

CHINA HONGGUANG  
HOLDINGS LIMITED  
中國宏光控股有限公司

Incorporated in the Cayman Islands  
with limited liability

Stock code: 8646

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT  
2019**

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## INTRODUCTION

China Hongguang Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**we**”) are committed to providing high quality architectural glass products, such as energy-efficient safety glass and smart glass products. The Group places much emphasis on corporate social responsibility. We hope to give back to society in various aspects while meeting our business objectives in a bid to achieve sustainability in our business.

This Environmental, Social and Governance (“**ESG**”) report has been prepared with a focus on the balance between business needs, social demands and environmental impacts. The Group recognises the growing trend and importance of incorporating sustainability into its business operations. A proactive approach in stakeholder engagement is adopted by the Group to understand the needs and expectations of its stakeholders, as well as to better manage ESG-related matters. During the course of implementing sustainability-focused business plans, the Group takes into consideration various short-term and long-term factors, including but not limited to current challenges that we are facing, its responsibility to all stakeholders, global trends, laws and regulations, and risk management, etc. We believe that in an ever-changing business environment, enterprises must take responsibility for ESG-related matters in the long term to achieve business success.

By having a thorough understanding of the risks and opportunities associated with its ESG management, the Group continues to fulfil its corporate social responsibility, comply with local laws and regulations, and provide quality work environment. At the same time, we take into account various social issues, including ethical procurement, environmental preservation, and community service, etc. We also strive for waste reduction as a means of environmental protection. As a member of society, the Group is committed to giving back and serving the community so as to build a better society as a whole.

Last but not least, the Group is pleased to present its ESG report. The content contained herein focuses on providing an overview of the policies and performance of the Group regarding four major areas, namely environmental protection, employment and labour practices, operating practices and community engagement, of our major operations for the financial year from 1 January 2019 to 31 December 2019 (the “**FY2019**”).

## ABOUT THIS REPORT

### Introduction of the Report

This ESG report provides an overview of the Group's ESG performance for the FY2019, as well as its commitment to ESG management. The ESG report mainly focuses on the Group's principal business in the PRC, which is the production and sales of architectural glass products, detailing its progress in achieving sustainability for its shareholders and other stakeholders.

### Scope of the Report

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") in Appendix 20 to the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This report summarises the ESG implementation of Jieyang Hongguang Coated Glass Limited ("**Hongguang Glass**"), the main business unit of the Group, which helps to evaluate the ESG performance of the Group's business operations in the PRC. For the FY2019, the Group has complied with the disclosure requirements of the "comply or explain" provisions set out in the ESG Reporting Guide.

Apart from internal factors such as company value, business strategies, and core competencies, the Group also values both internal and external communication with its stakeholders, while considering the ESG strategies of its competitors in achieving sustainable development. The Group has identified the following material ESG issues which have or may have a significant impact on:

- The PRC's architectural glass products industry;
- The global architectural glass products market;
- The current or future environment or society in which we operate;
- Our financial performance or operations; and
- Our stakeholders' assessments, decisions and actions.

In the preparation of this ESG report, the Group has referenced various international, local and industry standards or best practices, including the ESG Reporting Guide issued by the Stock Exchange, together with other relevant accounting and financial reporting standards in Hong Kong.

Stakeholders' concerns are the top priority of the Group. We welcome any feedbacks with regard to our ESG performance, and will appreciate and be open to all the suggestions from our stakeholders so as to safeguard the interests of the Group and all its stakeholders. For enquiries and feedback, please contact us by email at [hongguang@hongguang.hk](mailto:hongguang@hongguang.hk).

## ABOUT CHINA HONGGUANG HOLDINGS LIMITED

### Our Business

The principal operating activity of the Group is the production and sales of architectural glass products, including energy-efficient safety glass and smart glass products, which may be further processed as glass materials or installed as construction materials. The Group's headquarter is located at Jieyang, China. Its sales network mainly covers southern China and will expand to central and eastern China in the future. Our core customers include construction subcontractors, midstream architectural glass processors, as well as those in optics industry.

### Our Vision

To maintain our position in the Chinese market and high quality of our products, through product diversification and corporate strategies, the Group hopes to promote "Hongguang" as a brand in the international market for maximising sustainable development for its stakeholders.

### Our Mission

To become an advocate of corporate social responsibility through stakeholders and community engagement in various aspects.

### Our Objective

To provide high quality architectural glass products for our customers.

### Board of Directors (the "Board")

As at the date of this ESG report, the Board consists of:

Executive Directors	Independent Non-Executive Directors
Mr. Wei Jiakun (Chief Executive Officer)	Ms. Chen Xiuyan
Ms. Lin Weishan (Chairman)	Mr. Jia Xiaogang
Mr. Chen Biming	Mr. Wu Yong
Ms. Li Wanna	-

## OUR STAKEHOLDERS

The Group actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
<b>HKEx</b>	Compliance with listing rules, timely and accurate announcements.	Meetings, training, website updates and announcements.
<b>Government</b>	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Government inspections, tax returns and other information.
<b>Suppliers</b>	Payment schedule, and stable demand.	Business communications, procurement contracts, Email and phone communications.
<b>Shareholders/ Investors</b>	Corporate governance system, business strategies and performance, and investment returns.	Organising and participating in seminars, Shareholders' meetings, and issue of financial reports and/or operation reports for investors, media and analysts.
<b>Media &amp; Public</b>	Corporate governance, environmental protection, and human rights.	Issue of newsletters on the Company's website.
<b>Customers</b>	Product quality, reasonable prices, and product value.	Site visits, and after-sales services.
<b>Employees</b>	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Trainings, interviews for employees, internal memos, and employee suggestion boxes.
<b>Community</b>	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

## A. Environmental

As a leading architectural glass products manufacturer, the Group understands the significance of environmental protection and pledges not to sacrifice the environment in exchange for its business. We strongly believe in the value of incorporating environmental sustainability into our business operations and policies, as a well-protected environment is fundamental to our sustainable development. We are committed to reducing our use of natural resources and minimising environmental impacts, so as to maintain our leading position in environmental conservation.

During the FY2019, no material non-compliance issue with relevant laws and regulations related to the environment was identified by the Group. The Group will continue to stay alert to any non-compliance behaviors and actively contribute to environmental protection.

### Emissions

#### *Air Emissions*

The Group's core business activities include production and sales of architectural glass products, which require production facilities such as fixed machines and equipment. Electricity is adopted as the energy source for our production. Compared with gaseous fuel or fossil fuel, the use of electricity ensures safety and stability in our production line, as well as reduction of air emissions. As gaseous fuel and fossil fuel are not involved in our principal business operations and production, there was no material air emissions from the Group during the FY2019.

We will continue to monitor our production line and conduct frequent checks and maintenance so as to ensure energy-efficiency of our machineries and maintain low emission in this aspect.

#### *Greenhouse Gas Emissions*

Continuous greenhouse gas ("GHG") emissions pose significant threats to the environment, such as drastic climate change and disruption in the global ecosystem. The Group's GHG emissions was mainly attributable to the electricity consumption by production facilities, as well as other indirect emissions from daily business operations, for example paper waste disposed at landfills, electricity used for processing fresh water and sewage, and business air travel by employees etc. As such, apart from conducting regular checks and maintenance of its production facilities, the Group also emphasises on the reduction of electricity and water consumption, which help to cut down its carbon emissions from the source.

During the FY2019, the total GHG emissions by the Group amounted to approximately 2,550 tonnes, with 99% contributed by the indirect emission from the electricity consumption by production facilities, while the remaining 1% was attributable to other indirect emission sources, including electricity used for processing fresh water and sewage, as well as business air travel by employees. Meanwhile, the corresponding GHG emissions intensity was approximately 35 tonnes per employee. As the Group's principal business operations and production do not involve the use of fossil fuel, gaseous fuel or refrigerant, no material GHG emissions was resulted from these sources. Hence direct GHG emissions sources of Scope 1 emissions are not applicable to this ESG report.

The breakdown of our GHG emissions for the FY2019 can be found in table 1 below:

Scope	Source of GHG emissions	FY2019
		GHG emissions produced (tonnes)
<b>Scope 2</b>	Indirect emissions from electricity consumption by production facilities <sup>1</sup>	2,522.01
<b>Scope 3</b>	Paper waste disposed at landfills	3.90
	Electricity used for processing fresh water <sup>2</sup>	15.80
	Electricity used for processing sewage <sup>3</sup>	7.67
	Business air travel by employees	2.39
<b>GHG emissions figures</b>		
<b>Total GHG emissions produced (tonnes)</b>		<b>2,551.77</b>
<b>GHG emissions intensity (tonnes per employee)<sup>4</sup></b>		<b>34.96</b>

*Table 1. Breakdown of the GHG emissions for the FY2019.*

<sup>1</sup>According to the 《二氧化碳排放核算方法及數據核查表》 published by the Ministry of Ecology and Environment, PRC on 15<sup>th</sup> May 2016, the power supply discharge coefficient of Guangdong Province was set at 0.5912 kg/kWh.

<sup>2</sup>According to the latest 2017/18 figures announced by Hong Kong Water Supplies Department, the purchased electricity consumption per unit volume of fresh water treated was 0.577 kWh per unit, while the default territory-wide emission factor was 0.7 kg/kWh. Due to the limitation in obtaining relevant data in the PRC, the above figures were taken as the same as those in the PRC.

<sup>3</sup>According to the latest 2018/19 figures announced by Hong Kong Drainage Services Department, the purchased electricity consumption per unit volume of sewage treated was 0.28 kWh per unit, while the default territory-wide emission factor was 0.7 kg/kWh. Due to the limitation in obtaining relevant data in the PRC, the above figures were taken as the same as those in the PRC.

<sup>4</sup> GHG emissions intensity was calculated per employee. As at 31 December 2019, the total number of employees of the Group was 73.



As 99% of the GHG emissions came from electricity consumption, the Group has posted various labels at office reminding employees to switch off all idle electronic appliances, while promoting the use of natural lighting to reduce its electricity usage. We will also closely monitor our production line and conduct frequent checks and maintenance in a bid to ensure energy efficiency of the machineries and cut down the GHG emissions caused by electricity consumption. The Group will continue to cultivate its employees' environmental awareness and sense of responsibility so as to further contribute to environmental protection.

### *Waste Management*

#### Hazardous Waste

As aforementioned, the Group's core business concerns the processing of architectural glass products, in which procedures such as coating and tempering do not produce any hazardous waste. The remaining sewage from the production process was treated strictly under the government's regulations. Therefore, no material hazardous waste was produced or disposed by the Group during the FY2019. The Group will continue to monitor its production line and sewage management so as to ensure standardised and appropriate waste disposal and to minimise the risk of natural hazards.

#### Non-hazardous waste

The Group's principal business did not produce material hazardous waste, while its non-hazardous waste mainly comprised of paper used in daily business operations. During the FY2019, our paper waste disposed at landfills amounted to approximately 812.5 kg, with the corresponding waste intensity of approximately 11 kg per employee. In order to further reduce our paper consumption, we encourage our employees to adopt double-sided printing in everyday document, while collecting recyclable waste paper for recycling purpose. Besides, the Group also encourages its employees to substitute printed documents with electronic documents to minimize the consumption of paper.

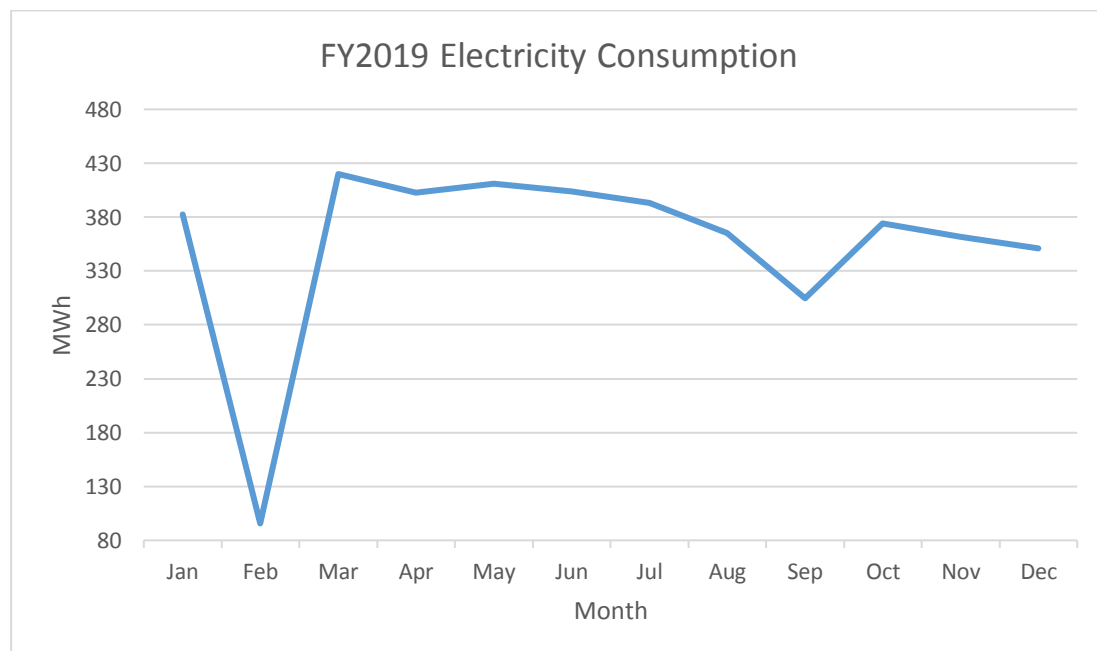
The Group places much emphasis on environmental protection. Thus, we have posted stickers and posters in our workplace to advocate the virtues of reuse, reduce and recycle. These measures help to strengthen our employees' environmental awareness and optimise our green production chain.

## Use of Resources

Being an environmentally friendly enterprise, the Group understands the importance of reducing carbon emissions from the root. Therefore, the Group has implemented a range of measures to cut down its use of resources for the purpose of achieving its goal of lowering carbon emissions.

### *Electricity Consumption*

The Group's carbon footprint was mainly attributable to its electricity consumption. During the FY2019, the Group's electricity usage amounted to approximately 4,266 MWh, with the corresponding intensity of approximately 58 MWh per employee. The low electricity consumption in February was caused by the suspension of production during Chinese New Year holiday. Our monthly electricity consumption can be found in Figure 1 below:



*Figure 1. The Group's Electricity Consumption during the FY2019.*

To encourage energy conservation, the Group has posted various stickers in its workplace, reminding its employees to switch off idle electronic appliances like air conditioners and lights. Also, the design of the corridors and windows in our office was based on the use of natural lighting. Together with the use of energy-efficient appliances in our office, we hope to reduce electricity consumption in all aspects. We will continue to keep a close eye on our production line and carry out frequent checks and maintenance, ensuring energy-efficiency of all machineries and preventing unnecessary electricity usage during our production process.

### *Water Consumption*

The consumption of water resources has always been a core environmental issue around the world. During the course of creating a world-class brand, water conservation has been one of the key objectives of the Group. During the FY2019, the Group's water consumption was approximately 39,000 m<sup>3</sup>, with the corresponding water consumption intensity of approximately 536 m<sup>3</sup> per employee. As our water was sourced from the local governmental body, there was no water supply issued identified during the FY2019.

To reduce its water usage, the Group encourages the practice of water conservation in washrooms. Not only does it cut down water consumption, it also lowers the electricity used for processing fresh water and sewage, and for reducing the Group's carbon footprint as a whole.

### *Packaging Materials*

The Group's principal activities are the production and sales of architectural glass products. Thus, no significant usage of packaging materials was identified.

### **The Environmental and Natural Resources**

With the various eco-friendly measures mentioned in the sections above, the Group has strictly complied with all the relevant laws and regulations with regard to environmental protection. Meanwhile, no material non-compliance issue regarding relevant laws and regulations was identified by the Group during the FY2019. We will continue to invest more resources to contribute to environmental protection.

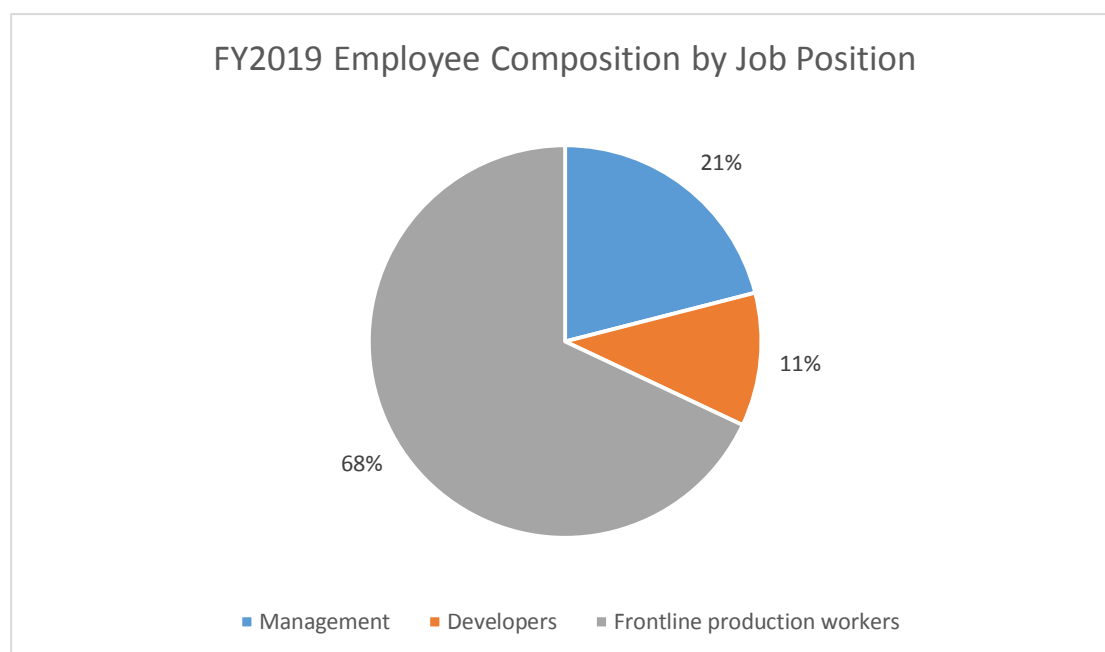
## B. Social

### Employment and Labour Practices

Employees are one of the Group's most cherished assets. We strive to provide the best remuneration package to our staff in different levels, such as attractive employee benefits, development and training programs, as well as harmonious and safe work environment. These help to create a robust support for our employees as they contribute to the Group so that we can achieve our corporate objectives hand in hand.

#### *Employment*

As at 31 December 2019, the Group comprised of 73 employees, most of which were frontline production workers. The composition of the Group's employees is illustrated in Figure 2 below:



*Figure 2. The Group's Employee Composition by Job Position for the FY2019.*

#### *Employee Benefits*

To achieve its corporate objectives together with its employees, the Group offers competitive remuneration package to its employees, including but not limited to on-the-job training, bonus, travel allowance, etc. We also conduct annual appraisal with our employees to review their job performance. By doing so, we encourage them to set clear goals for themselves, while we reward their contribution with performance-based incentive bonus so that they can continue to grow in the Group and meet our expectations and requirements. On the other hand, the Group assesses all its employees in a fair manner. During the course of recruitment and appraisal, factors such as employees' gender, geographical region, age and religion will not be taken into

consideration and will not influence the result so as to create a harmonious and diverse work environment. Social Insurance and Housing Provident Fund are provided to all our employees on top of the aforementioned benefits. The Group strictly complies with the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labour Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》), the “Social Insurance Law of the People’s Republic of China” (《中華人民共和國社會保險法》), and the “Regulations on Management of Housing Provident Fund” (《住房公積金管理條例》) and any other relevant laws and regulations, safeguarding its employees’ welfare and providing them the best remuneration package.

### *Work-life balance*

In order to ensure work-life balance of all the employees and maintain a balanced and healthy lifestyle, employees of the Group are prohibited from working over eight hours per day. We offer our staff three different working-hour systems, namely standard working hour, flexible working hour and combined working hour system, all of which can provide sufficient rest time for our employees. On top of regular rest days and statutory holidays, our employees are entitled to maternity leave, compassionate leave, marriage leave and family planning leave. The Group will also adjust the rest days depending on actual situation so that adequate rest is provided to all employees. Besides, the Group provides various facilities and activities to its employees, such as staff picnic, to cultivate their sense of belonging to the Group. With the aforementioned policies, the Group has successfully achieved a low monthly turnover rate at approximately only 1% during the FY2019.

### **Occupational Health and Safety**

The Group has strictly complied with the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》), the “Fire Control Law of the People’s Republic of China” (《中華人民共和國消防法》) and other relevant laws and regulations. We are committed to providing a safe work environment to our employees, and have implemented the following measures.

Our internal policy outlines the safety requirements and operating guidelines for every job position, as well as the handling and reporting protocols for accidents. Safety training and fire safety management protocols are also highlighted in our policies. All our employees are required to attend compulsory 3-level training workshops, namely corporate level, team level and workshop level, to familiarise themselves with the relevant operation procedures and safety protocols. They are only allowed to start working in the production line after attending all the training sessions. The use of

mobile phones and smoking are strictly prohibited in the workplace so as to maintain careful operation of machineries and prevent fire hazards or any accidents. The Group also requires all employees to wear protective gears provided by the Group while operating machineries in a bid to protect them from work-related injuries.

Safety requirements and guidelines have been posted around the workshops to strengthen our employees' awareness and knowledge of occupational safety.

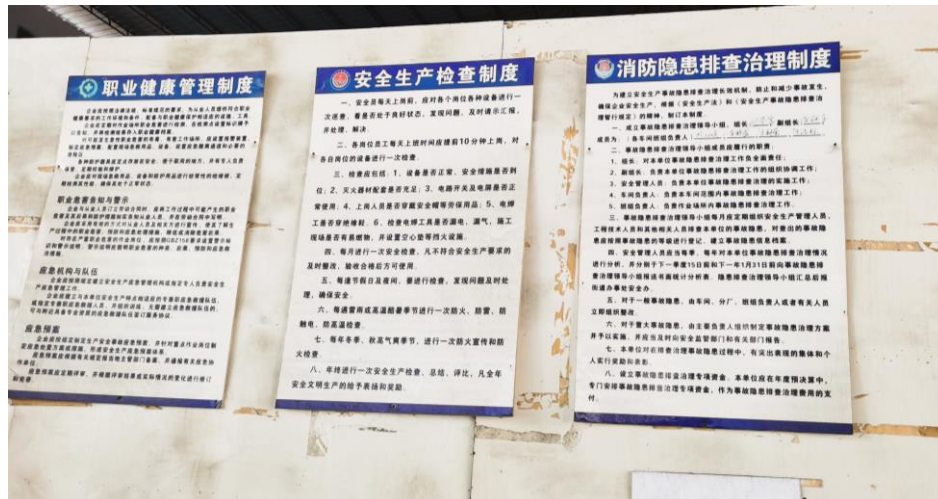


Figure 3. Safety requirements and guidelines posted in workshops

Education needs to be complemented with adequate equipment. As such, the Group has equipped its office and workshops with sufficient equipment for potential fire hazards, including fire extinguishers and fire hydrants. These equipment is under regular checks to ensure that it is in good condition in case of any occurrence of accident. Regular fire and emergency drills are also organised by the Group to familiarise its employees with the protocols and equipment used in emergency situations.



In case of any work injury, all employees are entitled to medical leave according to the relevant regulations to ensure adequate rest time for recovery. During the FY2019, the Group has strictly complied with all the relevant laws and regulations to provide a safe workplace for its employees. There was no cases of occupational hazard that has resulted in severe injuries, deaths or working days lost during the year. The Group will continue to stay committed to creating a healthy and safe work environment for its employees.

### **Development and Training**

Employees' growth is indispensable to the Group's sustainable development, hence the Group offers adequate and effective trainings to all its employees, while requiring their capabilities to meet its expectations and requirements. As such, the Group provides a range of internal trainings and development to its employees to enhance their performance, professional skills and knowledge. All employees, regardless of employment type or job category, are required to attend mandatory 3-stage training workshops upon employment commencement. The trainings cover the Group's internal administrative policies, operations of various departments and job positions, as well as guidelines for the employees with regards to Human Resources policy and anti-corruption mechanisms etc., which help the staff to better assimilate into and adapt to the new work environment. On top of familiarising the staff with the Group's requirements, the trainings also provide the relevant skills and knowledge pertinent to the operation of machineries and handling of emergencies.

During the FY2019, 19 of the Group's new employees have been trained, accounting for 26% of the total number of staff. We will continue to offer more training to our employees so that they can achieve sustainable development together with the Group.

### **Labour Standards**

The Group has strictly complied with the "Labour Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Provisions on the Prohibition of Using Child Labour" (《禁止使用童工規定》), the "Law of the People's Republic of China on the Protection of Minors" (《中華人民共和國未成年人保護法》) and other relevant laws and regulations. We pledge to offer remuneration not less than the minimum wage set out by the local authority and refrain from recruiting child labour. During recruitment, applicants are required to fill in job application form, which will be reviewed by Human Resources Department together with the applicants' identification documents, ensuring that no underage labour will be hired. During the FY2019, the Group did not encounter any labour dispute or cases of forced labour. The Group will continue to stay committed to its compliance with the relevant laws and regulations. If any of our employees encounter potential malpractices or misconduct, they are welcomed to report to the management through the established whistleblowing

mechanism. The management will handle the matter in a serious manner and take follow-up actions where necessary.

### Supply Chain Management

With its principal business being the production and sales of architectural glass products, the Group highly values its supply chain management. During the selection of supplier, the Group will first conduct background check on the company and assessment of its product quality. Site visit of the production line will also be carried out, ensuring that all materials and products procured from the supplier are up to the requirements and standards of the Group. Suppliers with satisfactory results from the assessment and site visit will be added to our approved supplier list. Quarterly supplier assessment will be performed on the suppliers on the approved supplier list in respect of their pricing, product quality, efficiency, reliability, ability to deliver products in a timely manner, and credit rating etc. The Group will also take into account whether the supplier has adopted environmentally-friendly policies similar to those of the Group to minimize its impact on the environment. Suppliers with unsatisfactory results from the quarterly assessment will be eliminated from the approved supplier list.

The Group selects credible and reliable suppliers to provide quality and sustainable products and services with reasonable prices. We have established a transparent and independent procurement procedure in a bid to foster competition while enhancing the interests of our shareholders and other stakeholders. Through integrating resources in procurement and promoting the adoption of supplier assessment and management mechanism, the Group hopes to establish an integrated vertical supply chain management, offering comprehensive solutions that meet its customers' needs.

Meanwhile, the Group encourages suppliers to exercise corporate social responsibility and comply with the relevant codes of ethics. Business should be conducted in an ethical manner, in which bribery or any other inappropriate forms of interests should not be provided or received by the supplier. According to the relevant laws and regulations, suppliers should regularly disclose information with regard to its business activities, corporate structure, financial position and performance.

As at 31 December 2019, the Group has engaged 30 suppliers in the PRC supplying raw materials for its production. During the FY2019, no material non-compliance pertinent to the Group's supply chain management was identified. We will continue to implement the aforementioned measures and maintain effective supply chain management.



## **Product Responsibility**

To maintain the leading position in the architectural glass products industry while achieving sustainable business development, the Group has strictly complied with the quality standard in its production of architectural glass products and other products, even exceeding the industry standard in a bid to safeguard the Group's reputation and public interests. On top of this, building a long-term trustful relationship with customers is of the Group's top priority so as to live up to its customer-oriented approach in business. During the FY2019, the Group has strictly complied with all the relevant laws and regulations regarding product quality, and was not aware of any non-compliance in this aspect.

### *Quality Control*

The Group has established a mature Quality Assurance System so that all of its products are up to the required quality standard.

During the procurement of raw materials, suppliers are required to provide samples for quality check and initial assessment. Only those with satisfactory results will be accepted by the Group. The quality assurance team of the Group will conduct detailed checks on all the key production processes of the supplier, ensuring that every procedure has complied with the Group's standard with regard to craftsmanship and product quality. Department heads are also required to sign on the assessment forms as confirmation. During the initial stage and mid-stage of production, the Group will perform sample checks on the raw materials, semi-finished products, and components of products used in production. The quality assurance team will also carry out sample checks on finished products during the final stage of production in respect of their quality, craftsmanship and measurements, ensuring that relevant requirements are met. As for the Group's inventory in-hand, the quality assurance team will perform sample checks on the quality of the inventory, preventing issues caused in the course of logistics and storage.

During the FY2019, the Group has produced approximately 3 million m<sup>2</sup> of architectural glass products, none of which was recalled for safety or health reasons. We will continue to implement the relevant policies and maintain the quality of our products, and offer high quality architectural glass products and services to our customers.

### *Customers' Response*

As a leading architectural glass products manufacturer, the Group places much emphasis on after-sales service to its customers in a bid to establish favourable relationship with them. The sales department is responsible for handling enquiries or complaints from customers. All customer complaints are dealt with patience, while all cases will be kept in record, detailing the issues and the follow-up actions so as to ensure that appropriate rectification measures have been taken and to provide data for quality

assurance team to improve the relevant processes in the future. During the FY2019, the Group did not receive any customer complaints.

### *Confidentiality*

Confidentiality of sensitive information is of great importance to the Group. All newly recruited employees are required to enter into a non-disclosure agreement with the Group, ensuring that all employees are familiar with the relevant requirements for the protection of sensitive information, including data with regard to the Group's customers and products under its production line. Unauthorised access of sensitive information is strictly prohibited so as to prevent direct or indirect leakage of data.

### *Intellectual property rights and patents*

The Group understands the importance of intellectual property rights and patents protection. During the application of patent, the Group will examine whether the patents concerned have been previously patented or owned by third-party business. Besides, the Group will conduct regular checks to see if our intellectual property rights have been infringed by other companies.

As at 31 December 2019, the Group has 5 patents for invention and 15 patents for utility new model.

### **Anti-corruption**

The Group has established an anti-corruption policy which prohibits any forms of bribery, blackmailing, fraud or money-laundering so as to set up a favourable organisational structure. All employees are required to strictly comply with Anti-Bribery Law. In the meantime, employment contracts have clearly set out the relevant requirements, prohibiting employees from providing, committing to, demanding or receiving any inappropriate exchange of interests during the course of business. They are not allowed to perform acts of violation of trust and honesty, illegal acts, or any other activities that may breach the laws and regulations, including but not limited to criminal acts like bribery, blackmailing, fraud and money-laundering, as well as other inappropriate activities (such as illegal political donations, inappropriate charitable donations or sponsorship, unreasonably providing or receiving gifts or services, jeopardising trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights, and engaging in unfair competition etc.) All employees under the Group are required to declare exchange of interests where applicable, while the management will decide the handling procedures. In case of any suspicious and potential malpractices or misconduct, our employees are welcomed to report to the management through the established whistleblowing mechanism, and the management will take follow-up actions in serious manner if applicable.

The Group has complied with the relevant laws and regulations with regard to anti-corruption. During the FY2019, there was no concluded legal case in any forms of corruption, bribery, blackmailing, fraud or money-laundering brought against us or our employees.

### **Community Investment**

Giving back to society remains one of the top priorities of the Group. Apart from achieving stable business operations and development, we also strive to demonstrate our spirit in serving and caring for the community while fostering the mindset of community engagement, as well as continuously contributing to various community services in the aspects of education and culture.

During the FY2019, the Group has organised a number of charitable events to serve the needs of the elderly and the visually impaired community.

The Group will continue to invest more resources and engage more employees in community services to address the educational and cultural needs in society. By these means, we hope to further promote the Group's culture of community investment.

## Environmental Data

### Greenhouse Gas Emissions

Total greenhouse gas emissions

2,551.77 tonnes

Greenhouse gas emissions intensity

34.96 tonnes per employee

### Non-hazardous waste

Total paper waste disposed

812.5 kg

Paper waste disposed intensity

11.13 kg per employee

### Electricity consumption

Total electricity consumption

4,265.93 MWh

Electricity consumption intensity

58.44 MWh per employee

### Water consumption

Total water consumption

39,123 m<sup>3</sup>

Water consumption intensity

535.93 m<sup>3</sup> per employee

**FY2019**

## Social Data

	FY2019
<b>Employment</b>	
Total number of employees	73
By job position	
Management	15
Developers	8
Frontline Production Workers	50
<b>Turnover rate</b>	
Monthly turnover rate	0.99%
<b>Work-related injury</b>	
Number of work-related injury	-
<b>Supply chain management</b>	
Number of suppliers (the PRC)	30
<b>Product responsibility</b>	
Products recalled for health and safety reasons	-
Number of customer complaints	-
<b>Anti-corruption</b>	
Number of concluded legal case regarding corruption	-

## ESG REPORTING GUIDE & REFERENCE

A. Environmental	Reference in this report
<b>A1. Emissions</b>	<b>Page #</b>
Policies and 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.	6 – 8
KPI A1.1 The types of emissions and respective emission data.	N/A
KPI A1.2 Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g per unit of production volume, per facility).	6 – 8
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g per unit of production volume, per facility).	N/A
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g per unit of production volume, per facility).	8
KPI A1.5 Description of measures to mitigate emissions and results achieved.	6 – 8
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	8
<b>A2. Use of Resources</b>	<b>Page #</b>
Policies on the efficient use of resources, including energy, water and other raw materials.	9 – 10
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	9
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	10
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	9 – 10
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	10
KPI KA2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A

<b>A3. The Environment and Natural Resources</b>	<b>Page #</b>
Policies on minimizing the issuer's significant impact on the environment and natural resources.	6 – 10
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6 – 10

<b>B. Social</b>	<b>Reference in this Report</b>
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<b>B1. Employment</b>	<b>Page #</b>
Policies and compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	11 – 12
KPI B1.1 Total workforce by gender, employment type, age Group and geographical region.	11
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	12

<b>B2. Health and Safety</b>	<b>Page #</b>
Policies and compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	12 – 14
KPI B2.1 Number and rate of work-related fatalities.	14
KPI B2.2 Lost days due to work injury.	14
KPI B2.3 Description of occupational health and safety measures adopted and how they are implemented and monitored.	12 – 14

<b>B3. Development and training</b>	<b>Page #</b>
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	14
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	N/A
KPI B3.2 The average training hours completed per employee by gender and employee category.	N/A

<b>B4. Labour standards</b>	<b>Page #</b>
Policies and compliance with relevant laws and regulations relating to preventing child and forced labour.	14 – 15
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	14 – 15
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	14 – 15

<b>B5. Supply chain management</b>	<b>Page #</b>
Policies on managing environmental and social risks of the supply chain.	15
KPI B5.1 Number of suppliers by geographical region.	15
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	15

<b>B6. Product responsibility</b>	<b>Page #</b>
Policies and compliance with relevant laws and regulations relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and method of redress.	16 – 17
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	16
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	17
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	17
KPI B6.4 Description of quality assurance process and recall procedures.	16
KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	17

<b>B7. Anti-corruption</b>	<b>Page #</b>
Policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.	17
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.	18
KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	17



<b>B8. Community investment</b>	<b>Page #</b>
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	18
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	18
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	18