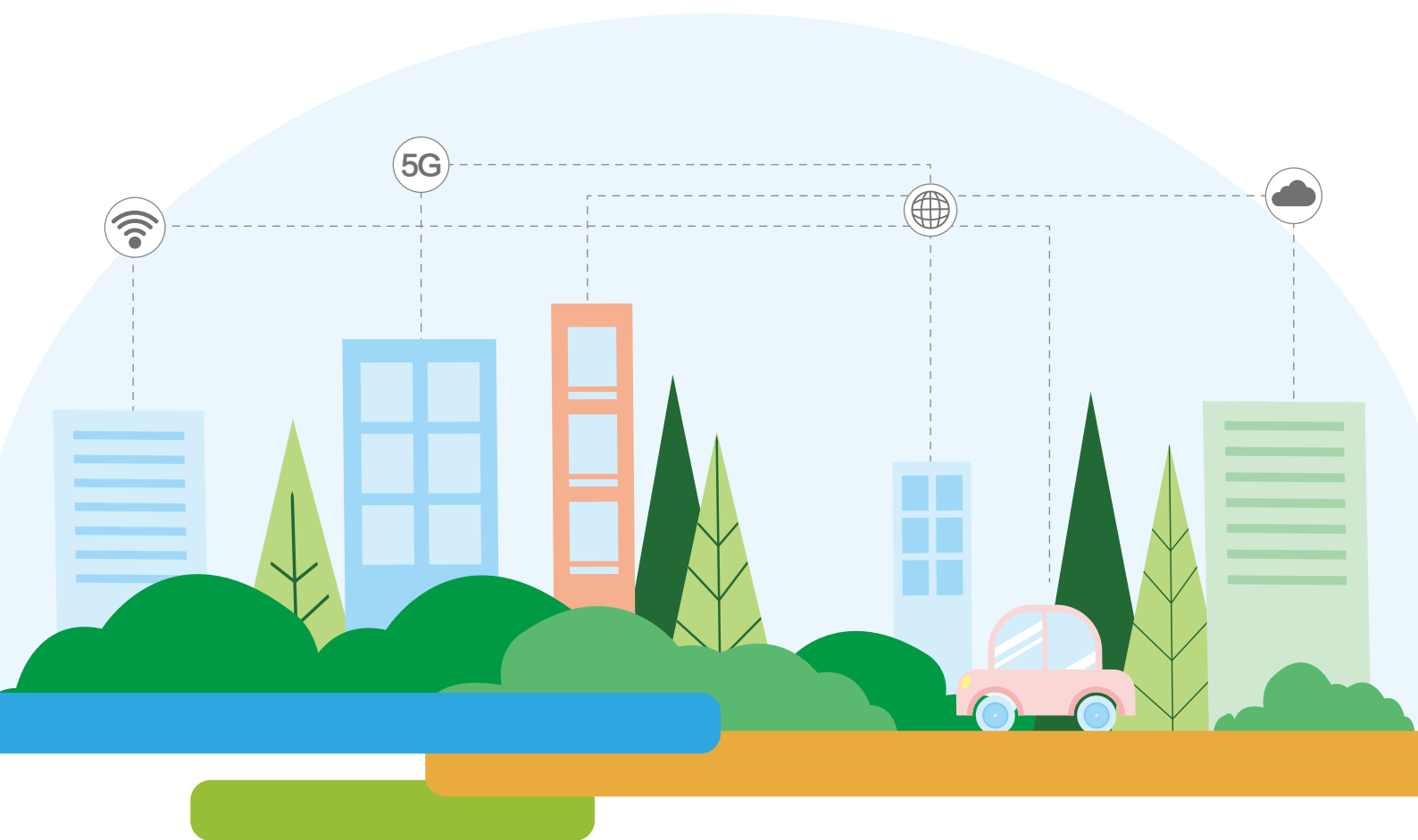




南京三寶科技股份有限公司
NANJING SAMPLE TECHNOLOGY CO., LTD.*
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock code : 1708



Environmental, Social and Governance Report 2022

* for identification purpose only

CONTENTS

ABOUT THIS REPORT

02

ABOUT SAMPLE TECHNOLOGY

03

STATEMENT OF THE BOARD

04

ESG SYSTEM

05

REPORT ON ENVIRONMENTAL ASPECTS

08

Aspect A1: Emissions

Aspect A2: Use of Resource

Aspect A3: Environment and Natural Resources

Aspect A4: Response to Climate Change

Target Management Outlook

Green Action

REPORT ON SOCIAL ASPECTS

17

Employment and Labour Practices

Aspect B1: Employment

Aspect B2: Health and Safety

Aspect B3: Development and Training

Aspect B4: Labour Standards

OPERATING PRACTICE

27

Aspect B5: Supply Chain Management

Aspect B6: Product Responsibility

Aspect B7: Anti-corruption

COMMUNITY

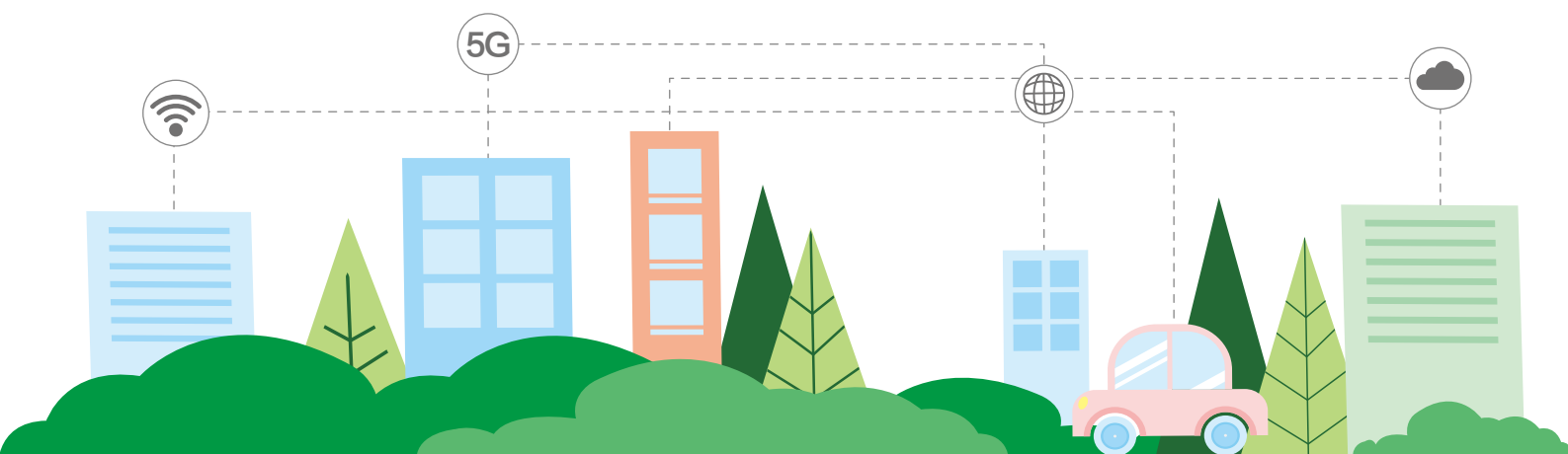
35

Aspect B8: Community Investment

APPENDIX

36

HKEX ESG REPORTING CONTENT INDEX



ABOUT THIS REPORT



This report is the seventh environmental, social and governance report (“ESG Report” or “this Report”) issued by Nanjing Sample Technology Co., Ltd. (the “Company” together with its subsidiaries, “the Group”) to demonstrate the Group’s ESG management performance and improvement measures taken in 2022 with an aim to enhancing the communication and connections with internal and external stakeholders.

Report Scope

The period covered by this Report is from 1 January 2022 to 31 December 2022 (the “Reporting Period”). For continuity of the information, this Report may contain matters beyond the period covered by it. The scope of disclosure covers the operations of the Company and its 9 subsidiaries (including 2 subsidiaries in Hong Kong).

Report Guide

This Report is prepared in accordance with the requirements of Environmental, Social and Governance Reporting Guide (“ESG Rules”) (Appendix 27 of Main Board Listing Rules) of The Stock Exchange of Hong Kong Limited (“HKEX”). The same definitions are adopted in this Report as that in the Group’s 2022 annual report. Should the data disclosed be different from the 2022 annual report, the annual report shall prevail.

Reporting principles

This Report complies with the principles of materiality, quantitative, balance and consistency under the HKEX ESG Rules.

Materiality:The Group defines the content and scope of this Report through stakeholders engagement and materiality identification and with reference to the result of such identification.

Quantitative:This Report presents key environmental and social performance indicators ("KPIs") through calculations and numbers, and the calculation methods, assumptions, and conversion coefficients used are specified in the report.

Balance:This Report discloses objective and true information related to the ESG of the Group during the Reporting Period and ensures that the ESG performance is presented fairly without bias.

Consistency:Unless otherwise stated, the statistical methods and criteria as disclosed in this Report are consistent with those of previous year.

Report Access

This Report will be published on the website of HKEX (www.hkexnews.hk) and the official website of the Group (www.samples.com.cn). It is published in both Chinese and English versions. In case of difference between the two versions, the Chinese version shall prevail.

Report Feedback

If you have any questions or suggestions about this Report, please feel free to contact the Securities Department of the Company:

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Email: irm@samples.cn

Website: www.samples.com.cn



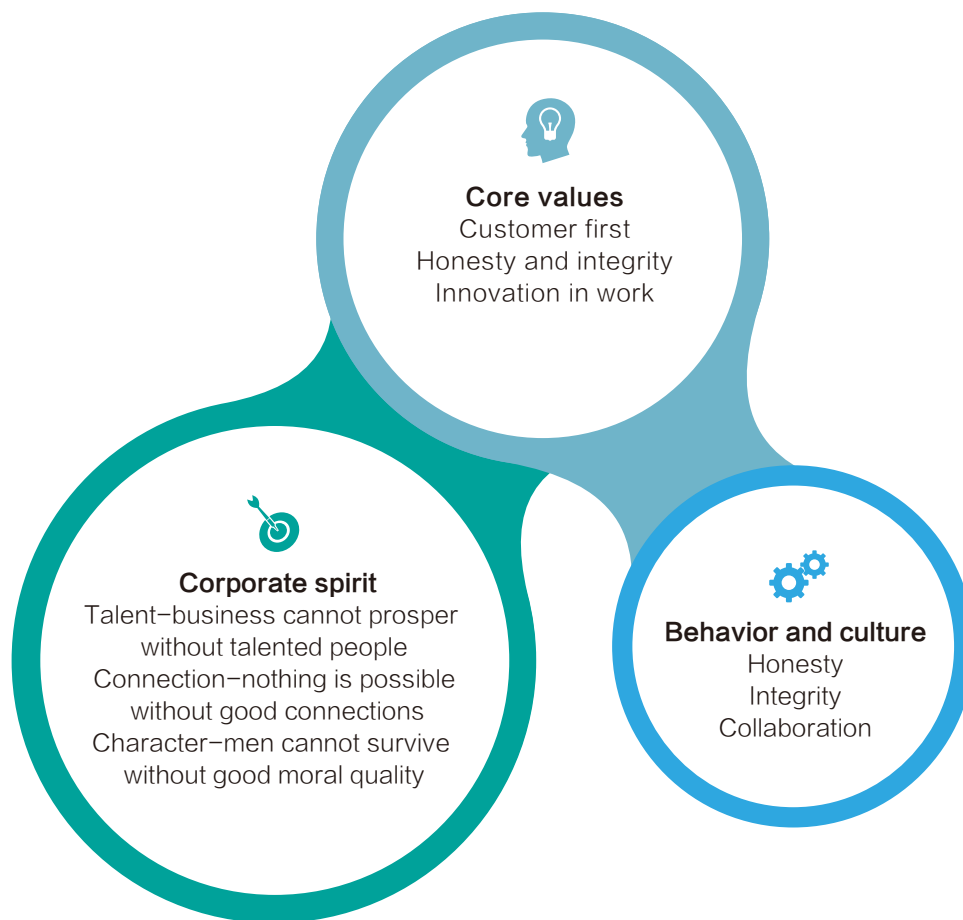
ABOUT SAMPLE TECHNOLOGY

Company Overview

The Group was established through the joint-stock reform in 2000 and successfully listed on the Hong Kong Stock Exchange on 9 June 2004. The Group continues to innovate its product solutions, integrating the latest technologies such as 5G, Internet of Things, AI, Big Data, BIM and CIM to provide integrated solutions for intelligent city sector. Based on the accumulation of technology, the Company focuses on the direction of intelligent city development, focusing on intelligent parks, intelligent transportation and urban governance, fully utilizing the advantages of governance with data, artificial intelligence and ecological cooperation, with supercomputer as the core, aiming at solving the various problems in the process of urbanisation, providing intelligent products and solutions in the areas of urban governance, industrial transformation and services for people's livelihood, and comprehensively assisting in the intelligence upgrade of digital cities.

Corporate Values and Culture

Adhering to the core mission of "To create quality life with wisdom", the Group takes creating value for the society and users as its own responsibility. It follows the people-oriented principle and regards "talent, connection and character" as the "Three treasures" of the Company.



STATEMENT OF THE BOARD



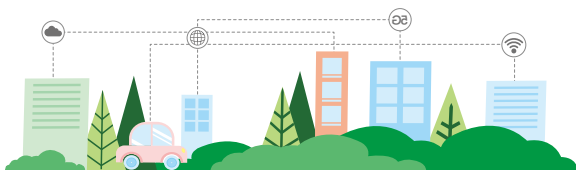
The board of directors ("the Board") of the Company has reviewed and approved the ESG report for the year ended 31 December 2022 at the Board meeting held on 31 March 2023. I am pleased to present this Report on behalf of the Board. Pursuant to the ESG Rules of the HKEX, the Board, with the most important leadership role, will continue to be fully responsible for supervising, directly managing, and monitoring the Company's environmental, social and governance issues comprehensively.

As a responsible corporate citizen, the Group is committed to implementing sustainable development frameworks, striving to incorporate climate-related issues and elements of environmental, social, and governance into our long-term business development plans, actively taking improvement actions, and laying a solid foundation for building a green future. Despite the enormous challenges posed by the COVID-19 pandemic over the past three years, the Group has kept in mind its social responsibility and has adhered to its commitment to sustainable development in the areas of environmental, social, and governance while creating product value and fulfilling related economic responsibilities, striving to satisfy various stakeholders such as customers, suppliers, and employees.

Entering into year 2023, the Board of the Company is committed to ensuring the establishment of appropriate and effective risk management and internal control systems, overseeing the identification and assessment of environmental, social and governance as well as climate-related risks and opportunities. We will continue to implement a diversified strategy to achieve high levels of customer satisfaction, high standards of supply chain management processes, and sustainable development goals. We will provide reliable, consistent, and comparable environmental, social and governance data for all stakeholders to work together to strive for a better environment.

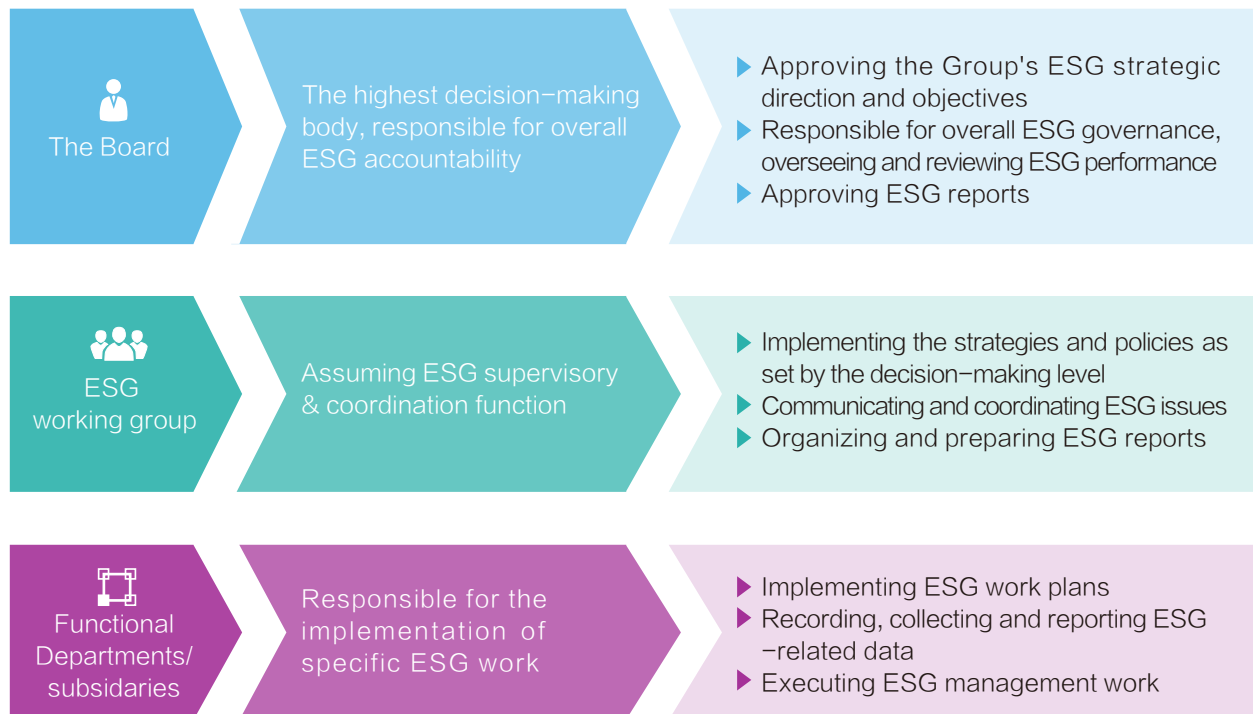
Lastly, I would like to take this opportunity to express our heartfelt gratitude to all the hardworking employees, loyal business partners, understanding shareholders, valuable customers and other stakeholders who have continuously supported the Group.

Sha Min
Chairman of the Board



ESG Governance Framework

Effective implementation of environmental, social and governance (ESG) policies relies on collaboration across different departments. To this end, the Group has established a clear ESG management organizational structure from top to bottom, consisting of the Board, ESG working group, and functional departments and subsidiaries of the Company with an aim to achieving consistent and expected performance and promoting ESG management work.



During the Reporting Period, the Board of the Group continued to uphold its commitment to sustainable development and effectively assess and manage ESG-related issues in conjunction with internal standards so as to ensuring strict compliance with relevant laws and regulations. In the future, the Board will also continually review and increase the number of meetings of the working group as needed to ensure appropriate attention be given to the relevant issues.

ESG SYSTEM



Stakeholders

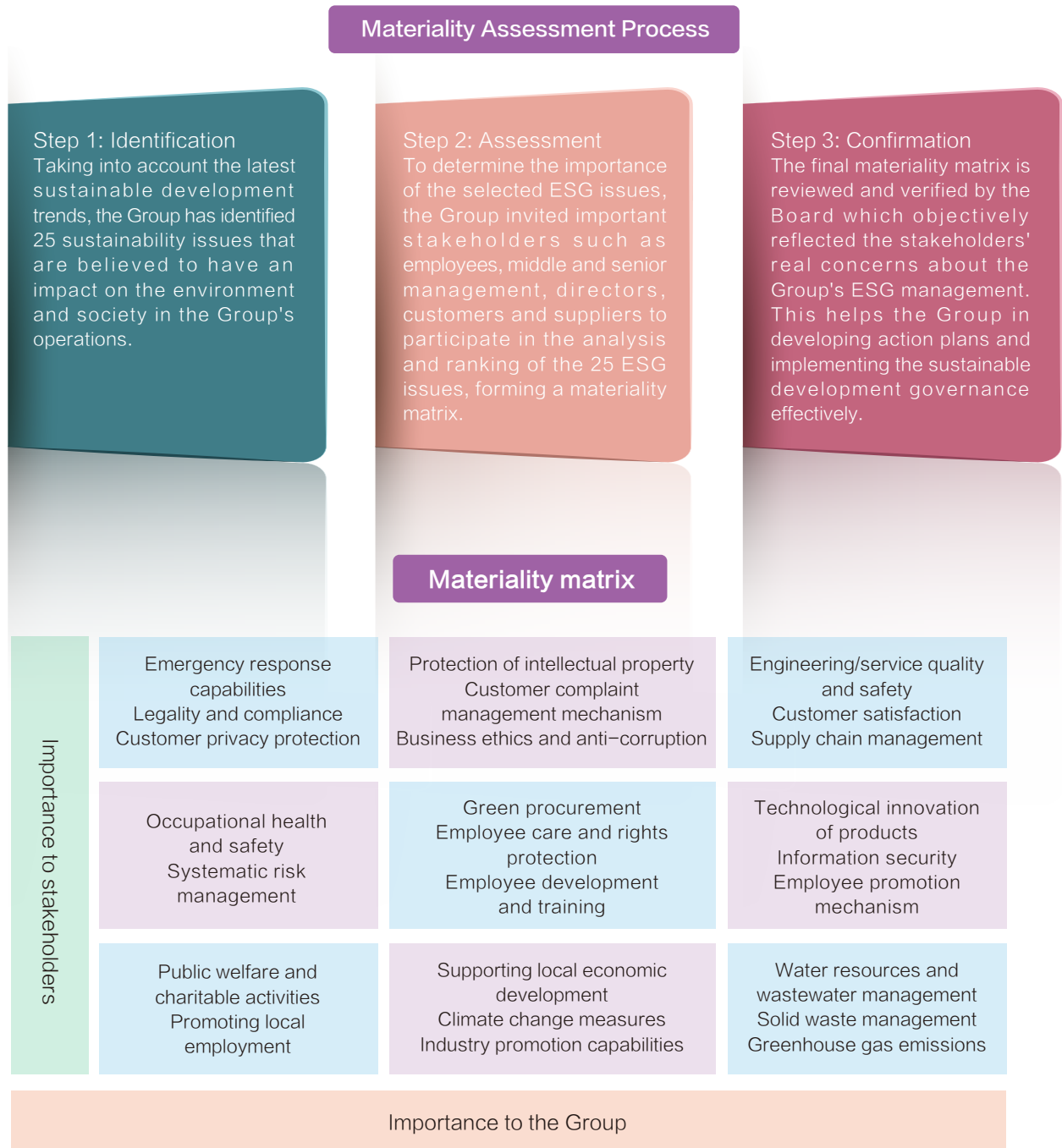
The Group continues to consider stakeholders' expectations through diversified participation and communication channels. The ESG working group regularly reviews the communication channels and platforms between stakeholders, and promptly understands and responds to their major concerns.

Stakeholders	Communication Channels	Communication Goals
Customers	Daily communication, feedback, technical seminars, product exhibitions, customer visits and survey, customer service hotline, customer satisfaction survey	Product quality, business process, technological innovation, service quality
Shareholders and Investors	Shareholders' meeting, periodic reports, corporate website, teleconferencing	Corporate operations, information disclosure, corporate governance, return on investment
Partners	Daily communication, meetings, strategic cooperation, exchanges and visits	Fair competition, mutual benefit, lawful operation, mutual development
Staff	Staff activities, staff training, corporate intranet, WeChat public accounts platform, staff representative meetings and activities, regular survey, symposium, reporting channel, suggestion box	Compensation and benefits, protection of rights and interests, working environment, education and training, career development, physical & mental health and family care
Government and Regulatory Authorities	Institutional inspection, correspondence, working conference reporting, project cooperation	Compliance-oriented operation, management transparency, paying tax in accordance with laws, social benefits, employment protection, resource conservation
Suppliers	Quality certification, agreement fulfillment, inspection and testing, capacity building	Long-term cooperation, supplier certification, contract fulfillment and honesty, fair procurement, quality management, capacity enhancement
Community and Public	Community activities, public welfare activities, social support projects, etc.	Community development, social welfare, environmental protection, business integrity



Materiality Assessment

In order to ensure the objectivity of the materiality assessment, the Group collects key stakeholders' concerns in accordance with the requirement of ESG Rules through surveys, phone interviews and other methods. We conduct materiality assessment to identify ESG issues that may affect stakeholders and the Company's position and operating performance. Major issues will be prioritized based on its order of importance to determine main focus areas and key topics to be reported in our ESG report.





Aspect A1: Emissions

Legality and compliance

The business operations of the Group strictly comply with the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on Energy Conservation", and the current air pollution control regulations in Hong Kong, including the "Air Pollution Control Ordinance" (Chapter 311), the "Waste Disposal Ordinance" (Chapter 354), the "Water Pollution Control Ordinance" (Chapter 358), and other laws and regulations. Our goal is to develop economic and environmental benefits together, practice green concepts, and deeply implement energy-saving and environmental protection concepts while developing our business. We take multiple measures to continuously pursue clean, efficient, green and intelligent development.

The emissions of the Group include exhaust gas, greenhouse gas emissions, commercial wastewater and solid waste. During the Reporting Period, there were no complaints or penalties for violations related to environmental protection, and no material violations of environmental pollution incidents occurred.



REPORT ON ENVIRONMENTAL ASPECTS

Air Emissions

The Group's direct air emissions mainly come from the fuel used by the Company's business vehicles in the course of operation.

	(2020)	(2021)	(2022)
Mileage of business vehicles (ten thousand kilometres)	51.5	35.1	33.9
Gasoline consumption of business vehicles (ten thousand litres)	7.7	5.3	5.1

During the Reporting Period, the key types of the Group's air emissions and its KPIs are as follows:

Air emissions ^①	Unit	Emissions (2020)	Emissions (2021)	Emissions (2022)
Nitrogen oxides(NOx) ^②	kg	38.5	26.2	25.3
Sulfur oxides (SOx) ^③	kg	1.1	0.8	0.7
Particulate matter (PM) ^④	kg	2.8	1.9	1.8

Notes:

①The calculation method and emission factors used in calculating the corresponding air emission assessment figures are based on the "How to Prepare ESG Reports" and its appendix "Appendix 2: Reporting Guidelines on Environmental KPIs" published by the Hong Kong Stock Exchange.

②The calculation formula for nitrogen oxides (NOx) emissions (grams) is: kilometers traveled multiplied by emission factor. The category of the Group's business vehicles is light-duty vehicles, and the emission factor is 0.0747 grams/kilometer.

③The calculation formula for sulfur oxides (SOx) emissions (grams) is: units of fuel consumption multiplied by emission factor. The fuel type of the Group's business vehicles is gasoline, and the emission factor is 0.0147 grams/liter.

④The calculation formula for particulate matter emissions (grams) is: kilometers traveled multiplied by emission factor. The category of the Group's business vehicles is light-duty vehicles, and the emission factor is 0.0055 grams/kilometer.



Greenhouse Gas Emission

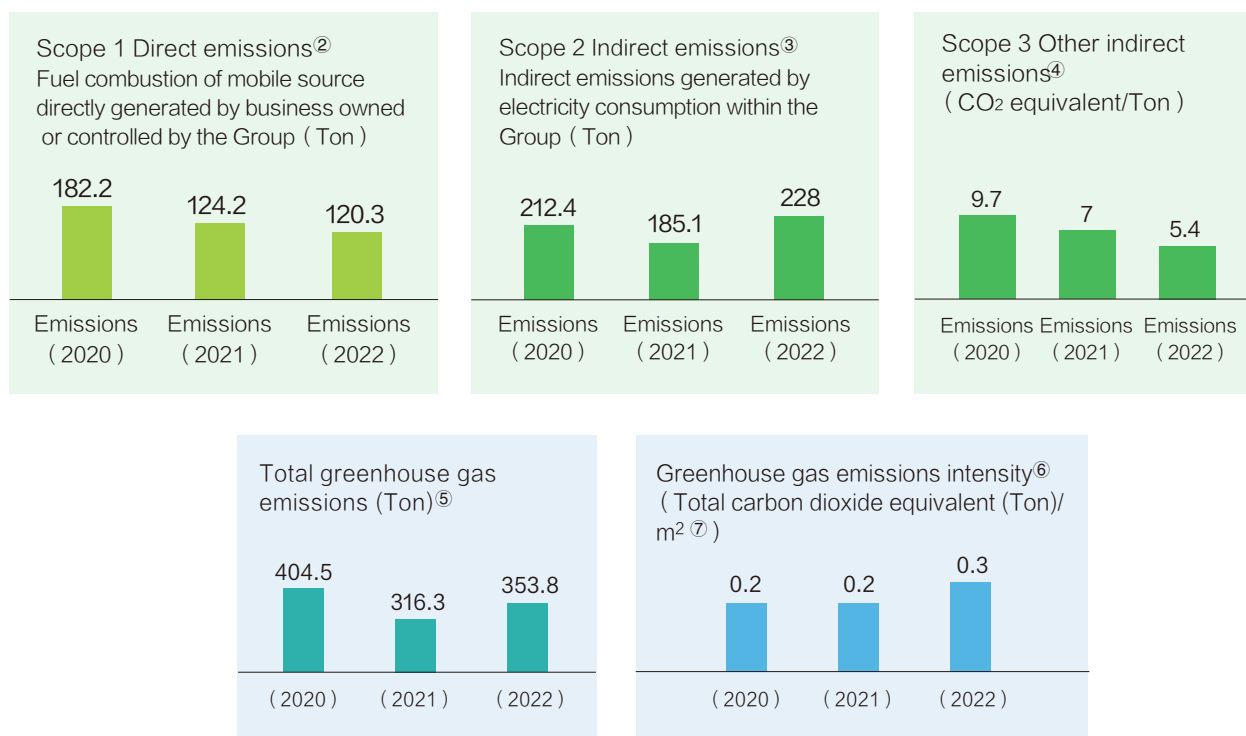
The Group's Direct greenhouse gas emission is mainly come from the fuel consumption by the Company's business vehicles and minivans;

Indirect greenhouse gas emission is mainly come from the electricity consumption in office parks;

Other indirect emission is mainly come from solid waste dumping.

During the Reporting Period, the direct and indirect total greenhouse gas emissions generated by the Group and KPIs are as follows:

Scope of greenhouse gas emission^①



Notes:

① Indirect energy consumption includes data provided by the Hong Kong subsidiaries of the Group. The calculation method for the corresponding greenhouse gas emissions and the emission factor used in the calculation are based on the "How to Prepare ESG Reports" and its appendix "Appendix 2: Reporting Guidelines for Environmental KPIs" published by the Hong Kong Stock Exchange.

② Calculation formula: Scope 1 direct CO₂ equivalent emissions = fuel consumption * emission factor; emission factor is 2.36 kg/liter.

③ Calculation formula: Scope 2 indirect CO₂ equivalent emissions = electricity consumption * emission factor; emission factor is 0.63 kg/kWh.

④ Calculation formula: Scope 3 other indirect CO₂ equivalent emissions = (opening inventory + increment during the period - recycled amount - closing inventory) * factor; factor is 4.8 kg CO₂ equivalent/kg.

⑤ Calculation formula: Total emissions = Scope 1 emissions + Scope 2 emissions + Scope 3 emissions.

⑥ Calculation formula: Emission intensity = Total emissions / m².

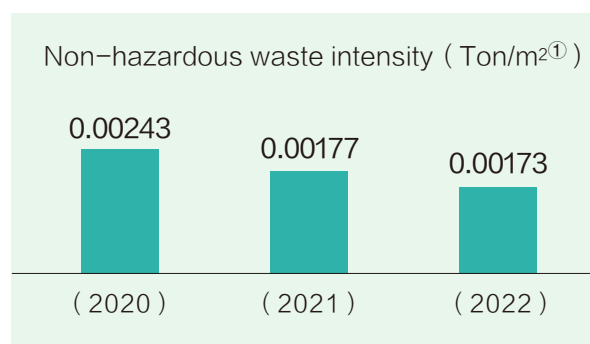
⑦ During the Reporting Period, the Group recorded an office area of approximately 12780 m² (approximately 19863 m² in 2021). Due to centralized and efficient use of office space, the office area has significantly reduced compared to the previous year. This data is also used as factor for other intensity calculation.



Waste Management

The non-hazardous waste generated by the Group mainly comes from daily office consumables such as toner cartridges, ink cartridges, paper, kitchen waste, and green waste. The property management company commissions third-party environmental companies to handle the non-hazardous waste in accordance with relevant laws and regulations such as the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China". The Group's daily operations do not involve the discharge of hazardous waste. However, as our business continues to expand and if hazardous waste is generated in the future, the Group will strictly comply with all laws and regulations to ensuring all hazardous waste is disposed of in accordance with regulations.

During the Reporting Period, the Group did not receive any penalties, complaints, or warnings related to significant violations in this regard, and no significant violations of environmental pollution occurred. The total amount of non-hazardous waste generated and KPIs are as follows:



Note:

①During the Reporting Period, the Group recorded an office area of approximately 12780 m² (approximately 19863 m² in 2021). Due to centralized and efficient use of office space, the office area has significantly reduced compared to the previous year.



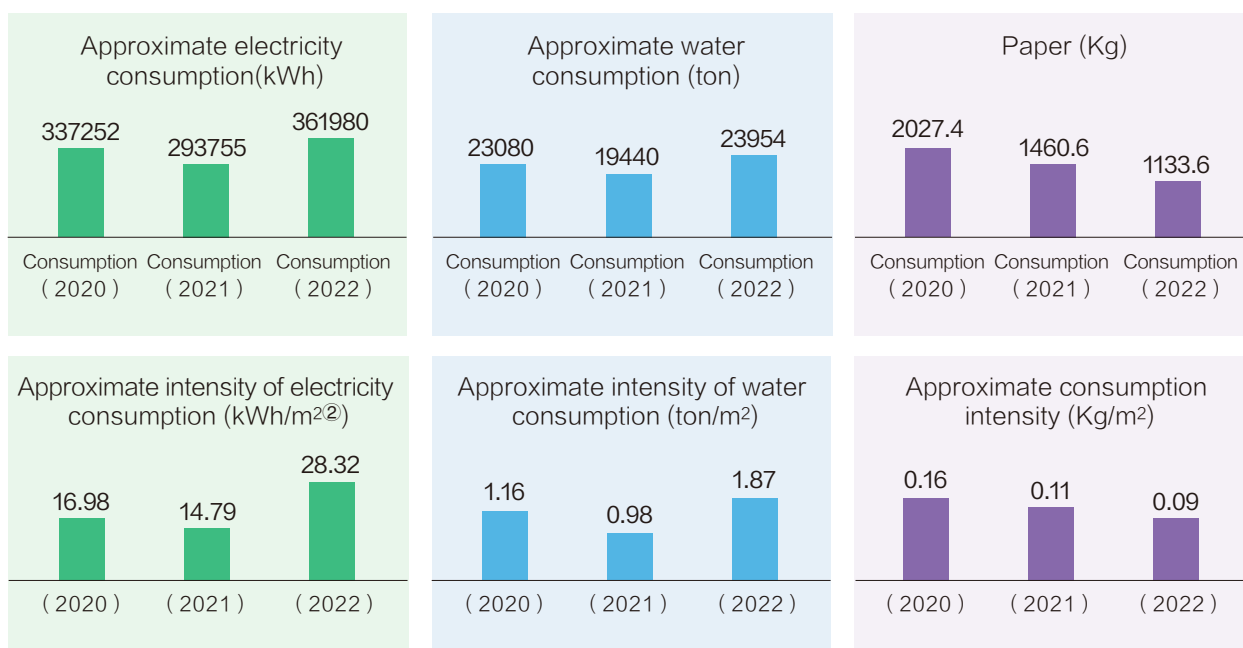
Aspect A2: Use of Resource

Legality and compliance

The Group rigorously implements the “Energy Conservation Law of the People’s Republic of China”, the “Water Law of the People’s Republic of China”, the “Soil Pollution Prevention and Control Law of the People’s Republic of China”, the “Cleaner Production Promotion Law of the People’s Republic of China” and other relevant policies, regulations and standards issued by national, local and industrial authorities. Various policies are implemented for higher efficiency of use of energy and water resources for long-term sustainable development.

Energy Consumption

The main resources used by the Group are electricity, water and office paper. During the Reporting Period, the total energy consumption^① and KPIs of the Group are as follows:



Packaging Materials

The operations and products of the Group do not involve any consumption of packaging materials.

Notes:

① Electricity consumption includes data provided by the Hong Kong subsidiaries of the Group. The calculation method and emission factors used in the calculation of corresponding energy consumption figures are based on the "How to Prepare ESG Reports" and its appendix "Appendix 2: Reporting Guidelines for Environmental KPIs" published by the Hong Kong Stock Exchange.

② During the Reporting Period, the Group recorded an office area of approximately 12,780 m² (approximately 19,863 m² in 2021). Due to centralized and efficient use of office space, the office area has significantly reduced compared to the previous year.



REPORT ON ENVIRONMENTAL ASPECTS

Aspect A3: Environment and Natural Resources

The Group primarily derives value and profit through knowledge innovation and intellectual labour. The emissions generated is mainly limited to greenhouse gases produced by office electricity consumption, wastewater generated from office water use, air pollutants and greenhouse gases produced by fuel consumption of company vehicles and solid waste. The Group basically does not generate any toxic exhaust or wastewater that would have a significant impact on the environment.

Nevertheless, the Group is committed to monitoring and controlling the use of natural resources and actively promoting energy conservation and emission reduction measures to maintain stable emission indicators for electricity and water consumption. The Company always adheres to the principle of protecting the environment and natural resources, and attaches great importance to communication with stakeholders, including suppliers, customers and all employees. The Company regularly communicates with important stakeholders on its environmental protection measures through meetings, emails, and distributing relevant materials to promote the adoption of environmentally friendly behaviors. The Company encourages all employees to participate in various resource recycling activities and contribute to the construction of a resource-saving and environmentally friendly society.





Aspect A4: Response to Climate Change

The rising temperature and extreme weather events have threatened social progress and business operations. In response to the national policy, based on a report framework developed by Task Force on Climate-related Financial Disclosure (TCFD) which categorizes climate-related risks into two types: physical risks and transition risks. The Group has implemented a risk assessment plan and taken concrete actions to respond to various government initiatives to address climate change in order to identify and mitigate climate-related risks.

Physical risks

As extreme weather events such as typhoons, storms, heavy rain and extreme cold or heat occur more frequently and severely, we have developed emergency response plans to reduce potential risks and dangers. We conduct emergency plan training and drills regularly, conduct safety inspections and assessments to identify safety hazards, strengthen prevention and control of secondary disasters caused by heavy rain, floods and typhoons, implement corrective measures in a timely manner, and equip with rescue materials in advance to reduce climate risks and losses.

Transition risks

To respond to the national vision of the "dual carbon" goal (carbon neutrality and carbon peak), we expect climate change to lead to changes in regulatory, technological and market patterns. To address policy and legal risks as well as reputation risks, we continuously monitor any changes in climate-related laws or regulations and global trends. We actively adopt green office operating measures to reduce unnecessary energy use and pollutant emissions, strive to reduce greenhouse gas emissions and pressure caused by global climate change, and plan future actions to accelerate pace for low-carbon and clean production, support high-quality and green economic development, and accelerate the introduction of energy-saving and cleaner equipment.



REPORT ON ENVIRONMENTAL ASPECTS

Target Management Outlook

The Group advocates energy conservation and carbon reduction, and is committed to achieving sustainable operations. To this end, the Group has referenced analyses of past data, internal operational inspections, peer benchmark assessments and external environmental inspections to formulate emission reduction target plan for 2025 based on the energy use and emissions data of year 2020. We also promise to review the emission reduction target plan at least every five years.

Indicator Content	Total comprehensive energy consumption ^①	Total air emissions	Total carbon emissions	Hazardous waste treatment rate	Non-hazardous waste treatment rate
Emissions reduction Target 2025	Down 18%	Down 30%	Down 25%	100%	100%

By comparing with that of 2020, the Group has examined the changes in various performance indicators for 2021/2022 and continues to strictly control emissions and resource consumption to promote sustainable development plans.

Indicator Content	Total comprehensive energy consumption ^①	Air emissions	Carbon emissions	Hazardous waste treatment rate	Non-hazardous waste treatment rate
Year-on-year rate of increase/decrease ^② (2021)	Down 16.4%	Down 31.8%	Down 21.8%	100%	100%
Year-on-year rate of increase/decrease (2022)	Down 0.3%	Down 33.9%	Down 12.5%	100%	100%

Notes:

①The total comprehensive energy consumption of the Group includes water usage, electricity consumption, fuel consumption and paper usage during the reporting period.

②The year-on-year rate of increase/decrease is calculated as (indicator value of the current year minus indicator value of the base year) divided by the indicator value of the base year and multiplied by 100%.



Green Actions

Following the previous year's management objectives, the Group takes the establishment of an energy-saving culture as the lead and actively promotes environmental awareness, encouraging employees to develop good habits of saving electricity, water and protecting the environment. The Group actively improves and implements environmental protection and conservation measures to effectively reduce unreasonable waste.

Saving gasoline consumption

Based on the vehicle displacement and usage frequency, fuel card will be refilled by a fixed amount. The management of company vehicles is strengthened and unnecessary usage of company vehicles are reduced. Free shuttle buses are scheduled to take employees directly to the subway station to encourage commuting on company buses so as to promote the green travel methods.

Saving electricity

During the day time, offices and other public areas make full use of natural light to reduce electricity consumption. Security personnel patrol and inspect the building during off-work hours, weekends, and holidays to prevent leaving lights on in unoccupied areas. Offices are centralized to save space and avoid a small number of people occupying large office areas.

Saving air conditioning electricity

The temperature in the office area is controlled. Windows are required to be closed during the period of using the air conditioning. Security personnel carry out inspections regularly. Manufacturers' technicians are regularly arranged to maintain the air conditioning units in good working condition.

Saving water

There is no problem in obtaining suitable water resources as the Group obtains water resources from municipal water supply and its daily operations not involving significant water usage. The Group will continue to improve water resource utilization efficiency. The Company regularly maintains and inspects water flow devices, timely replacing aging parts to avoid waste caused by leaks.

Saving paper

Promote paperless offices, encourage double-sided printing and copying, use electronic methods such as email, intranet platforms and scanning to transmit and store documents and purchase office paper from environmentally-friendly suppliers.

Waste sorting

Clear labeled sorting trash bins are set up and garbage sorting posters are posted. Cleaners will sort the garbage again. Environmental protection policies are promoted periodically to deepen employees' awareness of waste sorting.

Waste management

Ink refill is replaced when pens run out of ink instead of purchasing a new pen. Waste paper recycling bins are provided in prominent locations in the office area. Toner cartridges and ink cartridges are returned to the supplier for recycling. Disposable cups and other utensils are avoided.



Employment and Labour Practices

Aspect B1: Employment

Legality and Compliant

The Group strictly adheres to the laws and regulations of the People's Republic of China, including the “Labour Law”, the “Labour Contract Law”, the “Social Insurance Law”, the “Employment Promotion Law”, the “Paid Annual Leave Regulations”, the “Law on the Protection of Women's Rights and Interests”, the “Law on the Protection of the Rights and Interests of Disabled Persons”, the “Housing Provident Fund Management Regulations”, the “Social Insurance Law”, as well as the “Employment Ordinance” (Chapter 57), the “Disability Discrimination Ordinance” (Chapter 487) and the “Sex Discrimination Ordinance” (Chapter 480) in Hong Kong. We also comply with the “Mandatory Provident Fund Scheme Ordinance” by paying mandatory provident fund contributions for our employees in Hong Kong.

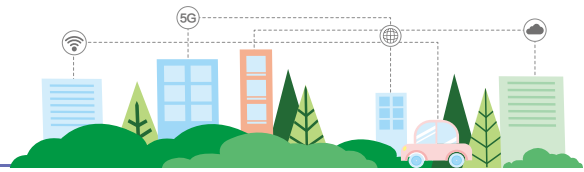
We value the contributions of our employees and have included our employment policies in the "Sample Technology Employee Handbook," which covers resource planning, performance evaluation, training, compensation and termination, recruitment and promotion, working hours, rest time, equal opportunities, diversity, anti-discrimination and other benefits and welfare. We regularly review our existing policies and employment practices to ensure that we continuously improve our employment standards and industry competitiveness. During the Reporting Period, we did not find any significant non-compliance or violations of relevant employment laws and regulations.

Diversity, Equal Opportunities and Anti-Discrimination

The Group adheres to the principle of diversified employment and provide equal opportunities for all applicants to ensure employment fairness, regardless of their gender, race, religion and age. We also focus on recruiting fresh graduates to create more employment opportunities for them. In addition, we have established various offices nationwide, which have to some extent promoted local employment.

Working Hours and Rest Time

We have defined reasonable working hours and vacation arrangements in the "Sample Technology Employee Handbook" and employment contracts based on the “Regulations on Working Hours of the State Council” and the local labour laws and regulations. To monitor the work hours of all employees, we require them to clock in and out each day. In addition to basic paid annual leave and statutory holidays, our employees also have the right to enjoy sick leave, marriage leave, maternity leave, paternity leave, bereavement leave, study or training leave and other benefits.



Career Advancement and Planning

The Group values the career development of every employee, and works together with them to establish reasonable and scientific life and career plans that are closely linked to their personal development goals. This allows employees to have a clear understanding of their own value and direction, and to recognize their important role within the team. We implement three different career channels: functional management, technological innovation and integrated production. Employees can choose their career path based on their own self-planning combined with the Company's development.

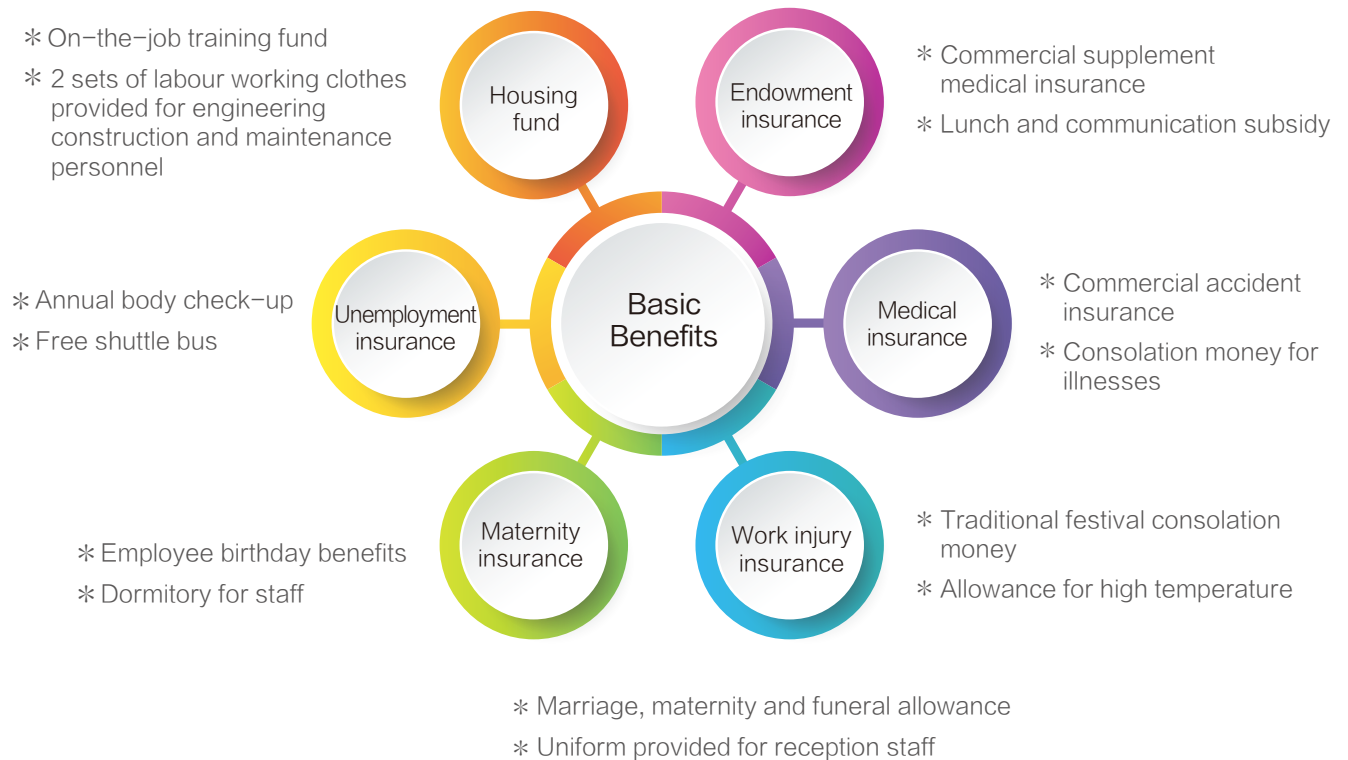




Compensation and Benefits

The Group has a comprehensive compensation and benefits system, offering highly competitive remuneration to our employees. The internal promotion, incentives, and salary adjustment mechanisms are closely linked with our employees' performance as well as their remuneration rewards and prospects to ensure that high-performing employees receive more incentives and recognition. We also adjust our salary rates and structures in a timely manner based on factors such as the local economic development level, business situation and value orientation. In addition to linking compensation to employees' job performance, educational qualifications, workload, position and responsibilities, we also provide additional benefits to employees on the basis of their satisfaction with their compensation.

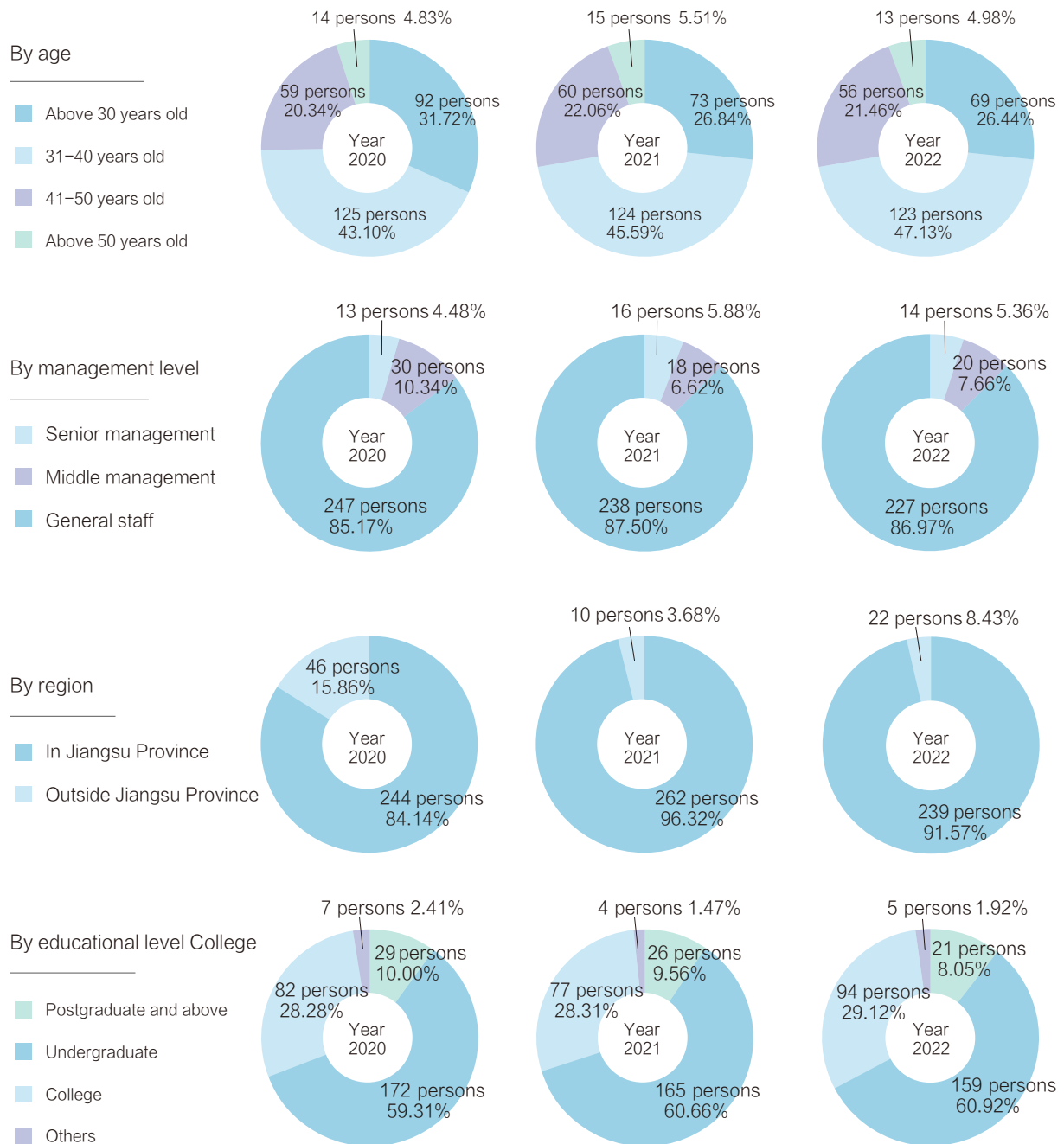
Additional Benefits





Employee Type









In the Reporting Period, the total number of employees of the Group was 261, of whom 74 were women and 187 were men.





Employee Turnover Rate

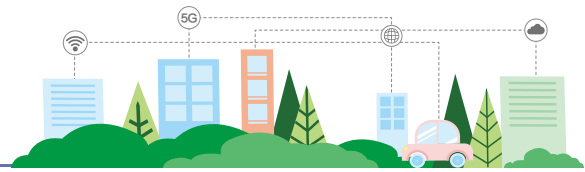
In the Reporting Period, the total number of employee turnover of the Group was 38, of which 10 were women and 28 were men. The total number of new employees is 28, of which 9 were women and 19 were men.

Overall turnover rate in the past 3 years ^①		Turnover rate (2020)	Turnover rate (2021)	Turnover rate (2022)	
		25.34%	24.23%	12.67%	
Employee turnover ^②	By gender	 Female	25.26%	24.53%	12.90%
		 Male	25.36%	24.11%	12.05%
	By age	 30 years old and below	33.33%	32.17%	15.66%
		 31–40 years old	26.75%	21.55%	10.14%
		 41–50 years old	10.77%	23.38%	17.19%
		 Above 50 years old	0.00%	0.00%	0.00%
	By region	 In Jiangsu Province	23.20%	27.88%	12.46%
		 Outside Jiangsu Province	38.46%	3.45%	15.79%

Notes:

①Overall turnover rate: The number of same category employees who left the company voluntarily or due to retirement or dismissal during the reporting period divided by the total number of same category employees.

②Employee turnover rate = Number of same category employees who left during the period / (Number of same category employees at the beginning of the period + Number of same category employees added during the period) * 100%.



Aspect B2: Health and Safety

The Group strictly complies with the relevant laws and regulations, including the "People's Republic of China Production Safety Law", the "People's Republic of China Fire Protection Law", the "People's Republic of China Law on Prevention and Control of Occupational Diseases", the "People's Republic of China Emergency Response Law", as well as the Hong Kong "Occupational Safety and Health Ordinance" and "Employees' Compensation Ordinance". We have developed internal regulations such as the "Guiding Opinions on Production Safety" and the "Comprehensive Emergency Response Plan for Safety Incidents", which are suitable for the Group to improve the management of health and safety measures.

During our daily operations, the Group strictly follows the requirements of the international standards for quality management systems (ISO9001:2015) and occupational health and safety management systems (ISO45001:2018), and conducts timely reviews and certifications. During the Reporting Period, the Group did not violate or fail to comply with any laws and regulations related to occupational health and safety.

	Year 2020	Year 2021	Year 2022
Number of work-related fatalities (Person)	0	0	0
Rate of work-related fatalities	0	0	0
Lost days due to work injury (day)	0	0	0





REPORT ON SOCIAL ASPECTS

Occupational Health

To protect the occupational health of employees, the Group has always placed great importance on it in our operations. We continuously improve indoor air and drinking water quality, increase the coverage and frequency of change of green plants in office areas, and provide heatstroke prevention and cooling care packages for employees working on the front line in high temperatures.

In addition to legally paying social insurance for employees, the Group actively purchases personal accident insurance and medical supplement insurance for all employees every year to reduce the medical costs incurred by employees due to any accidents. We organize employee health check-ups every two years and design targeted check-up items based on gender and age group. Furthermore, we require that all employee onboarding training covers occupational safety and health content, and we hold safety production training activities regularly.





Safety Management

In order to implement the safety production policy of "safety first, prevention-oriented and system governance", the Group strictly implements the safety production responsibility system at all levels, and signs the "Annual Safety Production Target Responsibility Letter" and "Job Safety Production Commitment Letter" with subsidiary companies, functional departments, and employees at different levels to clearly define the main responsibility of safety production and ensure that "whoever is in charge is responsible; whoever is on the job is responsible".



The Group focuses on building a dual prevention mechanism of safety risk classification control and hidden danger investigation and governance, fully deepening the investigation of hidden dangers, resolutely implementing "closed-loop management" for hidden danger rectification, and ensuring that hidden danger rectification and prevention measures are implemented in place. For newly discovered hidden dangers, a rectification list and timetable should be compiled and rectification should be resolutely implemented. For hidden dangers that have been rectified, a "review" should be organized to prevent rebound.

COVID-19 Prevention Measures

The current global COVID-19 pandemic is still maintained at high level, with new variants constantly emerging. The Group attaches great importance to the potential impact of the epidemic on its employees and business partners and has taken active measures to protect their health and safety.





Aspect B3: Development and Training

The employee training of the Group follows the principle of "customer-oriented, diverse and flexible", and provides comprehensive and multi-level training for all levels and categories, which provides sufficient human resources guarantee for the Company's operation and development. The Company's training system is divided into various types, such as onboarding training, skills training, management training and personal qualification training. The training content not only elaborates on various systems and policies such as corporate culture, personnel, finance, administration and business, but also provides specialized guidance on IT and operational skills. The training methods are diverse, including mentorship, weekly sharing, video learning, book clubs and more. We also invite senior experts from our partners to give lectures on specific topics, so as to comprehensively improve the professional and technical capabilities of our employees.

During the Reporting Period, the total number of training courses provided by the Group was about 64, with a total training time of approximately 4096 hours. The average training hours per employee^① was approximately 27.1 hours, and the average number of participants per training session was 32. (In 2021, the total number of training courses was about 95, with a total training time of approximately 6887.5 hours. The average training hours per employee was approximately 33.6 hours, and the average number of participants per training session was 29.)

	Year 2020		Year 2021		Year 2022	
By Gender	Average training hours per employee / percentage of employees received training ^② (%)					
Male	14.6	78.2%	27.4	78.8%	25.1	59.9%
Female	26	67.1%	53.3	66.2%	32.8	52.7%
By Employee Category						
Senior management	43	92.3%	43.2	68.7%	42.7	64.3%
Middle management	33.1	86.7%	89.1	88.9%	76.8	75%
General staff	11.4	85.4%	24.7	84.8%	12.5	90.3%

Notes:

①The average training hours per employee = total training hours during the reporting period / average number of participants per training session.

②Percentage of trained employees = number of employees in the same category who participated in training during the reporting period / number of employees in the same category at the end of the reporting period.



Aspect B4: Labour Standards

The Group strictly complies with the "Labour Law of the People's Republic of China," the "Law of the People's Republic of China on the Protection of Minors," and the "Employment Ordinance" (Chapter 57), including the "Regulations on the Employment of Children." During the Reporting Period, the Group did not violate any relevant laws and regulations on employment, prohibition of child labour and forced labour.

Prevention of Child Labour

During the recruitment process, the Group verifies the applicant's actual age and background by checking their identity documents, previous work experience and other relevant records.

Prohibition of Forced Labour

The Group sets out the overtime compensation provisions in the employee handbook. The Group carefully monitors employees' working hours and schedules to ensure that employees work voluntarily and freely.



Aspect B5: Supply Chain Management

Legality and Compliance

To build an intensive, efficient, standardized and transparent supply chain management system, the Group strictly adheres to relevant laws and regulations such as the "People's Republic of China Tendering and Bidding Law," the "Regulations of the People's Republic of China for the Implementation on Tendering and Bidding Law", the "Procurement Law of the People's Republic of China", the "Contract Law of the People's Republic of China" and the "Company Law of the People's Republic of China" and also has formulated internal regulations such as "Supplier Management Measures", "Tendering and Bidding Management Measure," and "Provisional Measures for Contract Management," etc. Furthermore, the Group continuously optimizes the workflow for supplier admission review and dynamic management in order to reduce the environmental and social risks in the supply chain and build a dynamic management system for the supply chain with a virtuous cycle.

Supplier Admission

The Group establishes a qualified supplier database and adopts a supplier admission qualification certification system. The evaluation of suppliers mainly considers their qualifications (including registered capital, the relevant certification required by the industry, product testing reports, etc.), business scale, financial status, industry reputation, etc. After passing the evaluation, suppliers can be included in the "Qualified Supplier List."

Suppliers' Contract Performance Management

The Group strictly inspects and supervises the contract performance process of the supplier and pays special attention to project management to ensuring the project progress, quality, and cost are controllable. At the same time, the Company strictly supervises suppliers, requiring them to conduct technical and safety disclosures to ensure the skills and personal safety of on-site project personnel.

Supplier Annual Evaluation

Based on the cooperation between the Group and suppliers in the current year, comprehensive evaluations are conducted on aspects such as product quality compliance, price, supply cycle, after-sales service, etc., as a consideration standard for determining whether a supplier is qualified and the purchasing quantity for the next year.



Green Procurement

The Group values the integration of environmental elements into supply chain management. We maintain good and efficient communication with our suppliers, actively convey various improvement requirements regarding environmental and social risks, and ensure that our suppliers are competitive and provide high-quality products and services.

In daily operations, we support environmentally friendly procurement. Our procurement department selects environmentally friendly and efficient products, considering requirements such as easy recycling, durability, low pollution emissions, non-toxicity and easy decomposition. In the transportation of project equipment, we arrange for professional and qualified transportation companies to reduce transportation emissions and promote green environmental supply chain services from the source.

The Group prioritizes local suppliers and gives preference to environmentally friendly products under equal conditions. We hope to reduce carbon footprints caused by procurement through local procurement, while supporting local economic development and creating job opportunities. In addition to environmental factors, we also take measures to monitor whether our suppliers comply with relevant social laws and regulations or meet other standards in health, safety, forced labour, and child labour.

Number of Suppliers

During the Reporting Period, all of our suppliers were located in Mainland China and were selected through a supplier admission system. The specific number of qualified suppliers we have selected are as follows:

Region	Number of suppliers (2020)	Number of suppliers (2021)	Number of suppliers (2022)
North China	17	27	24
Northeast region	1	3	0
East China	166	146	199
Central China	1	26	4
Northwest region	4	11	4
South China	26	24	28
Southwest region	1	67	20



Aspect B6: Product Responsibility

The Group strictly complies with the “Product Quality Law of the People's Republic of China” and implements a systematized, systematic and informatized quality control and management system. The Company implements safety management throughout the entire project process, cultivates the quality awareness of engineering and service personnel, and provides technical support for system upgrades and stability during operation and management. The Company places great emphasis on integrity, prioritizes customer needs and persisted with customer support during the pandemic, ensuring safe and smooth project operation and gaining recognition from customers.

During the Reporting Period, the Group achieved a 100% acceptance rate for projects under construction and a 100% qualified rate for equipment products. No products that were sold or shipped needed to be recalled due to safety and health reasons.



Customer Service

The Group has always adhered to a customer-oriented service philosophy and has built a 24/7, multi-level and responsive customer service system. This system guides after-sales service personnel in a series of activities, including confirming information from customers, negotiating maintenance plans, on-site inspections, fault handling and confirming results, to ensure that the service work is standardized, scientific, and traceable. Our management goal is to achieve a project revisit coverage rate of 100% and a customer satisfaction rate of 99%.

- Standard "7*24 hours" after-sales quality assurance service
- On-site operation and maintenance service system, responding quickly by 24/7
- ISO service philosophy and process, providing standard, complete and fast system services
- Remote and expert team services, exclusive value-added services and after-sales quality assurance system



The Group verifies customer satisfaction through various methods such as customer satisfaction surveys, phone calls, and on-site customer visits, and provides comprehensive services to build long-term friendly customer relationships. The Company has established multiple channels for complaint handling, both online and offline, and has established a customer complaint management system that records and tracks each complaint throughout the entire process. When a customer complaint occurs, the business department will collect and record it, assist in investigating the cause of the complaint, respond to the complainant with the investigation process, follow up on the handling method and results to ensure customer satisfaction, and maintain a fair, just and open complaint handling process. During the Reporting Period, the Company did not violate any laws or regulations and did not receive any complaints about its products or services.





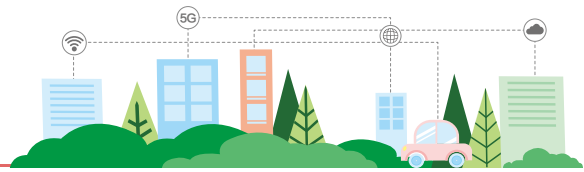
Protection of Intellectual Property Rights

The Group highly values the protection of intellectual property rights and strictly adheres to relevant laws and regulations, such as the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, the “Advertising Law of the People’s Republic of China” and the “Copyright Law of the People’s Republic of China”. The Company has established an intellectual property management system and continuously improves its independent innovation capabilities while preventing any infringement or harm to its legitimate intellectual property rights.

The Group adheres to the GB/T29490–2013 Intellectual Property Management System and has established a complete IT management system, using professional encryption software to safeguard the security of the Company’s intranet. This system effectively controls and protects the Company’s research and development data, products and information from leakage. The Company protects its intellectual property rights by the application of software copyrights and related patent certificates and has designated a specialist to safeguard relevant patent certificates. The Company continuously improves its management capabilities in the process of acquiring, maintaining, utilizing and protecting intellectual property rights.

During the Reporting Period, the China National Intellectual Property Administration Patent Examination Cooperation Jiangsu Center, the Jiangsu Provincial Intellectual Property Office and the Company signed a "Cooperation Agreement on Intellectual Property to Facilitating Industry Strong Chains and Talent Connection(知識產權助力產業強鏈產才對接合作協議)," demonstrating the Company’s strength in intellectual property development. There were no disputes related to infringement of intellectual property during the Reporting Period.





Quality Management System

In order to provide high-quality services to our customers, the Group has established a quality system in accordance with GB/T19000-ISO9000 quality control and quality assurance series standards in various operational aspects such as corporate management, product design and development, marketing services, engineering quality and supplier procurement. The "Substandard Product Control Procedure" is used to identify the root causes of potential substandard products through systematic data analysis, and corrective or preventive measures are taken to prevent nonconformity or recurrence. Control and disposal of substandard product are standardized to reduce the nonconformity rate in production so as to reduce material consumption costs.

During the Reporting Period, the Company was awarded "Excellent Enterprise in Innovation and Application of Supply Chain in Jiangsu Province". The Company's Internet of Vehicles project was successfully selected into the list of Internet of Things demonstration projects by the Ministry of Industry and Information Technology. The Group's subsidiary company was approved by the Science and Technology Department of Jiangsu Province to construct "Jiangsu Smart Highway Engineering Technology Research Center". These series of honors as awarded reflects that the Company's strict quality management model has been recognized by the authority and further demonstrates the Company's high-quality development with the systematic and leading nature which proof its ability and the advanced system level to comprehensively cover various evaluation indicators on strategic management, quality collaboration, innovation ability, brand influence, green achievements etc.





Customer Privacy Management

The Group strictly complies with relevant laws and regulations such as the "Cybersecurity Law of the People's Republic of China", the "Regulations on the Administration of the Graded Protection of Information Security", and carries out data governance-related work in accordance with national departmental requirements and relevant national standards such as the "Guidelines for Big Data Security Management" and the "Implementation Guidelines for Big Data Security Risk Control", continuously improving our ability to maintain information security, prevention and dealing with various information security risks.

In accordance with the international standard of the ISO 27000 information security management system, the Group has established relevant customer information confidentiality systems, authorizing specific personnel to manage customer permissions and update customer information. We are responsible for checking the use of customer information by relevant personnel to ensure the protection of customer rights. The Company properly stores customer data, strictly prohibits the provision of customer network information and data to third parties without customer permission, prohibits copying existing customer information and prohibits operating existing customer networks. Customer communication is done using project names as subjects, without disclosing customer names.

During the Reporting Period, the Group did not receive any complaints about customer privacy incidents.





Aspect B7: Anti-corruption

The Group is adamant in cracking down corruption and upholding integrity, implementing a zero-tolerance policy. We require all employees and management to comply with relevant laws and regulations such as the “Criminal Law of the People's Republic of China”, “Anti-Money Laundering Law of the People's Republic of China”, “Anti-Unfair Competition Law of the People's Republic of China” and “Code of Conduct for Integrity and Self-Discipline of the Communist Party of China”. To prevent incidents such as corruption, bribery, extortion, fraud, and money laundering, we continuously improve internal anti-corruption and monitoring mechanisms, from senior management to key positions. We effectively use internal linkage meetings to identify any potential integrity risks and supervisory blind spots in our internal control management and establish a scientific investigation plan.

The Company encourages employees to report any suspected illegal or unethical behavior promptly and provides clear reporting channels such as email, phone and mailbox. We promise to investigate and follow up with the utmost rigor so as to maintaining the Company's integrity image. We also continuously strengthen our employees' integrity education in our daily business activities and regulate employee behavior in our "Sample Technology Employee Handbook" to promote a good atmosphere of compliance, integrity, self-discipline and honesty.

During the Reporting Period, we conducted two anti-corruption training sessions for the Board and employees, with a total of more than 50 participants. No major risks related to corruption were identified and neither the company nor employees were involved in any corruption, bribery, extortion, money laundering or fraudulent activities. In the future, we will continue to attach great importance to anti-corruption and uphold integrity, strengthen the supervision of anti-corruption monitoring body, expand external supervision scope, and improve our internal audit system to provide a green guarantee for the healthy development of the Company.



Aspect B8: Community Investment

Due to the difficulties and restrictions on enterprise and community events caused by the ongoing pandemic, the Group was unable to organize or participate in any large-scale community activities. However, during the Reporting Period, the Group launched an activity of "Planting and Beautifying to Add Vitality, Trees and People to Purify the Ecology" which aimed at improving the green environment of the Company and enhancing cohesiveness and centripetal force. Looking ahead, as pandemic restrictions gradually ease, the Group will continue to actively fulfill our corporate social responsibility through practical actions.



APPENDIX: HKEX ESG REPORTING CONTENT INDEX



Subject Areas, Aspects, General Disclosures and KPIs			Relevant Chapter
Subject Areas: A Environmental			
Aspect A1: Emissions			
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.		Aspect A1: Emissions Legality and compliance
KPI	A1.1	The types of emissions and respective emissions data.	Aspect A1: Emissions Air Emissions
	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).	Aspect A1: Emissions Greenhouse gas emissions
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Aspect A1: Emissions Waste management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Aspect A1: Emissions Waste management
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Report on Environmental Aspects Target Management Outlook
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Aspect A1: Emissions Waste management Report on Environmental Aspects Green action



APPENDIX: HKEX ESG REPORTING CONTENT INDEX

Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Aspect A2: Use of Resources Legality and compliance
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).	Aspect A2: Use of Resources Energy consumption
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Aspect A2: Use of Resources Energy consumption
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Report on Environmental Aspects Green action Target Management Outlook
	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.	Report on Environmental Aspects Target Management Outlook
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Aspect A2: Use of Resources Packaging material
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.		
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Aspect A3: The Environment and Natural Resources Report on Environmental Aspects Green action
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Aspect A4: Response to Climate Change Report on Environmental Aspects
KPI	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green action

APPENDIX: HKEX ESG REPORTING CONTENT INDEX



Subject Areas: B Social		
Aspect B1: Employment		
Employment and Labour Practices		
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.	
		Aspect B1: Employment
KPI	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
	B1.2	Employee turnover rate by gender, age group and geographical region.
		Aspect B1: Employment Type of employee
		Aspect B1: Employment Employee turnover rate
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
		Aspect B2: Health and Safety
KPI	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
	B2.2	Lost days due to work injury.
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.
		Aspect B2: Health and Safety
		Aspect B2: Health and Safety
		Aspect B2: Health and Safety Occupational health Safety management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
	B3.2	The average training hours completed per employee by gender and employee category.
		Aspect B3: Development and Training



APPENDIX: HKEX ESG REPORTING CONTENT INDEX

Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Aspect B4: Labour Standards
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	B4.2	Description of steps taken to eliminate such practices when discovered.	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Aspect B5: Supply Chain Management Legality and compliance
KPI	B5.1	Number of suppliers by geographical region.	Aspect B5: Supply Chain Management Number of suppliers
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Aspect B5: Supply Chain Management Supplier Admission Suppliers' Contract Performance Management Supplier Annual Evaluation Green procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

APPENDIX: HKEX ESG REPORTING CONTENT INDEX



Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Aspect B6: Product Responsibility
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Aspect B6: Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Aspect B6: Product Responsibility Customer service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Aspect B6: Product Responsibility Protection of intellectual property rights
	B6.4	Description of quality assurance process and recall procedures.	Aspect B6: Product Responsibility Quality Management System
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Aspect B6: Product Responsibility Customer Privacy Management
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Aspect B7: Anti-corruption
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.	
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	B7.3	Description of anti-corruption training provided to directors and staff.	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Aspect B8: Community Investment
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
	B8.2	Resources contributed (e.g. money or time) to the focus area.	

