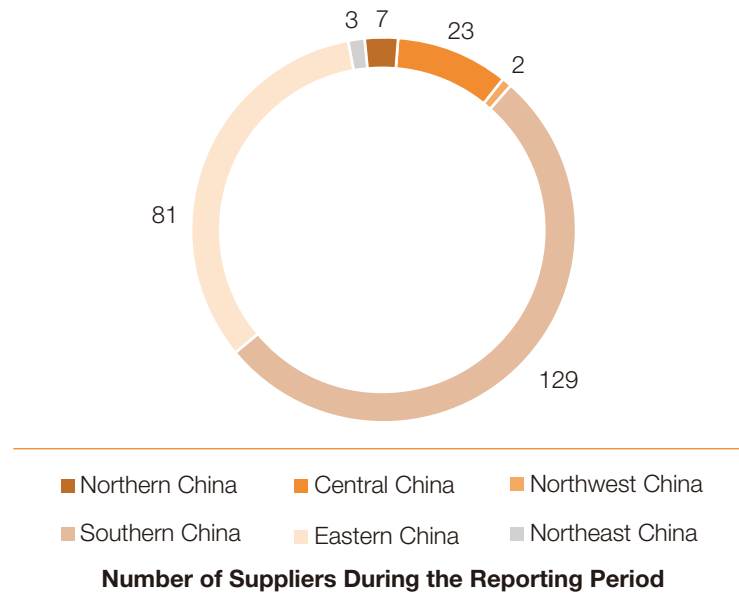
We constantly improved the whole-cycle management system covering the processes from admission to the removal of suppliers. We updated the Rules for the Management of Acquisition and Admission of Suppliers during the Reporting Period, and further optimized and improved the supplier admission evaluation system, adding mechanisms and requirements for risk identification in the aspects of financial position, environmental protection and social responsibility considered in supplier screening, which guarantees reliable materials supply and services for the sustainable development of Cheerwin. We also updated the Management System for Purchase of Productive Materials, refined the classification management of product categories of suppliers, and reviewed supplier information for key materials.





V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

As at 31 December 2022, the Group had a total of 245 suppliers.



For formal suppliers, Cheerwin has established the System for Daily Management of Suppliers, which classifies suppliers into strategic suppliers, centralized suppliers, bottleneck suppliers and ordinary suppliers, and determines the corresponding periodic review schemes for different levels of suppliers, so as to ensure that the supply of raw materials meets our requirements.

During the Reporting Period, we focused on the localization of suppliers and acquired suppliers of plastic bottles, cartons and other packaging materials in Eastern China. Suppliers in Anhui which were near Anhui processing plants were selected, thus shortening the logistics distance by more than 1,100 km as compared with the original logistics distance from suppliers in Guangzhou and reducing the comprehensive procurement cost by 8%.



V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

5.2 WIN-WIN COOPERATION

Cheerwin constantly explores the win-win path with distributors and suppliers. Through the open and multi-channel communication platform, Cheerwin conducts in-depth communication and seeks innovative ways of cooperation, so as to realize growth with distributors and suppliers.

- **Distributor Assistance**

In order to better deepen business communication with distributors and improve the effectiveness of construction of distributors' exclusive stores, Cheerwin launched the "Cheerwin Marketing Assistant" mini program during the Reporting Period, and issued the Guide to Store Display to distributors, so as to help them build exclusive stores and give feedback on relevant construction opinions in a timely manner.

Construction of Exclusive Stores

During the Reporting Period, Cheerwin launched the activities of "lion" exclusive store construction in China. Cheerwin completed the construction of 2,081 stores, thus improving brand awareness among consumers, expanding the scope of communication and enhancing its influence. Meanwhile, we also launched the exclusive store battle (PK) competition and the most beautiful exclusive store competition to fully mobilize the enthusiasm of distributors and help them increase sales.





V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

We have established a “training and new product promotion” module in the Channel Marketing Department to train the distributor team before marketing of new products, so as to help the distributor team make a proper promotion strategy and achieve sales targets. During the Reporting Period, we carried out 1,026 training sessions in relation to new products such as Vewin MAGIC FRUIT for the distributor team.



Distributor Team Training

- **Supplier Empowerment**

Cheerwin actively carries out supplier exchange and training activities to building a good cooperative relationship with suppliers. During the Reporting Period, Cheerwin launched the “factory-in-factories” plan for suppliers in the Anfu Industrial Park and signed the Cooperation Agreement for Lease in Cheerwin Industrial Park with three suppliers. This further deepened the communication and cooperation with suppliers and helped suppliers improve their automatic production capacity and technological innovation ability.



V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

We continued our work in previous years, promoting the common growth and win-win cooperation between both parties by holding the Supply Chain 2022 Quality, Production Summary and the 2023 Work Requirement Meeting and participating in industry meetings.

Supply Chain 2022 Quality, Production Summary and the 2023 Work Requirement Meeting

In October 2022, the Group held the Supply Chain 2022 Quality, Production Summary and the 2023 Work Requirement Meeting, which summarized the quality of relevant products of Cheerwin and the production of various categories of products, evaluated the operation of plants and suppliers as a whole, and put forward the quality requirements in 2023 and the production management requirements in 2023. During the meeting, we had a profound exchange with nine strategic material suppliers present at the meeting, from the aspects of sharing of supplier-related quality risk cases and new methods of packaging materials testing, and the use and promotion of the SRM supplier collaborative management platform.



PKG Family Southern China Branch

During the Reporting Period, Cheerwin participated in the 2022 technical seminar for the packaging industry organized by PKG Family Southern China Branch, and listened to the technical sharing of “green raw materials”, “packaging risk management and control”, “innovative packaging design”, etc., from suppliers in the packaging industry. At the meeting, a consensus on the necessity of jointly promoting green technology cooperation was reached to support future cooperation and development among industries.





V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

5.3 SOCIAL WELFARE

With the development of the economy and society, Cheerwin actively undertakes important responsibilities to consumers, communities and the environment while making profits. Social welfare is an important part of corporate social responsibility. We always uphold the spirit of striving for improvement and being virtuous, practicing charity in a down-to-earth manner to create greater value for society. During the Reporting Period, the Group donated disinfection and sterilization supplies, pet food and other materials worth a total of RMB3.555 million to the society.

- **Concern About the Public, and Science Popularization for Public Benefit**

Cheerwin has always been concerned about the public. Through a group of IPs, namely “Superb Lion (超威狮子)”, “Beibei (貝貝)” and “Vewin tiger (威小虎)” and other cute and distinctive cartoon images, Cheerwin popularized scientific knowledge on epidemic prevention, mite removal, anti-mosquito measures, heatstroke prevention and cooling to the public in the form of articles on WeChat official account.

转明人员渐渐开始返岗复工
“重返职场”第一天，防护路线图要收好
一条线都不要掉链子哦~

出门前

家里开窗通风 30 分钟
测量体温评估身体状况，如体温异常
应居家观察
清洁手部、规范戴好口罩

乘电梯

接触按钮时可用纸巾隔开
不在电梯内交谈，不扎堆乘坐电梯
低楼层建议走楼梯，尽量避免触摸扶手

Prevention Steps

**人手一份
多方位消毒除菌指南**

家庭防疫小药箱
理性备药、合理用药

症状	发热	口干咽燥	咳嗽痰多	流涕/鼻塞	肠胃不适
对症常用药物	莲花清瘟颗粒 连花清瘟胶囊	增液口服液 六神丸	喉痛颗粒 深宝露 干咳无痰 福尔可定	流鼻涕: 深宝露 鼻塞: 鼻渊舒 鼻渊舒	恶心呕吐: 藿香正气水

(注意: 以上药品均为处方药, 请遵医嘱, 不能对症, 若出现身体不适及时就医, 遵医嘱进行治疗)

除了准备各类药品
家居消毒与个人防护也是预防感染的一道重要防线!

Guide to Disinfection and Sterilization

高温“刺客”

进入三伏
全国各地气温创历史记录
中央气象台连续多日发布
高温预警

据说接下来几周持续上演烧烤模式
就连北极都可以穿短袖啦!!!
除了空调房, 哪里都不想去

大家一定要注意防暑, 尽量避开午间高温时段出行, 出门要做好防晒, 多多补充水

多喝白开水

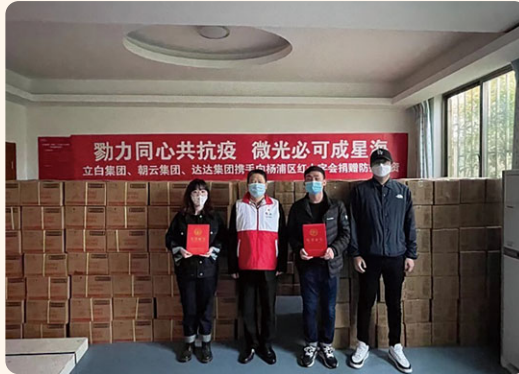
Heatstroke Prevention and Cooling



V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

- **Joint Efforts in the Fight Against the Epidemic**

During the Reporting Period, in the face of various impacts of the COVID-19 epidemic, we paid close attention to epidemic prevention in the affected areas, and actively donated disinfection and sterilization materials to the affected areas in a timely manner.



Donation of Epidemic Prevention Materials to the Red Cross Society of China, Shanghai Branch



Donation of Epidemic Prevention Materials to Guangzhou Charity Federation



Donation of Epidemic Prevention Materials to the Red Cross Society of China, Huaihua District Branch, Hunan Province



Donation of Epidemic Prevention Materials to Haizhu District of Guangzhou



V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

- **Naughty Guard, Care for Animals**

Cheerwin attaches importance to public welfare activities for animals and continuously cares about animals living in the same area. Through our two pet brands “Naughty Buddy” and “Naughty Mouth”, we made multiple donations of pet food and daily necessities to help stray cats and dogs during the Reporting Period. Cheerwin also supported Zhuhai Pet Sitting Center to ensure the placement of pets in the affected areas.

Saving Animals During the Epidemic

During the Reporting Period, Cheerwin cooperated with its pet brands “Naughty Buddy” and “Naughty Mouth” to support the fight against the COVID-19 epidemic in Shanghai, donating pet food and daily necessities worth more than RMB1 million, and successfully saving more than 14,000 stray cats and dogs which were subject to food shortage due to the epidemic.



V. RESPONSIBILITY, ACHIEVING WIN-WIN OUTCOMES

- **Mutual Aid and Care for the Community**

Cheerwin always pays attention to people in need and contributes to their life improvement.

Little Wish, Kindness and Warmth

Cheerwin donated mosquito repellent products worth RMB1.9 million to Guangzhou Charity Federation, including Superb Liquid Vaporizer USB heater set, Superb vaporizing mat USB heater set, Superb vaporizing mat green cyclone USB fan set, Babeking Floral Water, etc., to help the needy people and communities in the city solve the insect killing and mosquito repelling problems in summer and prevent mosquito diseases such as dengue.



Protection by Anti-mosquito Bags, and Little Wish Accompanying You

Guangzhou Charity Federation worked with Cheerwin Group to hold the 2022 “Protection by Anti-mosquito Bags, and Little Wish Accompanying You” public benefit activity of providing Cheerwin anti-mosquito bags free of charge. Cheerwin Group helped the needy people and communities in the city to properly carry out mosquito prevention and elimination actions of “removing stagnant water and sundries and cleaning up blind spots”, thus facilitating prevention and control of mosquito-borne infectious diseases in summer and autumn.





APPENDIX I: LAWS AND REGULATIONS APPLICABLE TO CHEERWIN GROUP AND A LIST OF OUR INTERNAL POLICIES

Scope	Major Laws and Regulations	Major Internal Policies
Environmental	Environmental Protection Law of the People's Republic of China	Environmental Protection Management System
	Environmental Impact Assessment Law of the People's Republic of China	Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization
	Law of the People's Republic of China on the Prevention and Control of Water Pollution	Rules on Management of Use of Air-conditioning
	Administrative Measures for Pollutant Discharge Permitting (Trial)	
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste	
	Law of the People's Republic of China on the Prevention and Control of Air Pollution	
	Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution	
	Regulations on Urban Drainage and Sewage Disposal	
	Energy Conservation Law of the People's Republic of China	
Social	Labor Law of the People's Republic of China	Human Resources Planning Management System
	Labor Contract Law of the People's Republic of China	Recruitment Management System
	Social Insurance Law of the People's Republic of China	Probation Period Management System
	Provisions on Minimum Wages of the People's Republic of China	Resignation Management System
	Work Safety Law of the People's Republic of China	Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards
	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Training Management System
	Fire Prevention Law of the People's Republic of China	Management System on Induction and Probation Period of New Employees
	Patent Law of the People's Republic of China	Employee Performance Management System
	Trademark Law of the People's Republic of China	Employee Code Management System
	Copyright Law of the People's Republic of China	Employee Attendance Management System
	Advertisement Law of the People's Republic of China	Management System on Social Insurance and Housing Fund
	Anti-Unfair Competition Law of the People's Republic of China	Employee Handbook of Cheerwin
	E-Commerce Law of the People's Republic of China	Employee Benefits Management System
	Criminal Law of the People's Republic of China	Code of Safe Conduct for Employees
	Anti-Money Laundering Law of the People's Republic of China	Labor Contract Management Measures
	Law of the People's Republic of China on the Protection of Consumers' Interests	Management System on Occupational Health Protection of Laborers and Their Archives



APPENDIX I: LAWS AND REGULATIONS APPLICABLE TO CHEERWIN GROUP AND A LIST OF OUR INTERNAL POLICIES

Scope	Major Laws and Regulations	Major Internal Policies
	Product Quality Law of the People's Republic of China	Accountability System on Prevention of Occupational Diseases
	Provisions on the Protection of Personal Information of Telecommunication and Internet Users	Publicity, Education and Training Systems on Prevention of Occupational Diseases
	Administrative Measures for Online Transactions	Disposal and Reporting Systems on Harms and Accidents of Occupational Diseases
		Emergency Rescue and Management System on Harms of Occupational Diseases
		Management System on Personal Protective Equipment
		Safe Operating Procedures for Site Operations
		Management Procedures for High-risk Operation
		Occupational Health Management System
		Management System on Source of Dangers
		Safety Inspection System
		Chemicals Management System
		Commitment System on Safety Production
		Measures for Management of Operations of Distributors
		Rules for the Management of Acquisition and Admission of Suppliers
		Quality Management Measures for Admission of New Suppliers of Raw Materials
		Measures for Daily Quality Management of Raw Materials Suppliers
		Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Materials
		System for Daily Management of Suppliers
		Management System for Purchase of Productive Materials
		Management System on Procurement and Bidding
		Management System on Acquisition and Admission of OEMs
		Management System on Appraisal of OEMs
		Management Measures for Introduction and Appraisal of ODM Products
		Management Measures for Brand Service Providers
		Rules on Control and Management of Technical Standards of Factories
		Objectives for Product Quality Management
		Guarantee Plan on the Quality of Disinfectant Products
		Integrity Cooperation Agreement
		Patent Management Rules
		Trademark Management Rules
		Copyright Management Rules
		Measures for Handling Quality Accidents of Cheerwin
		Measures on Management of Information Security



APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2022 Environmental, Social and Governance Report
A: Environmental		
Aspect A1: Emissions		
General	Information on:	4.2 Green Production
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	The types of emissions and respective emissions data.	4.4 Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). – “Scope 1” emissions – “Scope 2” emissions	4.4 Environmental Performance 4.4 Environmental Performance 4.4 Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.2 Green Production 4.3 Green Office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.2 Green Production
Aspect A2: Use of Resources		
General	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Green Production
Disclosure		4.3 Green Office
KPI 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).	4.4 Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Green Production 4.3 Green Office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2 Green Production
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.4 Environmental Performance



APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2022 Environmental, Social and Governance Report
Aspect A3:	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.2 Green Production 4.3 Green Office
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Green Production 4.3 Green Office
Aspect 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.	4.1 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.1 Climate Change
B. Social		
Aspect B1:	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment of Talents
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3.1 Employment of Talents
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment of Talents
Aspect B2:	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.3 Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	In the past three years, there were no work-related safety accidents in the Group
KPI B2.2	Lost days due to work injury.	3.3 Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.3 Health and Safety



APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2022 Environmental, Social and Governance Report
Aspect B3:	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2 Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Talent Development
Aspect B4:	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1 Employment of Talents
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employment of Talents
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, the Group did not violate labor standards
Aspect B5:	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Responsible Ecosystem
KPI B5.1	Number of suppliers by geographical region.	5.1 Responsible Ecosystem
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Responsible Ecosystem
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Responsible Ecosystem
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Responsible Ecosystem



APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2022 Environmental, Social and Governance Report
Aspect B6:	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, no products were recalled by the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.3 Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Responsible Marketing
Aspect B7:	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	About Us
KPI 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.	During the Reporting Period, the Group was not subject to any legal case regarding corruption or fraud
KPI B7.2	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	About Us
KPI B7.3	Description of anti-corruption training provided to directors and staff.	About Us
Aspect 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.	5.3 Social Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.3 Social Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.3 Social Welfare