



MEGAIN Holding (Cayman) Co., Ltd. 美佳音控股有限公司*

(incorporated in the Cayman Islands with limited liability)
Stock code: 6939

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

* For identification purpose only

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GLOSSARY

Board	The board of Directors
Company/MEGAIN Holding	MEGAIN Holding (Cayman) Co., Ltd.
COVID-19	The Coronavirus Disease 2019
Directors	Directors of the Company
Employee Manual	Employee Manual of Zhuhai Megain Technology Co., Ltd.
Environmental Agreement	Environmental Agreement of Zhuhai Megain Technology Co., Ltd.
ESG	Environmental, social and governance
IoT	Internet of Things being a system of interrelated computing devices, mechanical and digital machines, objects and people with the ability to transfer data over a network; the system includes physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors and actuators, which enable these objects to connect, collect and exchange data through various communication protocols
kWh	Kilowatt hour
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
PRC	The People's Republic of China
Reporting Period/2022/This year	Period from 1 January 2022 to 31 December 2022
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supplier's Environmental Directive Commitment	Supplier's Environmental Directive Commitment of Zhuhai Megain Technology Co., Ltd.
The Group/We	The Company and its subsidiaries
Zhuhai Megain	Zhuhai Megain Technology Co., Ltd.

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.1 ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report is an overview of the performance of the Group in ESG aspects in 2022. This report is prepared in compliance with the “Environmental, Social and Governance Reporting Guide” (the “Guide”) under Appendix 27 to the Listing Rules.

Through multiple discussions and direct communication with stakeholders, the Company understands the core issues of concern to stakeholders and identifies important environmental, social and governance factors, which allows it to formulate corresponding strategies, goals, plans and measures to promote sustainable development of the business of the Company. The key performance indicators in this report are prepared with reference to the relevant calculation standards and methodologies provided in the Guide set forth in Appendix 27 to the Listing Rules, and have avoided selections, omissions, or presentation formats that may inappropriately influence decisions or judgments of the readers.

The Board seeks to incorporate the practice of sustainable development concepts into the Company’s daily operations, with a view to keeping the Company’s overall strategic direction in line with sustainable development targets. The Board has established a monitoring system to ensure that the corresponding business targets can be achieved and continues to improve the performance of the Company in ESG matters. The emission targets set by the Company have been confirmed by the management and the business operation team and were reviewed by the Board periodically. Further, the Board have monitored the targets and key environmental metrics relating the Group’s business operations by checking the comprehensiveness and accuracy of the data that it collected from time to time and compare them with the set targets and historical data from the previous year.

The boundaries of this report are the same as those of the annual report of the Group for the year ended 31 December 2022 so that energy consumption efficiency can be calculated logically. It covers the period from 1 January 2022 to 31 December 2022 and organizationally covers all entities in the Group, including the Company and its subsidiaries which are consistent with the scope of consolidated financial statements in the annual report for the year ended 31 December 2022.

This report follows the reporting principles stated in the Guide, including:

Materiality

This report discloses the deliberations of the Board and the management on ESG matters, the communication with stakeholders, and the process of identifying material issues.

Quantitative

This report discloses the key quantitative performance indicators, explains the meaning of these indicators, as well as the calculation basis and assumptions.

Balance

This report presents the Group’s performance during the Reporting Period without bias, avoiding selections, omissions or presentation formats that may inappropriately influence readers’ decisions or judgments.

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

Consistency

The methods and key performance indicators used in this report are consistent with the previous ESG report so that a meaningful comparison of data over time is allowed.

This report covers the ESG initiatives, plans and performance of the Group. Unless otherwise stated, the information involved in this report is derived from the Company's documents and statistical reports, and monetary amounts are in Renminbi (RMB).

In this report, emission/consumption intensity is calculated by dividing volume of polluting chemicals/waste/resource/energy in the relevant measurement unit by revenue of the Group in RMB100 million.

1.2 ABOUT US

1.2.1 Development history

In 2010, Zhuhai Megain, the major operating subsidiary of the Company, was incorporated in the PRC. In 2015, Megain Holding (BVI) PTE, LTD., an indirect wholly-owned subsidiary of the Company, established a branch office in Taiwan to principally engage in the research, design, development and sales of compatible cartridge chips. In 2016, the Company was incorporated in the Cayman Islands. In 2019, Zhuhai Megain established a branch office in Hangzhou, the PRC to focus on the research, design and development of compatible cartridge chips. On 31 March 2021, the Company was listed on the Main Board of the Stock Exchange (stock code: 06939).

The Group is one of the leading providers of compatible cartridge chips based in the PRC. The principal functions of a compatible cartridge chip include facilitating communication between a compatible cartridge and the original-brand printer and monitoring cartridge usage. Major products of the Group include ink cartridges for use in inkjet printers and toner cartridges for use in laser printers. According to an independent market research report prepared by China Insights Industry Consultancy Limited, in terms of external sales of products, we ranked second in the PRC in 2019 with the products of the Group having a market share of approximately 11.1%. At the same time, the Group continued to push ahead with product innovation based on market demands. In 2022, we developed 35 new models of compatible cartridge chips and submitted 43 applications for the registration of patents. The patents of the Group mainly involve the designs and technologies relating to cartridge chips and IoT. In 2022, the Group's revenue amounted to approximately RMB173.4 million, representing a year-on-year increase of approximately 3.3%, and profit for the year amounted to approximately RMB44.9 million, representing a year-on-year increase of approximately 43.6%.

Besides the compatible cartridge chips business, the Group is also engaged in the provision of research, design, development and sales of IoT chips which includes Hall sensor chips, power management integrated circuits, battery charge management integrated circuits, etc. In addition, the Group is also engaged in the trading of integrated circuits and other cartridge components, including plastic parts and toner, as ancillary services to our customers, and the provision of technical and design services for chips at the request of customers.

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.2.2 Corporate culture and social responsibility perspective

Since its establishment, the Group has always maintained the corporate spirit of “Carry through to the end” and served customers with the principle of “work with integrity and efficiency and place customers first” and the management philosophy of “provide customers with quality products and services at competitive prices”. The Group’s core values are “ambition, innovation, employee development, giving back to society and trust”. “Ambition” represents the pursuit of excellence, actively seeking improvement while maintaining the Group’s leading position in the cartridge industry. “Innovation” is the spirit of growth of the Group over the years. “Employee development” represents the development opportunities provided by the Group to employees to allow the employees to grow together. “Giving back to society” indicates the Group’s strong sense of social responsibility to support the development of the PRC. “Trust” represents our respect towards employees and how we regard each employee as a partner of the Group. The corporate vision of the Group is to put the “China Dream” into practice, make innovative products and improve service level, as well as to continue to expand the scope and scale of business, keep abreast of the times and be creative. The Group’s employment philosophy is to cherish talents, make good allocation of talents, cultivate talents and retain talents. The Group has a deep-rooted corporate culture and a strong sense of social responsibility.

Corporate Spirit	<ul style="list-style-type: none">• Carry through to the end
Corporate Principle	<ul style="list-style-type: none">• Work with integrity and efficiency and place customers first
Management Philosophy	<ul style="list-style-type: none">• Provide customers with quality products and services at competitive prices
Core Values	<ul style="list-style-type: none">• Ambition, innovation, employee development, giving back to society and trust
Corporate Vision	<ul style="list-style-type: none">• Put the “China Dream” into practice, make innovative products and improve service level• Expand the scope and scale of business, keep abreast of the times and be creative
Employment Philosophy	<ul style="list-style-type: none">• Cherish talents, make good allocation of talents, cultivate talents and retain talents

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

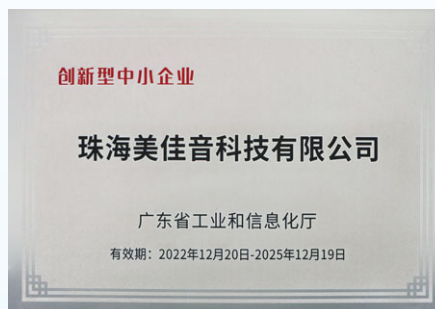
1.2.3 Overview of corporate honours

The Group has cultivated the field of cartridge chips for more than a decade, and has established a good corporate image. In 2022, the Group received multiple awards from different associations in Zhuhai, the PRC.

The following are the major honours received by Zhuhai Megain, the business entity of the Group, in 2022:



In December 2022, Zhuhai Megain was recognised as a High and New Technology Enterprise (高新技術企業) for a term of three years.



In December 2022, Zhuhai Megain received the title of the "Innovative Small and Medium Enterprise" by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳) for a term of three years.



In March 2022, Zhuhai Megain was awarded the title of the "Specialized and Sophisticated Small and Medium Enterprise at the Xiangzhou District" (香洲區專精特新中小企業) for a term of three years by the People's Government of Xiangzhou District of Zhuhai City.

During the Reporting Period, Zhuhai Megain was recognized as "Headquarters Enterprise in Zhuhai City" (珠海市總部企業) by the People's Government of Xiangzhou District of Zhuhai City, "Deputy Chairman Unit" (副會長單位) by Zhuhai Xiangzhou Artificial Intelligence Association (珠海市香洲區人工智能協會), "Member Unit" (會員單位) by Zhuhai Xiangzhou Specialized and Sophisticated Enterprises Federation (珠海市香洲區專精特新企業聯合會), Zhuhai Xiangzhou Optoelectronic Industry Association (珠海市香洲區光電產業協會), and Zhuhai Promotion Association of Science and Technology Innovation (珠海市科技發展促進會) respectively. It was also awarded the "Top 50 High-tech Enterprises in Comprehensive Innovation Strength in Xiangzhou District in 2021" in November 2022 by the Office of Technology and Industrial Information Technology in Xiangzhou District of Zhuhai City (珠海市香洲區科技和工業信息局).

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.2.4 The ESG statement from the Board

The Board, as the highest authority of the Group, is ultimately responsible for the overall direction, strategy, objectives, performance and reporting of the Group's ESG management and making sure that the Group's ESG management is effective. It is also responsible for overseeing ESG matters, including the identification and prioritisation of ESG key issues and its commitment to the objectives and monitoring of actual performance, ensuring the integration of ESG's philosophy with the Group's strategy.

Standing management meetings are held regularly, led by the members of the senior management of the Company, who report to and help the Board assess the Group's risk management and internal control system for ESG matters, to oversee the achievement of corporate strategic objectives and enhance corporate ESG performance.

1.2.5 The Group's ESG strategy

With the increasing attention of capital markets to ESG, the Group has formulated its strategic objectives in different aspects of ESG. Environmentally, in order to support the PRC to achieve the goals of carbon peak by 2030 and carbon neutrality by 2060, the Group will keep reducing the impact of our operation on the environment by promoting green office and resource recycling to improve resource use efficiency and exert our influence on suppliers, contributing to the establishment of a low-carbon supply chain. Socially, the Group will expand community engagement and engage in social welfare activities by actively participating in volunteer services and social public welfare activities. Regarding the employment relationship, the Group will target on building a harmonious employee relationship through safeguarding the legal rights and interests of employees, providing sufficient employee training resources and career development channels to enable career development for employees, and fostering a safe and healthy working environment for employees.

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.2.6 Stakeholders

Maintaining communication with stakeholders plays an important role in the Group's sustainable development. The Group's stakeholders include the government, shareholders and investors, customers, suppliers, employees, communities and the public as well as the charitable organizations etc. The Group actively maintains communication with various stakeholders through various channels to actively know about their opinions and expectations on the Group's sustainable development performance.



1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

Stakeholders	Expectations and Requirements	Ways of Communication
Government	<ul style="list-style-type: none"> Anti-corruption and business ethics Privacy and data protection Obey the law and pay taxes according to law Drive the local employment Promote local economic and social development 	<ul style="list-style-type: none"> Receive supervision and review Report the work regularly Attend related meetings Submit information declaration
Shareholders and Investors	<ul style="list-style-type: none"> ESG management Return on investment Ensure open and transparent information disclosure Secure the rights and interests of shareholders 	<ul style="list-style-type: none"> Shareholders' meeting Report the business situation regularly Enquiry channels Publish announcements and periodic reports
Customers	<ul style="list-style-type: none"> Provide high-quality products Provide premium services Protect rights and interests 	<ul style="list-style-type: none"> Set up multiple communication channels to understand customer needs and opinions Disclose relevant information
Suppliers	<ul style="list-style-type: none"> Maintain good business relations Manage justly, fairly and openly Operate with integrity and perform in a timely manner Involved in mutual help and benefit 	<ul style="list-style-type: none"> Sign environmental agreement Conduct strategic cooperation Establish and improve bidding and procurement management Engage in communication activities regularly Disclose relevant information
Employees	<ul style="list-style-type: none"> Receive competitive salary and benefits Get fair promotion and development Boost competence Ensure health and safety Good work environment 	<ul style="list-style-type: none"> Establish comprehensive employee management system Launch training activities actively Strengthen employee communication through multiple channels Care for employees with hardships Carry out employee activities Disclose relevant information
Community and the Public (such as charitable organizations, educational institutions, etc)	<ul style="list-style-type: none"> Ensure safe operation of business Foster community development Safeguard social stability Care for the vulnerable group Espouse public causes 	<ul style="list-style-type: none"> Regulate business management Reinforce community interaction Disclose relevant information Organize public activities actively

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.2.7 ESG issues management

In 2022, we identified ESG issues by making reference to the national environmental policy in the PRC, the Guide and the issues of concern of our stakeholders. When analyzing the importance of these issues, we consider two aspects, namely materiality to operation and materiality to stakeholders. Different groups of stakeholders may attach different level of materiality to the same issue and each of the issues may have different level of materiality to the operation of the Group. We assessed ESG issues identified by considering the relevancy of each of the issues to our operation and its possible impact on our performance.

Our assessment results are shown as follows:

LEVEL OF MATERIALITY	ISSUES	ANALYSIS
High	Anti-corruption Corporate governance Enterprise risk management Labour interests and rights protection Occupational health and safety Staff development and training Privacy and data protection Supply chain management Intellectual property protection Product quality Customer service management	The Group is principally engaged in the research, design, development, and sales of compatible printer cartridge and IoT chips. The ESG issues with high level of materiality identified here are typical to a manufacturer which mainly relies on technological innovation for business as they represent concerns of different stakeholders along a production chain. Some of them also demonstrate increased concerns of business ethics.
Moderate	Community public welfare	Community public welfare is classified as moderately material because of the increased concern over social inequality and the national policy of “common prosperity” in the PRC.
General	Energy management Greenhouse gas emission Waste disposal Water resource management Use of natural resources Climate change Responsible marketing	The Group is not in a polluting industry, environmental concerns are classified as general. However, the group still holds the view that they are very important to our sustainable development.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

2.1 ANALYSIS OF ENTERPRISE EMISSIONS

The Group adheres to the path of green development, conscientiously implements various national environmental protection policies, and focuses on long-term development to achieve sustainable business growth. The Group strictly manages its emissions to the environment and adopts new technologies and equipment to achieve the goal of energy conservation and emission reduction. The Group strictly abides by the relevant laws, regulations, standards and provincial, municipal, and local environmental protection management measures regarding exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, which may have a significant impact on the Group, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Air Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), Law of the PRC on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》), and Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB8978-1996) (the “Relevant Environmental Laws and Regulations”).

2.1.1 Related indicator analysis of enterprise emissions

Total waste gas emissions and intensity of enterprise

The Group’s emission of exhaust gas is mainly from the combustion of gasoline in motor vehicles. The exhaust gas emitted from combustion of relevant fossil fuels mainly includes pollutants such as nitrogen oxides (NO_x), sulfur oxides (SO_x) and suspended particulate matter (PM). In 2022, the Group emitted a total of about 0.023 tons of exhaust gas, with an emission intensity of about 0.013 tons/revenue in RMB100 million.

The following table shows the Group’s emissions by type of exhaust gas in 2022 and the comparative figures for the previous year:

Type of Exhaust Gas	2022 Emission (kilogram)	2021 Emission (kilogram)
Nitrogen oxides (NO _x)	20.59	33.29
Sulfur oxides (SO _x)	0.03	0.04
Suspended particulate matter (PM)	1.97	3.19
Total	22.59	36.52

The emission of exhaust gas decreased from 36.52 kilogram for the year ended 31 December 2021 to 22.59 kilogram for the Reporting Period because the combustion of gasoline in motor vehicles decreased as a result of (i) encouraging our staff to take more public transportation for business purposes; and (ii) outsourcing the delivery process to transportation companies instead of using the Company’s own motor vehicles to deliver products to our clients in the restricted areas during the outbreak of COVID-19.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

Total greenhouse gas emissions and intensity of enterprise

The Group generates greenhouse gas mainly from the combustion of gasoline in motor vehicles and electricity consumption in operation. The emissions of greenhouse gas includes direct emissions of greenhouse gas and indirect emissions of greenhouse gas. In 2022, the Group's total greenhouse gas emissions were approximately 158.23 tons of carbon dioxide equivalent, and its emission intensity was approximately 91.46 tons of carbon dioxide equivalent/revenue in RMB100 million.

The following table shows the Group's emissions by greenhouse gas type and source in 2022 and the comparative figures for the previous year:

Direct Greenhouse Gas Emissions

Type of Greenhouse Gas	2022		2021	
	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)
Carbon dioxide (CO ₂)	4.32	2.50	6.99	4.16
Methane (CH ₄)	0.01	0.01	0.02	0.01
Nitrous Oxide (N ₂ O)	0.54	0.31	0.87	0.52
Total	4.87	2.82	7.87	4.69

Indirect Greenhouse Gas Emissions

Indirect Emissions Sources	2022		2021	
	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)
Use of power resources	134.57	77.78	190.74	113.63
Other indirect emissions	18.79	10.86	12.35	7.36
Total	153.36	88.65	203.09	120.98

Note: Direct greenhouse gas emissions mainly include greenhouse gas generated by the Group's self-owned vehicles and equipment. Other indirect emissions include greenhouse gas emissions indirectly generated by the use of water resources, paper consumption, and travel by employees.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

The total greenhouse gas emissions in 2022 decreased as compared with approximately 210.96 tons of carbon dioxide equivalent in 2021 because of the reduction in the use of power resources due to the implementation of energy-saving measures to save the use of electricity by the Company and the decrease of production area.

The industry in which the Group operates is not a polluting one and the Group has established a corporate culture of “spending as necessary”. The current target of the Group on emission is to maintain the emission intensity at 130 tons of carbon dioxide equivalent/revenue in RMB100 million or below. The Group also has set a sub-target of maintaining its electricity consumption level at 310,000 kWh as electricity consumption was the major source of emission of the Group in 2022, accounting for 85.05% of the total emission of the Group in terms of the tons of carbon dioxide equivalent. The Group actively adopts electricity conservation and energy saving measures as well as other measures to reduce the emission, further details of which are set out in the section headed “2.2 ANALYSIS OF ENTERPRISE’S USE OF RESOURCES”.

Total discharge and intensity of enterprise wastewater and solid waste

In 2022, the total amount of waste discharged was approximately 242.82 tons, representing a decrease of approximately 18.83 tons as compared with approximately 261.65 tons in 2021. The decrease was attributable to the decrease in water used due to the decrease of production area and the implementation of water-saving measures.

The following table shows the Group’s discharge by type of waste in 2022 and the comparative figures for the previous year:

Type of Waste	2022		2021	
	Discharge (ton)	Discharge Intensity (ton/revenue in RMB100 million)	Discharge (ton)	Discharge Intensity (ton/revenue in RMB100 million)
Liquid waste				
Wastewater	240.00	138.73	260.00	154.88
Non-hazardous solid waste				
Office paper	2.82	1.63	1.65	0.99
Total	242.82	140.36	261.65	155.87

In 2022, the Group did not generate any toxic and hazardous waste, whereas it discharged a total of approximately 240.00 tons of wastewater with an emission intensity of approximately 138.73 tons/revenue in RMB100 million. It also discharged a total of 2.82 tons of solid waste, with a discharge intensity of 1.63 tons/revenue in RMB100 million. Among them, solid waste is mainly office paper. The non-hazardous solid waste increased by approximately 1.17 ton in 2022 because the number of office paper used for printing tests in the development of new models of compatible cartridge chips increased significantly.

All wastes discharged by the Group are properly treated in accordance with relevant national environmental protection policies and regulations. The wastewater generated by the Group is discharged to the water purification plants after pre-treatment measures to realize the recycling and reuse of wastewater. The non-hazardous waste is handled by the relevant environmental protection department.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

Enterprise's method of processing hazardous and non-hazardous waste, measures to reduce its production and the results

The target of the Group on hazardous and non-hazardous wastes discharged is to maintain the discharge intensity at 270 tons/revenue in RMB100 million or below.

The Group attaches great importance to environmental protection, energy conservation and emission-reduction, and timely disposal of hazardous and non-hazardous waste. In terms of specific measures, the sewage would be disposed by the Group to the water purification plants to prevent wastewater from polluting the environment; the abandoned chips are handed over to the renewable resource recycling and registration unit for recycling, which reduces the impact of waste on the environment; the non-recyclable packaging materials are reused by the suppliers, saving packaging costs and reducing packaging waste at the same time.

Regarding office paper consumption, the human resources and administration department of the Company uniformly plans and controls the office paper usage of each department. It reduces waste through centralized purchase and concentrated control. When employees are dealing with non-important tasks and need to use paper, they should try to ensure that the paper is used on both sides. All office documents of the Group are mainly recorded in electronic form.

2.2 ANALYSIS OF ENTERPRISE'S USE OF RESOURCES

2.2.1 Enterprise's main resources consumption structure

The Group advocates saving resources and energy, reducing the consumption of energy and raw materials, and strengthening energy management to improve the level of reasonable energy use, thereby reducing energy consumption and raw materials consumption in engineering projects, and enhancing the recycling of energy and resources in the production process.

The following table shows the Group's various types of resources consumption in 2022 and the comparative figures for the previous year:

Type of Resources	Unit	2022 Consumption	2021 Consumption
Gasoline	Liter	1,832	2,961
Electrical energy	kWh	220,563	312,637
Water	Cubic meter	2,451	2,979

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

The following table shows the Group's various types of resources consumption intensity in 2022 and the comparative figures for the previous year:

Type of Resources	Unit	2022 Consumption Intensity	2021 Consumption Intensity
Gasoline	Liter/revenue in RMB100 million	1,059	1,764
Electrical energy	kWh/revenue in RMB100 million	127,493	186,241
Water	Cubic meter/revenue in RMB100 million	1,417	1,775

Note: The consumption of gasoline mainly includes the consumption by the Group's self-owned vehicles and equipment.

2.2.2 Effective measures for energy use implemented by the enterprise and achievements

– Comprehensive implementation of the Management Measures for Water, Electricity and Paper Conservation (《節約用水用電用紙管理辦法》)

The Group's energy use efficiency target is to keep the electricity consumption level at 310,000 kWh. In 2022, the total electrical energy consumption of the Group was 220,563 kWh which is the largest volume of energy the Group consumed, accounting for 85.05% of the total emission of the Group in terms of the tons of carbon dioxide equivalent.

In 2022, the Group fully implemented the Management Measures for Water, Electricity and Paper Conservation to strengthen energy management, improve the level of reasonable energy use, and reduce energy consumption in order to reach the goal of energy-saving and emission reduction. The Group regularly collected statistics on water consumption, formulated and strictly implemented the reasonable and effective water-saving measures for workplaces with large amounts of water consumption. The Group also regularly reviews the configuration of lighting facilities, and adjusts the number of fluorescent lamps and the installation distance of fluorescent lamps in accordance with the actual lighting needs of the office, so as to ensure that while meeting office requirements, electricity consumption can be reduced as much as possible. At the same time, the Group strengthened publicity and education by posting slogans about water and electricity conservation at various premises where water and electricity are consumed, and posting reminders such as saving water and turning off the lights when leaving the premises to enhance employees' awareness of water and electricity conservation.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

2.2.3 Enterprise's methods of seeking water sources that is fit for purpose, water efficiency improvement plans and achievements

The Group sought water sources that is fit for purpose in accordance with the relevant national environmental protection policies, laws and regulations, without generating any issues in seeking water sources that are fit for purpose.

In 2022, the Group's total water consumption was approximately 2,451 cubic meters, and the water consumption intensity was approximately 1,417 cubic meters/revenue in RMB100 million. While the Group's business scale has grown steadily, the water intensity and water efficiency have remained at a relatively stable level to achieve water conservation and efficient water use. The Group has implemented various measures such as ensuring that there are no leaking faucets and report for repair if problems are found, reminding its employees' awareness of water saving and improving its facilities to enhance water efficiency and reduce water waste if needed.

The Group's water efficiency target is to maintain the water consumption intensity level at not exceeding 2,000 cubic meters/revenue in 100 million RMB.

2.2.4 The total amount of packaging materials used for the enterprise's finished products

The packaging material of the Group's products is mainly plastic. In 2022, the packaging material of finished goods used by the Group totalled approximately 2.10 tons of plastic.

2.3 ANALYSIS OF ENTERPRISE ENVIRONMENT AND NATURAL RESOURCES

2.3.1 Analysis of the significant impacts of enterprise business activities on the environment and natural resources and related measures

The Group conducts business operations in accordance with relevant national environmental protection policies and emission requirements, and strictly treats the emissions and pollutants generated. All produced emissions and pollutants are recorded with detailed testing and records, which meet the requirements of the Relevant Environmental Laws and Regulations, and have no significant impact on the environment and natural resources.

The Group has no significant impact on the environment and natural resources in the course of its business activities. Minimal noise is produced during the business activities of the Group, which has no impact on the environment when insulated by doors and windows. The Group does not create any dusts during its business activities and the small amount of solid waste generated is transferred to professional companies for treatment. There is no wastewater produced during production process and other wastewater is primarily domestic sewage which is handled by sewage treatment plants.

2.4 CLIMATE CHANGE

2.4.1 Impact of climate change and its management

Significant climate-related issues have no significant impact on the Group's production and profitability. The risk management system of the Group is conducive to the Group tackling natural disasters. The business activities of the Group are mainly vulnerable to extreme weather such as typhoons and rainstorms. In response to relevant risks, the Group has formulated a risk management system whereby we will pay attention to weather forecasts at all times and have a timely grasp of the climatic change. Focusing on all kinds of extreme climatic conditions, we will issue relevant announcements in advance within the Group to notify our staff of climatic changes along with all kinds of preventive measures.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

3.1 ANALYSIS OF CURRENT EMPLOYMENT SITUATION IN ENTERPRISE

3.1.1 Overview of employees and employment criteria

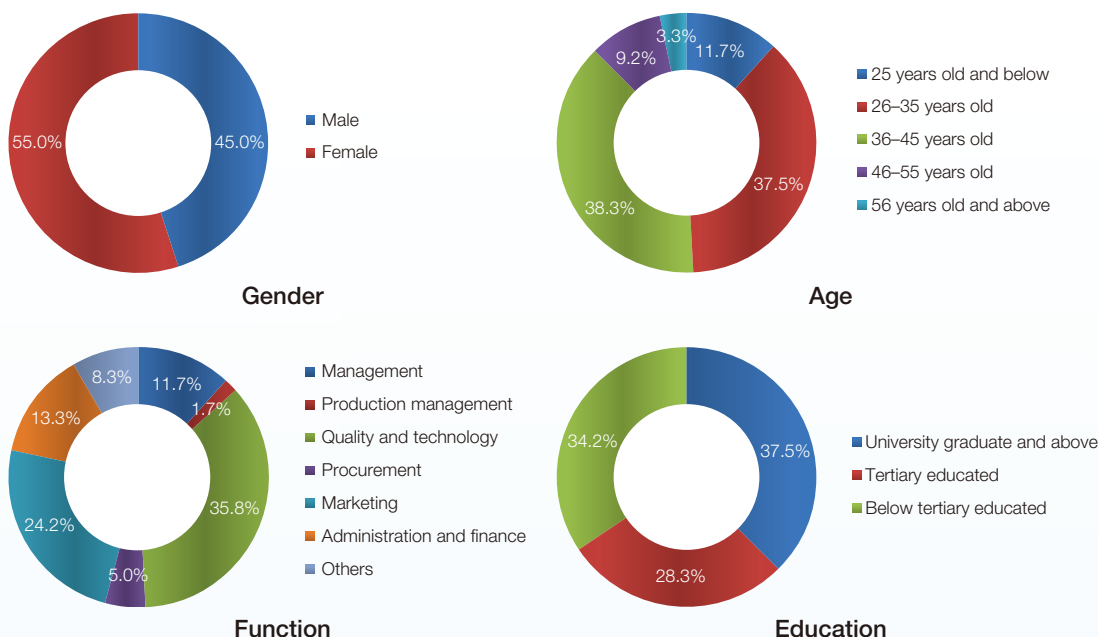
The Group strictly abides by various laws and regulations such as the Labor Law (《勞動法》) and Labor Contract Law of the PRC (《勞動合同法》). The Group has developed an optimized human resources management system, and clearly stipulates the rights and obligations of employees in the Employee Manual. The Group has formulated a scientific and reasonable compensation system and administrative measures for job titles and awards so as to effectively motivate employees to work. The Group contributes to pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund for employees in accordance with the law. Meanwhile, the Group maintains labor insurance and national health insurance for our employees in Taiwan in accordance with the law. The working hours of employees meet the requirements of relevant national laws, and at the same time they also enjoy the required rest and vacation in accordance with the law. The Group organizes various cultural and recreational activities for our employees on an irregular basis every year, actively providing care and assistance to employees and safeguarding the legitimate rights and interests of employees.

The Group adheres to the recruitment principle of “meticulous planning and organization, all-round scientific assessment, discovery of talents, stringent selection of best candidates for employment and quality before quantity”, while the human resources and administration department will carry out recruitment in batches and recruitment for individuals on an irregular basis according to the corporate business development needs and department needs. During the actual recruitment process, methods such as online public recruitment and employees’ referral are usually adopted. The probation period for new employees is generally 2 months depending on the signed labor contract. All new employees will be assessed and evaluated by the human resources and administration department during their probation period to decide whether they can become permanent staff. In order to better familiarize new employees with our corporate environment and business, the Group requires all new employees to participate in induction sessions organized for new hires. At the same time, the Group’s employee dismissal process strictly follows various staffing-related national laws and regulations such as the Labor Law and the Labor Contract Law.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

Working staff by key indicators

Proportion of employees in the Group by main indicators in 2022



As of 31 December 2022, the total number of in-service employees of the Group was 120, including 115 full-time and 5 part-time employees. Among them, 109 employees were located in the PRC while 11 employees were located in Hong Kong and Taiwan.

In 2022, by gender, the male and female distribution of in-service employees of the Group was 54 males to 66 females. The legitimate rights and interests of female employees are protected, as the Group strictly implements the State's Provisions on Labor Protection for Female Employees (《女職工勞動保護規定》) and Special Provisions on Labor Protection for Female Employees (《女職工勞動保護特別規定》) to ensure that female employees enjoy due vacations and insurance in accordance with the law. By age group, the Group has a reasonable distribution of in-service employees at all ages. While focusing on injecting fresh energy into its workforce, the Group cherishes employees with work experience. By function, the Group's employees responsible for quality, technology and production management account for 37.5% of the total number of employees, providing talent guarantee for the Group to export high-quality products. In the event that our employees suffer from personal injuries, occupational diseases and other accidents due to work reasons, they are entitled to work-related injury compensations after they are diagnosed at a designated hospital for medical insurance and obtain an approval and go through the procedures at the human resources and administration department. By education structure, the Group's employees who are university graduates and above account for 37.5% of the total number of employees, showing a high scientific literacy and cultural level holistically.

Employment turnover by key indicators

As of 31 December 2022, the Group's total employee turnover during the Reporting Period was 49, accounting for approximately 40.8% of the total number of employees in service. Among them, the number of employees lost in the quality and technical, marketing, management, administration and finance, and other functions were 30, 4, 3, 2 and 10 respectively, totalling 100% of the employee turnover. Geographically, 38 employees left were originally located in the PRC and the remaining 11 employees left were located in Hong Kong and Taiwan. By gender, the turnover rate for males was 28.3% while that for females was 12.5%. By age group, the turnover rate for the age group of 25 years old or below was 10.0%; for the age group of 26 to 35 years old was 10.0%; for the age group of 36 to 45 years old was 10.8%; for the age group of 46 to 55 years old was 8.3%; for the age group of 56 years old or above was 1.7%.



Employee caring activities

3.1.2 Overview of employees' health and safety

The Group pays great attention to the health and safety of employees, and strictly abides by the relevant laws and regulations such as the Labor Law (《中華人民共和國勞動法》), the Fire Protection Law (《中華人民共和國消防法》), the Occupational Disease Prevention and Control Law (《中華人民共和國職業病防治法》) of the PRC, the Regulations on Occupational Health Supervision and Management in the Workplace (《工作場所職業衛生監督管理規定》), and the Work Injury Insurance Regulations (《工傷保險條例》), and strives to create a workplace environment with safety, health, and affinity. The Group ensures that various occupational health and safety management work is in place to provide employees with a safe working environment and avoid occupational hazards. On the basis of observing and implementing relevant work safety regulations, systems, and standards, we inspect and urge managers and employees at all levels of the Group to consciously perform safety duties in their work, thereby strengthening the occupational health and safety awareness for all employees. The following are the major measures taken by the Group in 2022 to ensure the health and safety of employees:

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

– Safety and health training

Based on the laws and regulations such as the Fire Protection Law and the Occupational Disease Prevention and Control Law of the PRC, the Group provides safety and health knowledge and drill training for all employees to raise the occupational health and safety awareness of all staff. In 2022, the Group organized 7 sessions of health and safety related training covering issues such as emotional and stress management, evacuation drills, first aid training, fire safety knowledge, occupational health, safety production knowledge, fire safety drill, etc. There were 429 person-times of employees attending the trainings which spanned approximately 804 hours. The safety and health trainings not only promoted the safety and health awareness of all staff but also strengthened the actual safety operational capabilities of our employees.

– Medical checkup for employees

The Group arranges occupational disease checkups each year for employees who are exposed to occupational hazards. Medical staff conducted detailed screening of medical examination items based on the Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》) and Technical Specifications for Occupational Health Surveillance (《職業健康監護技術規範》) (GBZ 188-2014), and selected examination categories based on the Group's industry characteristics and job differences. The implementation of occupational health examinations has been well-received by employees, allowing employees to improve their awareness of prevention of occupational diseases while understanding their health status. In addition, as part of the employees' welfare, the Group organizes regular medical checkups for all staff each year.

– Environmental monitoring

In order to regulate the affairs related to environmental and occupational health and safety management and strengthen process control to achieve environmental and occupational health and safety management objectives to ensure a pleasant environment and occupational health and safety of employees in production activities, the Group detailed deployment of work procedures such as the signing of safety responsibility certificates, labor protection control, operator certification and safety training management, work and production site design and layout, canteen service staff management, on-site safety management, driver safety management control. The Safety, Health and Environmental Supervision Department is responsible for regularly inspecting the work safety, environmental protection, and prevention and control of occupational diseases in the office, production and living areas of workers, and rectifying any identified safety hazards in a timely manner.

Since 2020, the novel coronavirus epidemic has posed a serious threat to the health of all people, resulting in a huge loss to the economy and society. To safeguard the health and safety of our employees and ensure the smooth commencement of our work, the Group adopted a series of measures to prevent and control the novel coronavirus.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

– **Establishing a disease prevention working group**

The Group established a disease prevention working group (referred to as the “Working Group”) composed of the chairman of the Company and all department heads. The functions of the Working Group are to (1) formulate a novel coronavirus prevention management policy, which stipulates preventive measures related to employees’ hygiene control and work arrangements; (2) supervise and review the implementation of preventive measures; and (3) strengthen the communication about the novel coronavirus on daily business operations among the employees and the Board. The Working Group meets up from time to time to discuss the implementation of preventive measures related to the novel coronavirus, work arrangements and other matters.

– **Other hygiene measures taken**

In accordance with the novel coronavirus prevention management policy, the Group’s offices, industrial workshops and warehouses in mainland China and Taiwan have adopted the following preventive and control measures: (1) the Group distributes epidemic protection products to all employees; (2) offices and vehicles are disinfected daily, while visitors need to register and undergo track query; (3) employees perform body temperature monitoring and registration before work in the morning and after work in the afternoon; (4) employees’ holiday itineraries need to be reported with their activity tracks recorded; (5) there are epidemic prevention control notices (reminders for high-risk areas, and defense measures during the epidemic); (6) employees who need to take public transportation would have special bus transfers to and from work as arranged by the Group; and (7) isolation areas and isolation rooms at dormitories are set up.

In each of the three years ended 31 December 2022, no work-related fatality was occurred in the Group. The Group also did not have any lost day recorded due to work injury for the year ended 31 December 2022.

3.1.3 Overview of staff development and training

The Group has formulated a complete staff training system, processes and measures. Every employee of the Group is included in the training system, which can not only provide pre-job trainings for new employees, but also provide on-the-job training for regular employees. The personnel administration department arranges pre-employment training for new employees. The main training content includes introduction of the Group, corporate culture, codes of conduct, rules and regulations, business knowledge, career planning, etc. In order to ensure that new employees are familiar with the environment and can start work as soon as possible, all new employees need to participate in pre-job training during the probation period. At the same time, in order to improve the work efficiency of each employee and enhance the work effectiveness, the Group encourages each regular employee to participate in training courses related to the Group’s business, establish training records, and use these records as part of the employee’s work ability assessment.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

In 2022, the Group carried out training on 46 different topics, including induction training, IoT chips knowledge training, fire safety exercises, ISO system related training, and marketing skills. Multi-dimensional training content is made available, including the Group's corporate culture, professional skills, general skills, safety skills, patent rights protection, etc. Diversified forms of training were adopted, including face-to-face training, video training, group interaction, and hands-on drills. A total of 599 person-times of employees joined the training throughout the year. Among them, male employees accounted for 30.1% and female employees accounted for 69.9%. By corporate grade, senior management represented 17.7% of the person-times of employees, middle management represented 27.9% while normal staff represented 54.4%. The total training time was about 1,482.00 hours. The average training hours completed per male and female employees were 2.7 and 2.31 hours respectively while that of senior management, middle management and normal staff were 0.64, 3.16 and 2.72 hours respectively. Through training, the Group provides employees with a full range of resources to support their continuous growth and promote the continuous development of the Group.



Employee trainings

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

3.1.4 Standards and measures for preventing child or forced labour

The Group strictly abides by the relevant legal requirements such as the National Law on the Protection of Minors (《未成年人保護法》) and Regulations on Prohibition of the Use of Child Labor (《禁止使用童工規定》) to avoid any use of child labor or forced labor in business operations, and maintains its attitude and stance of zero tolerance of any form of child labor and forced labor. We also require this practice be eliminated in reviewing the qualifications of suppliers.

Pursuant to the Regulations on Prohibition of the Use of Child Labor in the PRC, an enterprise is prohibited from employing a person below 16 years old. We shall verify the identification documents to check the age of applicants to ensure no employment of child labor. In addition, the Group will sign labour contracts with employees in compliance with the Labour Contract Law (《勞動合同法》), specifying all details to protect their rights and interests, so as to avoid forced labour.

The Group will take immediate corrective action in case of any violation of laws and regulations in relation to the employment of child labor or forced labor. If any case of child labour or forced labor is found, the contract will be terminated immediately and the human resources manager will be held accountable. In 2022, the Group did not find any violation of laws and regulations in relation to the employment of child labor or forced labor.

3.2 ANALYSIS OF OPERATION AND MANAGEMENT

3.2.1 Overview of supply chain management

The Group is mainly engaged in the research and development of cartridges and chips. It is located in the middle of the industrial chain and has close ties with upstream and downstream entities. The Group purchases a wide range of raw materials, including upstream chemical raw materials, powder ink, electronic components, machinery and equipment, etc. In 2022, the Group cooperated with 66 raw material suppliers, including 60 domestic suppliers, and 6 overseas suppliers. Based on the concept of win-win cooperation with suppliers, the Group strives to help improve the corporate social responsibility management capabilities of the supply chain, reduce the risks that the supply chain brings to us, ensure the stability of production and operation, and ensure the quality of service to customers.

The Group has made clear regulations on the selection and management of suppliers to ensure proper supplier management and selection. In the selection of suppliers, the Group would fully consider the following factors: whether the supplier is a legal production and operation enterprise approved by the relevant state departments, and abides by national and local laws and regulations; whether the supplier's products meet the quality requirements and pass the relevant tests; whether the supplier has the appropriate technical ability, economic ability, delivery ability, long-term supply ability and good social reputation; whether the supplier has the relevant environmental protection certificate to reduce the potential environmental and social risks in the supply chain.

In 2022, the number of engaged suppliers which complied with our regulations on the selection and management of suppliers was 64, representing approximately 96.97% of the total number of raw material suppliers engaged by the Group. The remaining approximately 3.03% of engaged suppliers did not need to comply with the regulations because they enjoyed monopolistic or oligopolistic positions in their own industries, and the choice was limited to the Group. During the Reporting Period, given the outbreak of COVID-19, field visit was not a good option to monitor the implementation of the regulations on the selection and management of suppliers. As a result, we mainly monitored it through regular enquiries by phone.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

The Group signs a Supplier's Environmental Directive Commitment (《供應商環保指令承諾書》) and an Environmental Agreement (《環境協議》) with each supplier to ensure that the products and raw materials provided by suppliers meet the requirements of national, local, and industrial environmental protection laws and regulations, that minimized environmental pollution is caused during production, storage and transportation of the products supplied, and that the excessive pollutants (waste water, exhaust gas, solid waste, noise, etc.) discharged during the production process meet the national emission standards. For companies that do not comply with the rectification or refuse to rectify, which may cause serious pollution or enterprises that have caused major environmental pollution incidents, the Group has the right to terminate the contract and cease cooperation.

The Group also pays attention to our practices in procurement in order to promote environmentally preferable products and services when selecting suppliers. Under the same conditions, we tend to choose the less packaged products suppliers and those suppliers who provide on-line platform for ordering and communication in order to reduce paper consumption. We monitor the performance of suppliers continuously including their choice of production and packaging materials and methods of production. The Group will cease cooperation if they cannot meet our requirements in environmental protection.

3.2.2 Overview of product liability

The Group adheres to the path of safety research and development, intelligent manufacturing, and green development, while paying attention to the green and environmental protection of products. We are committed to providing customers with high-quality products, and continuously optimize the service system, and are dedicated to providing customers with services of the best quality. The Group strictly abides by the relevant laws and regulations that have a significant impact on the Group in terms of the health and safety of the products and services provided, advertising, labeling and remedial methods, including but not limited to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》), Advertising Law of the PRC (《中華人民共和國廣告法》) and Trademark Law of the PRC (《中華人民共和國商標法》). During the Reporting Period, the Group did not have any lawsuits in relation to the violation of the above-mentioned laws and regulations related to health and safety of products and services, advertising, labeling and remedies. If a product does not meet customer requirements and expectations, the Group will process and recall relevant substandard products. Among the products sold by the Group in 2022, there were no products that needed to be recalled due to safety and health issues. In 2022, the Group received 8 customer complaints due to the upgrade of the compatible cartridge chips by the original manufacturer. The Group identified the problem in time, solved it properly, and helped the customers to upgrade the product.

– Product quality management and appraisal

The Group takes the ISO9000 quality management system established by the International Organization for Standardization as a guide, and follows the requirements of “inspection control procedures” and “non-conforming control procedures” to conduct quality management and appraisal of products, and clearly control all processes that may produce substandard products. We isolate and dispose of the unqualified products produced, and through institutionalized data analysis, find the root causes of the unqualified products, and prevent the occurrence or recurrence of the unqualified products through corrective or preventive measures, so as to continuously reduce the Group's poor quality costs. Through other ongoing improvement activities to continuously boost the effectiveness and efficiency of the quality management system, we achieve continuous reduction in the Group's costs and continuous growth of profits.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

– Relevant measures to ensure product quality

The Group has obtained the ISO9001 quality management system and ISO14001 quality environmental management system certification, and strictly implements the standard requirements to ensure product safety and quality. The Group's product quality policy is "Quality, Service, Technology and Innovation". Following the quality policy, the Group has established a product quality control system from business philosophy (corporate purpose) to work policy, work objectives, procedures and programs, measures, monitoring and self-improvement to ensure product quality. We fully implement the quality management responsibility system, strengthen quality management of the processes, ensure that the Group's product quality meets the standard specifications and customer and design requirements, and prevent the occurrence of quality incidents.

– Management of intellectual property

The Group has implemented intellectual property strategies, and put focus on research and development of new products and pursuit of major technological achievements. In 2022, the Group submitted 43 applications for the registration of patent in the PRC. Leveraging the well-established research and development capabilities in the area of compatible cartridge, the Group has been launching new products with reliable quality proactively. The Group developed 35 new models of compatible cartridge chips in 2022, including 20 for the desktop laser printers, 15 for the desktop inkjet printers and nil for the commercial printers.

To regulate the patent-related works of the Group, facilitate the enterprise's technological innovation and establish its own intellectual property, promote advancement in production techniques and enhance the market competitiveness and economic return of the Group, we have formulated our own management system on intellectual property in accordance with regulations including the Patent Law of the PRC (《中華人民共和國專利法》), the Implementation Rules of Patent Law of the PRC (《中華人民共和國專利法實施細則》), the Collective Management of Copyright Regulations (《著作權集體管理條例》), the Trademark Law of the PRC (《中華人民共和國商標法》), the Regulation for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), the Copyright Law of the PRC (《中華人民共和國著作權法》), the Regulations for the Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》), and in view of the actual situation of the Group. The Group aims at strengthening management of technological innovation efforts, including technical development and technical improvement, new techniques promotion and application and achievement management, regulating management of intellectual property, enhancing management level of technological innovation, motivating enthusiasm and creativity of technical staff and raising the Group's self-innovation capacity and technology advancement level. With an acceleration in translating technological advancement to productivity, we put great effort to build up the enterprise's core competitiveness.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

– Consumer data and privacy

Consumer data protection and privacy are attached with a very high materiality in information security of the Group. Under the current data protection and privacy policies of the Group, consumer data is classified as confidential in our information system. Each of sales staff must sign an agreement to ensure the privacy of his/her clients is fully protected. Consumer data of different business segments is not allowed to be shared to each other. All consumer data is saved in our customer system and under the custody of all together the sales director, chief executive officer and designated staff in the accounting department.

3.2.3 Brief analysis of anti-corruption measures of the Group

The Group has formulated an anti-corruption and anti-fraud code of conduct and management system through its staff manual. All staff members of the Group are strictly prohibited from secretly receiving or presenting valuables, shopping cards, cash gifts, etc. from or to lessees, equipment suppliers and other related persons. It is strictly forbidden to conduct fund payment without complying with the rules of the Group. Behaviors including fraud, bribery, forgery, extortion, corruption, theft, collusion, embezzlement, misappropriation, misstatement and concealment of material facts and collusion are strictly prohibited.

Anyone who is found to have privately accepted and presented valuables, shopping cards and cash gifts in business activities, depending on the circumstances and value, will be subject to corresponding administrative penalties by the Group such as fines, salary reduction and dismissal. The Group has also established a whistle-blowing policy which encourages its stakeholders, including employees and suppliers, to report genuine concerns about any actual or suspected fraudulent activities, including corruption. The whistle-blowing policy outlines the whistle-blowing channels and the Group will ensure that the identities of the informants and whistle-blowers are kept fully confidential when assisting in the investigation. The Group also regularly review the whistle-blowing policy to ensure its effectiveness. Details of our whistle-blowing policy can be found in our website: www.megaincayman.com. For violations of the criminal law, such cases would be referred to the prosecution authority of the government by the Group. When approving various documents, the head of each business departments should check all the key documents provided by stakeholders such as information, certificates, warrants, statements, contracts, etc., to prevent possible fraud. When it is found that the information, certificates, warrants, statements and contracts provided by customers and other related parties are obviously inconsistent with the actual situation and pose a risk of loss to the Group's funds and property, the relevant business should be suspended until the facts are clarified and the risks are eliminated. When customers and other related parties are found to be suspected of fraud and criminal acts, we should report to the police immediately.

The Group provides anti-corruption training as part of induction training for newly employed staff. New directors appointed will also be provided with anti-corruption training in the directors' training. In 2022, 18 person-times of employees received such training and all Directors received the training related to anti-corruption in their directors' training.

In 2022, cases such as corruption, bribery, extortion, fraud and money laundering did not occur in the Group.

3.3 OVERVIEW OF INVESTMENT IN COMMUNITY

The Group has actively promoted the construction of a harmonious society and continuously strengthened the connection with the community where it is located. The way we chose to promote community harmony is to support basketball tournament through either direct participation or playing the role of sponsor. The basketball team of our Group has participated in many basketball tournaments such as “Megain Technology and Innovation Cup” Basketball Invitation Tournament (美佳音科技创新杯籃球邀請賽), “Haoyu Cup” Men’s Basketball Match (皓羽杯男子籃球交流賽), “Sanxi Cup” Basketball Tournament (三溪杯籃球賽), Xiangzhou District “District Chief” Basketball Tournament (香州區區長杯籃球賽), etc..



Education is the foundation of every society. Our students are the pillars of our society in the future. In 2021, the Group established a “Megain Scholarship” (美佳音獎學金) to provide financial support to outstanding students studying in the school of microelectronics science and technology at Sun Yat-Sen University. In 2022, we also cooperated with some colleges and universities in the PRC such as Beijing Normal University, Zhuhai, Guilin University of Electronic Technology, Guilin University of Technology, Zhuhai College of Science and Technology, etc. in order to adsorb talented graduates for the integrated circuit industry.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

The Group always takes it as an important mission to give back to the society and fulfill social responsibilities. While improving its business operation, the Group has avoided causing disturbance to the nearby community during the operating activities. We also tried our best to give back to the society, extend our care to the community and practice social responsibilities. In 2022, our staff visited the Children's Home on behalf of the Group and donated drinking water, toys, stationeries and other materials to the children.



Visiting the Children's Home

The Group works with charitable organizations, educational institutions, basketball matches organizers, and local government officials from time to time to ensure our programmes meet the local needs. In 2022, the monetary resources we contributed to the community activities was approximately RMB50,000. The outbreak of COVID-19 pandemic has adversely affected our community engagement and contribution endeavour.