



中國首控集團有限公司  
China First Capital Group Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1269

# 2022

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT



# Content

<b>About the Report</b>	2	<b>6. People-oriented</b>	29
<b>Board Statement</b>	4	6.1 Nurturing Talents	29
<b>Chairman's Statement</b>	5	6.2 Diversity	30
<b>1. About CFCG</b>	7	6.3 Caring for Employees	31
<b>2. Corporate Governance</b>	8	6.4 Health and Safety	32
2.1 ESG Governance Structure	8	6.5 Career Advancement	34
2.2 Sustainable Development Philosophy	9	<b>7. Environmental Protection</b>	36
2.3 Robust Operation	10	7.1 Environmental Impact	37
<b>3. Stakeholder Engagement</b>	12	7.2 Use of Resources	42
3.1 Regular Communication	12	7.3 Climate Change	45
3.2 Materiality Assessment	14	7.4 Environmental Education	47
<b>4. Innovation in Education</b>	18	<b>8. Community Investment</b>	48
4.1 Innovative International Education Concept	18	<b>9. Future Prospect</b>	50
4.2 Unique Education Model	18	<b>10. Performance Data</b>	51
4.3 Quality Educational Resources	19	10.1 Environmental Performance Data	51
<b>5. Excellent Products and Services</b>	23	10.2 Social Performance Data	55
5.1 Diversified Financial Services	23	<b>11. Lists of Laws and Regulations</b>	58
5.2 Quality Automotive Parts	24	<b>12. ESG Reporting Guide Content Index</b>	60
		<b>13. Glossary</b>	66
		<b>Feedback Form</b>	68



# About the Report

The Report provides information about the Group's work on ESG in the 2022 Financial Year, which mainly covers environmental and social issues that its stakeholders are concerned about and are related to the Group's sustainable development, to allow all stakeholders to better understand the Group's philosophy, relevant measures and performance, etc., in relation to sustainable development. The Group looks forward to providing objective and reliable non-financial information to stakeholders in the form of annual reporting, to promote stakeholders' understanding and participation in the Group's sustainable development. In order to gain a comprehensive understanding of the Group's relevant performance, the Report shall be read in conjunction with the Company's 2022 annual report (in particular the Corporate Governance Report contained therein).

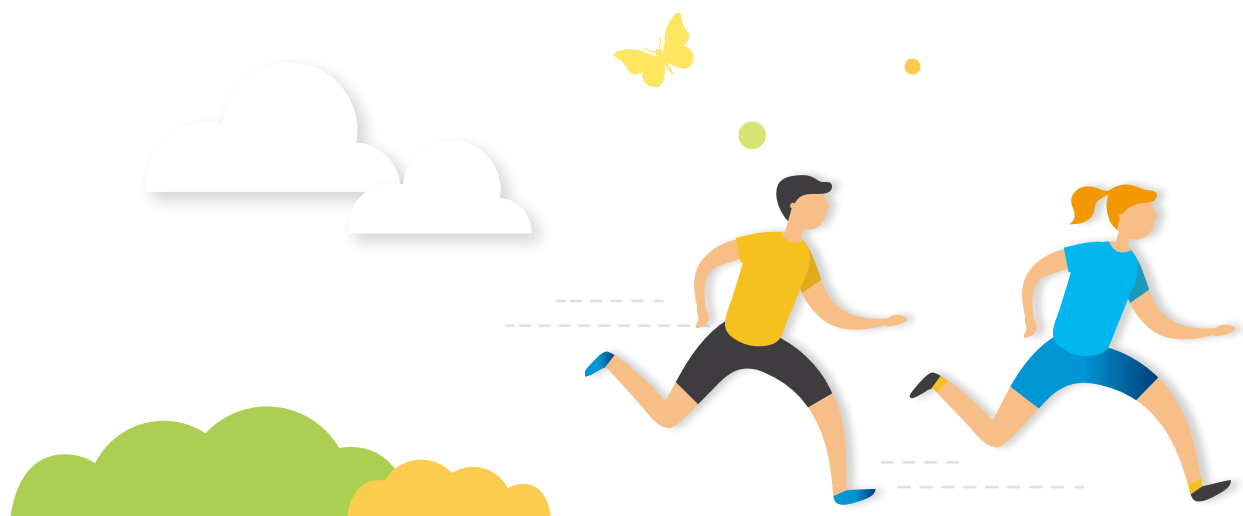
## REPORTING SCOPE

The Report covers the Group's financial services business in China and Hong Kong, education management and consultation business in China, and automotive parts business in China. The information and data are disclosed for the 2022 Financial Year, i.e. from 1 January 2022 to 31 December 2022.

## BASIS OF REPORT PREPARATION

The Report was prepared in accordance with the ESG Reporting Guide. The Group discloses its management policies, strategies and targets on various environmental and social aspects in different sections of the Report. The Report was also prepared in accordance with the "comply or explain" provisions and reporting principles as set out in the ESG Reporting Guide, which include:

**Materiality:** The Group identified sustainability issues that were of paramount importance to stakeholders by conducting materiality assessment through an online survey in July 2021. The ESG Executive Committee re-examined and updated the Group's sustainability issues pool with consideration given to the Group's business development direction and the materiality assessment results of previous years by stakeholders, while taking reference to the focus areas of companies in the same industry as well as international reporting guidelines. Subsequent to the Board's confirmation of the material issues for the 2022 Financial Year, the disclosure focus of the Report was then formed to respond to stakeholders' concerns in a detailed manner.



## About the Report (*Continued*)

**Quantitative:** All business segments under the Group have in place a customised data collection tool, continuously recording and monitoring environmental and social performance indicators that are relevant to their business, and setting quantifiable targets or directional and forward-looking statements with respect to some of the indicators with description of their purposes and impact, and the benefits of the ESG policies and management systems can be assessed and verified. Unless otherwise specified, the Report provides the data on environmental and social performance indicators for the three years ended 31 December 2022 to present annual performance changes and lay a foundation for the Group to set environmental and social performance targets in the future.

**Balance:** The Report discloses the challenges faced and efforts put forth by the Group in its sustainable development, reflecting the Group's state of operation objectively.

**Consistency:** Unless otherwise specified, data calculation methods and disclosure formats that are consistent with the past were used in the Report to ensure comparability.

## SOURCE OF INFORMATION

The Group regularly collects information from all business segments through its internal mechanism. Information cited in the Report is mainly sourced from the Group's statistics and official documents. The Board monitors the content of the Report to ensure that it does not contain any false representations, misleading statements or material omissions.

## APPROVAL AND ENDORSEMENT

The Report was confirmed by the ESG Executive Committee and was approved by the Board.

## ACCESS TO THE REPORT

The electronic version of the Report can be downloaded from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cfcg.com.hk](http://www.cfcg.com.hk).

## STAKEHOLDERS' FEEDBACK

The Group strives for excellence. If you have any comments or suggestions on the work reported or ESG performance of the Group, you are welcome to share your valuable comments with us via email at [ir@cfcg.com.hk](mailto:ir@cfcg.com.hk).



# Board Statement

The Board is the top decision-making body of the Group for ESG management and is ultimately accountable for the Group's ESG management policies, strategies and reporting. The Risk Management Committee of the Board is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group's risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG work. The Risk Management Committee also regularly reports to the Board on material ESG matters.

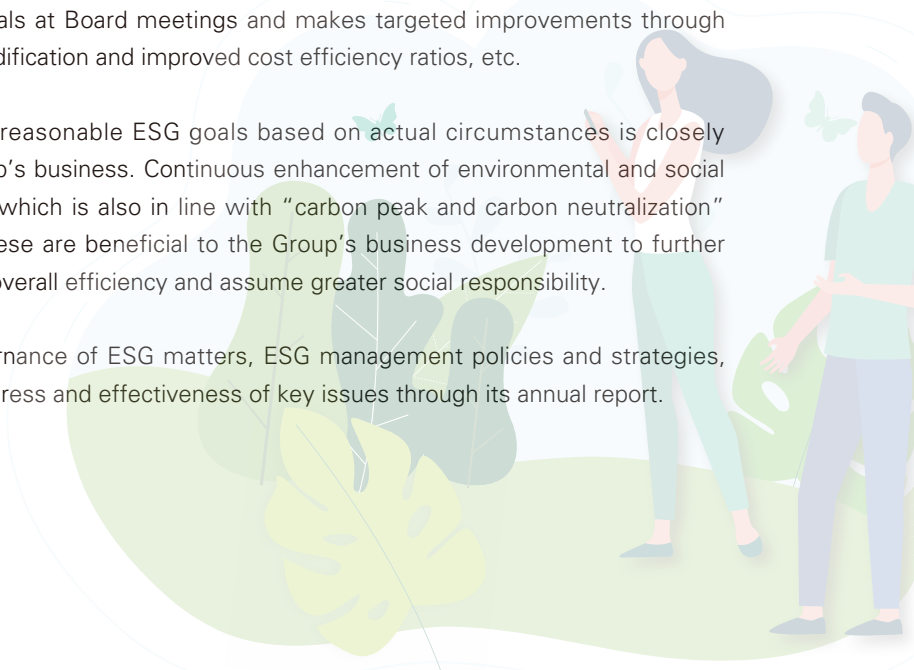
The ESG executive committee is responsible for managing ESG-related matters. The ESG working groups/functional departments of each business segment of the Group regularly collect information on ESG and submit it to the ESG Executive Committee. The ESG Executive Committee comprises senior management such as the Company's executive directors and Co-CEO, Chief Financial Officer and Chief Operating Officer. The Company's brand development department takes the lead, together with the responsible persons of the relevant departments under different business segments of the Group, to assist each business segment in promoting ESG-related policies, conducting materiality assessments, preparing ESG reports in the course of its operations, and report to the Board and the Risk Management Committee from time to time on potential ESG risks and opportunities that the Group may come across.

Based on the external economic and social macro environment and the Group's business development strategy, the Group conducts an annual materiality assessment of ESG issues, and ranks and manages important ESG-related issues (including the risks to the Group's business) through the process of analysis, assessment, confirmation and evaluation to discuss and identify ESG risks and opportunities for the Group. The Board and the Risk Management Committee review and confirm the results of materiality assessment, consider the management and improvement of key issues as its annual priorities, and supervise the management and performance of such issues.

Through a top-down and inside-out approach, the Group aims to have its management, employees and other stakeholders uphold the Group's ESG development philosophy and incorporate environmental and social responsibilities into their daily work and lives. The Board regards creating long-term value for stakeholders as an imperative goal, promotes each business segment to formulate policies, measures and quantifiable goals or directional and forward-looking statements on ESG materiality issues based on their own business characteristics and development strategies, and regularly reviews the progress in achieving goals at Board meetings and makes targeted improvements through management optimisation, industrial technology modification and improved cost efficiency ratios, etc.

The Group recognises that setting scientific and reasonable ESG goals based on actual circumstances is closely related to the sustainable development of the Group's business. Continuous enhancement of environmental and social performance is the development trend of the era, which is also in line with "carbon peak and carbon neutralization" development strategy of China. In the long run, these are beneficial to the Group's business development to further reduce costs and improve efficiency, deliver higher overall efficiency and assume greater social responsibility.

The Group will disclose in detail the Group's governance of ESG matters, ESG management policies and strategies, ESG-related goals and progress review, and the progress and effectiveness of key issues through its annual report.



# Chairman's Statement



Dear stakeholders,

In 2022, with tremendous support from the Shareholders, customers, colleagues and society, the Group adhered to the diversified development strategy and drove the Group's development with the three major businesses of financial services, education management and consultation and automotive parts.

We understand that today stakeholders are concerned about corporates' sustainability performance. Therefore, we have formulated the sustainable development philosophy, which has become the purpose of our day-to-day operations, and endeavoured to create values from sustainable development for stakeholders. We strive to reduce the negative impact on the environmental and social aspects of our operations through strong corporate governance practices and our commitment to the environment and society, putting effort into turning ESG risks into opportunities, and moving towards the goal of sustainable development.



## Chairman's Statement (Continued)

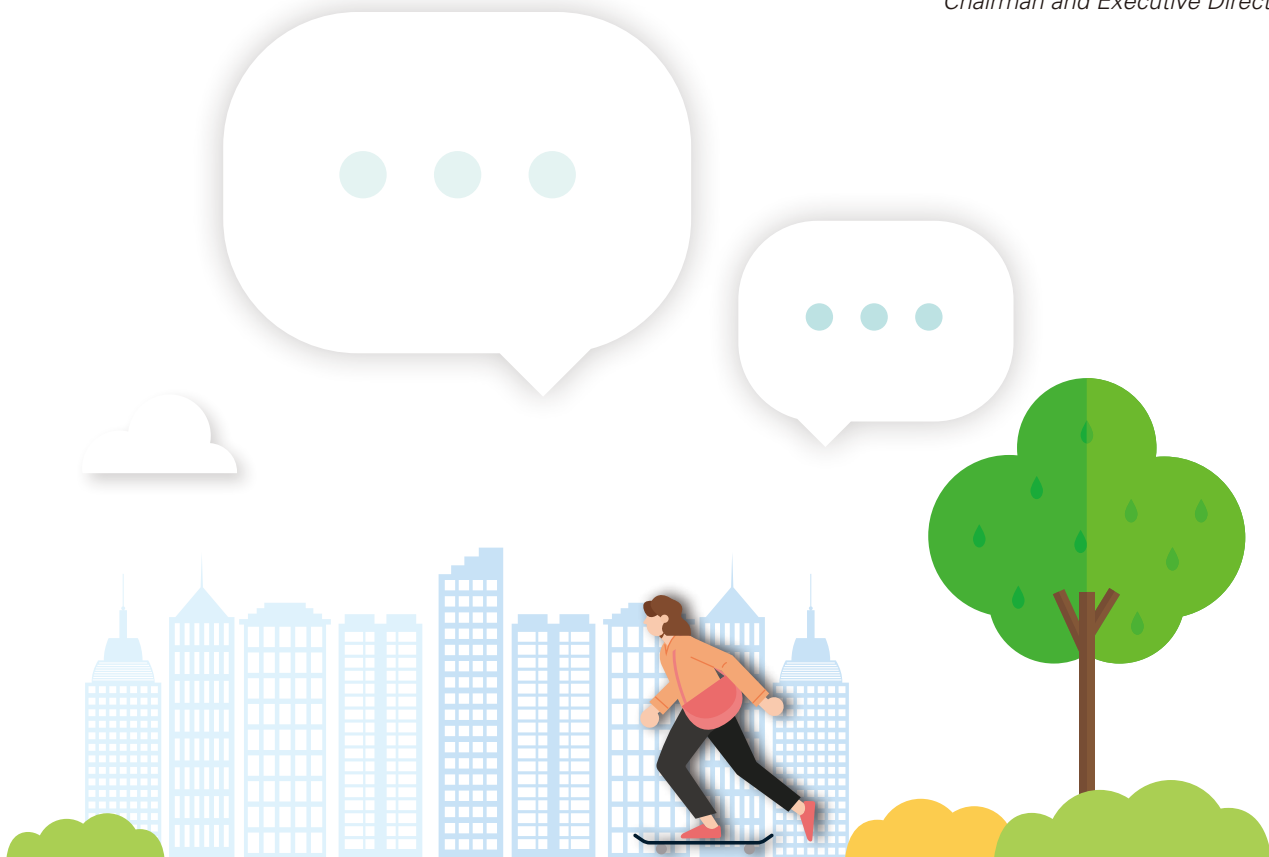
Driven by the aim of being “people-oriented”, we put more resources in the rights and incentives for our staff, thereby creating a level playing field. In the meantime, we actively explore new business opportunities, which allows our employees to give full play to their capabilities, working together to achieve the Group's operational targets. We are also concerned about operational safety, providing our employees with a healthy and safe working environment to prevent, control and eliminate occupational hazards, with an aim to achieve zero accident in our operation process.

It is the responsibility of each and every one of us to protect the environment and we are actively promoting green education, while raising employees' awareness of environmental protection alongside the implementation of a series of green office measures. The automotive parts business actively builds green factories and puts green manufacturing into practice, reducing the emissions of pollutants, as well as improving resource efficiency, so as to combat climate change and minimise our negative impact on the environment.

In the new year, we will continue to uphold the sustainable development philosophy, maintain close communication and work together with our stakeholders. We aspire to promote sustainable development while growing our business, bringing positive impacts to the society. We welcome your comments or suggestions and look forward to sharing with you our sustainability performance again.

**Dr. Wilson SEA**

*Chairman and Executive Director*



# 1. About CFCG

The Company is an investment holding company. The Group maintains a diversified development strategy to provide customers with a wide range of products and services, and is mainly engaged in financial services business, education management and consultation business and automotive parts business currently. Our financial services business can provide services such as listing sponsorship, underwriting and placing, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management and private equity fund management; our education management and consultation business mainly provides international high school curriculum and overseas study consultation services; and our automotive parts business is mainly engaged in R&D, manufacturing and sales of automobile absorbers.





# 2. Corporate Governance

## 2.1 ESG GOVERNANCE STRUCTURE

The Board is the top decision-making body of the Group for ESG management, and is ultimately accountable for the Group’s ESG management policies, strategies and reporting. The Risk Management Committee of the Board is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group’s risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG work. The Risk Management Committee also regularly reports to the Board on material ESG matters.

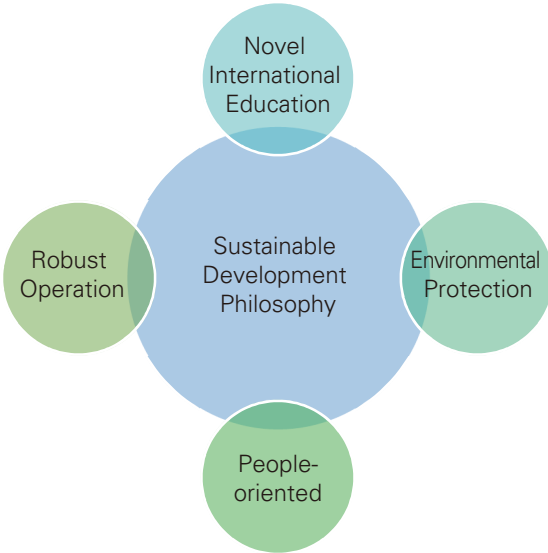
The Group has established an ESG Executive Committee, which is attended by senior management such as the Company’s executive directors, Co-CEO, Chief Financial Officer and Chief Operating Officer, led by the Company’s brand development department, and is composed of the responsible persons of the relevant departments under different business segments of the Group, to strengthen the management of sustainability-related matters. The functional departments of each business segment of the Group regularly collect information on ESG and submit it to the ESG Executive Committee. By closely monitoring the Group’s ESG performance, the ESG Executive Committee is able to review progress against ESG-related targets, and makes targeted improvements through management optimisation, industrial technology modification and improved cost efficiency ratios, etc. The Group’s ESG Executive Committee takes the lead in promoting ESG-related policies, conducting materiality assessments and preparing ESG reports for each business segment in the course of its operations, and reports to the Board and the Risk Management Committee from time to time on potential ESG risks and opportunities that the Group may come across, to assist the Board in assessing, prioritising and managing key ESG-related matters. The ESG Executive Committee also regularly reviews the Group’s sustainable development strategy and reports thereon to the Board and the Risk Management Committee, to meet the ever-changing expectations and demands of the stakeholders.



## 2. Corporate Governance (Continued)

### 2.2 SUSTAINABLE DEVELOPMENT PHILOSOPHY

The Group actively performs its environmental and social responsibilities and develops sustainable development strategies to continuously reduce the adverse impacts of its business operations on the environment and society and further create sustainable development values for its stakeholders. The Group integrates the concept of sustainable development into all of its business segments and continues to promote sustainable development in its financial services, education management and consultation and automotive parts business segments. Through a top-down and inside-out approach, the Group aims to have its management, employees and other stakeholders adhere to the Group’s sustainable development philosophy thoroughly, and incorporate environmental and social responsibilities into their daily work and lives. The Board is fully aware of the importance of sustainable development to the long-term development of the Group, and treats creating long-term value for stakeholders as an imperative goal.



To implement the Group’s sustainable development philosophy and to create long-term value for its stakeholders, we are committed to:

- operating the Group’s businesses with good ethical practices and in full compliance with applicable laws and regulations;
- integrating environmental education into the Group and encouraging stakeholders to contribute to environmental protection to reduce environmental impact;
- protecting the safety and health of the Group’s employees, customers and students;
- with regard to the education management and consultation business, targeting to realise a new type of international education, and upgrading various services;
- with regard to the financial services business, continuing to provide diversified financial services for all types of enterprises to support their development; and
- with regard to the automotive parts business, continuing to aim for “Top Quality and Customer Satisfaction” and improving product quality and customer satisfaction.

## 2. Corporate Governance (Continued)

### 2.3 ROBUST OPERATION

The Group aims for robust operation and adheres to compliant and safe operation. On one hand, all of our business segments strictly comply with laws, regulations and industry regulatory requirements that have a significant impact on the Group's operations. Relevant departments regularly review the updates on current laws and regulations and change the Group's policies accordingly to ensure that the internal control systems of the Group align with pertinent requirements, while providing compliance training to employees. On the other hand, in response to the impact of the COVID-19 pandemic and the changing operational environment, all the Group's business segments kept optimising their organisational and staffing structures according to their respective business attributes and characteristics. Efforts were also made to focus on business positioning and core business resources, integrate and explore development opportunities, and boost our competitiveness against the uncertainties of the external environment.

#### Intellectual Property Rights and Information Protection

In order to protect intellectual property rights, prevent infringement and ensure the confidentiality of business information, the Group formulates measures and processes for intellectual property management, such as stipulating that the names of our new companies or products shall undergo trademark screening or patent registration, complying with regulations on intellectual property rights and filing trademark or patent applications timely. Feedback on such applications shall be followed up on an on-going basis, with relevant documents filed by respective business segments. The automotive parts business formulates the information security management system, which identifies the departments related to trade secrets such as the R&D centre and archive rooms as confidential areas where no unrelated personnel is allowed to enter casually. Meanwhile, the Group enters into confidentiality contracts or terms of confidentiality with employees and customers in employment contracts and commercial contracts, respectively. Each of our financial service business segments has a separate office area with separate access cards and strict access control.



## 2. Corporate Governance (Continued)

### Anti-corruption Policy and Integrity Management

The Group attaches great importance to employees' integrity and is committed to maintaining high ethical standards in its business operations and taking a zero-tolerance approach to any form of corruption and bribery. The Group strictly complies with laws and regulations that have a material impact on the Group's operations in relation to anti-corruption, reviews and updates anti-corruption policies on an annual basis, improves relevant systems according to the industry practices of each business, and puts the concept of business integrity into practice to build a clean and honest working atmosphere. In the 2022 Financial Year, the Group was not aware of any confirmed cases or public legal proceedings relating to corruption that involved the Group or its employees, or any non-compliance with the laws and regulations on preventing bribery, extortion, fraud and money laundering that had a significant impact on its operations.

In order to strengthen employees' integrity and self-discipline and have orderly production and operating activities, the automotive parts business of the Group has established the Supervisory Audit Committee to audit all expenses, requires employees to sign the Letter of Undertaking of Integrity, and strictly prohibits employees from soliciting bribes from any supplier or using their positions to seek private gain in the course of business. The Group attaches great importance to the promotion and education of anti-corruption policies and regularly organises relevant activities. In the 2022 Financial Year, the Group formulated the Anti-corruption and Anti-bribery System and the Corruption and Bribery Whistleblowing System, and provided training to our employees.



**Case study**  
**Organising training on Anti-corruption and Anti-bribery System and Corruption and Bribery Whistleblowing System**

# 3. Stakeholder Engagement

## 3.1 REGULAR COMMUNICATION

Stakeholder engagement is an indispensable process to the Group's promotion of sustainable development. The Group maintains good communication with stakeholders through diversified communication channels to fully understand their views and expectations, allowing the Group to take full account of stakeholders' major concerns when operational decisions are made. This is also conducive to the Group's formulation of the appropriate sustainable development policy as well as its fulfillment of corporate social responsibilities. The key stakeholders of the Group are organisations and individuals who are affected by the Group's operations or that may affect the operations of the Group, including the Shareholders, government and regulatory bodies, employees, students and parents, customers, suppliers, professional organisations and local communities. We communicate regularly with our stakeholders to foster reciprocity and mutual trust, to fully comprehend the focus of their concerns and to respond through different channels correspondingly.

Our primary channels of communication with stakeholders, frequencies and focuses of their concerns are as follows:

Types of Stakeholders	Primary Communication Channels	Frequencies	Focuses of Stakeholders' Concerns
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Annual/interim report</li> <li>Announcement/circular</li> <li>Annual/extraordinary general meeting</li> <li>Official website, email and hotline</li> </ul>	<ul style="list-style-type: none"> <li>Half-yearly</li> <li>Irregularly</li> <li>Annually/irregularly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Investment return</li> <li>Corporate governance</li> <li>Robust operation</li> <li>Innovative business models</li> </ul>
<b>Government and Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>Annual/interim report</li> <li>Announcement/circular</li> </ul>	<ul style="list-style-type: none"> <li>Half-yearly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee performance appraisal</li> <li>Meeting and training</li> <li>Email, WeChat, notice board</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Irregularly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Employee remuneration and benefits</li> <li>Occupational health and safety</li> <li>Employee development and training</li> </ul>
<b>Students and Parents</b>	<ul style="list-style-type: none"> <li>Daily interaction</li> <li>Parent-teacher conference</li> <li>Student satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Every semester</li> <li>Every semester</li> </ul>	<ul style="list-style-type: none"> <li>Teaching quality</li> <li>Teachers' moral conduct</li> <li>Student's health and safety</li> <li>Further education and study abroad</li> </ul>

### 3. Stakeholder Engagement (Continued)

Types of Stakeholders	Primary Communication Channels	Frequencies	Focuses of Stakeholders' Concerns
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Interview and site visit</li> <li>Customer service hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Excellent products and services</li> <li>Protection of customers' interests</li> <li>Protection of customers' privacy</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Public tender</li> <li>Satisfaction assessment of suppliers</li> <li>Interview and site visit</li> <li>Meeting with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Fairness and openness of procurement</li> <li>Win-win cooperation</li> <li>Environmentally friendly purchases</li> <li>Credit periods</li> </ul>
<b>Professional Organisations</b>	<ul style="list-style-type: none"> <li>Satisfaction assessment of professional organisations</li> <li>Email, hotline and interview</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Win-win cooperation</li> <li>Resources links</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Media conference</li> <li>Charitable activity</li> <li>Donation</li> <li>Face to face interview</li> <li>Forum and seminar</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Public welfare support</li> <li>Awareness of environmental protection</li> <li>Environmental education</li> <li>Supporting community development</li> </ul>



## 3. Stakeholder Engagement (*Continued*)

### 3.2 MATERIALITY ASSESSMENT

The management of sustainable development is a dynamic process. We must continuously comprehend the ever-changing concerns and expectations of our stakeholders, and combine them with the Group's operational focus and our understanding of the external business environment. We regularly assess sustainability issues that are of paramount importance to our stakeholders and provide them with responses in a timely manner. In the meantime, the assessment is also conducive to the Group to understand its possible risks and opportunities in sustainable development.

The Group conducted a materiality issues assessment in July 2021, in which stakeholders such as the Shareholders, government and regulatory bodies, employees, students and parents, customers, suppliers, professional organisations and local communities were invited to participate in a survey. Subsequent to the analysis of the Group's business changes and validation by the Group's management, on the basis of this set of topics regarding sustainability, and in accordance with the operating priorities for the 2022 Financial Year, a total of 10 environmental issues and 10 social issues were considered to be of high importance, and were particularly elaborated on in this Report.

The Group's materiality assessment process for the 2022 Financial Year is as follows:

#### **The First Step – Analysis**

The ESG Executive Committee re-examined and updated the Group's sustainability issues pool by taking into account the Group's business development direction in the 2022 Financial Year and the materiality issues of previous years, comparing and analysing the direction of concern of the same industry, and making reference to international guidelines for report writing. Based on the Group's business operation and management focus in the 2022 Financial Year, the issue of "food safety and nutrition management", "students' and parents' satisfaction rate", "teacher skills and quality enhancement" and "teacher team and performance motivation" received less attention from stakeholders and we decided to remove such issues from the sustainability issues pool. On the other hand, in order to keep up with industry trends across all our business segments and to respond to them, the Group decided to include the issue of "diversity and equal opportunities", "management system construction and innovation", "operational risk control and management" and "employee development and training" in the sustainability issues pool of the 2022 Financial Year, and to change the issue of "green campus" to "green operation philosophy". After review and update, the sustainability issues pool of the Group in the 2022 Financial Year comprises 12 environmental issues and 20 social issues.

### 3. Stakeholder Engagement (Continued)

The following table outlines the sustainability issues of the Group for the 2022 Financial Year:

Environmental Issues	
1. Air emissions and management	7. Use of new and renewable or clean energy
2. Wastewater discharge and management	8. Environmental education, publicity and practice
3. Solid waste handling and management	9. Management of environment and natural resources
4. Water usage and efficiency	10. Climate change
5. Energy usage and efficiency	11. Management and sorting of waste
6. GHG emissions and management	12. Green operation philosophy <sup>#</sup>
Social Issues	
1. Employment policy	11. Employee development and training <sup>#</sup>
2. Labour standard	12. Diversity and equal opportunities <sup>#</sup>
3. Product responsibility	13. Occupational health and safety
4. Product recall procedures and rate	14. Management system construction and innovation <sup>#</sup>
5. New product development and technological innovation	15. Operational risk control and management <sup>#</sup>
6. Supply chain management	16. Control and management of teaching quality
7. Customer complaint handling mechanism	17. Development of innovative curriculum and diversified education
8. Customer service	18. Student character and competency development
9. Customer privacy protection	19. Protection of students' mental and physical well-being
10. Anti-corruption and whistleblowing procedures	20. Community engagement and contribution

<sup>#</sup> Issues that are newly added into the pool of sustainability issues in the 2022 Financial Year



### 3. Stakeholder Engagement (Continued)

#### The Second Step – Assessment

Following the update of the sustainability issues pool, the ESG Executive Committee led a discussion with the Group's management and the responsible personnel of all business segments to examine and adjust the level of importance of each sustainability issue in the pool. A total of 10 environmental issues and 10 social issues were considered to be of high importance for the 2022 Financial Year.

#### The Third Step – Confirmation

The ESG Executive Committee presented the materiality assessment results to the Board for review and confirmation of the issues of high importance for the 2022 Financial Year.

#### The Fourth Step – Evaluation

The Group regularly communicates with stakeholders as a means to evaluate the issues of high importance and the impact they bring forth to ensure that the Group's sustainable development direction is in line with stakeholders' expectations.

The Report elaborates in the subsequent sections on the work and progress made by the Group in the 2022 Financial Year regarding the 10 environmental issues and the 10 social issues that were considered highly important. We will strengthen our emphasis on managing the issues of high importance in our operations by formulating appropriate strategic policies, making policy improvements, and setting long-term goals as a continual process to respond to stakeholders' expectations, while reporting on the efforts we put forth on ESG.

The following table lists the issues of high importance to the Group for the 2022 Financial Year:

Issues of high importance	Aspect	Corresponding sections in this Report
1. Air emissions and management	Environment	7.1 Environmental Impact
2. Wastewater discharge and management	Environment	7.1 Environmental Impact
3. Solid waste handling and management	Environment	7.1 Environmental Impact
4. Water usage and efficiency	Environment	7.2 Use of Resources
5. Energy usage and efficiency	Environment	7.2 Use of Resources
6. GHG emissions and management	Environment	7.1 Environmental Impact
7. Use of new and renewable or clean energy	Environment	7.2 Use of Resources
8. Environmental education, publicity and practice	Environment	7.4 Environmental Education
9. Climate change	Environment	7.3 Climate Change
10. Management and sorting of waste	Environment	7.4 Environmental Education

### 3. Stakeholder Engagement (Continued)

Issues of high importance	Aspect	Corresponding sections in this Report
11. Supply chain management	Social	5. Excellent Products and Services
12. Product responsibility	Social	5. Excellent Products and Services
13. New product development and technological innovation	Social	5. Excellent Products and Services
14. Control and management of teaching quality	Social	4.3 Quality Educational Resources
15. Management system construction and innovation <sup>#</sup>	Social	2.3 Robust Operation
16. Operational risk control and management <sup>#</sup>	Social	2.3 Robust Operation
17. Diversity and equal opportunities <sup>#</sup>	Social	6. People-oriented
18. Employee development and training <sup>#</sup>	Social	6. People-oriented
19. Protection of students' mental and physical well-being	Social	6.4 Health and Safety
20. Student character and competency development	Social	4.3 Quality Educational Resources

<sup>#</sup> Issues that are newly added in the 2022 Financial Year and are considered to be of high importance



# 4. Innovation in Education

## 4.1 INNOVATIVE INTERNATIONAL EDUCATION CONCEPT

The Group followed the law of education development and seized the opportunity of the change in education model and industrial ecological transformation in the post-pandemic era, integrated the essence of Eastern and Western education, and actively innovated to build a new international education service platform.

The Group actively explored the localisation of international curriculum and the characterisation of local curriculum, implemented curriculum integration and continued to optimise the curriculum structure, placed emphasis on the development, options and integration of curriculums, to fully unleash the personality potential and creative thinking of students and enhance students' performance. The Group continued to optimise the structure of teachers, hired excellent subject teachers, strengthened the subject teams, and vigorously launched a series of cross-campus teaching and research training under the theme of "Academic Co-creation", improved the teaching quality assurance system with "bilingual teachers as the core", and actively promoted the institutionalisation of processes and the customisation, professionalisation, normalisation and standardisation of services, covering admissions, teaching, further education, inter-school cooperation and other aspects, striving to improving the quality of teaching and management efficiency.

In terms of overseas study consultation services, in view of the diversified feature of overseas study in the post-pandemic era, the Group improved its planning and guidance of further education and enriched its diversified application service products to provide students with a full range of services covering thinking patterns, academic background, interview tutoring and other aspects, thereby achieving an increase in contract signing rate.

## 4.2 UNIQUE EDUCATION MODEL

The Group advocates diversified education models and establishes "refined, distinctive and internationalised" schools of excellent quality, and emphasises unleashing the potential of every student and giving them the opportunity to excel in life.

To realise students' dreams of studying in prestigious overseas schools and to pave the way for their future, with the international bridge as a link, the Group strives to integrate the international curriculum, emphasise the whole-person development of students with a four-in-one balanced development of academics, interests, social responsibilities and future goals. By developing students' independent thinking and critical spirit, as well as their creative potential, the Group provides overseas exchange opportunities to enrich students' horizons and knowledge, leading them to become globally competent international talents.

Edukeys Group is the operator of the PGA (Project of Global Access) high school international programme and provides study abroad consultancy services to students in cities such as Beijing, Shanghai, Chongqing, Xi'an, Hangzhou, Wuhan and Zhengzhou. The programme is customised according to the features of Chinese high school students in order to make it more suitable for Chinese students, and has become an influential and professional brand in the sphere of running basic education business internationally. Graduates of the programme were admitted into leading universities in the US, UK, Canada and Australia.

## 4. Innovation in Education (Continued)

### 4.3 QUALITY EDUCATIONAL RESOURCES

#### The Improvement of Teachers' Quality and the Construction of Teachers Ethics

The Group believes that the teaching quality of teachers is one of the important factors in determining the quality of teaching. The Group follows the characteristics of the teaching profession and the rules of development, categorises and evaluates them scientifically, encourages teachers to focus on classroom teaching reform and research, provides professional development for teachers and enhances their teaching management skills through activities such as “teaching competitions” and “lesson competitions”. In the 2022 Financial Year, Edukeys Group established a teaching quality assurance system with “bilingual teachers as the core”. Teacher development and annual teacher appraisal are organically integrated to achieve quality management and consistency of teaching quality.

The Group's recruitment process gatekeeps teachers' quality. Teachers employed by the Group are mostly full-time teachers who graduated from top-notch universities and met the job requirements of teachers as stipulated in the *Teachers Law of the PRC* (《中華人民共和國教師法》) and the *Regulations on the Qualifications of Teachers* (《教師資格條例》). The Group actively strengthens training in nurturing virtues of teaching teams, and continuously improves the long-term mechanism for maintaining teachers' virtue. The teachers' moral behaviour is the core requirements and basis for teacher recruitment and introduction, professional title evaluation, job recruitment, performance appraisal, and evaluation and reward. Edukeys Group encourages all staff to sign the *Letter of Undertaking of Maintaining Teachers' Virtue*, and collects students' opinions on teachers' moral behaviour through the form of questionnaire, as well as formulates the *Implementation Plan for the Specialised Management of Teachers' Ethics*, which prohibits all teaching staff from accepting any form of benefit or gift for the purpose of setting a good example for students in their everyday lives.

In order to systematically prevent fraud, Edukeys Group has developed an anti-fraud and whistleblowing system and conducted training sessions on the *Anti-Fraud and Whistleblowing System*. At the same time, Edukeys Group has set up reporting message box and hotline to encourage staff to report any suspected fraud cases. The management office will prudently handle the reports and conduct proper investigations in accordance with the whistleblowing procedures to ensure that whistleblowers are protected during their assistance to investigations.



## 4. Innovation in Education (Continued)

### Introduction of Quality Curriculum Resources, Development of Character and Competency for Students

The Group's success in running schools not only relies on its teacher's quality and teaching management, but also on its perseverance in exploring curriculum innovation. In order to enable students to fully unleash their potential, the Group has introduced quality education concept, to inspire students to unleash their potential and creativity in every way and to cultivate their uniqueness, through diverse forms of classes and international education programmes with distinctive features.

In the 2022 Financial Year, Edukeys Group made breakthroughs in the development and implementation of the localisation of international curriculum and the characterisation of local curriculum, organically combining the local curriculum with the international curriculums such as AP and A-Level to better meet the learning needs of students in terms of breadth and depth of knowledge. The Group makes full use of the advantages of the school's educational resources to implement eight categories with a total of 26 school-based courses in physical education and health, arts enhancement, interesting English performance, English proficiency enhancement, comprehensive practice, cultural practice, background enhancement and professionalism, and interesting science, which are opened to all students, comprehensively meeting the students' needs in terms of interests and planning for further studies and further enhancing their overall cultivation level.



#### Case study

#### School-based courses online training of Edukeys Group

The PGA international programme develops and enhances students' ability to use English for academic exchange and writing, as well as their ability to use English in real-life scenarios, and effectively supplements the basic knowledge of mathematics, business studies and scientific principles that are not available in some domestic curricula. On this basis, students will develop comprehensive abilities, including calculation and data processing, information technology, independent learning, academic research and communication and presentation. It also adopts the process assessment model used by foreign universities, allowing students to gradually make the progressive transition from international education in China to overseas universities.

## 4. Innovation in Education (Continued)



### Case study

#### The outstanding students at Edukeys Group

### Control and Management of Teaching Quality

The Group coordinated quality teachers and provided them with informative, practical and effective training, so as to raise their level of expertise. Also, the Group joins hands with teaching and research institutes, educational research institutes, universities and education companies to bring in teaching resources such as educational experts, famous teachers and superior educational projects for providing high-quality, high-standard and multi-level teaching services for students. In the 2022 Financial Year, Edukeys Group invited senior experts, renowned teachers and students from prestigious schools to organise a series of cross-campus “Academic Co-creation” activities on topics such as Bilingual Teacher Literacy, Oxbridge Interviews and Psychological Counseling, to realise cross-campus teaching and research, and to promote “Academic Co-creation” branding activities to multiple teaching centres across China.



### Case study

#### Academic Co-creation Seminars by Edukeys Group

## 4. Innovation in Education (Continued)

Riding on the brand and market influence of the PGA International Programme, the Group has expanded its alliance school cooperation efforts to create a new type of international education service platform. Having cooperated successively with various schools in China in the areas of education management, teaching demonstration, seminars, teacher training, curriculum development, research and discussion on lesson preparation, and classroom guidance, we established a teaching standard empowerment system, optimised the allocation of education resources, upgraded the teaching standard of teachers and improved the quality of students' studies. By optimising the curriculum structure and enriching course contents, the Group will improve the quality of teaching and enhance students' performance. Meanwhile, the Group will upgrade the services for further education according to the needs and characteristics of school campuses and students, and design personalised solutions for overseas study services and provide convenient access and services for students to pursue further education and overseas study. The Group continuously optimises its organisational management system and develops standardised operational solutions to achieve the standardization of course contents, teaching methods, team management, operational management, brand management and services for further education, so as to establish a streamlined and efficient workflow system.



# 5. Excellent Products and Services

The Group endeavours to provide customers with excellent products and services (including but not limited to automotive shock absorbers that meet or exceed international and domestic industry standards, education management and consultation services, compliant and professional financial services), and strictly complies with laws and regulations that have a significant impact on the Group's operations in relation to health and safety, advertising, labelling and privacy matters, and methods of redress of its products and services. In the 2022 Financial Year, the Group was not aware of any violations of the laws and regulations that had a significant impact on the Group's operations relating to the health and safety, advertising, labelling and privacy matters, and methods of redress of the products and services provided by the Group.

## 5.1 DIVERSIFIED FINANCIAL SERVICES

The Group has established a sound financial services business system with diversified financial service licences, providing services such as listing sponsorship, underwriting and placement, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management and private equity fund management, and was approved to operate a trust or company services business in Hong Kong by the Companies Registry of Hong Kong in September 2022. The Group strictly complies with the codes and guidelines related to the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission*, the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (Chapter 615 of the Laws of Hong Kong).

The Group firmly believes that honesty, integrity and equity are the fundamental values of doing business, and is committed to operating through best practices and with ethical standards upheld. In order to bolster the Group's anti-corruption management, the Group formulated the Compliance Manual and provided employees with training on integrity and conduct.

To ensure that all employees of the Group are financially sound, competent, honest, reputable and reliable in order to allow customers to use the Group's financial services with confidence, employees of the Group are required to make a self-declaration on their background information in areas such as honesty, capability and financial soundness. The Group formulated the *Conflicts of Interest Policy* for the identification and management of conflicts of interest, requiring employees to avoid any forms of conflicts of interest and proactively report those that have occurred, demanding employees to uphold integrity at all times.

The Group formulated the *Anti-Money Laundering and Counter-Financing of Terrorism Policy and Procedures*. Prior to providing services to customers, we conduct the Know Your Customer (KYC) due diligence and complete the *Risk Profiling Questionnaire*. This allows us to understand customers' knowledge and experience on investment products, current financial position and investment objectives and expectations. This could help us to have a clear understanding of the actual risk tolerance of customers. It also provides our customers with a full picture of the products and their associated risks and expected results. Meanwhile, this policy is also conducive to preventing and discerning any forms of bribery, extortion, fraud and money laundering led by customers or employees, to avoid any illicit financial flows used for financing terrorism activities through the Group. We will report to relevant authorities for any suspicious transaction.

The Group attaches great importance to the protection of customers' privacy, and has formulated the *Measures for the Management of Customer Privacy Protection* and entered into a confidentiality agreement with each customer. The Group employs an encrypted user management system to regulate the access to the personal data collected, to which only authorised employees are granted access. In addition, the Group is highly concerned about the collection and handling of customers' personal data and established the Personal Information Collection Statement, to ensure that customers' information is used in a proper manner.



## 5. Excellent Products and Services (Continued)

The Group also has a *Business Contingency Plan*, where contingency measures were established for our securities trading business. Due to the instability of the electronic trading platform, responsible personnel of relevant departments will initiate a direct connection to the temporary trading platform of the Stock Exchange in the event of any interruption of or disturbance to the online trading platform, and at the same time the information technology department will be notified to follow up and carry out emergency remedial works. Concurrently, all customers will be informed of the disruption of the trading system by text message or email. The information technology department will subsequently verify the cause of the system disruption with the software vendor and develop a precautionary plan to avoid the recurrence of the same type of incident.

The financial services business of the Group collects customer complaints mainly by issuing opinion forms irregularly and setting up customer service hotlines and email mailboxes. Responsible personnel will investigate written or verbal complaints from customers of the Group by grading the complaints into different levels and responding to them without delay.

The Group developed the *Guidelines for Production of Marketing Materials*, stipulating that all marketing materials shall meet regulatory requirements, and in addition, materials that contain information that may be subject to copyright or licencing restrictions could only be reproduced, distributed or used when necessary permissions or licences are obtained and the fees are paid.

Major suppliers of the financial services business of the Group are financial institutions. Legality, safety and quality are fundamental considerations in the selection of financial service providers. Financial service providers must be licenced institutions or enterprises that are socially responsible, financially sound and compliant with local laws. The Group regularly reviews whether all suppliers have been rebuked or penalised by local regulatory bodies.

### 5.2 QUALITY AUTOMOTIVE PARTS

The Group places high emphasis on the quality of products and sets “Top Quality and Customer Satisfaction” as the core value of the Group’s automotive parts business, targeting to become a world-renowned automotive parts company to achieve “Where there is a car, there is Cijan”. Our shock absorbers for passenger cars, commercial vehicles and railway vehicles are currently used by over 40 automotive manufacturers worldwide. Quality requirements vary amongst different products. Thus, the Group has established product monitoring and quality control procedures for timely inspection, monitoring and control of outsourced parts and raw materials purchased in bulk, to ensure that they meet the product quality requirements and normal production takes place. The Group also has control procedures for defective products in place, to prevent unintended use or delivery of such products and provide clear indications of the product status. At the same time, the Group has put forward an incentive system for quality assurance, setting out reward and punishment measures with respect to quality. In terms of product quality standards, the shock absorbers of passenger cars must align with OE standards; those of commercial vehicles must be equipped with a meticulous valve system based on driving and loading needs to effectively dampen vibrations; and those for railway vehicles must effectively suppress the vertical vibration amplitude between the steering rack and wheels. All products shall be provided with a 3-year/100,000-kilometre warranty for accessories and a one-year after-sales warranty.

## 5. Excellent Products and Services (Continued)



### What are automobile shock absorbers?

The automobile shock absorbers are used to dampen the vibration of the suspension system and the impact from the road to improve the stability and comfort of the vehicle, and are usually installed on top of the wheels of the automobiles.

As a national high-tech enterprise, Nanyang Cijan has been conferred the title of “Top 100 Outstanding Suppliers of Automotive Parts in China” for consecutive years, and has been producing automobile shock absorbers for passenger car manufacturers such as Shanghai Volkswagen, FAW-Volkswagen, Dongfeng Motor, Chang’an Auto, GM Wuling, BAIC Group, Geely Auto, Xiaopeng Motors, Great Wall Motor and GAC Group, and for passenger car, truck and commercial vehicle manufacturers such as Yutong Bus, JMC, Foton Motor, Zoomlion Heavy Industry, C&C Trucks, etc. Nanyang Cijan also produces vibration dampers for rail trains for clients such as CRRC, CRRC Tangshan, CRRC Sifang, Nanjing Metro, Hangzhou Metro and Hefei Metro. Having passed the examination of PSA, a French automobile manufacturer, the Group has become the global supplier of absorbers for Stellantis Group (formed by the merger of two major corporate groups, PSA Group and FCA Group) and obtained development licenses and orders for six models of three types of automobiles, including Peugeot 208. The Group received bulk orders from SAIC Motor for its self-developed Adaptive Damping System (ADS), and became the designated supplier of ADS systems for GAC Aion and Li Auto.

The automotive parts business of the Group has a comprehensive quality management system, which has successively obtained the ISO9001 Quality Management System certificate, the IATF16949:2016 Automotive Quality Management System certificate, the QS9000 and VDA6.1 quality system certificates and other qualifications.

### Product Quality Control

The Group implements full monitoring of product safety and quality and executes a triple-inspection system in its production process, i.e., “First Inspection, Patrol Inspection and Final Inspection”. The Group also keeps abreast of the latest production situation and quality performance through performing real-time data collection by the Manufacturing Execution System (MES), providing timely feedback to responsible personnel on the implementation of the production plan so that they can respond quickly to any emergency at the production site. Since shock absorber is not a hazardous product, it poses no health risk to consumers. We customize product labels according to the requirements of our customers with instruction manuals formulated for each product accordingly. Specialised personnel are then arranged to check the product labels to ensure that all the information is correct. Furthermore, the Group provides “three guarantees” service to automobile manufacturers, under which all products with quality issues will be repaired, replaced or returned. As the Group mainly works with automobile manufacturers, end-consumers can contact automobile manufacturers directly for any problems found in the product. In the 2022 Financial Year, the automotive parts business of the Group did not recall any products sold due to safety and health reasons.

The automotive parts business of the Group performs quality control strictly at all stages of the production of shock absorbers through a wide range of measures, such as putting up “reminder signs for key quality control procedures” next to factory production lines to remind employees of the common reasons for non-conforming products. The Group also puts up quality control slogans in the factory to promote its core value of “Top Quality” to its employees. Each shock absorber produced by the Group is subject to rigorous quality testing to ensure that the products we produced are of excellent quality and meet customers’ requirements.

## 5. Excellent Products and Services (Continued)



### Case study

Nanyang Cijan Production Workshop Quality Slogan

### Supplier Management

To ensure product quality and safety, the automotive parts business of the Group established the *Suppliers Management System* to regulate raw materials procurement. Nanyang Cijan performs on-site reviews of all potential suppliers, and suppliers should meet the requirements on quality, product development capabilities, product compliance, production capacity, cost control capabilities and environmental protection. They are also required to be certified with the ISO/TS16949 or the ISO9001 Quality Management System. In addition to strict quality control requirements, Nanyang Cijan also gives priority to the procurement of products with less negative environmental impact and sets out specific environmental requirements in tender documents, gives priority to green products or products with lower carbon and energy consumption under the same conditions and actively promotes green procurement.

### Improving the New Supplier Management System

To ensure the quality of its products and services, Nanyang Cijan has developed a new and effective system of supplier management, screening and grading, which consists of three main components:

In terms of supplier management, Nanyang Cijan has developed and annually updated a supplier management process, signed quality agreements with suppliers, and carried out daily management through performance monitoring, process auditing and quality statistics of suppliers, with an emphasis on the allocation ratio of suppliers' orders and the supplier selection echelon, so as to control the stability and safety of the supply chain as a whole, as well as the overall efficiency ratio of the quality, price and after-sales aspects of the supply;

In terms of screening of suppliers, it is carried out in strict compliance with the requirements under the Group's *Guidelines for Selection and Approval of New Suppliers*;

In terms of grading of suppliers, pursuant to the *Document on Evaluation of Supplier Performance* of the Group, Nanyang Cijan prepares monthly evaluation forms based on zero-kilometre PPM values, after-sales PPM values, quality complaints, delivery timeliness, additional cost ratios, supplier evaluation results, supplier's price trends and monthly red supply performance information. According to the form, suppliers are appraised semiannually by the purchasing department, the quality assurance department, the R&D centre and the product department, and a *Qualified Supplier List* will also be prepared.

## 5. Excellent Products and Services (Continued)

Nanyang Cijan prepares the *Potential Supplier Assessment Report* according to the passing rate of incoming product quality inspection, the rectification rate of service quality, the number of after-sales complaints, the timeliness of delivery and price trends. In this way, suppliers are graded into three categories, A, B and C, where unqualified suppliers are categorised as C-grade. Suppliers who are graded as unqualified are required to carry out prompt rectification. If no improvement is made within a specific period of time, the supplier shall fall into the *Unqualified Supplier Register* and shall not be invited to participate in any tender. In the 2022 Financial Year, Nanyang Cijan has 97 suppliers, of which 23 were mainly located in Henan Province, 16 in Jiangsu Province, 14 in Zhejiang Province, 10 each in Shanghai and Anhui Province, and 1 each in Germany, the Netherlands and Italy. None of these suppliers was categorised as C-grade and eliminated due to quality issues, timeliness of delivery and degree of cooperation. However, three suppliers were removed from the Group’s supplier list due to longstanding lack of business relationship and poor management of the suppliers themselves.

In the 2022 Financial Year, the Group formulated environmental protection requirements and specifications for procurement, as well as related implementation and monitoring methods to identify and circumvent environmental and social risks throughout the supply chain. For example, the Group conducted supply risk checks on suppliers involved in environmental protection issues in accordance with relevant local government regulations, and collected environmental management system certificates from suppliers. The relevant implementation and monitoring methods include the establishment of an environmental management system certificate ledger, which shall be tracked and updated by the supplier’s manager.

### Customer Satisfaction

The automotive parts business of the Group has maintained two-way communication with customers, who are welcome to give advice to the Group through channels such as the official WeChat platform, the 24-hour service hotline and site visits. Nanyang Cijan conducts monthly customer satisfaction surveys, in which aspects such as the proportion of malfunctioning shock absorbers that were recalled before the vehicle was sold, the number of customer complaints and feedback, and downtime in manufacturing lines, are rated. In the 2022 Financial Year, the Group did not receive any complaints from external customers in relation to products and services.

<b>Customer satisfaction</b>	<b>Achievement for the 2022 Financial Year</b>
Score out of 10	10

To ensure that prompt reply is provided to our customers, the automotive parts business of the Group has introduced the Quality Management System (QMS) to manage customers’ demands in a centralised manner and resolve problems in a quicker and standardised way. Relevant departments perform proactive analysis of customers’ feedback and ensure that all issues are resolved within 30 days.

## 5. Excellent Products and Services (Continued)

### Continuous Innovation

The Group attaches great importance to R&D investment and technological innovation, and has formulated the *Incentive Scheme for Science and Technological Innovation* and the *Notice on Reward and Punishment Measures for Employees' Obtaining Various Certificates to encourage* employees to innovate proactively and pursue lifelong learning. Incentives and recognition can be provided for employees who are awarded certificates of scientific and technological achievements, file patents of shock absorbers or other automotive parts inventions, participate in the development or revision of international, national or industry standards, publish papers or attend academic education and obtain professional qualifications. As a "High and New Technology Enterprise", Nanyang Cijan's R&D centre was certified as the National Enterprise Technology Centre and selected as an "Academician Workstation" and "Post-doctoral Workstation" of Henan Province. In recent years, through extensive cooperation with Beijing Institute of Technology, Southwest Jiaotong University and other higher education institutions, Nanyang Cijan has delivered fruitful achievements in "Production, Education and Research", including multiple patented technologies for inventions, utility models and appearance designs, and has undertaken research and development for provincial and municipal projects with over 1,000 different types of shock absorbers developed.

Nanyang Cijan has maintained its annual investment in research and development and technological innovation accounting for more than 3% of its total sales. In the 2022 Financial Year, the cumulative investment of Nanyang Cijan in research and development amounted to approximately RMB64.50 million, with the total amount invested in research and development accounting for approximately 5.7% of annual sales, and 21 new utility model patents were successfully declared. As at 31 December 2022, Nanyang Cijan owned approximately 300 intellectual property rights.



#### Case study

#### Patent certificate obtained by Nanyang Cijan

The "Automatic feeding system for shock absorber retaining ring welding" technology developed by Nanyang Cijan was awarded a patent certificate of utility model by the China National Intellectual Property Administration



#### Case study

The Nanyang Cijan R&D Centre was certified as the National Enterprise Technology Centre.

# 6. People-oriented

The Group firmly believes that employees are one of the Group's most important assets, and the development of its business is inseparable from the dedicated efforts of its employees. The Group has formulated a sound human resources policy, with the purpose of being a "people-oriented" business, in order to attract and retain outstanding talents, bringing employees together and increasing their sense of belonging to the Group. The Group encourages a diversified employee portfolio which brings a variety of skills, experience and innovative ideas to the Group.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, antidiscrimination, other benefits and welfare and other employment related matters, to ensure that employees are provided with legal and reasonable remuneration and benefits and are treated fairly. The Group also enters into employment contracts with employees and formulated the *Employee Manual*, outlining the rights and obligations of employees.

## 6.1 NURTURING TALENTS

The Group has sound *Measures for Recruitment and Dismissal Management*, which systematically advances the building and growth of teams of talents, so that the staff can better align with the business development needs of the Group. The human resources department ensures that the recruitment and dismissal processes are standardised and transparent, and regularly reviews and updates relevant human resources policies in accordance with the latest laws and regulations. During the recruitment process, the Group considers factors such as candidates' working experience, expected work capacity and internal budget of the Group, and observes candidates' personality, enthusiasm, development potential and other personal qualities. Meanwhile, the Group strictly prohibits any unfair or unreasonable dismissal, and termination of the employment contract must be lawful and reasonable.

The Group established a robust *Remuneration Management System* and *Performance Appraisal Management Plan*, which are reviewed and updated on an annual basis, and carries out work performance appraisals at least once a year to assess employees' work capability and performance while taking into account the market remuneration level for the position and the internal budget of the Group. The Shenzhen office conducts performance appraisals on a quarterly basis. The results of the appraisals serve as references for the Group to make decisions on promotion and remuneration adjustments for outstanding employees. When there is a job vacancy, the Group gives priority to internal promotion or deployment.

To elevate talent development at a steady pace, the Group provides employees with a smooth and clear career path. Nanyang Cijan clearly outlines the career progression for technical and management employees, providing them with a dual-track approach to career development to enable them to select a suitable path and plan for their own career development.

The Group respects all employees and formulated the *Equal Employment Policy*, under which no employee should be discriminated against because of race, religion, gender, nationality, sexual orientation, marital status and disability during employment, training, performance management, selection, promotion and remuneration adjustment, to ensure a fair and just practice and to create an inclusive and diverse workplace. Meanwhile, the Group has zero tolerance for any workplace discrimination or harassment. In the event of any violation of the *Equal Employment Policy*, corresponding actions will be taken by the Group. In the 2022 Financial Year, the Group did not receive any complaints regarding the infringement on the rights and interests of employees and was not aware of any violations of employment-related laws and regulations that had a significant impact on the Group's operations.

## 6. People-oriented (Continued)

The Group prohibits any recruitment and employment of child labour and prohibits any form of forced labour, and strictly complies with the laws and regulations that prohibit child and forced labour. The human resources department of the Group requires the employees to provide valid identification documents before taking up their duties, to prove the legal age requirement for employment. If any child labour is found, the Group would immediately terminate the employment relationship with the person concerned. Nanyang Cijan established the *Regulations on the Management of Employees Working Overtime*, which stipulates that employees can only work overtime with the prior approval of their head of department. Employees will be granted compensation leave or overtime pay afterwards to ensure that no employee is forced to work overtime. The Shenzhen office has formulated the *Staff Overtime Management System*, which stipulates that staff can be given corresponding time off for overtime work. The human resources department regularly reviews the implementation of the human resources policies with a view to eradicating the risks of child and forced labour. In the 2022 Financial Year, the Group was not aware of any violation of the laws and regulations relating to the prevention of child or forced labour that had a significant impact on the Group's operations.

### 6.2 DIVERSITY

The Company is committed to ensuring an appropriate balance in the diversity of skills, experience and perspectives and angles of the Board members so as to support the execution of business strategies and efficient operation of the Board. The Company has formulated a director nomination policy. The Nomination Committee is responsible for identifying candidates suitably qualified to become members of the Board and it may select candidates nominated for directorship. When formulating a recommendation to the Board for appointment of a Director (including an INED), the Nomination Committee shall consider various criteria in evaluating and selecting candidates for directorships, including, among others, (i) character, integrity and reputation, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Group's business and corporate strategy, (iii) willingness to devote adequate time to discharge duties as a member of the Board and other directorships and significant commitments, (iv) the number of existing directorships and other commitments that may demand the attention of the candidates, (v) the requirement for the Board to have INEDs in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the requirements under the Listing Rules, (vi) the board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board, including but not limited to gender, age, culture and education background, ethnicity, professional experience, skills, knowledge and terms of service, and (vii) such other perspectives appropriate to the Group's business.

The Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The composition of the Board is also reviewed from time to time in accordance with the specific needs of the Group's business. The Board will introduce one or more female members by 31 December 2024 when suitable candidates are identified. There are currently at least two female members among the senior management of the Company. The Group believes that there exists a pipeline of potential successors to the Board and senior management to achieve gender diversity.

Based on the principle of talent orientation and in accordance with the business model and specific up-to-date needs of the Group, and taking full account of the benefits of employee gender diversity, the Company reviews the gender ratio from time to time to achieve a good balance in employee gender diversity.

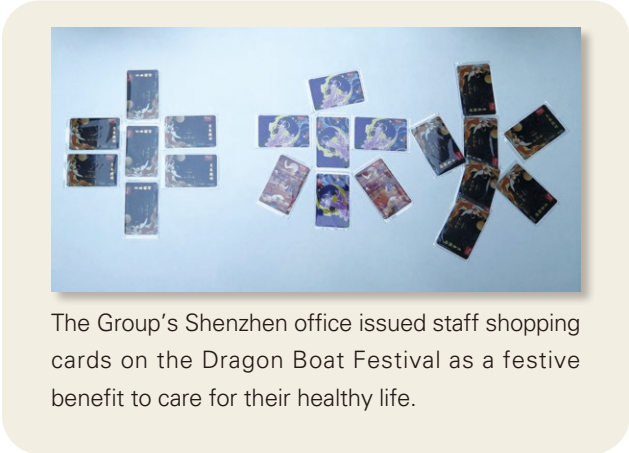
## 6. People-oriented (Continued)

### 6.3 CARING FOR EMPLOYEES

The Group's *Employee Manual* and the *Employee Working Hours System and Policy* outline the working hours and rest periods of employees, which are both in compliance with relevant local employment laws and regulations. In addition to providing statutory paid leave, Mandatory Provident Fund or social insurance and housing provident fund, medical insurance, business travel accident insurance and a competitive remuneration system, the Group also ensures that its employees are entitled to marriage leave, maternity leave, pre-maternity leave, compassionate leave, etc. In addition, Nanyang Cijan provides employees with high temperature vacation in July, one of the hottest months of the year, to reduce employees' exposure to health risks posed by working in high temperatures. The Group's Shenzhen office has rolled out the staff care initiatives such as one-day paid sick leave per month as well as two hours of early departure and a birthday book of their choice within the total price range on employees' birthdays. The Group also provides staff with festive benefits at traditional festivals such as the Dragon Boat Festival and the Mid-Autumn Festival.

The Group regularly presents employees with outstanding employee performance awards, including the Best Attendance Award, the Model Employee, and the Outstanding Employees, Outstanding Team, and rewards outstanding employees through a formal letter of appreciation or bonus. In order to promote friendship among employees, build team harmony at work and foster employees' sense of belonging to the Group, the Group organises different types of employee activities each year, such as birthday parties, welcome lunches with new employees, Christmas parties and outdoor team building activities.

#### Case study:



The Group firmly believes that good interactive communication with employees not only benefits the Group's operation and management, but also helps the Group in promoting its sustainable development. To ensure continuous, effective and two-way communication between employees and the management, the Group encourages employees to express their opinions and suggestions on the working environment, remuneration and benefits and other aspects through e-mail, bulletin boards, WeChat, the Employee Manual and meetings.



## 6. People-oriented (Continued)

### 6.4 HEALTH AND SAFETY

The Group strives to provide employees with a healthy and safe working environment, while strictly complying with the laws and regulations that have a significant impact on the Group's operations in relation to employees' health and safety, including providing a safe working environment and protecting employees from occupational hazards. To ensure that employees at all levels of our business segments duly work on safety management, the Group established the *Occupational Health and Hygiene Management System* to prevent, control and eradicate any occupational hazards, and to minimise employees' risks in their working environment. For the three years ended 31 December 2022, the Group had no fatalities caused by work.

#### Occupational Health and Production Safety

In order to effectively prevent major accidents and occupational diseases and to ensure the personal safety and health of our employees, the automotive parts business of the Group has been conscientiously implementing the policy direction that "Safety is of utmost priority with prevention as the primary focus". It put into practice the liability system for production safety and set up the Production Safety Management Committee and the Occupational Health Leading Group, with the responsibilities of each unit under the production safety management system clearly specified. Nanyang Cijan formulated and implemented relevant measures according to the *GB/T28001-2011/OHSAS18001:2007 Occupational Health and Safety Management Systems – Requirements* and has been certified to be in conformity with the standard.

#### Production safety target

Zero major safety incident

#### Achievement of the target for the 2022 Financial Year

100%

The automotive parts business of the Group formulated the *Safety Inspection System*, under which a comprehensive factory-level safety inspection is organised no less than twice a year, along with weekly workshop safety inspection and occasional safety inspection on new potential risk factors such as new equipment and new technology. The safety inspection team will issue criticisms against any department or employee that violates the rules, and appropriate punishment will be given according to the severity of violation. In addition, Nanyang Cijan regularly organises safety training for in-service staff, and only those who passed the training exam are allowed to work.

In the 2022 Financial Year, there were six employees injured in minor-injury accidents related to the use of machinery and equipment in the Group. Upon such accidents, the safety responsible personnel reported to the safety department within 30 minutes to start a comprehensive investigation. Subsequent to the confirmation of the cause of the accident, a corresponding rectification plan was developed. The Group has already applied for work injury on behalf of the injured employees, and arranged compensation leave for them to recover. The Group also provided them with necessary financial assistance according to the Regulation on Work-Related Injury Insurances. Such employees may take other suitable work positions according to their personal preference.

## 6. People-oriented (*Continued*)



### Case study

#### Occupational health and safety training held by Nanyang Cijan

### Office Health and Safety

The Group is immensely concerned about employees' health and safety in the office and established relevant policies and measures. The Group illustrated in the *Employee Manual* the health and safety precautions of the office working environment and formulated the *Smoke Free Workplace Policy* to prohibit smoking in the office. The Group provides employees with annual health check-ups, organises health talks, places green plants in offices, cleans the air conditioning system and disinfects carpets regularly in the office. Other than that, the Group's Hong Kong office and Shenzhen office both lease Grade A offices in the heart of the CBD and staff regularly participate in fire drills organised by the property management company of the office buildings to enhance their emergency response capability.

The Group is also very concerned about employees' mental wellbeing. We communicate with employees regularly to keep track of their mental health and provide timely counselling for them. The Group's Hong Kong office also organised seminars on stress management, positive mindset and interpersonal relationships in the workplace to alleviate the negative impact of work-related stress on employees' mental health.

In the 2022 Financial Year, the Group was not aware of any violation of laws and regulations in relation to health and safety that had a significant impact on the Group's operations.

### Pandemic Prevention and Safety

In the 2022 Financial Year, as the COVID-19 pandemic continued to recur, the Group strictly implemented the measures and requirements of the National Health Commission and the measures and requirements under the local government's long-term anti-pandemic policies and conducted regular disinfection in office premises. The Group's Hong Kong office and Shenzhen office have taken into account of the actual operation of the Company and made flexible arrangements for home working, staggered working hours and annual rest breaks to fully protect the physical and mental health and safety of staff.

## 6. People-oriented (*Continued*)

### 6.5 CAREER ADVANCEMENT

The Group regards every employee as its valuable asset and strives to connect employees' personal growth with the Group's future development. The Group formulated the *Training Management System* and the *Annual Training Plan* to facilitate further development of the Group's business by enhancing the professional standards and work capacities of our employees through regular training.

#### Four Key Training Objectives

##### To Support Employees' Career Advancement

The Group organises induction training for each employee on their first day of work to provide them with onboard guidance and an introduction of the company, in order to ensure that they have adequate expertise and capabilities for day-to-day work. In the meantime, the Group provides a wide range of job skills training for existing employees. In 2022, the Group provided a series of training to its staff on the implementation details of share options, financial business integration, innovative business models and service products.



#### Case study

The Group organised training on the implementation details of employee share options to facilitate innovation in incentive systems and implementation.

## 6. People-oriented (*Continued*)

### To Raise Compliance Awareness of Staff

The Group provides employees with training on compliance and risk management, relevant laws and regulations, and occupational health and safety, to boost employees' awareness of compliance and to ensure that the business operations of the Group are in compliance with laws and regulations. In the 2022 Financial Year, the Group conducted a special training for its staff in order to implement the "Anti-Corruption and Bribery System" and "Corruption and Bribery Reporting System" and to build a clean operating environment.

Licensed employees of the Group's financial services business must continuously participate in a certain number of continuing professional training each year to meet regulatory requirements.

With regard to the education management and consultation business, the Group incorporated training on education-related laws and regulations into teachers' training plan, enabling teachers to have a clear understanding of education policies and industry development trends, thereby facilitating the identification of potential opportunities or risks.

In terms of automotive parts business, Nanyang Cijan organizes no less than two work health and safety training sessions for all employees every year, implements and guides employees' safety production and compliance measures, and jointly creates a safe working environment. The weekly meeting of each workshop emphasises safety awareness and safety precautions to ensure the avoidance of major casualties and promote the achievement of the goal of zero work-related accidents for employees.

### To Cultivate CFCG Core Culture

During the transformation and upgrading of its business, the Group also pays attention to reshaping and upgrading its corporate culture. The Group conducts activities such as new employee induction training, systems training, monthly meetings and team building activities, to allow employees to understand the basics, culture, development strategy and systems of the Group, thereby facilitating their understanding of the Group's core values, promoting their recognition of its corporate culture, and enhancing their sense of belonging to the Group.

### To Facilitate CFCG's Innovation

The Group is committed to innovation and development, and actively exploring new business opportunities. We encourage our staff to actively explore ways to innovate in business, inspire them to think creatively and enhance their professional skills through expert sharing, exchange of opinions and innovation incentive programmes, in the hope of bringing more development opportunities to the Group.

# 7. Environmental Protection

The Group incorporates green concepts across its every business segment, and fully considers the environmental and social impacts caused by each of the business segments. The Group is fully aware of the fact that the production process of its automotive parts business will affect the environment to a certain extent. Therefore, it actively set up measures to reduce the negative environmental impact from factories, putting green operations into practice. Meanwhile, the Group also understands that it is an integral part of environmental protection to raise the environmental awareness among employees, we therefore proactively promote environmental education in factories and offices to encourage all employees to adopt environmentally friendly habits.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in respect of air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution. In the 2022 Financial Year, the Group did not receive any confirmed violations or complaints in respect of air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution that have a significant impact on the Group's operations. In the meantime, the data of environmental performance indicators for the three years ended 31 December 2022 have also been provided in Section 10 of the Report, so as to present the changes in annual performance, and to lay a foundation for the Group to set environmental performance targets in the future.

Policies have been formulated in respect of the automotive parts business of the Group to manage emissions and use of resources according to the *GB/T24001-2016/ISO14001:2015 Environmental Management Systems – Requirements with Guidance for Use*, and the environmental system certification has been obtained. The Group also regularly entrusts third-party organisation to monitor the emissions of pollutants, in accordance with relevant standards and specifications, during the operation of the automotive parts business to ensure compliance by the factories.

## Environmental management target for production

Zero major environmental pollution incident

## Achievement of the target for the 2022 Financial Year

100%

# 7. Environmental Protection (Continued)

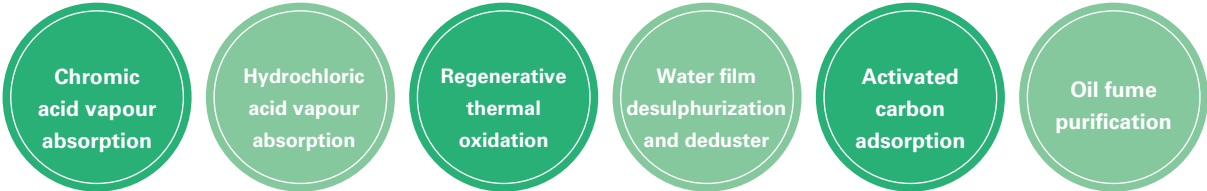
## 7.1 ENVIRONMENTAL IMPACT

### Air Pollutants

The Group’s emissions of air pollutants mainly come from the production equipment of the automotive parts business. On top of implementing emission reduction measures for various pollution sources, the Group further strengthens the maintenance and management of pollution prevention and control facilities, so that the facilities are always in good condition to ensure a stable discharge of pollutants while meeting the emission standards. The production equipment in Nanyang Cijan is equipped with the end-of-pipe treatment technology to ensure that all kinds of air pollutants are effectively treated.

In response to the national strategy of “carbon peak and carbon neutralisation”, the Group required a continuous reduction in the total volume of all emissions since 2019 and has continuously optimised new technologies with low energy consumption or sought green technology alternatives. The Group understands that as a responsible enterprise, it must proactively respond to the national green and sustainable development strategy and formulate its own short, medium and long-term carbon neutrality targets and plans in light of the actual situation of the enterprise, in order to keep pace with the long-term development of China and the trend of the times. In early 2022, the Group required that the average energy consumption for all emissions should be further reduced by more than 5% year-on-year. To further reduce the emissions of air pollutants, Nanyang Cijan has gradually replaced the diesel forklifts for transporting goods with electric forklifts, which account for 32.5% of all forklifts, to achieve a balance between economic cost and green efficiencies. In addition, an access control system has been installed at the guard office of factories to control the entry and exit of vehicles with emission standards below National IV, and a technical retrofitting programme for grinding machine and exhaust gas treatment has been launched to improve the exhaust ducts and increase the number of exhaust fans and activated carbon filtration facilities. After the above improvement, the estimated annual emissions of volatile organic compounds (VOC), PM2.5 and PM10 will be reduced by 0.5 tonnes, 0.08 tonnes and 0.12 tonnes respectively. In order to be in line with the “coal-to-gas” initiative, the Group actively reduces its conventional consumption on coal and switched to higher standard green coal or green electricity instead, for the purpose of minimising air pollution and combating smog in China.

### End-of-pipe Treatment Technologies of Air Pollutants



## 7. Environmental Protection (Continued)

### GHG Emissions

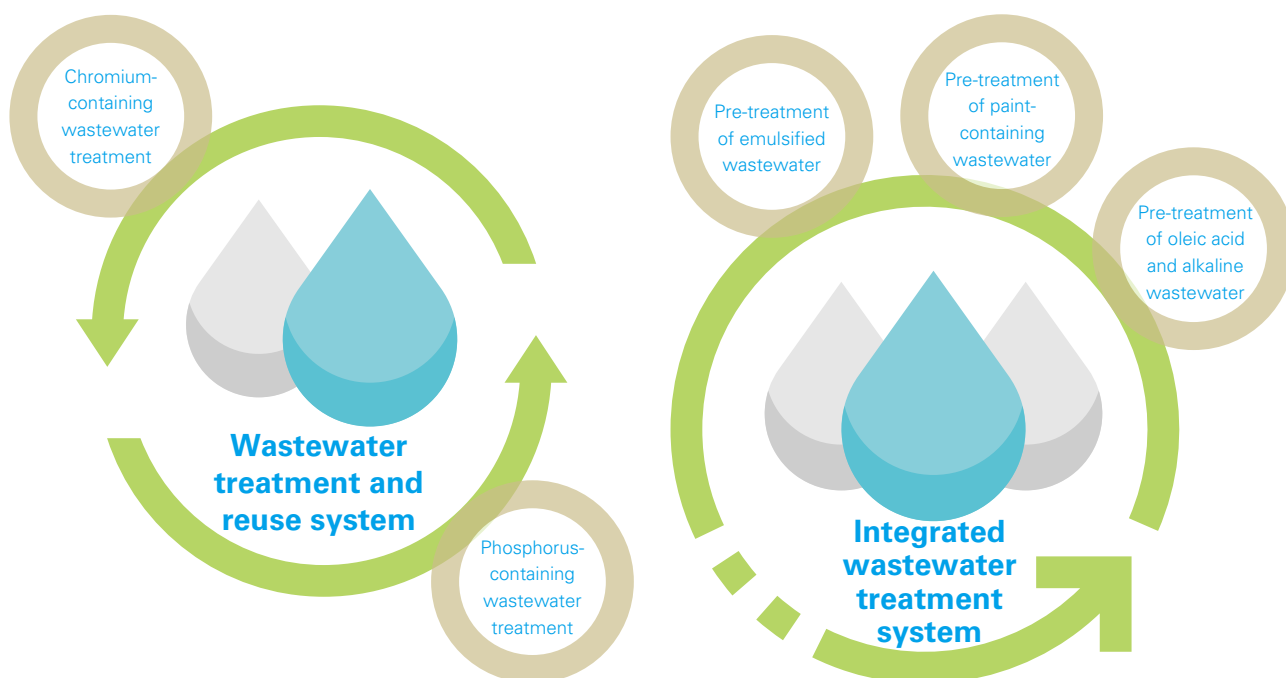
The use of boilers and electricity consumption are the Group's main sources of GHG emissions. We have actively implemented energy conservation measures in our operations and set appropriate control targets, requiring a year-on-year reduction of GHG Emissions of more than 5%.

In the 2022 Financial Year, Nanyang Cijan reduced the intensity of emissions of sulphur oxides (SO<sub>x</sub>), PM2.5, PM10 and other emissions through effective control and reduction of exhaust and GHG emissions, making due contribution to local haze control and air quality assurance.

The Group has also planted a total of 912 trees in areas within our factories to reduce the GHG emissions. It has offset the Group's GHG emissions by approximately 21 tonnes of carbon dioxide equivalents.

### Wastewater

The automotive parts business of the Group has in place different types of wastewater treatment facilities for the collection and treatment of wastewater generated during the production process. Maintenance is performed on the wastewater treatment facilities regularly to ensure normal operation of the system, and has set an emissions reduction target of more than 5% year-on-year in average wastewater volume.



## 7. Environmental Protection (Continued)

In respect of the automotive parts business of the Group, chemical oxygen demand (COD) online analysers and flowmeters have been installed at the discharge points of the wastewater treatment facilities to monitor the wastewater quality online, and to ensure that the discharge is up to standard. In the 2022 Financial Year, approximately 5,400 tonnes of domestic wastewater and approximately 49,200 tonnes of industrial wastewater, representing a reduction of approximately 25% and 30% respectively as compared with previous year, were treated in Nanyang Cijan, exceeding the emission reduction targets, of which some wastewater was re-purified for recycling and some was discharged collectively after treatment to meet the standards. In the 2022 Financial Year, the quality of wastewater discharged from the automotive parts business of the Group was in accordance with the limits as required under the Emission Permit. The Group has not been penalised by relevant environmental protection departments for exceeding any discharge limits.

Nanyang Cijan reduced wastewater discharge and reduced wastewater contaminating the ground through measures such as control and management of storage tanks and transmission pipes, control of the discharge volume, construction of special wastewater drains, and installation of online monitoring devices to control the discharge concentration, and the installation of a standard rain shelter at the landfill. In the 2022 Financial Year, Nanyang Cijan reused 58,724 tonnes of wastewater, which is 6,140 tonnes more than that of the previous year, reducing wastewater of oil stains contaminating the ground by approximately 10 tonnes and achieving a target and significant improvement in efficiency in reducing emissions and saving water resources.



**Case study**  
**Wastewater treatment and recovery system of Nanyang Cijan**

Sewage from offices of the financial services business and education management and consultation business of the Group is domestic sewage, which is discharged into municipal pipelines through the drainage systems of the buildings.



## 7. Environmental Protection (Continued)

### Wastes

The Group strictly manages the handling of wastes and formulated specific handling methods, and has achieved the waste reduction target, which required a year-on-year reduction of more than 5% of waste.

The non-hazardous wastes generated from the Group's operations comprise domestic waste and office waste, which are collected and disposed of by the responsible personnel from the property management companies or the refuse handling stations. Also, our factories generate non-hazardous wastes such as food waste from canteens and sludge from domestic sewage treatment facilities.

The automotive parts business is the main source of the Group's hazardous wastes, which generates hazardous waste oil, waste oil containers, paint waste from paint-spraying process and chromium-containing sludge from electroplating wastewater treatment. Our offices generate a smaller amount of hazardous wastes, which include mercury-containing lamps, e-waste, waste batteries and ink cartridges.

The Group manages hazardous wastes in accordance with the *Directory of National Hazardous Wastes* and the *Standard for Storage and Pollution Control on Hazardous Wastes*, and sets up waste separation facilities to collect and transfer hazardous wastes. Following the *Measures for the Management of Duplicate Forms for Transfer of Hazardous Wastes*, the Group transfers its wastes to an eligible organisation for disposal. The Group also adopted measures to prevent the leakage of hazardous wastes in order to avoid contamination. The automotive parts business of the Group formulated the *Chromium Residue Management System* and the *Hazardous Wastes Management System*, which strictly stipulated the procedures for the generation, collection, storage, transfer and disposal of hazardous wastes. Nanyang Cijan transfers chromium-containing waste, paint waste and hazardous waste oil to eligible organisations for handling, while waste oil containers are recycled and reused by manufacturers.

The Group minimises waste generation in its business operations by reusing reusable items and sorting recyclables. Nanyang Cijan reused all non-hazardous waste oil in the rolling mill during the pipe manufacturing process, with about 450kg of waste oil reused in the 2022 Financial Year.

In the 2022 Financial Year, Nanyang Cijan further disposed of its 180kg vibration damper metal oil drums and replaced all of them with reusable 1,000kg plastic drums which can be reused to further reduce waste.

## 7. Environmental Protection (*Continued*)

The Group implemented waste reduction measures in its offices. Such adopted waste reduction measures include:

- recycling and reusing courier packaging
- emptying rubbish bins regularly to reduce the frequency of replacement of plastic rubbish bin bags
- reducing the use of disposable cups for serving guests
- providing reusable utensils for employees to reduce the use of disposable tableware
- placing waste paper recycling boxes next to the printers to re-use waste paper
- arranging paper recycling boxes for collection of waste newspapers and paper

### Noise Control

The Group's noise pollution is emanated from the production equipment of the automotive parts business. In order to reduce noise pollution, the Group established the *Noise Protection Management System* for noise-generating areas, and different noise abatement measures are employed according to the characteristics of the equipment, proactively conducting noise controls at the source and on the noise propagation.

In order to reduce noise, Nanyang Cijan takes a number of measures to tackle the noise problem at its source:

- installing sound-deadening cylinders
- installing sound absorbing panels
- equipping staff with noise-cancelling earplugs
- installing vibration damper and elastic air cushion in the item of equipment with high vibration
- pasting sound insulation cotton in an item of equipment
- installing sound-absorbing wall coverings inside laboratory premises

The Group also monitors the noise levels at the boundary of the manufacturing plant regularly to ensure that the noise level generated from the operation of the equipment meets the requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary* and would not cause noise nuisance to neighbouring residents. The noise level outside the Group's production plant has been tested to be about 60 decibels and the noise level around the plant has been tested to be about 53 decibels.

## 7. Environmental Protection (Continued)

### 7.2 USE OF RESOURCES

In line with the concept of “scientific management, punctual supply, rational usage, and wastage elimination”, the Group manages the use of resources in each business segment to enhance the efficiency of resource utilisation, requiring more than 5% year-on-year improvement on efficient utilisation.

#### Energy Use

The Group strictly regulates the use of energy and encourages employees to actively propose energy-saving and consumption reduction measures, seeking opportunities to reduce the use of energy together with employees.

The automotive parts business of the Group formulated the *Energy Management Measures*, which strictly regulates the use of various electrical equipments, allowing responsible units to carry out timely maintenance of equipment in the event of anomalies to reduce electricity wastage. All of the low-voltage distribution rooms located at Nanyang Cijan are equipped with a reactive power compensation system, which improves the power factor, reduces the wearing of transformers and transmission lines, and hence improves the efficiency of power supply.

In the 2022 Financial Year, Nanyang Cijan replaced 10 solar lamps on the roads in its plant, which saved 432KW of electricity per year based on the energy consumption of lamps.



#### Case study

#### Nanyang Cijan replaced solar lamps on the roads of its plant

To raise the environmental awareness of employees and to encourage and cultivate their environmental protection behaviours, the Group implemented a series of green office measures focusing on energy conservation and the reduction of material consumption, which include:

- promoting a paperless office with files saved in the shared drive for circulation or distributed through email
- switching off lights when no one is using the office area
- setting computers to enter sleep mode or shut down when being idle for 15 minutes
- promoting the use of public transport or shared cycling for commuting to and from work

# 7. Environmental Protection (Continued)

## Use of Water Resources

The Group’s education management and consultation business and financial services business use municipal water, while its automotive parts business uses groundwater. The Group has not come across any difficulties in sourcing water.

The Group has been implementing a variety of water-saving measures, targeting to reduce water consumption by 5% or more annually, including:

- using recycled and reused water for equipment cooling in the electromagnetic valve production line of the intelligent workshop
- strengthening the daily maintenance and management of water appliances and closely checking if there is any water leakage problem so that timely repair can be carried out
- regularly consulting repair technicians to conduct inspection on the water valves and water pipelines
- developing employees’ water-saving habits to consciously control the water flow manually when using water, and turning off the faucet after use in order to save water
- systematically upgrading water equipment and gradually installing water-saving devices
- strengthening the management of water-saving equipment to improve water efficiency
- strictly enforcing daily scheduled water supply with no overtime or non-timely water supply

In the 2022 Financial Year, Nanyang Cijan implemented the hydraulic cooling water technical reform project for electromagnetic valve production line and intelligent production line, which can reduce water resources usage by about 12 tonnes per hour and about 3,600 tonnes per month, and save 43,200 tonnes of water resources per year.



**Case study**  
**Nanyang Cijan implemented the renovation of intelligent recycling and reuse of water project**

## 7. Environmental Protection (Continued)

### Use of Paper and Packaging Materials

In the 2022 Financial Year, we encouraged adoption of an electronic and paperless workplace in our Hong Kong and Shenzhen offices, and took active steps such as saving and reusing office paper, storing outdated newspapers and magazines, and sorting courier packaging materials for re-use, in order to protect the environment and utilise resources better.



#### Case study

#### Our Shenzhen offices advocated paper reuse

The Company's annual reports are available in Chinese and English versions, and are delivered according to Shareholder's preference. Shareholders are encouraged to receive the reports in electronic form in order to reduce the number of printed copies and save paper. The paper used for the annual report is derived from responsible forest resources and certified by the Forest Stewardship Council. In addition, the Company's ESG Report is prepared separately from the Annual Report and is available in electronic form only, with no printed copies available.

Packaging materials are mainly used for the finished products of the automotive parts business of the Group, which can be categorised into paper, metal, plastic and wood. Nanyang Cijan has introduced the use of shared logistics boxes and replaced the cartons with reusable iron boxes, aiming to reduce consumption of packaging materials and costs of packaging through the new cycle packaging.

In the 2022 Financial Year, some major customers of Nanyang Cijan such as Chery Automobile, SAIC Group, Geely Automobile, GM Wuling, BAIC Group, FAW Group and other customers and newly developed markets and products have fully utilised the shared logistics boxes, with the annual loading capacity of the shared logistics boxes reaching approximately 3,680 tonnes, representing an increase of approximately 31% over the previous year. Nanyang Cijan also plans to gradually promote the use of shared logistics boxes to all customers and raw material suppliers to further reduce the consumption of packaging materials. At the same time, the internal approval process of Nanyang Cijan has been changed from handwriting on paper to online on DingTalk.

## 7. Environmental Protection (*Continued*)

### 7.3 CLIMATE CHANGE

Each of the Group's business segments has always followed the principle of "respect for nature; harmony between mankind and nature". At the same time, we require our business units to guard against natural risks, especially the impact of extreme weather events on production and operations.

#### Climate Change Risks and Countermeasures

Environmental and climate change may have a negative impact on the production and operations of a business, such as the acute risks associated with extreme weather events; and extreme events such as heavy rainfall, floods, droughts, typhoons, heatwaves, etc. may cause direct damage to the Company's assets or result in additional capital expenditure, reduced revenue and asset impairment, or affect the safety of the Company's premises, operations, supply chain, transportation and employees. Climate change may also lead to chronic risks, such as an increase in the average temperature of the earth and a rise in sea level due to climate change, which may affect the productivity of an enterprise, or impact water supply resources, water quality, food safety and other aspects.

To address the potential risks of climate change, the Group has put in place a series of countermeasures and contingency mechanisms to prevent possible hazards and losses, as well as to seize potential opportunities, such as developing alternative energy sources and improving resource efficiency, in order to mitigate and adapt to the negative impacts of climate change.

To reduce unnecessary losses caused by typhoons, the Group has put in place a series of preventive and control measures. In recent years, the damage caused by typhoons has been manageable, and there were no injuries or fatalities. The relevant preventive and control measures include: (1) members of the logistical support team must be in place throughout the typhoon period; the team members are arranged to be on duty at the factory 24 hours a day; and the staff on duty should patrol the factory from time to time or liaise closely with the property management office of the building. If he/she finds a dangerous situation, he/she should immediately report it to the management; (2) if the building is tilted or cracked during a typhoon, the site commander should immediately direct emergency personnel to evacuate staff from the site to a safe area and disconnect the power supply of the building. If anyone is injured, the medical ambulance team must treat him/her on-site or take him/her to hospital. A perimeter should be set up around the dangerous building and designated staff should be assigned to closely observe the condition of the building.

Nanyang Cijan takes measures to suspend or restrict the production of welding and painting processes that produce exhaust gases according to the different meteorological warnings (such as red, orange, yellow and green) issued by the government authorities under the smog conditions, and actively cooperates with the governments at all levels to prevent and control the smog, and makes positive efforts to prevent and control haze, to ensure air quality and to promote climate improvement in the region.

## 7. Environmental Protection (Continued)

### TCFD Progress

The Task Force on Climate-Related Financial Disclosure (TCFD) was established in 2015 by the Financial Stability Board under the Group of 20 (G20). The task force's objective is to formulate a set of consistent, voluntary climate-related financial information disclosure recommendations to help investors understand the climate risks of relevant entities. Entities such as enterprises, cities, and even non-profit organisations can adopt TCFD's recommendations to measure climate risks and report to their shareholders or stakeholders.

As a listed company on the Main Board of Hong Kong Stock Exchange, the Group actively embraces and responds to the concept of sustainable development and strives to reduce the environmental impact of our operations while actively managing the risks and opportunities associated with climate change. In recent years, we have continued to focus on and deepen our work related to TCFD, including the preparation of regulations and systems for climate risk management, the analysis of typical scenarios, and the promotion of green finance development, so as to strengthen our core competitiveness with a broader range of financial products and service systems to tackle the climate challenges with our stakeholders and customers. In view of this, we have been actively preparing and planning to gradually disclose more information on addressing climate change in accordance with the TCFD framework in the future.



# 7. Environmental Protection (Continued)

## 7.4 ENVIRONMENTAL EDUCATION

It is the responsibility of each and every one of us to conserve resources and protect the environment. The Group focuses on developing staff's good habits by raising their environmental awareness and encouraging them to protect the environment in action.

Nanyang Cijan formulates and issues environmental protection education and promotion materials. Through a series of education and training activities such as the annual safety training programme and the new staff training programme, as well as organising relevant environmental protection themed activities, Nanyang Cijan has actively promoted the concept of environmental protection, popularised environmental protection issues, to enhance the awareness and participation of staff in waste separation, and to continue to promote waste separation in detail and in practice.

In the 2022 Financial Year, Nanyang Cijan organised a number of training sessions for all staff on environmental protection, including but not limited to staff training, seminars on environmental protection, training on the use of environmental protection facilities and environmental knowledge competitions. The staff have basically understood and mastered the knowledge of environmental pollution in the factory, knew how to prevent and protect themselves, and resisted and reported any environmental damage acts on their own.



### Case study

**Nanyang Cijan organised training on environmental protection knowledge**

The Group's financial services business and education management and consultation business also attach great importance to the daily environmental education of staff. We actively promote the concept of environmental protection in the areas of water and electricity saving, conservation and recycling of paper and other resources, and call on all staff to "save energy and protect the environment, starting from little things, it's everyone's responsibility". This long-term and continuous inspiration has actively and effectively promoted the Group's environmental education and achieved remarkable results.



# 8. Community Investment

The Group is well aware of the importance of making positive contributions to the community it thrives in and treats the community interests as one of its social responsibilities. In addition to focusing on the Group's business development, we have also been actively involved in charitable activities to spread warmth and care to the community. To this end, the Group formulates community investment management systems and policies, allocates a certain percentage of its annual operating budget as project funds, plans its annual programme and reviews the programme on a regular basis. For example, it participates in poverty alleviation projects in remote areas, plans branded charity projects and actively cooperates with local charitable organisations such as the Red Cross and the Community Chest. In the 2022 Financial Year, the Group allocated RMB320,000 of donations for public welfare undertakings such as epidemic prevention and control, 99 Giving Day, "The Creation of the 'Five Star' branch and the 'Three Red Banners' (星旗同創)" and "Creating a National Civilised City and a National Sanitary City (雙創)" projects in the community.

The Group has for many years cared for groups with different needs in the community, strengthened the cooperation and exchange within the education industry, and supported the development of cultural undertakings. In recent years, the Group has paid further attention to the development of youths by offering exchange and internship activities, and by striving to provide youths with multiple development opportunities and to path their way to success.

## CARING FOR THE COMMUNITY



### Case study

In July 2022, Nanyang Cijan donated RMB200,000 to "The Creation of the 'Five Star' branch and the 'Three Red Banners' (星旗同創)" project in the community

In July 2022, Nanyang Cijan donated RMB30,000 to "Creating a National Civilised City and a National Sanitary City (雙創)" project in the community

In September 2022, Nanyang Cijan donated RMB20,000 to the Xichuan County Charity Association (浙川縣慈善總會)

In September 2002, Nanyang Cijan donated RMB20,000 to the Xichuan County Volunteerism Association (浙川縣見義勇為事業促進會)

8. Community Investment (Continued)

DEEPENING THE COOPERATION AND EXCHANGE WITHIN THE EDUCATION INDUSTRY



Case study

Participation in the Euclid Contest

Students from Edukeys Group were invited to participate in the Euclid Contest organised by the University of Waterloo. This mathematics contest helped PGA students to improve their academic award scores for their overseas study applications and PGA students received certificates of merit and scored in the top 25% of the world in this contest.



Case study

Participation in the 2022 United States Academic Decathlon

Students from Edukeys Group were invited to participate in the 2022 United States Academic Decathlon, organised by the USAAD (United States Academic Decathlon) Competition Committee. USAAD is a comprehensive academic competition platform for high school students in the United States. Participation in the competition helped PGA students to enhance their academic background for overseas study and PGA students won the gold medal in the competition.



# 9. Future Prospect

Looking forward, we will continue to invest time and resources to realise the Group's sustainable development philosophy with a top-down approach and to continuously understand the expectations and needs of our stakeholders. We look forward to further creating values from sustainable development for our stakeholders by improving policies and measures in four aspects: the provision of a new type of international education; being a people-oriented enterprise; operating in a sound manner; and protection of the environment.

With regard to new international education, we will continue to optimise and integrate quality education resources, expand the partnerships of our alliance schools, design innovative products, upgrade our further education services and provide personalised solutions for overseas study, by leveraging our brand and market influence.

With regard to our aim to be a people-oriented enterprise, we will advance the construction and development of teams of talents through the implementation of a series of human resources policies, aligning employees' personal growth with the Group's future development and ensuring that employees give full play to their capabilities while working for the Group and achieving mutual development with the Group.

With regard to sound operation, we will continue to perfect the relevant policies and measures to provide a healthy and safe work and study environment, striving to protect the safety and health of our employees, customers and students.

With regard to environmental protection, we will integrate environmental values and education into the Group's operations, encouraging stakeholders of the Group to contribute to environmental protection to mitigate environmental impact.

We will fulfill corporate social responsibility and adhere to our sustainable development strategy. We will try our best to mitigate the environmental and social impact of our business operations and turn ESG risks into opportunities. In the meantime, we will work closely with our stakeholders, and continue to contribute to society through joint efforts.



# 10. Performance Data<sup>1</sup>

## 10.1 Environmental Performance Data

		For the year ended 31 December					
		2022		2021		2020	
Type	Unit	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>
<b>Performance of pollutants emissions</b>							
<b>Air pollutants<sup>3</sup></b>							
Sulphur oxide (SO <sub>x</sub> )	Kg	493.76	0.30	12,149.78	4.48	14,147.19	4.29
Nitrogen oxide (NO <sub>x</sub> )	Kg	5,594.66	3.41	8,907.33	3.28	8,407.74	2.55
Particulate matter (PM)	Kg	503.06	0.31	21,725.69	8.01	31,581.80	9.57
Carbon monoxide (CO)	Kg	1,562.89	0.95	3,281.63	1.21	2,772.93	0.84
<b>GHG Emissions</b>							
Total GHG emissions <sup>4</sup>	Tonnes CO <sub>2</sub> e	26,113.03	15.91	35,029.99	12.91	24,565.42	7.44
Direct GHG emissions (Scope 1) <sup>5</sup>	Tonnes CO <sub>2</sub> e	118.86	0.07	6,225.00	2.29	7,273.16	2.20
Indirect GHG emissions from energy use (Scope 2) <sup>6</sup>	Tonnes CO <sub>2</sub> e	26,015.15	15.85	29,297.10	10.79	17,771.90	5.38
Reduction of GHG emissions from planted trees (Scope 1) <sup>7</sup>	Tonnes CO <sub>2</sub> e	20.98	0.01	492.11	0.18	479.64	0.15

1. Unless otherwise specified, (i) the business and time scope covered by the performance data for the 2022 Financial Year are the financial services business, education management and consultation business and automotive parts business in the 2022 Financial Year; (ii) the business and time scope covered by the performance data for the year ended 31 December 2021 are the financial services business, education management and consultation business and automotive parts business from 1 January 2021 to 31 December 2021, and the education operation business from 1 January 2021 to 31 August 2021; and (iii) the business and time scope covered by the performance data for the year ended 31 December 2020 are the financial services business, education management and consultation business, education operation business and automotive parts business from 1 January 2020 to 31 December 2020.

2. For the years ended 31 December 2022 and 2020, the number of employees used for the density of the environmental performance indicators was the number of employees at the end of relevant year. For the year ended 31 December 2021, the intensity of the environmental performance indicator was calculated using the Full-time equivalents ("FTE") method, which was 2,714 and included the number of employees of the financial services business, education management and consultation business and automotive parts business at the end of the year (the FTE of part-time employees was calculated at 0.5 per person), and the FTE of the education operation business from 1 January 2021 to 31 August 2021.

3. The calculation methods and related emission factors of air pollutants emitted by stationary sources, non-road mobile sources and on-road mobile sources were referenced to the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources* and the *Discharge Coefficients of Urban Life Pollutants in the First National Survey of Pollution Sources* issued by the Institute of Standards of the Ministry of Ecology and Environment of the PRC, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC, and the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016* issued by the European Environment Agency. The air pollutants of the use of boilers from the automotive parts business were recorded by a monitoring system.

4. The total GHG emissions were calculated to include the Group's direct GHG emissions (Scope 1) and indirect GHG emissions from electricity (Scope 2), with the deduction of emissions due to planted trees (Scope 1).

5. Direct GHG emissions (Scope 1) were calculated using the calculation methods and relevant emission factors with reference to the *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.

6. Indirect GHG emissions from energy use (Scope 2) were calculated using calculation methods and relevant emission factors with reference to the *2019 China Regional Grid Baseline Emission Factor for Emission Reduction Project* issued by the Ministry of Ecology and Environment of the PRC and the *Sustainability Report 2021* issued by the HK Electric Investments Limited.

7. The GHG emissions reduced from the planted trees (Scope 1) were calculated with reference to the *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.

## 10. Performance Data (Continued)

		For the year ended 31 December					
		2022		2021		2020	
Type	Unit	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>
<b>Performance of pollutants emissions (Continued)</b>							
<b>Hazardous wastes<sup>8</sup></b>							
Waste oil containers and waste mineral oil	Tonnes	14.40	8.78 x 10 <sup>-3</sup>	14.40	5.31 x 10 <sup>-3</sup>	13.00	3.94 x 10 <sup>-3</sup>
Hazardous sludge generated from the wastewater treatment facilities	Tonnes	12.00	7.31 x 10 <sup>-3</sup>	12.00	4.42 x 10 <sup>-3</sup>	10.50	3.18 x 10 <sup>-3</sup>
Paint waste	Tonnes	12.00	7.31 x 10 <sup>-3</sup>	12.00	4.42 x 10 <sup>-3</sup>	10.00	3.03 x 10 <sup>-3</sup>
Laboratory waste from schools	Tonnes	–	–	0.18	6.63 x 10 <sup>-5</sup>	0.37	1.12 x 10 <sup>-4</sup>
Medical waste	Tonnes	–	–	3.54	1.30 x 10 <sup>-3</sup>	–	–
Waste mercury-containing tubes	Pieces	48.00	0.03	1,557.00	0.57	658.00	0.20
Ink or toner cartridge	Pieces	30.00	0.02	167.00	0.06	110.00	0.03
Waste battery	Pieces	129.00	0.08	2,095.00	0.77	1,397.00	0.42
<b>Non-hazardous wastes<sup>9</sup></b>							
Total non-hazardous wastes	Tonnes	2,785.32	1.70	6,687.17	2.46	6,481.69	1.96
Domestic waste	Tonnes	10.01	6.10 x 10 <sup>-3</sup>	2,839.51	1.05	2,864.72	0.87
Food waste	Tonnes	5.76	3.51 x 10 <sup>-3</sup>	750.96	0.28	599.77	0.18
Paper	Tonnes	45.56	0.03	101.32	0.04	98.08	0.03
Non-hazardous sludge generated from the wastewater treatment facilities	Tonnes	12.00	7.31 x 10 <sup>-3</sup>	23.01	8.48 x 10 <sup>-3</sup>	28.71	8.70 x 10 <sup>-3</sup>
Waste oil	Tonnes	0.60	3.66 x 10 <sup>-4</sup>	0.60	2.21 x 10 <sup>-4</sup>	0.53	1.61 x 10 <sup>-4</sup>
Plastic	Tonnes	15.53	9.46 x 10 <sup>-3</sup>	22.97	8.46 x 10 <sup>-3</sup>	23.62	7.16 x 10 <sup>-3</sup>
Metal	Tonnes	4.37	2.66 x 10 <sup>-3</sup>	4.69	1.73 x 10 <sup>-3</sup>	104.98	0.03
Glass	Tonnes	–	–	0.03	1.11 x 10 <sup>-5</sup>	0.09	2.73 x 10 <sup>-5</sup>
Iron	Tonnes	2,684.96	1.64	2,934.03	1.08	2,754.19	0.83
Wood	Tonnes	6.53	3.98 x 10 <sup>-3</sup>	10.05	3.70 x 10 <sup>-3</sup>	7.00	2.12 x 10 <sup>-3</sup>

<sup>8.</sup> The data scope of waste oil containers and waste mineral oil, hazardous sludge generated from the wastewater treatment facilities and paint waste only includes the automotive parts business; the data scope of school laboratory waste and medical waste only includes the education operation business.

<sup>9.</sup> The data scope of non-hazardous sludge generated from the wastewater treatment facilities includes the automotive parts business and education operation business; the data scope of waste oil only includes the automotive parts business; the data scope of glass only includes the education operation business.

## 10. Performance Data (Continued)

		For the year ended 31 December					
		2022		2021		2020	
Type	Unit	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>
<b>Performance of pollutants emissions (Continued)</b>							
<b>Recyclable goods</b>							
Recyclable goods (including non-hazardous wastes such as food waste, paper, waste oil, plastic and metal)	Tonnes	2,756.95	1.68	3,073.08	1.13	3,035.47	0.92
Percentage of non-hazardous waste recycled	Percentage	98.98%		45.95%		46.83%	
<b>Wastewater<sup>10</sup></b>							
Total wastewater	Tonnes	77,694.00	47.35	874,171.00	322.10	1,112,879.00	337.13
Industrial wastewater	Tonnes	70,494.00	42.96	70,328.00	25.91	29,683.00	8.99
Domestic Sewage	Tonnes	7,200.00	4.39	803,843.00	296.18	1,083,196.00	328.14
<b>Use of Resources</b>							
<b>Energy <sup>11</sup></b>							
Electricity	kWh in '000s	28,875.05	17.60	34,358.47	12.66	21,129.94	6.40
Gasoline	Litres	20,826.40	12.69	83,340.57	30.71	103,364.85	31.31
Diesel	Litres	94,205.40	57.41	145,529.31	53.62	138,142.02	41.85
Natural gas	m <sup>3</sup>	–	–	909,324.00	335.05	712,391.00	215.81
Coal	Tonnes	–	–	1,420.78	0.52	1,970.02	0.60
Wood	Tonnes	–	–	20.00	7.37 x 10 <sup>3</sup>	80.00	0.02
Hot water	Tonnes	–	–	45,379.00	16.72	2,340.00	0.71

<sup>10.</sup> The data scope of wastewater includes the education operation business and automotive parts business. Since the domestic sewage generated by offices of the financial services business was discharged through municipal pipelines and was controlled by third-party property management companies, relevant data was not included into the data scope.

<sup>11.</sup> The data scope of natural gas, coal, wood and hot water only includes the education operation business.

## 10. Performance Data (Continued)

		For the year ended 31 December					
		2022		2021		2020	
Type	Unit	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>	Volume	Intensity (units/no. of employees) <sup>2</sup>
<b>Use of Resources (Continued)</b>							
<b>Water<sup>12</sup></b>							
Municipal water	Tonnes	–	–	856,786.20	315.69	1,369,731.00	414.94
Groundwater	Tonnes	79,647.00	48.54	60,282.00	22.21	33,766.00	10.23
Wastewater reused	Tonnes	58,724.00	35.79	101,784.00	37.50	16,661.00	5.05
<b>Paper</b>							
Paper	Tonnes	70.45	0.04	75.07	0.03	88.75	0.03

		For the year ended 31 December					
		2022		2021		2020	
Type	Unit	Consumption	Intensity of consumption (units/quantity of finished products)	Consumption	Intensity of consumption (units/quantity of finished products)	Consumption	Intensity of consumption (units/quantity of finished products)
<b>Use of Resources</b>							
<b>Use of packaging materials<sup>13</sup></b>							
Paper	Tonnes	1,808.00	2.06 × 10 <sup>-4</sup>	1,101.00	1.58 × 10 <sup>-4</sup>	1,550.00	2.44 × 10 <sup>-4</sup>
Metal	Tonnes	2,750.00	3.13 × 10 <sup>-4</sup>	1,589.00	2.28 × 10 <sup>-4</sup>	2,277.00	3.58 × 10 <sup>-4</sup>
Plastic	Tonnes	123.00	1.40 × 10 <sup>-5</sup>	98.00	1.41 × 10 <sup>-5</sup>	109.00	1.72 × 10 <sup>-5</sup>
Wood	Tonnes	889.00	1.01 × 10 <sup>-4</sup>	709.00	1.02 × 10 <sup>-4</sup>	792.00	1.25 × 10 <sup>-4</sup>
Shared logistics boxes	Tonnes	3,681.00	4.19 × 10 <sup>-4</sup>	2,796.00	4.02 × 10 <sup>-4</sup>	3,333.00	5.24 × 10 <sup>-4</sup>

<sup>12</sup> The data scope of groundwater and wastewater reused includes the education operation business and the automotive parts business. Since the municipal water generated by offices of the financial services business was supplied through municipal pipelines and was controlled by third-party property management companies, relevant data was not included into the data scope.

<sup>13</sup> The data scope only includes the packaging materials used by the automotive parts business.

## 10. Performance Data (Continued)

### 10.2 Social Performance Data

				As at 31 December					
				2022		2021		2020	
Item		Unit	No.	Rate	No.	Rate	No.	Rate	
<b>Total Workforce</b>									
No. and rate of employees	Total	Employee	1,641	100.00%	1,447	100.00%	3,301	100.00%	
	By gender								
		Male	1,153	70.26%	989	68.35%	1,868	56.59%	
		Female	488	29.74%	458	31.65%	1,433	43.41%	
	By employment category								
		Senior management	27	1.65%	21	1.45%	59	1.79%	
		Middle management	113	6.89%	119	8.22%	218	6.60%	
		General	1,501	91.47%	1,307	90.32%	3,024	91.61%	
	By employment type								
		Full-time	1,633	99.51%	1,445	99.86%	3,299	99.94%	
		Part-time	8	0.49%	2	0.14%	2	0.06%	
	By age group								
		Age 30 and below	286	17.43%	194	13.41%	793	24.02%	
		31-40	659	40.16%	575	39.74%	1,161	35.17%	
		41-50	460	28.03%	435	30.06%	819	24.81%	
		Age 51 and above	236	14.38%	243	16.79%	528	16.00%	
	By geographical region								
		China	1,599	97.44%	1,418	98.00%	3,268	99.00%	
		Hong Kong	42	2.56%	29	2.00%	33	1.00%	



## 10. Performance Data (Continued)

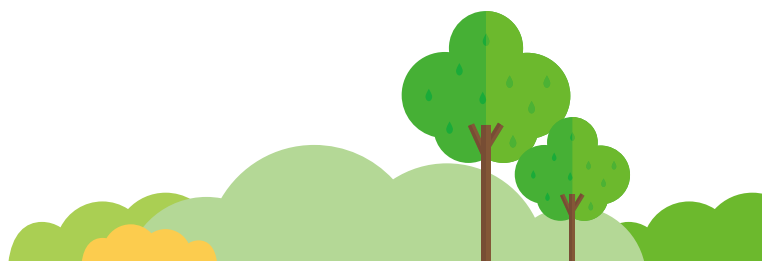
				For the year ended 31 December					
				2022		2021		2020	
Item		Unit	No.	Rate	No.	Rate	No.	Rate	
<b>Employee Turnover<sup>14</sup></b>									
No. and rate of employee turnover	Total	Employee	208	13.44%	195	8.19%	672	19.60%	
	By gender	Male	160	14.91%	145	10.28%	352	18.10%	
		Female	48	10.12%	50	5.15%	320	21.56%	
	By employment category	Senior management	–	–	–	–	3	5.00%	
		Middle management	13	11.21%	12	7.64%	14	6.32%	
		General	195	13.88%	183	8.36%	655	20.81%	
	By age group	Age 30 and below	72	29.63%	58	11.37%	250	30.66%	
		31-40	101	16.36%	97	11.12%	208	16.98%	
		41-50	21	4.69%	33	5.35%	91	10.96%	
		Age 51 and above	14	5.85%	7	1.83%	123	22.06%	
	By geographical region	China	199	13.19%	183	7.78%	659	19.44%	
		Hong Kong	9	23.08%	12	39.34%	13	34.21%	
<b>Development and Training<sup>14</sup></b>									
No. and percentage of employees trained	Total	Employee	1,510	97.58%	1,423	59.75%	2,595	75.69%	
	By gender	Male	1,069	99.63%	978	69.36%	1,503	77.29%	
		Female	441	92.94%	445	45.81%	1,092	73.58%	
	By employment category	Senior management	18	67.92%	18	50.70%	32	53.33%	
		Middle management	110	94.83%	113	71.97%	123	55.53%	
		General	1,382	98.36%	1,292	59.02%	2,440	77.53%	
Average no. of training hours per employee	Total average hour	Hour	86.98		63.11		73.98		
	By gender	Male	79.18		70.82		71.78		
		Female	104.61		51.91		76.87		
	By employee category	Senior management	12.49		22.59		238.35		
		Middle management	44.31		55.21		114.38		
		General	91.90		64.33		70.49		
<b>Occupational Health and Safety<sup>14</sup></b>									
No. and rate of work-related fatalities		Employee	0	0.00%	0	0.00%	0	0.00%	
No. and rate of work injury		Employee	6	0.39%	5	0.21%	13	0.38%	
No. of lost days due to work injury		Day	102		612		468		

<sup>14</sup> The number of employees used for calculating the social performance indicators (including employee turnover rate, rate of employees trained, rate of work-related fatalities or injuries) is the average of the number of employees of specific group at the beginning and at the end of the respective years.

## 10. Performance Data (Continued)

				For the year ended 31 December					
				2022		2021		2020	
Item		Unit	No.	Rate	No.	Rate	No.	Rate	
<b>Supply Chain Management</b>									
No. and percentage of suppliers	Total	Supplier	139	100.00%	115	100.00%	201	100.00%	
	By geographical region	China	116	83.45%	93	80.87%	195	97.01%	
		Overseas (including Hong Kong)	23	16.55%	22	19.13%	6	2.99%	
<b>Product Responsibility</b>									
Complaints received concerning products or services	No. of complaints received	Case	0		109		20		
	No. and rate of complaints resolved	Case	0	100.00%	109	100.00%	20	100.00%	
Total products sold or shipped		Piece	8,786,175		6,954,500		5,788,583		
Products sold or shipped subject to recalls for safety and health reasons <sup>15</sup>	No. and rate of total products subject to recalls for safety and health reasons	Piece	0	0.00%	41,300	0.59%	0	0.00%	
<b>Anti-corruption</b>									
No. of concluded legal cases regarding corrupt practices brought against the Group or our employees		Case	0		0		0		
<b>Community Investment</b>									
Donation amount		RMB'000	320		1,100		1,032		
Employees' volunteering hours		Hour	180		3,778		4,733		

<sup>15.</sup> The data scope only includes the automotive parts business.



# 11. Lists of Laws and Regulations

Laws and regulations that have a significant impact on the Group's operations in China and Hong Kong are as follows:

ESG Aspects	China	Hong Kong
Environmental	Environmental Protection Law of the PRC Law of the PRC on Environmental Impact Assessment Environmental Protection Tax Law of the PRC Regulation on the Implementation of the Environmental Protection Tax Law of the PRC Atmospheric Pollution Prevention and Control Law of the PRC Water Pollution Prevention and Control Law of the PRC Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes Law of the PRC on Prevention and Control of Pollution from Environmental Noise	Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
Employment and labour standards	Labour Law of the PRC Labour Contract Laws of the PRC Social Insurance Law of the PRC Law of the PRC on the Protection of Minors Provisions on the Prohibition of Using Child Labour	Employment Ordinance (Chapter 57 of the Laws of Hong Kong) Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)
Workplace health and safety	Law of the PRC on the Prevention and Control of Occupational Diseases Production Safety Law of the PRC Fire Protection Regulation of the PRC Regulation on the Safety Management of Hazardous Chemicals Regulations on Safety Supervision over Special Equipment	Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

## 11. Lists of Laws and Regulations (Continued)

ESG Aspects	China	Hong Kong
Product responsibility	<p>Copyright Law of the PRC</p> <p>Patent Law of the PRC</p> <p>Trademark Law of the PRC</p> <p>Product Quality Law of the PRC</p> <p>Teachers Law of the PRC</p> <p>Education Law of the PRC</p>	<p>Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)</p> <p>Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)</p> <p>Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)</p> <p>Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)</p>
Anti-corruption	<p>Anti-money Laundering Law of the PRC</p> <p>Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery</p>	<p>Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)</p> <p>Independent Commission Against Corruption Ordinance (Chapter 204 of the Laws of Hong Kong)</p> <p>Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)</p> <p>Companies Ordinance (Chapter 622 of the Laws of Hong Kong)</p>



# 12. ESG Reporting Guide Content Index

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect A1: Emissions</b>		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7.1
KPI A1.1	The types of emissions and respective emissions data.	10.1
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).	10.1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10.1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10.1
KPI A1.5	Description of the emission target(s) set and steps taken to achieve them.	7.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of the waste reduction goals established and the steps taken to achieve them.	7.1

## 12. ESG Reporting Guide Content Index (*Continued*)

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2
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).	10.1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	10.1
KPI A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them.	7.2
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.	7.2
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	10.1
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7.2
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.2
<b>Aspect A4: Climate change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.3
KPI A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.3

## 12. ESG Reporting Guide Content Index (Continued)

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect B1: Employment</b>		
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.	6.1, 6.2 and 6.3
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	10.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	10.2
<b>Aspect B2: Health and Safety</b>		
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.	6.4
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	6.4 and 10.2
KPI B2.2	Lost days due to work injury.	10.2
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.4

## 12. ESG Reporting Guide Content Index (*Continued*)

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.5
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	10.2
KPI B3.2	The average training hours completed per employee by gender and employee category.	10.2
<b>Aspect B4: Labour Standards</b>		
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 or forced labour.	6.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.1
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 and 5.2
KPI B5.1	Number of suppliers by geographical region.	10.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.1 and 5.2
KPI B5.3	Description of the practices for identifying environmental and social risks in each segment of the supply chain, and how they are implemented and monitored.	5.1 and 5.2
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2



## 12. ESG Reporting Guide Content Index (Continued)

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect B6: Product Responsibility</b>		
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.	4.3, 5.1 and 5.2
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	10.2
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.1, 5.2 and 10.2
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3 and 5.2
KPI B6.4	Description of quality assurance process and recall Procedures.	5.2
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.1
<b>Aspect B7: Anti-Corruption</b>		
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.	2.3, 4.3, 5.1 and 5.2
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.	2.3 and 10.2
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	2.3, 4.3, 5.1 and 5.2
KPI B7.3	Description of anti-corruption training provided to directors and staff.	2.3

## 12. ESG Reporting Guide Content Index (Continued)

General Disclosures and KPIs	Description	Relevant Sections
<b>Aspect B8: Community Investment</b>		
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.	8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8
KPI B8.2	Resources contributed (e.g. money or time) to the focused area.	8 and 10.2



# 13. Glossary

In this Report, unless the context otherwise requires, the following expressions shall have the meanings set out below:

<b>“2022 Financial Year”</b>	the financial year ended 31 December 2022
<b>“Board”</b>	the board of Directors
<b>“Chairman”</b>	the chairman of the Board
<b>“China” or “PRC”</b>	the People’s Republic of China, which for the purpose of this Report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Company”</b>	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange with stock code of 1269
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Edukeys Group”</b>	the Xinjiang Edukeys International Education Services Co., Ltd.* (新疆中際育才教育諮詢有限公司) together with its subsidiaries
<b>“ESG”</b>	Environmental, social and governance
<b>“ESG Executive Committee”</b>	the ESG Executive Committee of the Company
<b>“ESG Reporting Guide”</b>	the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange
<b>“GHG”</b>	greenhouse gas
<b>“Group” or “CFCG”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong

## 13. Glossary (Continued)

<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“KPI(s)”</b>	key performance indicator(s)
<b>“Nanyang Cijan”</b>	Nanyang Cijan Automobile Absorber Company Limited* (南陽浙減汽車減振器有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company
<b>“R&amp;D”</b>	Research and development
<b>“Report”</b>	the 2022 Environmental, Social and Governance Report of the Company
<b>“Risk Management Committee”</b>	the risk management committee of the Company
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SFC”</b>	the Securities and Futures Commission
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholder(s)”</b>	the holder(s) of the Share(s)
<b>“Share(s)”</b>	(i) the ordinary share(s) of HK\$0.02 each in the issued and unissued share capital of the Company prior to 20 August 2021, or (ii) the consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company with effect from 20 August 2021, as the case may be
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“%”</b>	per cent

# Feedback Form

Thank you for reading the *2022 Environmental, Social and Governance Report* of the Company. In order to provide you and other stakeholder with more valuable information and improve the Group's ability to implement the overall environmental, social and governance work, we sincerely welcome any opinions and suggestions you may offer on the report by email to [ir@cfcg.com.hk](mailto:ir@cfcg.com.hk).

1. Which of the following stakeholder types applies to you?  
A Government                      B Regulatory Authority                      C Shareholder  
D Customer                      E Employee                      F Supplier and Partner  
G Community                      H Public and Media                      I Others: \_\_\_\_\_  

---
2. Do you think this Report has fully satisfied your expectations for the Group?  
A Yes                      B No. Which of your expectations do you think have not been reflected in this Report?  

---
3. Do you think the Group has met your expectations well?  
A Yes                      B No. Which of your expectations do you think have not been met well?  

---
4. Do you think the arrangement of content and layout design of this Report provide easy reading?  
A Excellent                      B Good                      C Fair                      D Poor
5. What other opinions and suggestions do you have on our environmental, social and governance efforts and this Report?  

---

Thank you again for your participation!



**中國首控集團有限公司**  
**China First Capital Group Limited**