



HUAJIN INTERNATIONAL HOLDINGS LIMITED

華 津 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2738)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2023

CONTENTS

- ABOUT THIS REPORT 3
- REPORTING SCOPE 3
- REPORTING STANDARDS 3
- REPORTING PRINCIPLES 3
- FEEDBACK 4
- ABOUT HUAJIN 4
- BOARD ESG STATEMENT 5
- SUSTAINABLE DEVELOPMENT GOVERNANCE 7
- STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT 8
- A. GREEN PRODUCTION 12
 - 1. EMISSIONS CONTROL 12
 - 2. USE OF RESOURCES 17
 - 3. ENVIRONMENT AND NATURAL RESOURCES 21
 - 4. CLIMATE CHANGE 24
- B. EMPLOYEE CARE 25
 - 1. EMPLOYMENT SYSTEM 25
 - 2. HEALTH AND SAFETY 28
 - 3. STAFF TRAINING 29
 - 4. LABOR STANDARDS 30
- C. RESPONSIBLE OPERATION 31
 - 1. SUPPLY CHAIN MANAGEMENT 31
 - 2. QUALITY CONTROL 32
 - 3. ANTI-CORRUPTION 33
 - 4. COMMUNITY ENGAGEMENT 35
- INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE
ISSUED BY THE STOCK EXCHANGE 36

ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “Report”) sets out the organizational performance in fulfilling the environmental and social responsibilities of Huajin International Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “we”), and is published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkexnews.hk) and the Company’s website (www.huajin-hk.com).

REPORTING SCOPE

This Report presents the Environmental, Social, and Governance performance of the Group for the financial year from 1 January 2023 to 31 December 2023 (the “Year”). The Report covers the Group’s headquarter and our two major subsidiaries operating in the PRC, namely Jiangmen Huajin Metal Product Company Limited (“Jiangmen Huajin”) and Jiangmen Huamu Metals Company Limited (“Jiangmen Huamu”). The Group’s headquarter in the PRC is located at Xinsha Industrial Zone of Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC. Unless otherwise indicated, all numbers herein are absolute. Personnel from contractors are not considered as employees of the Group.

Looking ahead, the Group will continue to review the scope of our report in a regular manner and gradually expand the scope of disclosure based on the principle of materiality to provide stakeholders with more comprehensive information.

REPORTING STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 to the Listing Rules of the Stock Exchange, and is reported in accordance with the four reporting principles of materiality, quantification, balance and consistency as a basis for the preparation of the Report. A complete index is appended to the last chapter of the Report for cross reference to the ESG Reporting Guide.

REPORTING PRINCIPLES

The Report follows the ESG Reporting Guide and applies the following principles:

Materiality: In order to identify and assess the material concerns of our stakeholders, the Group identifies the material environmental and social issues through interviews with management, questionnaire surveys targeted at internal and external stakeholders, as well as evaluating the impact of various environmental, social and governance issues on the operations of the Group. For further details, please refer to the section headed “Stakeholder Engagement And Materiality Assessment”.

Quantitative: Quantitative information is recorded and estimated by the relevant departments of the Group and, where practicable, annual comparisons of performance will be made between appropriate quantitative information and, where appropriate, information on standards, methodologies, assumptions and/or calculations will be set out in the Report.

Balance: The information and cases in the Report are mainly derived from the statistical reports, relevant documents and internal communication documents of the Group in 2023. The Group undertakes that this report does not contain any false statements or misleading representations, and makes the fair disclosures on critical aspects of our performance, in terms of the progress made and continuing challenges that we are dealing with.

Consistency: We report in accordance with the Stock Exchange’s ESG Reporting Guide. In the future, if there are any changes that may affect comparisons with previous reports, the Group will add a note to the corresponding section of the Report.

FEEDBACK

The Group welcomes all stakeholders to provide feedback on our ESG approach and performance, please share your opinions with us through the following channels:

Address: Unit 18, 5/F, Tower A New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Hong Kong

Tel: (852) 3460 3221

Fax: (852) 3460 3215

E-mail: info@huajin-hk.com

ABOUT HUAJIN



Corporate culture	
Corporate spirit	Unity & loyalty, pursuing excellence, pragmatic innovation, and being enterprising.
Business philosophy	Working hard, giving back to society, and growing bigger and stronger.
Corporate objective	Create a first-class brand.








The Group is principally engaged in processing of hot-rolled steel coils into cold-rolled steel strips, sheets, welded steel tubes and galvanized steel products customized to the specification of the customers covering a wide range of industries, including light industrial hardware, home appliances, furniture, motorcycle/bicycle accessories, LED, lighting, bridges, brackets, treads, ventilation ducts, door frames, guttering and keels, etc. The Group provides processing, cutting, slitting, warehousing and delivery services on customized cold-rolled steel products and galvanized steel products.

BOARD ESG STATEMENT

The Company believes that sound ESG governance is crucial to enhance the value of our investments and bringing long-term returns to our stakeholders and the Group. In order to implement and improve the ESG management policy, the Company’s board of directors (the “Board”) is responsible for ESG management and supervision, establishing and reviewing the overall ESG vision, approach, strategy or initiative. Various communication channels have been established to promote the coordination and communication between various departments in the Group. Regarding ESG-related risk management, the Board monitors the entire process of ESG risk forecast and implementation of mitigation strategies, focuses on the potential impacts of business operations on market trends, and seeks for improvements in ESG strategy, in order to reduce the negative impacts on the Group’s business.

In respect of material ESG issues, the Group engaged a third party ESG consultant during the reporting period to help identifying material ESG issues and making recommendations on its ESG performance. The consultant assisted in collecting and analysing the views of the Group’s stakeholders on ESG issues and conducted materiality assessment. The Board also participates as a stakeholder in the materiality assessment to provide comments, review the results of the assessment conducted with the assistance of the ESG consultant and the identified material ESG issues.

The Board also formulate policies in response to material ESG-related issues. In order to formulate and implement effective ESG measures, the Board regularly reviews the Group’s ESG performance and the progress of achieving its goals, and adjusts the ESG management policy to lead the ESG process of the entire Group. The Group actively integrates the Sustainable Development Goals (“SDGs”) proposed by the United Nations in its measures. The Group’s management reviews the plan and implementation of ESG-related work, as well as related goals and indicators at regular meetings. The Company communicated with stakeholders on ESG progress especially through the Company’s annual ESG report. The Board will continue to seek opportunities to improve ESG performance.

Our ESG strategies	Corresponding SDGs
<p>Responsible operation</p> <p>Legal compliance — Ensure the Group’s corporate governance structure complies with applicable laws and regulations</p> <p>Code of ethics — Uphold the ethical standards of business integrity and foster a culture of compliance throughout the Group</p> <p>Product quality — Ensure that our products are in good quality and compliant with the highest safety standards</p> <p>Contribution to the society — Cooperate with local charities to support the underprivileged members and the needy</p>	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p>Responsible Consumption and Production</p> </div> <div style="width: 50%;">  <p>Peace, Justice and Strong Institutions</p> </div> <div style="width: 50%;">  <p>Partnerships for the Goals</p> </div> <div style="width: 50%;">  <p>No Poverty</p> </div> </div>
<p>Green production</p> <p>Environmental management — Monitor various environmental parameters and review production plans regularly to minimize related environmental impacts</p> <p>Green production practice — Minimize the environmental impacts of the Group’s operations</p> <p>High-performance production chain — Improve our resource efficiency and productivity</p>	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p>Climate Action</p> </div> <div style="width: 50%;">  <p>Responsible Consumption and Production</p> </div> </div>
<p>Employee care</p> <p>Cultivating talents — Foster a continuous learning environment and encourage employees to develop and advance their careers in the enterprise</p> <p>Diverse and inclusive — Respect the labor and human rights of all our employees, and maintain a high ethical standard, with clearly defined human resources management policies, and promote an inclusive culture throughout the Group</p> <p>Working safely — provide a pleasant, supportive and healthy workplace for our employees, and foster a caring working environment</p>	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p>Gender Equality</p> </div> <div style="width: 50%;">  <p>Decent Work and Economic Growth</p> </div> <div style="width: 50%;">  <p>Reduced Inequality</p> </div> <div style="width: 50%;">  <p>Good Health and Well-being</p> </div> </div>

SUSTAINABLE DEVELOPMENT GOVERNANCE

The Group continues to promote the integration of social responsibility into its corporate development strategies and daily operations. Drawing on the advanced ESG management experience in China and abroad, we have established and improved the Group's ESG management structure and formed an ESG management mechanism featuring vertical implementation layer upon layer and horizontal full coverage. The internal ESG governance structure of the Group consists of the members of the Board and general employees to ensure that all departments engage in the sustainability issues of the Group so as to effectively monitor and implement the sustainability performance of the Group.

The Board is responsible for overseeing material ESG matters and approving the corresponding plans; discussing and making decisions on the ESG-related recommendations; reviewing sustainability's strategy, risks, opportunities and material issues; and monitoring the implementation of sustainability strategy and coordinate required resources.

ESG Report working group is responsible for handling ESG reporting and continuously following up on the requirements of regulators. They evaluate sustainability's progress and performance, and effectiveness of improvement measures. They encourage the departments relevant to ESG to set ESG goals and plans aligning with sustainability strategy, and assist the Board to carry out supervision.

Management of each business unit is responsible for setting ESG related goals and implementing the corresponding measures. They conduct self-inspection to ensure ESG goals are accomplished effectively. They formulate ESG improvement plans and integrate them into next year's work plan.

Sustainable development is a never-ending journey that requires continuous improvement and commitment to the community. The Board of the Company understands that its commitment to sustainable development is one of the important elements of our business growth and expansion. Therefore, the Group adheres to the "green" business philosophy to create a positive impact on the community and the environment.

Looking ahead, the Group will continue to strengthen communication with stakeholders and improve its corporate social responsibility management system in order to further enhance the Group's environmental and social performance, with a view to meeting the requirements of regulators and investors in respect of sustainability issues, and creating long-term and persistent value for shareholders and stakeholders of the Group.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

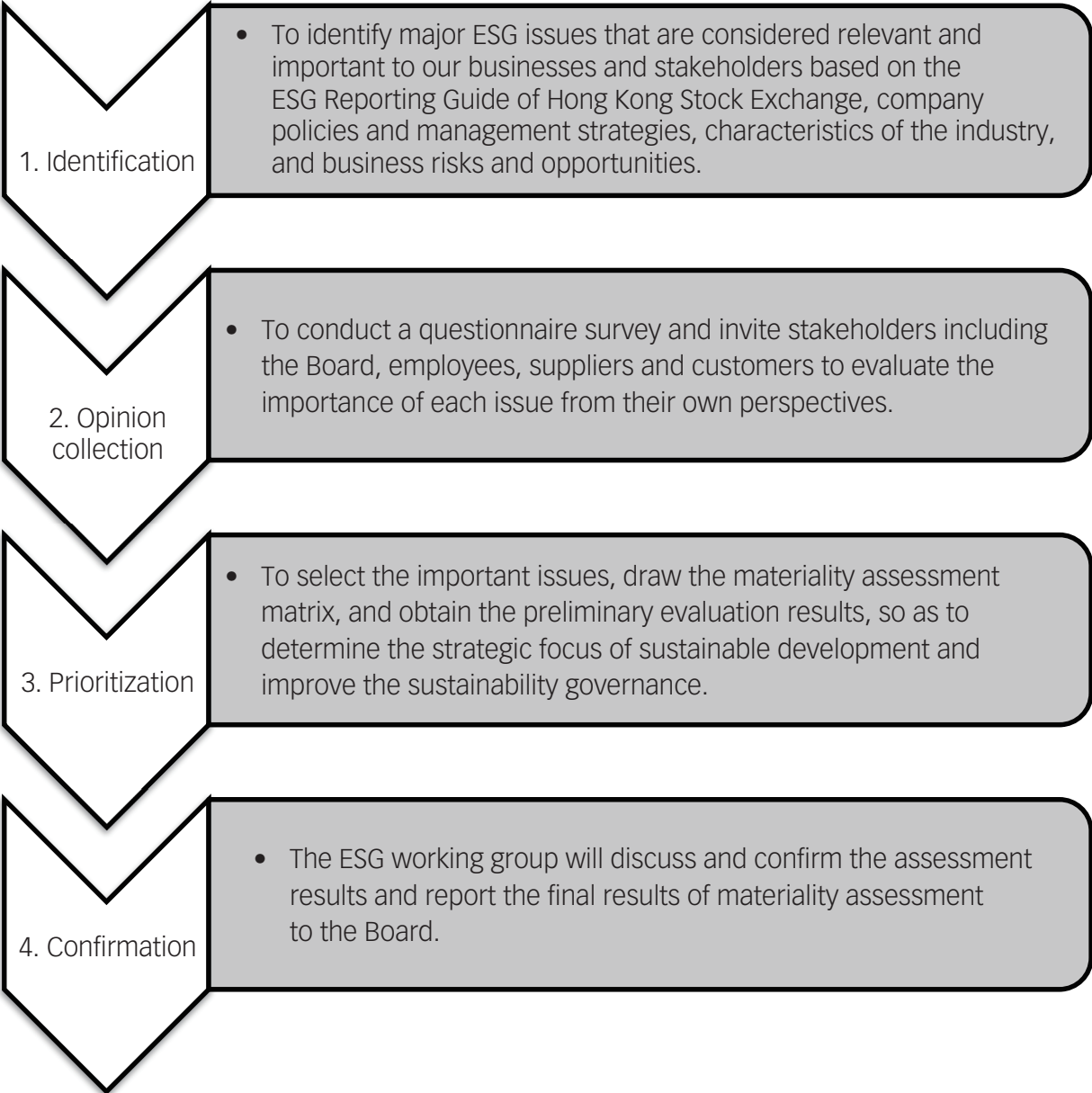
In order to strengthen the Group's business development and corporate social responsibility, we actively listen to the opinions of all stakeholders and continuously obtain an understanding of and respond to the concerns of different stakeholders, so as to build a relationship based on mutual trust and mutual benefit with our stakeholders to promote sustainable development. Below are the principal communication channels we used to communicate with our stakeholders. The communication modes between the Group and stakeholders are as follows:

	Stakeholders	Focus areas of ESG	Major communication channels
Internal	Employees	<ul style="list-style-type: none"> • Growth and win-win • Labour standards • Health and safety 	<ul style="list-style-type: none"> • Occupational health and safety training • Regular meetings • Internal publications/bulletin boards • Suggestion box/mailbox/email • Performance appraisal
	Management committee	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Company website • Annual and interim reports • Annual general meeting and other shareholders' meetings • Press releases (if any), announcements, financial and other information about the Group and its business
External	Investors	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Announcements • Annual and interim reports • Company website
	Customers	<ul style="list-style-type: none"> • Product responsibility • Supply chain management • Promoting green operations 	<ul style="list-style-type: none"> • Phone/email • Customer quality evaluation form • Customer visits or factory audits • Trade shows
	Suppliers	<ul style="list-style-type: none"> • Supply chain management • Promoting green operations 	<ul style="list-style-type: none"> • Phone/email • Field survey • Annual review of suppliers
	Government	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Government websites • Official documents/meetings • Correspondences/visits • Supervision/inspection
	Environmental organisations	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Participation in community activities • Donation/sponsorship

During the Year, the Group conducted interviews and questionnaires targeted at the management, the Group’s internal and external stakeholders respectively to understand their opinions on the sustainability of the Group, and to identify ESG issues that are significant to our operations and stakeholders. Their opinions help the Group to understand and assess our ESG performance and to develop relevant strategies.

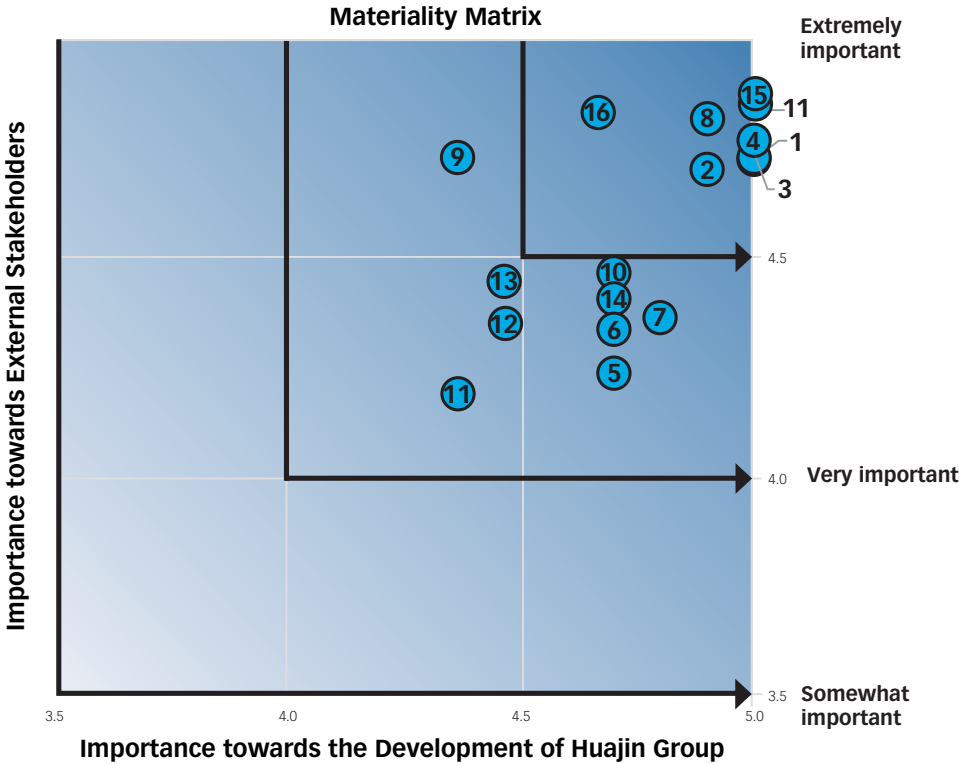
In particular, the materiality assessments are carried out according to the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange and the steps below. The Group invites internal and external stakeholders to rate different issues in the aspects of environmental protection, employment and labor practices, operating practices, and community investments through questionnaires, thereby understanding the extent of stakeholders’ concern on each issue.

Materiality assessment procedure



Materiality assessment

Based on the results of the questionnaire survey, we conducted a materiality analysis to identify material issues. The following graph shows the materiality matrix of the Group, in which 12 ESG-related issues marked are considered equally material according to the assessment. The Group has taken corresponding measures for the materiality issues identified, the elaboration of which is set out in the subsequent sections. The Group will continuously strive to establish diversified, transparent, honest and accurate communication channels to provide an important basis for the Group’s ESG strategies.



Level of Importance	No.	Issues	No.	Issues
Extremely important	15	Quality control	1	Air pollutant management
	11	Health and safety	8	Environmentally friendly production
	4	Wastewater management	2	Greenhouse gas control
	3	Waste management	16	Anti-corruptionn
Very important	15	Quality control	10	Employment system
	12	Staff training	6	Water management
	16	Anti-corruptionn	2	Greenhouse gas control
	5	Electricity consumption management	9	Climate change
	7	Packaging material management		

A. GREEN PRODUCTION



Climate Action



**Responsible
Consumption and
Production**

1. EMISSIONS CONTROL

The Group adheres to the environmental protection policy of “Green Production, Energy Saving and Emission Reduction, Prevention First, Comprehensive Treatment”, comprehensively strengthens environmentally friendly production, eliminates major environmental accidents, and is committed to reducing the negative impacts of production and operations on the environment. The environmental protection measures implemented by the Group in business operations are illustrated in the following aspects.

The Group strictly complies with the Law of the “People’s Republic of China on Promoting Clean Production” (《中華人民共和國清潔生產促進法》), the “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國大氣污染防治法》) and other relevant laws and regulations in the places where we operate our business.

Air pollutants management

We are committed to ensuring that our daily production and operational processes meet the requirements of sustainable development. As a responsible enterprise, we strictly comply with the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” (中華人民共和國大氣污染防治法) and the exhaust emission indicators of Guangdong Province. To ensure that our emissions meet the regulatory requirements, we have been engaging independent third-party agency with valid qualifications to regularly monitor our gas emissions.

During the past year, our air emissions parameters met the requirements of the “Boiler Air Pollutant Emission Standard” (《鍋爐大氣污染物排放》) (DB44/765-2010) and the Class 2 standard limits and Period II Class 2 standard limits of the “Air Pollutant Emission Limits” (《大氣污染物排放限值》) (DB44/27-2001). We are actively and continuously upgrading our environmental management measures and technologies to reduce our emissions and improve air quality.

In 2023, we applied to the regional government for a special grant on the prevention and control of atmospheric pollution, which subsidized our low-NOx retrofit project for natural gas boilers. After the implementation of the project, the nitrogen emission can be effectively reduced and the objective of reducing the pollution caused by nitrogen oxides can be achieved. The vehicle emission data of the Group is as follows:

		2022	2023
Pollutant	Unit	Emission of air pollutants	
Nitrogen oxides (NO _x)	Kg	1,006.26	317.01
Sulphur oxides (SO _x)	Kg	3.16	3.58
Particulate matters (PM)	Kg	74.02	24.77
<i>Note:</i> The calculation is based on the Reporting Guidance on Environmental KPIs published by the Stock Exchange			

Greenhouse gas management

GHG emissions management target

	Unit	Huajin’s performance	1-Year target*	Completion status
GHG emissions intensity (per kiloton of production volume)	tCO _{2e} / kilotonne of production volume	Reduced by 7.25%	Reduced by 5%	Achieved
<i>Note:</i> * The target base year is 2021				

The Group responded to the national policy of low-carbon economic development actively. In order to minimize the emissions, the Group conducted quantification with reference to the international standards of greenhouse gas accounting systems such as ISO14064–1:2018 and ISO14064–3:2018. The Group also managed and reduced the emission of greenhouse gas in various aspects and implemented different policies such as stopping the use of biological particles, and adopting clean energy (natural gas) as fuel, and building a solar system in the factory area. The Group will continue to assess, record and disclose annual greenhouse gas emissions and other environmental data, to seek more carbon reduction opportunities to further reduce carbon emissions in the future. During the reporting period, we generated about 6,700 MWh of electricity from solar energy, equivalent to reducing carbon dioxide emissions by about 4,000 tons.

During the reporting period, our total greenhouse gas (GHGs) emissions amounted to 176,676.24 tCO_{2e}, which increased when compared to that of last year, this was attributable to the increase in production volume during the Year by approximately 35% as compared to that of last year. Despite the strong increase in production volume, the strength of the Group's total GHG emissions reduced by 7.25%, amounting to 93.82 tCO_{2e} per million tonnes of production volume, which shows the effectiveness of the abovementioned energy saving and emission reduction measures. The GHG emission of the Group is as follows:

Emissions category of greenhouse gases	Unit	Emissions of greenhouse gases	
		2022	2023
Total emissions of greenhouse gases	tCO _{2e}	141,578.42	176,676.24
GHG emissions intensity*	tCO _{2e} /kilotonne of production volume	101.15	93.82
Direct emissions (Scope 1)	tCO _{2e}	35,967.78	45,142.82
Direct emissions intensity*	tCO _{2e} /kilotonne of production volume	25.70	23.97
Energy indirect emissions (Scope 2)	tCO _{2e}	105,610.64	131,533.41
Energy indirect emissions intensity*	tCO _{2e} /kilotonne of production volume	75.45	69.85

Notes:
 The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Fifth Assessment Report, Guidelines for Reporting Carbon Dioxide Emissions Information of Enterprises (Entities) in Guangdong Province (revised in 2021);
 * Intensity is calculated per kilotonne of production volume
 Scope 1 includes emissions from fixed combustion of natural gas, acetylene emissions from diesel and gasoline combustion of vehicles, and fugitive emissions from carbon dioxide fire extinguishers;
 Scope 2 includes emissions of electricity consumed.

Waste management

Waste target

	Unit	Actual value	1-Year target*	Completion status
Hazardous waste Intensity	tonne/kilotonne of production volume	Increased by 0.46%	Reduced by 1%	Substandard#
Non-hazardous waste Intensity	tonne/kilotonne of production volume	Reduced by 28%	Reduced by 15%	Achieved
<i>Notes:</i> * The target base year is 2021; # The hazardous waste target has not been achieved as scheduled. The Group will conduct in-depth evaluation and research to set effective and feasible targets and management plans.				

The Group develops and implements strict management measures for waste generated in the production process. Under the “National Catalogue of Hazardous Waste”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, and the “Administrative Measures for Hazardous Waste Transfer Manifests”, we systematically identify the environmental factors during the production process, and have issued detailed guidelines for waste management.

The Group carries out classification management of non-hazardous waste, and engages qualified manufacturers for recycling waste, for example, recycling waste paper, engaging suppliers to recycle oil drums, and recycling packaging materials.

In accordance with the “National Catalogue of Hazardous Wastes (2017 edition)” (《危險廢物名錄2017版》) of the PRC and relevant regulations, the Group identified and classified the hazardous wastes generated from our factories. In accordance with the requirements of the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢棄物環境污染防治法》) and the “Administrative Measures for Hazardous Waste Transfer Manifests” (《危險廢物轉移聯單管理辦法》), we have sought for a processor with the appropriate qualifications to reasonably dispose of the hazardous wastes generated in our factories. At the same time, we follow the requirements of laws and regulations to centrally collect and temporarily store hazardous waste in our factories to ensure that the Group’s waste disposal complies with national laws and regulations.

During the reporting period, our Group conducted a feasibility research on the upgrading and recycling of waste acid. The project aims to convert waste acid into water purification products such as ferrous chloride and ferric chloride. Once the project is in operation, the Group will be able to dispose of approximately 50,000 tons of waste acid and other hazardous waste annually.

In addition, we also reuse the trimmed and cut edge materials from cold rolled products to make products such as packaging tapes and buckles. In the past year, the Group recycled a total of about 37,000 tonnes of trimming waste, effectively saving production costs.

During the reporting period, the total amount of hazardous waste and non-hazardous waste were 36,716.28 tonnes and 347.13 tonnes respectively. Due to the increase in production volume, the total amount of hazardous waste and non-hazardous waste has increased as compared to 2022. However, the hazardous waste and non-hazardous waste intensities were similar to those in 2022, which is attributable to the improvement of production planning and a series of waste recycling measures. The amount of hazardous and non-hazardous waste produced by the Group is as follows:

		2022	2023
Category of waste	Unit	Waste generated	
Hazardous waste	Tonnes	27,165.09	36,716.28
Hazardous waste Intensity	Tonnes/Kilotonne of production volume	19.41	19.50
Non-hazardous waste	Tonnes	351.80	347.13
Non-hazardous waste Intensity	Tonnes/Kilotonne of production volume	0.25	0.18
<i>Note:</i> * Intensity is calculated per kilotonne of production volume			

2. USE OF RESOURCES

In order to use all resources, including energy, water, and other natural resources, more efficiently and prudently, the Group has formulated the “Management Regulations on Resource and Energy Control”, which applies to each department in the resource and energy consumption, covering water, electricity, natural gas, oil, raw materials, and office facilities control. A dedicated energy conservation report is developed for each of our projects, to ensure efficient use of resources and reduce the adverse impact on the environment. Such report lists the specific energy efficiency and emission reduction targets, which enables us to develop a clear blueprint for our environmental management. We will achieve the targets according to the timetable proposed in the energy conservation report.

Electricity consumption management

Electricity management target

	Unit	Actual value	1-Year target*	Completion status
Total energy use intensity	kWh/Kilotonne of production volume	Reduced by 7.00%	Reduced by 5%	Achieved
<i>Notes:</i> * The target base year is 2022				

The Group proactively adopts clean production technology, reduces the use of unnecessary resources, and implements new energy-saving measures. We advocate the use of energy-saving, efficient and environmental-friendly construction equipment, machinery and tools, and office appliances recommended by the country and the industry. Meanwhile, we also continuously update the latest environmental news to optimize the existing services, so as to reduce environmental pollution.

During the reporting period, we formulated the “14th Five-Year Plan” for energy saving. Over the next five years, the Group will implement a series of energy-saving technological renovation projects and has formulated the relevant implementation plans. These projects include cold rolling production line speed up technology renovation, annealing furnace billet replacement, steam boiler heating system technology renovation, steam boiler waste heat recovery energy saving renovation and cooling system technology renovation. Through the cold rolling production line speed up technology renovation, we aim to improve the efficiency and energy utilization of our production lines. The annealing furnace billet replacement project will use new energy efficient materials to reduce energy consumption. The steam boiler heating system technology renovation will optimize boiler operation and combustion control to achieve efficient use of energy. The steam boiler waste heat recovery energy saving renovation will utilize waste heat recovery technology to convert the heat in the flue gas into useful energy and reduce energy wastage. The cooling system technology renovation will adopt advanced cooling technology and equipment to reduce energy consumption in the cooling process. Through the implementation of these energy-saving technological renovation projects, the Group will effectively reduce energy consumption, improve resource utilization efficiency and reduce environmental impact. We will actively promote sustainable development and contribute to the realization of our energy saving and emission reduction targets.

Our total energy consumption amounted to 401,807.91 MWh, with a consumption intensity of 213.38 MWh/kilotonne of production volume. Compared with 2022, our total energy consumption increased due to the increase in production capacity, however, through the transformation of our energy structure and a series of energy-saving measures, our overall energy consumption intensity decreased by approximately 7.00%. The total energy consumption of the Group is as follows:

		2022	2023
Type of energy	Unit	Energy consumption	
Total energy consumption	'000kWh	321,154.87	401,807.91
Total energy consumption intensity	'000kWh/kilotonne of production volume	229.44	213.38
Direct energy consumption	'000kWh	155,595.01	195,610.36
Direct energy consumption intensity	'000kWh/kilotonne of production volume	111.16	103.88
Including:			
Diesel consumption	'000kWh	837.02	849.46
Diesel consumption intensity	'000kWh/kilotonne of production volume	0.60	0.45
Gasoline consumption	'000kWh	1,728.08	1,371.17
Gasoline consumption intensity	'000kWh/kilotonne of production volume	1.23	0.73
Natural gas consumption	'000kWh	153,029.91	193,389.74
Natural gas consumption intensity	'000kWh/kilotonne of production volume	109.33	102.70
Indirect energy consumption	'000kWh	165,559.87	206,197.54
Indirect energy consumption intensity	'000kWh/kilotonne of production volume	118.28	109.50
Including:			
Electricity energy consumption	'000kWh	165,559.87	206,197.54
Electricity energy consumption intensity	'000kWh/kilotonne of production volume	118.28	109.50
<i>Note:</i> The energy data is converted into '000kWh with reference to the lower calorific value. * Intensity is calculated per kilotonne of production volume; gas includes natural gas; Fuel consumption includes: fuel consumption of mobile vehicles, diesel consumption of generator sets.			

Water consumption management

Water consumption management target

	Unit	Huajin’s performance	1-Year target*	Completion status
Water consumption intensity (per kiloton of production volume)	m ³ /kilotonne of production volume	Reduced by 19.68%	Reduced by 15%	Achieved
<i>Notes:</i> * The target base year is 2022				

The Group’s use of water mainly comes from municipal pipelines, and there is no problem in sourcing water. The Group makes every effort to reduce the water consumption in our operation. We have not encountered any material or potential problems in the search for suitable water sources. We endeavor to save water in daily operations and strengthen the recycling of water resources to reduce water consumption.

Our production processes generate liquid waste, industrial wastewater, and municipal sewage. We will apply for relevant discharge permits in accordance with the requirements of the “Discharge Standard of Water Pollutants for the Steel Industry” (GB13456-2012). We have a production wastewater treatment station within the factory area. A part of the treated wastewater will be reused for degreasing cleaning. In the past, we installed surface sludge low-temperature drying equipment according to the advice of the “Opinions of Guangdong Province on Promoting Green Production in an All-round Way” (《廣東省關於全面推進綠色清潔生產工作的意見》). Such drying equipment can meet the requirement of reducing surface treatment sludge by about 50-75% so as to achieve the goal of reducing sludge and improve cleaner production management levels.

During the reporting period, the Group originally had a set of wastewater treatment equipment, such that the duly processed wastewater could be discharged safely. In response to the nation’s call for water saving, it is expected to reuse the treated wastewater up to production needs, and recycle wastewater for emission reduction. It is planned to invest in water recycling equipment to achieve a recovery rate of 70%, the quality of reused water meets the water quality requirements for production, and the wastewater will be discharged safely after being purified by the biochemical system.

The Group’s total water consumption is as follows. The water we use are mainly recycled water from production. In addition, the source of water supply is mainly municipal water. During the reporting period, the fresh water we used amounted to 795,989.00 m³, and the intensity of fresh water amounted to 422.71 m³/kiloton of production volume. The water consumption intensity decreased by approximately 20% as compared to 2022. There was no violation of laws and regulations in relation to using and discharging water during the reporting period.

		Water Consumption	
	Unit	2022	2023
Water consumption	m ³	736,658.00	795,989.00
Water consumption intensity*	m ³ /kiloton of production volume	526.29	422.71
<i>Note:</i>			
* Intensity is calculated per kiloton of production volume			

Packaging materials management

In addition to major resources including electricity and water, the Group also pays close attention to the use of other resources. Under the customers’ quality requirements and standards, we would try our best to consume the least resources in the production process and reduce the packaging materials usage in the production as much as we can while meeting all the requirements. The Group tracks the packaging materials for different products in a planned manner by computerized analysis, and improves harmful product packaging design, so as to further protect the environment. In addition, we will use simple packaging, such as simple wrapping with single layer of film, depending upon the locations of the customers, in order to save costs and reduce environmental pollution. We try our best to reuse packaging materials such as wooden frames, and keep records of the quantities used for subsequent recycling and reuse.

There are many factors that increase the packaging auxiliary materials, such as customers’ packaging requirements, slitting specifications, etc., which will have a direct impact. Compared with 2022, due to the increase in production capacity, our total energy consumption has increased and most of the packaging materials have increased. In terms of the total amount of packaging materials, there is an increase of approximately 100 tonnes in 2023 as compared with 2022, and the Group will endeavour to review and look for more opportunities to reduce the amount of packaging materials. The total consumption of packaging materials of the Group is as follows:

	2022	2023
Materials	Total (tonnes)	
Paper	169.58	193.31
Plastic	113.85	138.58
Metal	68.52	80.73
Timber	150.84	228.87
Total packaging materials	502.79	641.49

3. ENVIRONMENT AND NATURAL RESOURCES

The Group has included new elements such as life cycle and risk management in the current management system in accordance with the latest ISO14001:2015 standard of which we have already obtained the certification. The environmental protection inspectors are engaged to regularly monitor the environmental protection performance of our factories and take relevant measures based on their performance. In addition, we are committed to implementing several environmentally-friendly management measures in our daily operation, including a paperless office. We also encourage employees to participate in environmental protection activities and trainings organized by various organizations from time to time to reduce the consumption of the environmental and natural resources and establish an environmental protection culture so that the operation of the office is in line with the environmental protection principles.

During the reporting period, the Group participated in a number of meetings and trainings related to environmental protection, such as the cleaner production training, the ultra-low emission retrofitting training, the marine economic operation monitoring enterprise training, Jiangmen “Dual Carbon” Lecture, and the Muzhou town industrial enterprises environmental management enhancement training.

Activity Highlights



The Cleaner Production Training



The Ultra-Low Emission Retrofitting Training



Jiangmen "Dual Carbon" Lecture



Muzhou Town Industrial Enterprises
Environmental Management
Enhancement Training

Digital transformation

Digital transformation is now a major trend in the business world. To ensure the sustainable development of our group's business in the future, we must keep up with global digital transformation, make good use of technology to respond to challenges and opportunities. Therefore, we have fully integrated digitisation into our business strategy. We had established an electronic system, optimised existing operating procedures, and worked hard to transform and adapt to the new generation of business environment.

I. Electronic system:

Our two major factories now have a complete production management system, from raw material procurement, sales, production management, quality control, material tracking, material library and shipping management, to logistics. We have achieved accuracy in production planning, intelligent production scheduling, and an integrated production management system. On the basis of the original business process, the functions are more comprehensive, and the management system is more standardised and digitalised, which results in improvements in operational efficiency of the entire Group, pursuing the best economic benefits by shortening production cycles, reducing costs, and improving quality and service levels.

II. Digital certification:

Through a series of strict audits and evaluations, the Group became the first company in the industry to obtain the digital certification issued by TÜV NORD (北德) in the PRC. Digital transformation has enabled data and information exchange between enterprises, workplaces, systems and equipment. This allows enterprise production resources, production tasks, product information and tracing, and equipment status to be digitally managed. Firstly, the factories are able to operate with a reasonable allocation of production resources and real-time processing of production tasks and orders. Secondly, the data of the whole product life cycle is connected, calculated, optimised, stored and analysed automatically on the system. Thirdly, it provides scientific guidance on equipment maintenance cycles, and timely warning of equipment failures during equipment operation, it also assists in finding solutions quickly, and reduces downtime. In addition, by being able to index and filter the Company's knowledge database, it helps employees for their daily learning while gaining experience, which also helps the enterprise in talent cultivation and development.

4. CLIMATE CHANGE

The Group realizes that the impacts related to climate change may bring different risks to the Group’s operations. Therefore, we regularly assess and review climate change risks, plan for future financial risks that may arise and make arrangements accordingly. During the reporting period, we have considered various risks related to climate change and identified the following risks and countermeasures.

Type of risk	Description of the risk	Risk response measures
Physical risks	Jiangmen Huajin and Jiangmen Huamu are both located in Jiangmen City, Guangdong Province, China, that is more susceptible to typhoons.	The Group has developed emergency response plans for extreme and severe weather, such as strengthening staff care and guidance in special weather conditions, enhancing safety awareness and carrying out regular equipment maintenance, so as to ensure its capacity to cope with such special weather.
Technological risks	Our Group needs to keep up with the trend of climate change in technology and the resulting changes in the economic structure, such as adjusting to digital business models, responding to energy transformation, and developing low-carbon and low-pollution production models, all of which will bring additional costs to our Group.	Our Group has implemented clean production to reduce production costs. Additionally, during the reporting period, the Group has carried out digital transformation and established a systematic procurement and production management.

B. EMPLOYEE CARE



Gender Equality



Decent Work and Economic Growth



Reduced Inequality



Good Health and Well-being

1. EMPLOYMENT SYSTEM

Human capital is the driving force for the development of an enterprise. The Group respects the personal freedom of employees. We create and embrace cultural diversity with zero tolerance for any discrimination, as well as respect the personal freedom and protect the privacy of employees. We offer competitive remuneration packages. Remuneration is based on the value of the position and a higher remuneration return is paid to excellent employees to encourage continuous improvement, in order to attract and retain talents. The Group ensures the wages of the employees are not lower than the minimum wage standard of local laws and regulations, and pays various statutory social insurances. The Group also provides paid leave, sick leave, work-related injury leave and maternity leave in accordance with statutory requirements. The Group presents specify terms of remuneration, dismissal, recruitment, promotion, working hours and holidays in our Employee Handbook to enable our employees to gain a comprehensive understanding of their rights and benefits.

The Group strictly complies with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare, such as the "Labor Law of the People's Republic of China" and "Labor Contract Law of the People's Republic of China". The Group has not identified or received any material violations or complaints about discrimination or recruitment during the reporting period.

As at 31 December 2023, the Group had 1,183 employees, all of them are full-time staff. The following table shows the overview of the Group's employee distribution by gender, age and position:

Category	Total number of employees (person)	
	2022	2023
By gender		
Male	935	932
Female	235	251
By employment type		
Full-time	1,170	1,183
Part-time	–	–
By age group		
Under 25	120	127
25 to 34	450	422
35 to 44	353	384
45 to 54	191	190
55 to 64	50	54
65 or above	6	6
By region		
Mainland China	1,164	1,172
Hong Kong	3	8
Singapore	3	3

As at 31 December 2023, the percentage of male and female in the workforce (including the senior management) was 79% and 21% respectively. The Board recognises that the manufacturing industry is largely male-dominated and the Group will continue to take into account diversity perspectives including gender diversity in its future hiring to maintain gender diversity across its workforce (including its senior management).

The employee turnover rate of the Group by category (monthly average) is as follows:

Category	Employee turnover rate (%)	
	2022	2023
By gender		
Male	2.56	2.58
Female	1.99	1.65
By age group		
Under 25	5.00	4.02
25 to 34	2.57	2.93
35 to 44	1.63	1.68
45 to 54	1.88	1.66
55 to 64	2.67	2.52
65 or above	5.56	0.00
By region		
Mainland China	2.46	2.39
Hong Kong	–	–
Singapore	–	–
<p>Note: The calculation was based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange. The calculation method is used as follows: Annual employee turnover/12 months/employee in this category x 100%:</p>		

2. HEALTH AND SAFETY

The Group attaches importance to the health and safety of employees. The “Employee Handbook” and the “Health and Safety Management Procedures” specify the policy on occupational health and safety. The Group values the safety and therefore actively takes effective measures to minimize safety risks. We have formulated a set of appropriate safety management programs, in accordance with laws and regulations including the “Safety Production Law of the People’s Republic of China”, the “Occupational Disease Prevention Law of the People’s Republic of China”, the “Fire Prevention Law of the People’s Republic of China”, to improve our abilities at coping with and preventing risks and incidents, keep employees free from the influence of occupational diseases during labor production process, and prevent the occurrence of occupational safety accidents and occupational diseases. The Group has established a safety office for planning the occupational health and safety assessment for each project before execution, conducting daily inspections and recording the implementation of safety measures. It has formulated and updated policies and procedures related to occupational safety and health, including the “Occupational Disease Prevention Archives and Related Emergency Management Mechanism”, the “Measures for the Management of Safety Production Accountability” and the “Measures for the Management of Labor Protection Articles”.

We also provide our employees with the necessary training to ensure they are equipped with skills and knowledge of safe working practices. In addition, we provide employees who are exposed to high-risk hazards with medical check-ups, relevant equipment and appliances for personal protection as well as formulate corresponding improvement plans.

During the reporting period, the Group did not identify any significant cases of non-compliance with the occupational health and safety legislation in the places of operation; during the same period, there were no cases of work-related fatalities of employees, and there was no number of work-related fatalities in the past three years, including the Year; however, work accidents resulted in a total of 2,055.1 working days lost during the Year.

The Group’s work-related injury statistics for the last three years are as follows and there were no work related fatalities in the past three years including the reporting period:

	2021	2022	2023
Work-related fatality	0	0	0
Percentage (%)	0	0	0
Lost days due to work-related injury	2,556.02	1,602.1	2,055.1

3. STAFF TRAINING

We devote to assisting our employees in their further education and development. We believe that providing our employees with the equipment and resources necessary for their work not only encouraging the culture of pursuit of excellence but also contributing to the success of the Group. The Human Resources Department or the department which the employee belongs to organizes on-the-job training based on the needs of the job duties. Our training includes induction training, job skills training and so on, which will strengthen the knowledge, skills and management experience of employees and improve their comprehensive quality. The occupational development path within the Group allows the development needs of the Group to match the career development goals, interests and strengths of employees. Employees can grow together with the Group to achieve their life values and ideals through knowledge accumulation and skills improvement.

The percentage of trained employees and average training hours completed per employee of the Group by category during the Year are as follows:

Category	Percentage of trained employees (%) ¹		Average training hours completed per employee (hour) ²	
	2022	2023	2022	2023
By gender				
Male	79.91	79.03	10.50	9.60
Female	20.09	20.97	9.60	8.50
By employee category				
Senior management	1.45	1.15	3.00	4.20
Middle management	3.93	3.98	15.20	15.60
Supervisor	4.44	4.51	19.20	18.10
General staff	90.17	90.35	10.40	13.5
<p>Note:</p> <p>1: The percentage of the trained employee is calculated based on Reporting Guidance on Social KPIs published by the Stock Exchange, and is calculated as: number of trainees in that category/total number of trained employees x 100%</p> <p>2: The average training hours completed per employee is calculated as: number of training hours completed in that category/ number of employees in that category</p>				

4. LABOR STANDARDS

The Group firmly prohibits the employment of child labor or forced labor. We recruit workers in accordance with the “Labor Law of the People’s Republic of China”, the “Hong Kong Employment Ordinance” and “Singapore Employment Law”, where applicable, and prohibit any form of forced labor and forced overtime work.

In order to avoid illegal employment of child labor or forced labor, the human resources department will check the identity documents of job applicants during staff recruitment process to verify their age, so as to prevent employment of child labor. We verify the identification of each applicant to ensure that relevant information complies with local laws.

To prevent forced labor, the Group ensures that all employees work on a voluntary basis and that no forced work in any form, such as debt labor and involuntary labor, is involved. All employees have the right to resign under the reasonable notice period stipulate in the employment or labor contract. For those who work at the factory areas, the human resources department also reviews the attendance records on a regular basis. If overtime work is discovered, an investigation will be conducted immediately to ensure that employees are not forced to work overtime. In addition, employees are permitted to move around freely within the workplace during work hours, and leave such workplace during the meal break and off-work hours of their own volition.

In the event of any child labor or forced labor incidents identified, the Group will deal with such incidents and rectify violations in accordance with the local laws of the regions where the incidents occur. During the reporting period, the Group did not identify any cases of legal violation relating to the employment of child labor or forced labor.

C. RESPONSIBLE OPERATION



Responsible Consumption and Production



Peace, Justice and Strong Institutions



Partnerships for the Goals



No Poverty

1. SUPPLY CHAIN MANAGEMENT

We maintain a close cooperation with our major steel suppliers, thus allowing us to obtain different grades of steel at any time. We have an effective supplier management system that covers procedures for evaluating, screening and monitoring suppliers, in which, all suppliers and subcontractors will be treated fairly and have equal opportunities. Before the engagement of suppliers, a series of audits would be conducted to assess their quality, environment and safety performance comprehensively, they can be adopted after they are qualified, to ensure environmental and social risks related to the supply chain are minimized.

The Group conducts audits and risk ratings for all suppliers every year. Furthermore, the Group performs on-site audits according to the risk assessment of suppliers. If any supplier is in violation of its contractual obligations and operating procedures, the cooperation relationship will be terminated. In the Year, the Company has completed the relevant review of all suppliers in accordance with this policy and the number of suppliers disclosed in this report has passed the review. The relevant review content includes, but is not limited to, product and service quality, business ethics, environment, labor practices and safety, and other requirements to ensure that the sustainable performance of the supply chain is in line with the Group’s policy. The results of the review confirm that all suppliers have implemented the supplier practices specified by the Group.

The Group gives priority to the products and services from local suppliers to introduce high-quality raw materials. In 2023, the Group’s suppliers were all sourced from the PRC. In addition, the Group will give preferential consideration to organizations having ISO 14001 environmental management system certification and ISO 9001 quality management system certification, in order to extend the Group’s environmental protection vision to all levels of the supply chain.

As at 31 December 2023, The number of suppliers of the Group by region is as follows:

Region	Number of suppliers	
	2022	2023
Mainland China	441	526

2. QUALITY CONTROL

As a responsible company, we fully understand the importance of compliance with laws and regulations related to the supply and use of our products and services, including health and safety, advertising, labelling and privacy matters. Jiangmen Huajin and Jiangmen Huamu have held ISO 9001:2015 certification for their quality management systems respectively, to ensure that our product quality is strictly monitored and meets the requirement of customers.

	Result	
	2022	2023
Percentage of products subject to recalls for health and safety reasons	0	0
Number of complaints about products and services received by the Company	0	0

The Group manufactures products according to applicable international standards, laws and regulations. Our quality control team closely monitors all important stages of our operations. For example, the procurement department monthly fills in the "Supply Analysis Form on Suppliers"; the sales department calculates the customer complaints tracking rate; and the production department calculates the passing rate of products and the production plan achievement rate. We strictly implement our quality control policies through a meticulous quality management system, and our product warranties generally require us to produce products that are free from any defects in materials and processes and meet customer requirements. If our products are unable to meet the required standards due to our fault, the products will be inspected, and we will make compensation or replacement. Each department will also formulate solution for and follow up the unqualified products to avoid misuse of unqualified products.

We also pay equal attention to product promotions to ensure our entire advertising and promotion complied with the product descriptions. We are committed to ensuring our customers are well informed when purchaseing. Product labels are produced and tagged according to industry standards. We organize trainings and carry out evaluation on new laws, regulations and standards from time to time to ensure strict compliance with laws and regulations across the Group. The labels of exports are in both Chinese and English.

Customer satisfaction is the key to success of the Group. We strive to improve our business performance in all aspects to exceed customer expectations. To better track the feedback from customers on product quality issues and improve efficiency of our after-sales service and product quality, our managers from business, quality and production departments will closely communicate with each other to decide whether it is necessary to designate our staff to handle customer’s issues on site and then report to the general manager on the customer’s on-site situation and the handling results. We will not use the customer information for other purposes without customer’s consent, which is regularly supervised by our business department. During the Year, the Group did not receive any material complaint from our customers.

The Group understands that registered trademarks are important intangible assets of the Group and are significant to our business operation. Jiangmen Huajin and Jiangmen Huamu have submitted patent applications in respect of our business operations to the State Intellectual Property Office of the PRC, and the patents applied for were created by our employees. The Group has registered about 86 patents for production equipment and technology up to now. We rely upon relevant laws and regulations, including but not limited to the “Patent Law and the Trademark Law” (專利及商標法), as well as the agreements relating to research and development entered into between the Group and its employees. The employees are prohibited from transferring or manufacturing products involving the intellectual property of customers or external suppliers without permission, in order to protect our intellectual property. Meanwhile, any third party must enter into a confidentiality agreement when accepting confidential information to maintain the confidentiality of such information.

The Group strictly complied with relevant laws and regulations relating to product health and safety, advertising, labelling, methods of redress and protecting intellectual property rights. Meanwhile, the Group complied with relevant laws and regulations relating to privacy matters, such as the “Product Quality Law of the People’s Republic of China” (《中華人民共和國產品質量法》). There was no material non-compliance during the period.

3. ANTI-CORRUPTION

To build a sound corporate atmosphere and maintain normal operation and management order, we are committed to guiding and regulating daily work behavior of our employees. To prevent the frauds and improve our work efficiency and results, the Group has established various policies and systems, such as the “anti-fraud management system”, “whistle-blowing procedures and channels” and the “conflict of interest policy”, so as to ensure its business procedures are in compliance with applicable local and international laws on prevention of bribery, extortion, fraud and money laundering.

The Board is the Group’s highest governance body responsible for developing, reviewing and monitoring the Group’s corporate governance policies and practices in compliance with the relevant law and regulations. The Board strives to uphold the highest level of business ethics and strictly prohibits and stands against any form of bribery, extortion, fraud, or corruption in the Group’s business operations. To comply with the applicable laws and regulations, the Group implements internal policies and control mechanisms to strengthen the management practices and prevent improper conduct and unethical behaviour. The Group has also communicated the preventive measures on bribery and corruption to the Directors and the Group’s employees. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in the internal policies and staff handbook.

The Board also strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a whistleblowing policy and mechanism to allow the employees and other stakeholders to raise concerns on any potential misconduct and malpractice confidentially to the Board or the audit committee.

The Group has established an audit mechanism to crack down on corruption, fraud and other irregularities through open whistle-blowing channels such as mailbox and telephone as well as serious investigation and handling of internal corruption reports. The investigation results will be submitted by the internal audit department to the management of the Company in the case of fraud involving non-senior management personnel, or to the Board and the audit committee in the case of fraud involving senior management personnel. In the case of any conflict of interest not being reported by relevant employee, if the evidence is found to be conclusive after investigation, the employee will face immediate dismissal and is required to compensate for related losses, and the case will be reported to the judiciary as and when necessary.

During the reporting period, we formulated the “Integrity Statement and Integrity and Self-discipline Commitment”(廉潔聲明書和廉潔自律承諾書), and regulated the “Huajin Group Integrity and Self-discipline System” (華津集團廉政自律制度), which further clarified the requirements for anti-fraud and integrity and self-discipline, as well as the penalties for violation of the relevant regulations.

We encourage our employees to comply with the Code of Ethics and provide corresponding training and educational resources to enhance the knowledge and awareness of anti-fraud and anti-corruption. In addition, we have established an internal audit organization to oversee and review the effectiveness of the internal control system to ensure compliance with the anti-fraud and anti-corruption policy.

We value our co-operation relationships with suppliers and partners and require them to comply with laws, regulations and ethical standards related to anti-fraud and anti-corruption. In our contracts with suppliers and partners, we specify anti-fraud and anti-corruption requirements and reserve the right to terminate the contract if they are suspected of, or proven to be involved in, misconduct. We value communication and co-operation with our stakeholders and encourage them to provide us with reports of misconduct to help us prevent and combat fraud and corruption.

In conclusion, the Group is committed to upholding high standards of business ethics, integrity and self-discipline and will continue to improve and enhance our anti-fraud and anti-corruption measures to ensure that our business operations are legally, ethically and morally consistent.

4. COMMUNITY ENGAGEMENT

The Group is committed to investing in the community and promoting sustainable development. In the past year, we conducted a number of community activities and made a series of donations to support community development in different areas. During the reporting period, we donated a total of RMB230,000 to the Xinhui District Charity Association for community charitable activities such as elderly care, orphanage support, education assistance, relief of poverty and disaster relief, etc. Our staff also assisted in the government's free nucleic acid testing activities on a number of occasions during the outbreak of the pandemic, with a total of 184.5 hours of related volunteer service. The following are our major community investment projects:

Donation for Gujing leukaemia students' medical expenses: We donated RMB10,000 to leukaemia students in the Gujing area to cover their medical expenses. This donation plays an important role in helping these students and their families cope with the burden of medical treatment.

Donation for the upgrading of the primary and secondary school libraries in Gujing Town: We donated RMB 20,000 for the upgrading project of the primary and secondary school libraries in Gujing Town. This investment aims to enhance the learning environment for students, enrich their reading resources, and promote their academic achievement.

Jiangmen courageous charity project: We donated RMB100,000 to the Jiangmen courageous charity project. This donation supports those who step forward in times of crisis and work for the safety and well-being of others. Through this investment, we hope to encourage more people to take an active role in the safety and well-being of their communities.

Donation for Muzhou town elderly canteen: We donated RMB100,000 to the Muzhou town elderly canteen. This donation was used to improve the living conditions of the elderly and ensure that they receive nutritious food. We value the elderly in our community and are committed to providing them with the support and care they need.

These community investment projects are part of our sustainable development strategy to promote the prosperity and well-being of communities. We will continue to invest in our communities in a variety of ways to support development in areas such as education, health, social welfare and environmental protection. We believe that by investing in this way, together we can create more prosperous, healthy and sustainable communities.

**INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE
ISSUED BY THE STOCK EXCHANGE**

A	Environmental	Chapter
ASPECT A.1	Emissions	A1
KPI A.1.1	The types of emissions and respective emissions data	A1
KPI A.1.2	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).	A1
KPI A.1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1
KPI A.1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1
KPI A.1.5	Description of emissions target(s) set and steps taken to achieve them.	A1
KPI A.1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1
ASPECT A.2	Use of Resources	A2
KPI A.2.1	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).	A2
KPI A.2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2
KPI A.2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2
KPI A.2.4	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.	A2
KPI A.2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2

A	Environmental	Chapter
ASPECT A.3	The Environment and Natural Resources	A3
KPI A.3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	There were no incidents with significant impact on the environment and natural resources during the period.
ASPECT A.4	Climate Change	A4
KPI A.4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4
B	Social	Chapter
ASPECT B.1	Employment	B1
KPI B.1.1	Total workforce by gender, employment type for example, full- or part-time, age group and geographical region.	B1
KPI B.1.2	Employee turnover rate by gender, age group and geographical region.	B1
ASPECT B.2	Health and Safety	B2
KPI B.2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no work-related fatalities in the past three years including the reporting period under review
KPI B.2.2	Lost days due to work injury.	There was a total of 2,055.1 lost working days due to work-related injury during the period
KPI B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2

B	Social	Chapter
ASPECT B.3	Development and Training	B3
KPI B.3.1	The percentage of employees trained by gender and employee category e.g. senior management, middle management.	B3
KPI B.3.2	The average training hours completed per employee by gender and employee category.	B3
ASPECT B.4	Labor Standards	B4
KPI B.4.1	Description of measures to review employment practices to avoid child and forced labor.	B4
KPI B.4.2	Description of steps taken to eliminate such practices when discovered.	There were no violations during the period
ASPECT B.5	Supply Chain Management	C1
KPI B.5.1	Number of suppliers by geographical region.	C1
KPI B.5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	C1
KPI B.5.3	Description of practices relating to environmental and social risks in each supply chain process where the practices are being implemented, how they are implemented and monitored.	C1
KPI B.5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	C1

B	Social	Chapter
ASPECT B.6	Product Responsibility	C2
KPI B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no products subject to recalls for safety and health reasons during the period
KPI B.6.2	Number of products and service related complaints received and how they are dealt with.	There were no complaints about quality during the period
KPI B.6.3	Description of practices relating to observing and protecting intellectual property rights.	C2
KPI B.6.4	Description of quality assurance process and recall procedures.	C2
KPI B.6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	C2
ASPECT B.7	Anti-corruption	C3
KPI B.7.1	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.	There were no legal cases regarding corruption during the period
KPI B.7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	C3
KPI B.7.3	Description of anti-corruption training provided to directors and staff.	C3
ASPECT B.8	Community Investment	C4
KPI B.8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	C4
KPI B.8.2	Resources contributed (e.g. money or time) to the focus area.	C4