

coolpad 酷派

COOLPAD GROUP LIMITED

酷派集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)



2022

**Environmental, Social
and Governance report**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approach

Coolpad Group Limited (“Coolpad” or the “Company”) and its subsidiaries (collectively, the “Group”) are committed to be a leading smartphone developer and manufacturer in the People’s Republic of China (“PRC”), while integrating sustainability into our business strategy. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability.

The Group recognizes its responsibility to be accountable to all its stakeholders, including HKEx, the Government, its customers, potential investors and shareholders, employees, suppliers, local community, its partners such as authorized sellers and distributors, as well as the media and the public. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach, the Group has established a tailor-made communication method in order to better meet each stakeholder’s expectations.

The Group, places a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities which exist in our daily operations, and embracing transparent corporate culture to ensure that the Group’s sustainability strategies are well communicated to our employees, customers, suppliers, the communities and other stakeholders.

In harmony with the national goal on pursuing Common Prosperity (“共同富裕”), the Group has taken the initiative to strengthen its operations in the rural areas of China concerning the network of sales service channels.

According to the Chinese Government, Common Prosperity is an essential requirement of socialism and an important feature of the Chinese-style modernization. It refers to the common prosperity of all the people including both the material and spiritual aspect, not just representing the wealth of a few, nor a uniform egalitarianism among the society.

Given the previous success in the Capital market, the Group is eager to further its business in the domestic market for expanding the business coverage to a wider consumer base in the more cost-effective mainstream smartphone market. Based on the idea of sharing the benefits of technological innovation through Regional Contracting (“區域承包”), the Group has built a new mode of approach and operation. Where the country’s geographic area is categorized into several regions according to the market capacity, with an authorised sales representative manager (“授權服務站站長”) overseeing each of these designated regions. The authorised sales representative manager is responsible for the active Coolpad users in the designated region, and benefits from the long-term gains from these users. The Group believes that direct collaborations with middlepersons and sales representative managers among the authorized sellers and distributors favour business expansion in terms of providing better services and better meeting the expectations of the targeted customers. By the same token, the Group is willing to share part of its profits with the associated personnel according to sales performance so as to celebrate Group’s success and tally with the concept of Common Prosperity.

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To implement sustainability strategies applicable to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

About this Report

The Group is pleased to present its Environmental, Social and Governance (“ESG”) Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of the Group’s major operations in the PRC for the year ended 31 December 2022 (the “Reporting Year”). It helps the Group to keep a close eye on our current performance as well as the opportunities to improve our performance. The Reporting Year coincides with the Group’s financial year.

Scope of the Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including materiality, quantification, and consistency. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in the PRC from 1 January 2022 to 31 December 2022.

Materiality

For the Reporting Year, the material ESG issues are those which have or may have a significant impact on:

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



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Quantification

The key performance indicators (“KPIs”) disclosed in this report are supported by quantitative data and measurable standards. The sources of all applicable data, calculation tools, methodologies, references and conversion factors applied are disclosed when presenting emissions data.

The data and information used in this report are referenced from the Group’s archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the year ended 31 December 2022.

Consistency

To facilitate the comparison of ESG performance of each year, the Group uses the same reporting and calculation methods when reasonably possible, and records any significant changes in relevant sections in detail. In this report, the intensity is calculated based on the number of employees of the Group (per capita).

About Coolpad

Business

Coolpad is listed on the Main Board of the Stock Exchange with stock code 2369. The principal operating activity of the Group is development, production and sales of smartphones and smart accessories. Our smart products have always been of good quality, in which the Group is a renowned and established manufacturer in the smartphone industry.

Vision and Mission

The Group aspires to contribute in advancing technological innovations, as well as to strive along those with endeavours. The Group will continue to strive for product innovations and cater to customers’ best interests for identifying the most pressing needs of the collective, thus truly creating a long-term value for our stakeholders.

Board of Directors (the “Board”)

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

Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
Mr. Chen Jiajun <i>(Chairman and Chief Executive Officer)</i>	Mr. Liang Rui	Mr. Chan King Chung <i>(resigned on 30 June 2022)</i>
Mr. Ma Fei	Mr. Ng Wai Hung	Mr. Guo Jinghui
	Mr. Xu Yibo	Mr. Chiu Sin Nang Kenny
		Mr. Ngai Tsz Hin Michael

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Stakeholders

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

Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/ Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.
Partners/Authorized sellers & distributors	Mutual benefits, and fair cooperation.	Regular meetings, and site visits.



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Materiality Assessment

For the Reporting Year, the Group had undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management, employees, and suppliers to identify the most significant operating, environmental and social impacts towards the Group’s business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:

ESG Materiality Assessment



Environmental Issues

Social Issues

Operational Issues

No.	ESG Topics	No.	ESG Topics	No.	ESG Topics
1	Greenhouse gas emission/ global warming	10	Anti-COVID-19 epidemic	18	Supply chain management
2	Exhaust air emission	11	Employee rights and welfare	19	Customers’ satisfaction
3	Energy consumption	12	Inclusion, equal opportunities and anti-discrimination	20	Customers’ privacy
4	Water consumption	13	Talent attraction and retention	21	Product quality
5	Hazardous waste/sewage	14	Occupational health and safety	22	Intellectual property
6	Non-hazardous waste/sewage	15	Training and development	23	Economic performance
7	Paper consumption	16	Preventive measures for child and forced labour	24	Operational compliance
8	Climate change	17	Community investment and engagement	25	Corporate governance
9	Compliance with environmental laws and regulations			26	Anti-corruption

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As shown above, the material ESG topics of the Group covers issues from the environmental, social and operational aspects, in which 3 most important ESG issues are identified, namely energy consumption, water consumption and paper consumption. The Company is a smartphone developer and manufacturer in the People's Republic of China (the "PRC"). In addition to product quality and customer satisfaction, the Group recognizes the importance of environmental issues as per the Group's principle in developing its business without compromise the environment.

Going on, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and presentation of the information when necessary.

Board Statement

The Group understands that the importance of efficient ESG governance to corporate sustainability. Therefore, the Group has developed an ESG management framework to ensure the effective implementation of relevant ESG policies in its operations. The Board is primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG related risks, as well as supervising the management and relevant departments in stipulating relevant policies with appropriate measures. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The board of directors currently consists of 8 male members, including 2 executive directors, 3 non-executive directors and 3 independent non-executive directors. We have actively advanced board diversity strategy by selecting new directors and continuing appointment of existing directors for the board. A number of factors are considered when deciding the appointment of directors, including but not limited to professional experience, skills, educational background, age, gender, race and cultural. In the future, we are looking forward to appointing at least one new female director in accordance with the requirement of Code Provision C.5.3 of Appendix 14 – "Corporate Governance Code" and Rule 13.92 of the Main Board Listing Rules no later than 31 December 2024. This objective of board diversity will be periodically reviewed to ensure appropriateness and the progress towards achievement.

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- monitoring the progress and performance of ESG initiatives; and
- reviewing and approving the annual ESG reports.



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Management is responsible for:

- identifying and assessing ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arranging works accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems are in place;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing and submitting annual ESG report to the Board for approval.

Functional departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

The Board will continue to observe the ESG-related work and keep up on the latest ESG disclosure requirements of the Hong Kong Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future in order to strive for better performances and better align with stakeholders' expectations.

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Section A: Environmental

The Group understands the importance of environmental protection in respect of which it promises not to sacrifice the environment in exchange of its business performance. In this regard, the Group strongly believes that a healthy environment is the basis of the Group's sustainable development. Thus, the Group is committed to operating in an accountable and sustainable way by integrating environmental protection and social responsibility considerations in our day-to-day operations through various measures so to decrease the related carbon emission level and the relevant intensity¹.

For the Reporting Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will continue to stay vigilant against any non-compliance behavior relating to critical environmental problems.

A.1 Emissions

Air Pollution Emission

There were no significant gaseous fuel consumptions in the production process of smart products. During the Reporting Year, the material air pollutants emitted from the petrol consumption of automobile usage was mainly attributed from transferring employees between the head office in Shenzhen and the workshops in Dongguan, as well as necessary travelling that supports the Group's sales team to extend promotion of the regional contracting model in different provinces in the PRC. A total of 12 (2021: 8) passenger vehicles were used during the Reporting Year, with 1 large passenger van and 11 small passenger cars. The aforementioned air pollutants are composed of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM").

During the Reporting Year, the total petrol consumptions were approximately 14,000 Liter ("L") (2021: 14,000 L). There was no significant increase in petrol consumption, in which employees are encouraged to opt for a more environmentally preferable means of commute, such as taking subways and buses. The total air pollutants produced was approximately to 13.8 kg (2021: 19.4 kg²), with an intensity of approximately 0.03 kg per employee (2021: 0.04 kg per employee). Nonetheless, all vehicles were under frequent checks and maintenance to ensure the energy efficiency. In addition, our drivers also plan the route ahead with the shortest distance and travelling time to reduce unnecessary fuel consumption.

Air Pollutants	Emissions in 2022 (kg)	Emissions in 2021 (kg)	Variance
SO _x	0.2	0.2	–
NO _x	12.8	18.1	↓29.3%
PM	0.8	1.1	↓27.3%
Total	13.8	19.4	↓28.4%

¹ The different intensity figures in this report are calculated per employee, which were 296 employees as of 31 December 2022 (2021: 536).

² The fuel consumption of mobile combustion during the year 2021 has been adjusted with a more precise measurement adopted. The travelling distance is estimated based on the units of fuel consumed by vehicles using the "Transport – Energy Utilization Index" issued by Electrical and Mechanical Services Department at <https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk>.

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Given the emission is highly subject to the business operation of the Group, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to keep the air emission growth to a level below its business growth, while also further the advocacy of the Group in promoting green commute in the future.

Greenhouse Gases Emission

During the Reporting Year, the total greenhouse gases ("GHG") emission by the Group weighted approximately 1,416.3 tons (2021: 8,708.3 tons). The key culprit of the GHG emission by the Group was electricity consumption, which represented over 92.0% of its total GHG emission. On the other hand, the usage of automobiles also contributed to the Group's direct GHG emission, which comprised approximately 2.7% of the total GHG emission. Alongside the aforementioned sources, there were also indirect emission sources noted as the electricity used in fresh water and sewage processing, paper waste disposal at landfills and business air travel by employees, representing the remaining GHG emission. In respect of our 296 employees (2021: 536 employees), the GHG emission intensity was approximately 2.6 tons per employee (2021: 16.2 tons per employee), with a decrease of 84.0% which was mainly due to the management decision of outsourcing its production process, with minimal processing service provided to customers in its Dongguan factories.

The details of the GHG emission is detailed as follows:

GHG Emission Sources	2022 GHG produced (tons)	2021 GHG produced (tons)	Variance
Scope 1 – Direct emission from sources			
– Automobile ³	38.7	37.9	↑2.7%
Scope 2 – Emissions from electricity consumption			
– Electricity consumption ⁴	1,302.9	8,589.5	↓84.8%
Scope 3 – Other indirect emission sources			
– Paper waste disposal in landfills	5.2	6.1	↓14.8%
– Electricity used for processing fresh water ⁵	17.2	48.2	↓64.3%
– Electricity used for processing sewage	8.2	22.9	↓64.0%
– Business air travel by employees	44.1	3.7	↑1,091.9%
Grand total	1,416.3	8,708.3	↑0.2%

³ The emission factor applied in calculation of GHG emission from automobile during the year 2021 has been adjusted with a more precise measurement adopted according to Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEX https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/other-resources/environmental-social-and-governance/how-to-prepare-an-esg-report/app2_kpis.

⁴ The emission factor used in the calculation is updated to the latest in the Reporting Year. According to the 《2019基準線排放因子結果》 published by the Ministry of Ecology and Environment, PRC on 29th December 2020, the power supply discharge coefficient of Guangdong Province was set at 0.8042 kg/kWh.

⁵ The per unit electricity consumption for processing fresh water and sewage in the PRC was assumed to be at 0.612 kWh and 0.29 kWh, which were as same as the case in Hong Kong according to the latest 2020/21 Annual Report of Water Supplies Department and 2020/21 Sustainability Report of Drainage Services Department, HKSAR.

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Since electricity consumption was the major source of the Group's carbon emission, the Group will strengthen both the enforcement and monitoring of energy-saving measures by encouraging its staff to turn off idle appliances, using more of energy-efficient appliances as well as promoting the use of natural lighting in the office and workshop in order to better control the emission from electricity consumption.

Given the greenhouse gas emission is highly subject to the business operation of the Group, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nevertheless, the Group aims to limit the emission growth to a level below its business growth for striving to minimize the accompanied environmental footprints in the future.

Waste Management

Hazardous Waste

The hazardous waste produced by the Group was mainly attributed to the operations of its production plants. Since all of the produced hazardous wastes are collected by the external contracted parties on an annual basis at once, and that the corresponding waste report is subjected to the approval of related government authorities, the data availability is subjected to the feedbacks from the authorities and a time lag is inevitable.

During the Reporting Year, there was no significant change in the reported amount of produced hazardous wastes, classified as categories 900-023-29, 900-248-08, 900-039-49, 900-041-49, under the urban classification program, weighted approximately to approximately 1.0⁶ ton (2021: 1.0⁷ tons). All of the produced hazardous wastes were handled properly by the external contracted parties. Hence, no significant amount of hazardous waste was disposed and emitted for the Reporting Year.

As the produced hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of hazardous waste may be resulted in response to the changes in the Group's operation and business performance. However, the Group aims to limit the growth rate of hazardous waste production lower than its business growth by improving production efficiency in the coming years.

⁶ The actual data for year 2022 is awaiting approval from related government authorities at the moment of preparing the report, hence the data collected reflects the amount of hazardous wastes produced in year 2020.

⁷ The data reflects the amount of hazardous wastes produced in year 2020.

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Non-Hazardous Waste

The non-hazardous waste produced by the Group was mainly the remaining scrap of materials after metal processing, electrical components and paper waste. The Group has contracted with external scrap recycle, in which the remaining materials and components were re-sold to third parties as raw materials for further production or recycling contractors in most circumstances. Hence, there was only paper waste to be disposed to the landfills. During the Reporting Year, there was no re-sold of materials and components (2021: 3.6 tons) due to the management decision of outsourcing its production process, with minimal processing service provided. The total paper waste disposed by the Group weighted to approximately 1.1 tons (2021: 1.3 tons) with a decrease of 15.4%, respectively compared to last year, mainly attributed to the decrease in operating activity, as well as the strategic arrangement in enhancing production efficiency of the Group.

As the produced non-hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of non-hazardous waste may be resulted in response to the changes in the Group's operation and business performance. Nevertheless, the Group is eager to have the growth rate of non-hazardous waste production lower than its business growth by improving production efficiency and optimizing packaging designs in the future.

Waste Management Policy

The Group has established a mature policy and procedure regarding the waste management, including sewage, gaseous waste, noise, solid waste and chemicals. The policy clearly stated the proper handling procedures and the means to reduce every kind of captioned wastes. In addition, the Group strived to streamline and plan ahead of the Group's production process, improve the conversion rate of materials, reduce or replace the use of hazardous or harmful substances, and maximize integrated use of wastes generated in the course of production for restricting the production of waste as far as possible.

Although the production of hazardous waste is inevitable given the business nature of the Group in the production of mobile phones, the hazardous waste was under good control by the Group's well-developed waste management system. All kinds of hazardous wastes generated by the Group's production plant were classified and recycled according to the urban waste classification program, and industrial hazardous waste handling contracts were signed with qualified environmental hygiene management centers and hazardous waste trading centers.

As for paper waste, the Group strives for advocating a paperless working environment for lowering the need of paper usage. The Group encourages all employees to use electronic documents, as well as the Enterprise Resource Planning system (the "ERP System") and the Office Automation system (the "OA System") instead of printing documents. For instance, the integrated management of the ERP System allows better internal controls and insights to the Group's business processes, while the automation of the OA System enhances productivity by allowing the efficient use of resources or materials. In addition, The Group spurs all employees to use double-side printing and reuse single-side-printed paper as draft paper to maximize resource utilization efficiency. As such, the Group is confident to reduce its paper consumption in the coming years with these measures enforced.

With above-mentioned measures enforced along with the corresponding targets set within the Group's operation, the Group is confident that its waste management measures are effective to lower its respective waste production in the future.

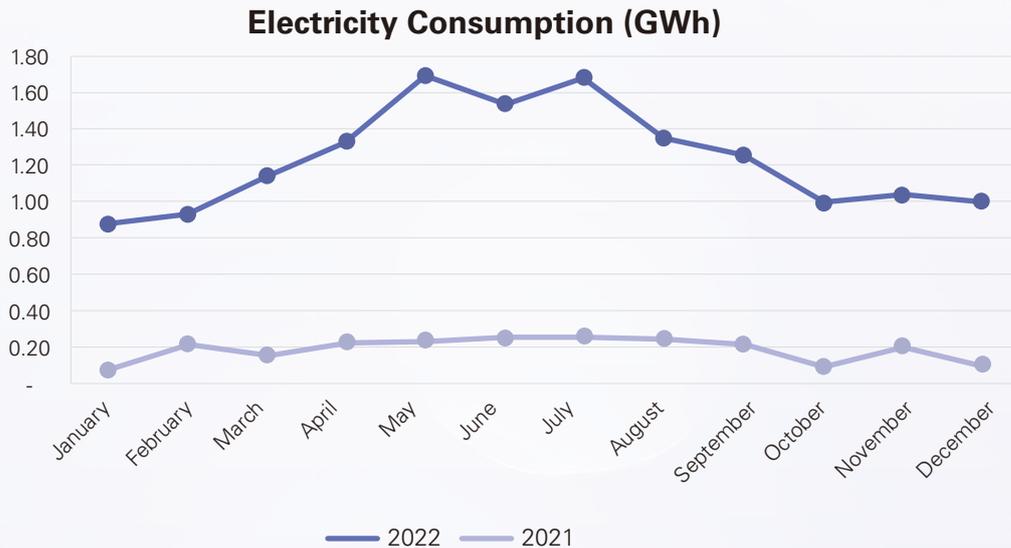
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A.2 Use of Resources

Considered that resource consumption bears environmental impacts, making full use of resources is encouraged to maximize their intended efficiency and to avoid wastage. As such, the Group initiates to become an environmentally friendly and sustainable enterprise. To reduce carbon emission and footprint, the Group has undertaken carbon reduction measures in the daily operations, as well as stipulated a series of environmental targets for striving to lower resource consumption in relation to the Group's operations.

Electricity Consumption

During the Reporting Year, the total electricity consumption was approximately 2.2 GWh (2021: 14.8 GWh), with an intensity of approximately 7.6 MWh per employee (2021: 27.6 MWh per employee). Compared to the total electricity consumption in 2021, there was a significant drop of 85.1% due to management decision of outsourcing its production process, with minimal processing service provided to customers.



Nonetheless, the Group has emphasized the essentialness of energy conservation within its operations, and adheres to the basic principles of giving priority to resource-saving and efficiency-based practices. An energy-saving management system has been established in order to boost energy conservation and emission reduction within different departments and their corresponding working units, where a designated person is responsible for setting up, reviewing and reinforcing the affiliated unit's respective conservation measures. Regular record keeping of energy consumption is expected along with check-ups from time to time. The energy consumption index of each operating unit is also regarded as one of the assessment contents of the business performance of the responsible person for raising the overall awareness and effectiveness of energy conservation within the Group in addition to the established incentive awards.

Besides, the Group spurs every employee to switch off all idle appliances, and ensure that all electronic equipment is switched off after working hours. In the office and workshops, the Group has encouraged its staff to develop an energy-saving habit by maximizing the potential of natural light whenever possible, instead of solely relying on electric lighting. The air-conditioning system is also set to be above 26°C in summer to avoid overworking of the air conditioner and restrict the respective power consumption. With the efforts of the designated persons made towards monitoring energy consumption related issues along with the in-time statistical analysis among different business units, a better monitoring process and performance tracking serve as a basis for sustainable development.

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Given the better monitoring process and performance tracking, as well as the efforts of the designated persons and the in-time statistical analysis among different business units, the Group is confident to lower its energy consumption.

Given the electricity consumption is highly subjected to the business operation and production activities of the Group, fluctuations in electricity usage may be resulted in view to the changes in the Group's business activities and production performance. Nonetheless, the Group aims to limit the growth of its electricity consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

In the foreseeable future, the Group promise to put more efforts on the topic of energy conservation to further reduce the carbon footprint.

Water Consumption

Like energy consumption, the Group facilitates the reduction of unnecessary water consumption given the scarcity of fresh water. Since water is considered as one of the most precious natural resources, it is highly valued by the Group.

During the Reporting Year, the Group consumed around 40,229 m³ (2021: 112,559 m³) water in its business operations, with a decrease of 64.3% comparing with the previous year due to management decision of outsourcing its production process, with minimal processing service provided to customers. In addition, the water supply of Shenzhen head office was changed to be managed by the building management of the office premise in 2022. In 2021, the Shenzhen head office and Dongguan workshops comprised of 5.5% and 94.5% of the total Group's water consumption respectively. The intensity per employee was approximately 135.9 m³ water consumption (2021: 210.0 m³ water per employee), which decrease for approximately 35.3%.



As the water was supplied by the governmental body, there was no water supply issue identified for the Reporting Year.

Nevertheless, the Group stressed on the necessity in conserving water and adopting related practices in its daily operations. For example, staffs are encouraged to limit the flow of water from the faucets and avoid leaving the tap running when using tap water. Besides, the Group also advise its staff to avoid wasting drinking water. Given the decreased water consumption during the Reporting Year, the Group considers the measures in conserving water resource as successful and will continue to maintain the goal in the coming future.

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Given the water consumption is highly subjected to the business operation and production activities of the Group, fluctuations in water usage may be resulted in relation to the changes in the Group's business growth and production performance. However, the Group aims to limit the growth of its water consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

Going on, the Group is committed to further develop the awareness in environmental protection among our staffs for maximizing the water efficiency within the Group, and strive to further scale down the corresponding water consumption.

Packaging Materials

The packaging materials were mainly packaging paper boxes used in the Group's daily operations. Due to suspension of production activity from the business adjustments, there was no packing materials used during the Reporting Year. The packing materials used in the financial year of 2021 weighted to 163.8 tons. There were no significant disposal of packaging materials to be identified during the Reporting Year.

A.3 The Environmental and Natural Resources

Alongside the aforementioned aspects, the Group has also developed a wide range of written policies for its employees to comply with for the sake of minimizing the negative impact on the environment. The Group drives its employees to follow the policies by weekly checks on the effectiveness of the implementation among different departments. To further incentivize the practice of environmental measures, the Group has also established an incentive bonus. With a satisfying result for at least three consecutive weeks, an incentive bonus will be rewarded to the corresponding departments. Alternatively, violations of the relevant policies would lead to a deduction in performance points. In this regard, not only can it reduce the carbon footprints produced within the Group's operation by provoking employee's environmental awareness, but it also helps establishing a sense of responsibility regarding environmental sustainability as a whole.

In addition to the internal management, the Group also emphasizes the cooperation with its suppliers on environmental protection. Suppliers are required to sign a commitment for not using any materials harmful to the environment and promise to comply with the relevant global regulations, including "the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment" ("RoHS") and "Registration, Evaluation, Authorization and Restriction of Chemicals" ("REACH").

Moreover, in terms of further reducing the consumption of electricity, the Group has equipped with some appliances that are energy-saving and operate with renewable energy. For example, LED light bulbs and solar energy heaters are installed in the head office. Electricity generators using solar energy are also equipped in the workshops. By these means, they benefit in raising energy efficiency while lowering the Group's electricity consumption along with its accompanied carbon footprints.

With the efforts made towards environmental protection, the Group is pleased to report that there was no material non-compliance issue regarding relevant laws and regulations for the Reporting Year.



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A.4 Climate Change

Fossil fuel consumptions and human activities are largely responsible for climate change due to increased emissions of heat trapping gases like carbon dioxide into the atmosphere. Given high concentration of greenhouse gases in the atmosphere, there is an urgent need to transitioning into a more sustainable and low-carbon economy for curbing global warming and its accompanying detrimental effects.

The Group recognizes the urge to join the endeavour in mitigating the influence of global warming. With the uncertainties brought by climate change, the Group faces potential physical risks and transition risks. Therefore, integrating climate considerations into the Group's decision-making process is crucial to capital allocation and supply-chain management for developing an effective action plan to adapt its operation to climate change.

The Group is faced with physical risks from the changing climate, which includes a higher frequency and intensity of severe weather events, with extreme precipitation and extreme cyclones being the most dominant threat faced by the Group and its employees. While these events endanger the safety of employees working at the premises, the goods and services provided by the value chain may also be disrupted due to obstructed logistic services or production process caused by the storms. Taking this into account, the Group adopts the mode of remote working such as working from home to ensure the safety of employees in the event of bad weather.

On the other hand, with more climate-related policies expected in the future, an increase in operational costs is projected. With China's vision towards 2060 Carbon Neutrality, there is a possibility on the implementations of carbon-pricing mechanisms such as Carbon Tax, Cap-and-Trade and mandatory regulation towards existing industries and services. As such, under the influence of carbon-pricing mechanisms, the Group's business performances may be hindered by paying additional costs due to the cost shifting from service providers, for instance semiconductor suppliers and manufacturers of electronic components.

Besides, rising material costs due to resource taxes or mining difficulties also impose extra costs for the Group as these raw materials are essential to smartphone production. Given the production of semiconductors is energy and water intensive while involving using a large amount of toxic materials, the extra environmental costs applied to the processes would inevitably increase the production cost, a higher marked price is foreseeable with the buyer having to bear. To mitigate these transitional risks, the Group advocates to recycle electronic components as far as possible. Moreover, the Group also regularly communicate ideas regarding environmental awareness with suppliers and outsourced factories, as well as reviewing their environmental performances to ensure best practice within their operations are adopted. Additionally, the Group is keen on enhancing its production plan and better its relationships with suppliers for enforcing a more inclusive partnership.

Nevertheless, the Group is sought to being an environmentally responsible corporation. The Group will continuously optimize its business model and advocate green business, in which the accompanied carbon emissions from its operations can be lowered while ensuring its business development, so that corporate strength could also be enhanced while achieving sustainability concurrently.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section B: Social

The Group understands the importance of managing its operation in the social aspects, including internal and external social factors, to achieve develop sustainably and responsibly while striving for performance. Hence, the Group strongly believes that a harmonious and safe working environment that respects the rights of the people is essential for its employees and its growth. Thus, the Group is committed to operating in an accountable and sustainable way by taking social responsibility considerations in our day-to-day operations through various measures to minimize possible risks from arising.

The Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment, health and safety, labour standards, product responsibility and anti-corruption during the Reporting Year.

B.1 Employment

The Group places huge importance on its most treasurable assets – its employees. The Group value the employees' contribution and dedication to the Group's business development, and is envisioned to the concept of "people-oriented". For the sake of maintaining the mutual interests for both, the Group aims to grow with all employees for the future boom of the Group.

Employee Benefits

The Group has established a long-term favorable relationship with our employees. The Group offers competitive and attractive remuneration package, including on-the-job internal and external training, medical benefits, transportation allowances, meal allowances, year-end bonus and performance-based incentive bonus, to our employees. The Group also provides Social Insurance and Housing Provident Fund to all its employees. Mutual funds are collected from volunteers to provide to the applicants who are in serious sickness of economic difficulties. The Group continuously assesses all the employees based on their performance for the decision of salary increment, bonus and promotion chance in order to keep them up to the Group's standard and reward them for their contributions. Attractive number of leaves, including marriage leave, compassionate leave, maternity leave, pregnancy-checkup leave, breastfeeding leave and paternity leave, are provided to our employees to ensure that they can enjoy work-life balance. Also, the Group regularly organizes different types of employee activities, such as birthday party, important festival party, annual dinner, football matches and staff picnic.

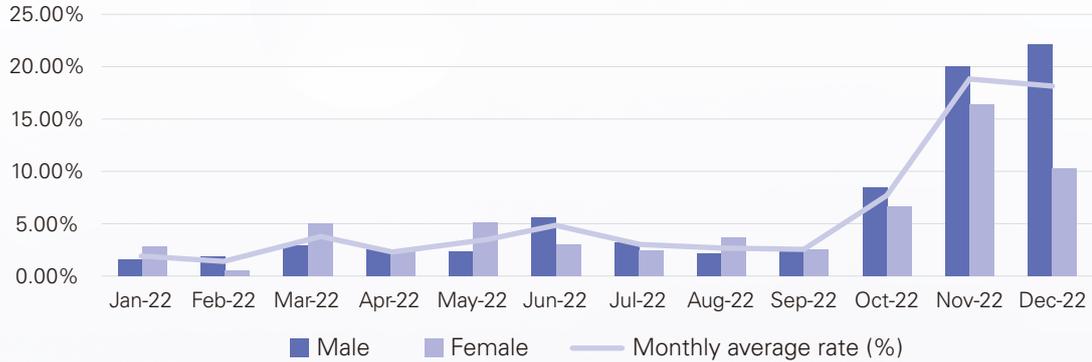
Employee Turnover

During the Reporting Year, the market competitive employee benefits help kept a healthy monthly average turnover rate at approximately 5.9% (2021: 11.7%). The monthly average turnover rate of employee by age group were approximately NIL (2021: 22.7%) (Below 18 years old, as intern staff), 10.6% (2021: 26.2%) (18–25 years old), 6.6% (2021: 9.2%) (26–35 years old), 3.7% (2021: 5.8%) (36–45 years old), and 1.3% (2021: 2.9%) (46–55 years old). The monthly average turnover rate of employee by gender were approximately 6.3% (2021: 11.4%) (Male) and 5.1% (2021: 12.0%) (Female). Since all our staff are from Mainland China, the corresponding monthly average turnover rate by geographical region was also 5.9% (2021: 11.7%).



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

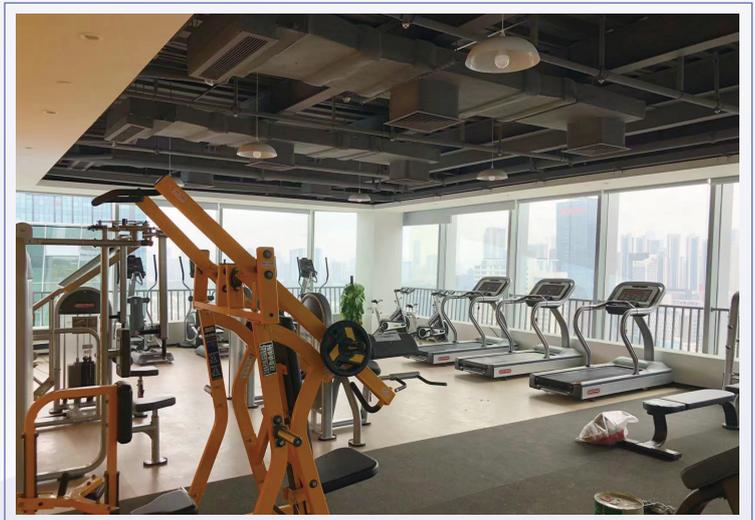
Number of Turnover and Turnover Rate by Gender



The Group strictly abides with the Labour Law of the People’s Republic of China, Social Insurance Law of the People’s Republic of China, Regulations on Management of Housing Provident Fund and other relevant laws and regulations which cover all employment protection and benefits.

Harmonious Workplace

To cultivate an engaging working environment, a spacious rest room with comfy sofas and facilities are installed for employees to take a break from their work, free snacks and drinks are also provided for refreshment. Aside from that, a gym room and dance room have been constructed to employees so that they can exercise or stretches during their breaks.



Rest room with comfy sofas; Gym room with gym equipment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Workforce

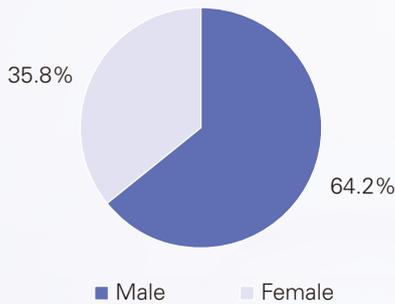
To diversify the background exposure of the Group, the Group hire employee based on experience, expertise and values, regardless of race, colour, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. We promote equal opportunities and diversity for all employees.

As of 31 December 2022, the total number of employees was 296 (2021: 536). All of our employees were full-time employees and were employed in Mainland China. The employees' male-to-female ratio was approximately 2:1, with 190 as male (2021: 365) and 106 as female (2021: 171). In addition, the Group have employees from different age groups. As of 31 December 2022, the Group consists of diverse workforce of different age groups, with 8 employees from the age of 18 to 25 (2021: 70 employees), 158 employees from the age of 26 to 35 (2021: 336 employees), 112 employees from the age of 36 to 45 (2021: 114 employees), 16 employees from the ages of 46 to 55 (2021: 16 employees), and 1 employee aged 56 or above (2021: NIL).

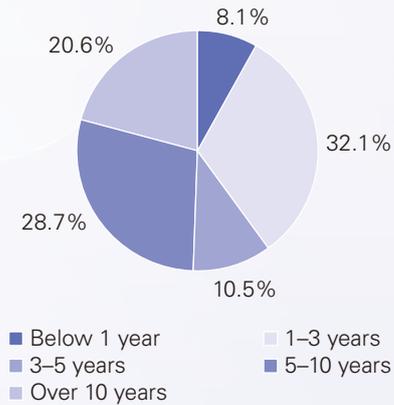
In respect of our harmonious working environment and effective human resources policies, approximately 59.8% (2021: 34.7%) of the employees have contributed for the Group for over 3 years as of 31 December 2022, which indicated that a good portion of the employees are loyal to the Group.

Please also refer to the below charts for more details of the employee structures of the Group:

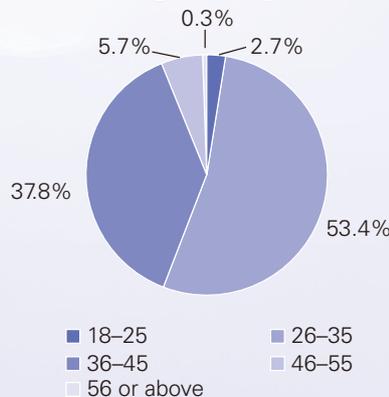
Employee Structure by Gender



Employee Structure by Years of Service



Employee Structure by Age Group



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group treasures every single employee and strives for building a trustful and strong bond with them. Going on, the Group will continue to cultivate the harmonious working environment for further driving employee engagement and retention in the future.

B.2 Health and Safety

The Group is committed to safeguarding the safety, health and welfare of all employees, workers, and the general public likely to be affected by the ordinary operations of the Group. In order to deliver the Group's commitment, the Group have established certain safety policies in place. The policies clearly stated the safety requirements of every possible sources, including from machinery, lifting, electric shock, pressure vessel, toxic gas and suffocation, falling, mobile vehicles and safety equipment. In case any kinds of accident occur, the Group formulates a well-developed emergency handling and reporting procedure to alleviate the possible lost in a most effective and efficiency way.

The Group understands that preventive measures are way more important and efficient than reactive measures. Therefore, the Group organizes fire and emergency drill in Dongguan workshops on a regular basis familiarize the employees with the treatment procedures of emergency accidents. Reports of the drills are reviewed for improvement. In addition, there are fire equipment, such as fire extinguishers and fire hydrants, placed in both the office building and workshops. The fire equipment is under regular checks to ensure that it is in good condition. Safety training is also provided to all the employees to ensure that they fully understand our safety policies and requirements, and protect them from getting any injuries.



A detailed escape route and layout of the office were posted in the noticeable area to prepare employees for emergency.

Our office is also well equipped with fire-fighting equipment in case of fire.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the view of COVID-19 pandemic during the Reporting Year, the Group pays extra attention in creating a safe and healthy environment for its employees. Alcoholic sanitizers were also placed in the office area, and buildings are sterilized in a frequent interval.

The Group has strictly complied with the relevant laws and regulations on providing safe work environment and protecting its employees from any occupation hazard. During the Reporting Year, there was no injury or fatal cases reported within the Group (2021: no injury and fatal case; 2020: 1 injury, no fatal case), thus no lost days are resulted. Going on, the Group will continue to strive for a safe and healthy work environment for our employees and workers.



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B.3 Development and Training

The Group underlines the indispensableness of employee improvement. The Group promises to provide sufficient and efficient training to the employees. The Group also focuses on the occupational requirements of employees at all levels to ensure that the employees are growing with the Company at the same time.

During the Reporting Year, the Group has implemented an annual training plan which aims to enhance employee's general capabilities and solidify the specific skills and knowledge related to their job position. The training program is carried out in a variety of training methods, including but not limited to online lectures, on-the-job trainings and case studies. The Group also encourages the staff to attend external training and courses by offering reimbursement of the tuition fees. Induction trainings are also offered to the new recruits to provide an overview of our business and a comprehensive introduction of the departmental operations and job responsibilities. Performance appraisals are conducted regularly to assess the skills and knowledge of the employees. If any of the employees lag behind, additional training with assessments will be provided to keep the employees on track to maintain quality of work. Incentive rewards will be offered according to the points that are formed by the quantified evaluation results.

As mentioned above in section *Health and Safety*, the employees are required to attend safety trainings. The safety trainings focus on the prevention of accidents, with safety procedures for using machineries and handling chemicals, and emergency dealing and reporting procedures.

During the Reporting Year, total number of 604 employees (including resigned employees) (2021: 489 employees) received a total of 271.8 (2021: 2,934) hours of training, in which 94.8% (2021: 91.2%) of the total number of staff (including resigned employees) attended. The percentage of employees trained by gender was approximately 67.5% (2021: 70.8%) for male and 32.5% (2021: 29.2%) for females, while the percentage of trained employees by employment category was approximately 94.9% (2021: 91.2%), 4.8% (2021: 8.2%) and 0.3% (2021: 0.6%) for frontline staffs, middle management and senior management respectively. The average training hours completed per employee was around 0.9 hour (2021: 5.5 hours). The average training hours completed per employee by gender were approximately 1 hour (2021: 5.7 hours) for male and 0.8 hour (2021: 5.0 hours) for female, and 0.4 hours, 0.4 hours and 0.2 hours for frontline staffs, middle management, and senior management respectively.

Moving on, the Group will continue to provide ample trainings for employees to ensuring both the quality and quantity of work and performance of employees are maintained.

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B.4 Labor Standards

The Group recognizes the compliance with international labour standards and protection of labour rights are one of the fundamentals to being a responsible company. The Group strictly abides by the relevant laws and regulations with regard to child labour, minimum wage specified by the government, and Social Insurance and Housing Provident Fund scheme. The Group has stipulated a Social Responsibility Management Manual which clearly stated policies regarding the management of social responsibility related issues, including child and forced labour. For instance, child and forced labour are strictly prohibited within the Group, and that suppliers or subcontractors who use child or forced labour are not accepted and restricted from engagement.

The Group is pleased to announce that it has not encountered any major risks in human rights and employment matters. The Group guarantees that no employee is made to work against his/her will, or work under forced labour, or subject to coercion related to work. During the Group's recruitment process, documentation of being legally eligible to work in the Group is obtained and verified. Except for those part-time staff described in the section *Employment*, there was no employee recruited under the age of 18. Through the whistle-blowing mechanism, employees can voice out the injustice they face or report any suspicious matters. The management will investigate into any reported cases immediately, and take further follow-up actions if necessary.

B.5 Supply Chain Management

As the Group engaged in development, manufacture and sales of smart products, the Group recognized the essentialness of the supply chain management of the inventories. During the supplier selection process, the Group considers the qualification, reputation, product quality, quality consistency and the ability to deliver on time among the suppliers. The Group obtains the material samples for our internal testing to ensure the material supplies are up to our strict standards. A professional evaluation team was formed to perform on-site inspection for the production process of the suppliers, only the suppliers with a pass result in the initial assessment can be added into our approved supplier list. During the Reporting Year, the Group has traded with approximately 17 suppliers (2021: 29), of which there were 10 (2021: 8) from Mainland China, 5 (2021: 16 from Hong Kong), 1 (2021: 2 from Singapore), 1 (2021: NIL) from the United States, and NIL (2021: 1 from Taiwan, Japan, and Korea respectively) from Taiwan, Japan, and Korea respectively. Looking ahead, the Group also seeks to enhance the adoption of domestic suppliers within its supply chain management. Aside from taking the reputability and reliability of suppliers into account, the Group also aims to limit the engagement with foreign suppliers and maximize the potential of suppliers from Mainland China as far as possible in order to support and reinforce the development of domestic brands names.

The Group conducts annual assessment of the approved suppliers to confirm that they are up to its required standards. Additionally, as aforementioned, suppliers are required to sign a commitment for not using any materials harmful to the environment and promising to comply with relevant global regulations. The Group removes any of the suppliers with unsatisfying results from the approved supplier list to ensure that we produce the best quality of products using the high-quality raw materials. Moreover, if any suppliers are found to be below our requirements and standards, warning letters will also be sent as an alert.

Besides the supplier selection and maintenance, the Group also places high importance on the contracting process with our suppliers. To safeguard the interests of both the Group and the counterparties, all contracts are under its Legal Department's review before signing to ensure the legal terms and obligations fulfil its requirements.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Not only do the Group focuses on the upstream suppliers, but the Group also emphasizes the development of long-term relationship with the downstream customers. As mentioned, on-time delivery is the fundamental key to manage the supply chain. To enhance the effectiveness and efficiency of delivering products to the Group's customers, the Group has established an efficient supply chain management system that links between manufacturers, suppliers, distributors and retailers by optimising the allocation of resources. In this regard, the Group can provide best-quality products to our customers in a timely manner at the most reasonable price.

B.6 Product Responsibility

Since the Group specializes on the development and manufacturing of smartphones and smart accessories, product quality is of high importance to the Group. The Group is committed to complying with and even exceeding applicable industrial and safety standards and quality control for the sake of safeguarding both the company reputation and the public interests.

Quality Standards

The Group has established a comprehensive, strict quality control system, covering the whole product life cycle, including quality of product planning, R&D design quality, manufacturing quality, supplier quality, sales service quality, reliability test, customer satisfaction, quality of operation, etc. The Group's business process has achieved effective integration of multiple sets of quality management system, unified execution, and met certification requirements. Currently, the Group has passed ISO9001, ISO14001, ISO45001, QC080000, TL9000 and other management system certification.

Product Certification

Before the products are launched, certification reports must be obtained to comply with the standards required by relevant regulations and rules set in different regions, including the United States, the European Union, Asia-pacific region, etc. The Group's legal team constantly monitors the updates on the aforementioned rules and regulations to ensure that our products are up to the global standards.

Intellectual Property Rights

The Group attached great importance to Intellectual Property protection in order to better fulfil its product responsibility. The Group has registered wide range of trademarks and Intellectual Property ("IP") rights for its products. No infringement is tolerated by the Group. Beyond that, the Group had also appointed a Chief IP Officer to focus on Company IP & trademarks management. The Group holds a strong belief that by respecting and protecting Intellectual Property, the Group can promote industry innovation and create a healthy and sustainable development of the industry. During the Reporting Year, there were 3 (2021: 11) patents successfully registered by the Group.

Customers' Response

The Group is committed to enhancing customer satisfaction and always treasures the customer relationship as an invaluable asset. The Group has formulated a thorough after-sale service network to effectively handle complaint by our customer service department. All complaints will be recorded in details to facilitate the follow-up actions as well as for future references to improve the product and sale-service quality. During the Reporting Year, there were 150 (2021: 8) complaints regarding product quality reported. All complaints are properly addressed and are resolved. The total number of returned products was 3 (2021: 2), which comprised of only approximately 0.09% (2021: 0.02%) of the total number of 321,100 (2021: 935,922) delivered goods. Going forward, the Group will continue to keep the well-established relationship with our customers by providing top quality products.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Privacy

Written policies and procedures are concretely covering the topics including the treatment of confidential information, security of confidential information and disclosure of confidential information. Unauthorized access of the Group's information system and take-away of sensitive information are strictly prohibited. The staff are required to sign Non-disclosure Agreement ("NDA") upon recruitment. Confidential information is under strict monitor to prevent any direct or indirect information leakage to external parties through any means.

Relevant Laws and Regulations

Actively notifying the compliance issues and inspecting among any deficiencies can prevent problems from escalating. Therefore, the Group keeps a close eye on the updates of relevant regulations and codes to revise its policies and operations accordingly to prevent any malpractice. The Group will continue to strive for providing high quality products to our precious customers. During the Reporting Year, the Group had strictly complied with the relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

B.7 Anti-corruption

Any forms of corruption and bribery are intolerable and unacceptable to the Group. The Group has established a wide range of "Anti-Bribery & Anti-Corruption Management Policy" that clearly stated the definition of bribery and corruption, the Group's stance and the responsibilities of its employees during various procedures such as procurement and tendering. The Group strictly prohibits its employees to accept any forms of gifts and benefits beyond proper permission. Since the policy has extensively stated guidelines and expectations regarding integrity among the employees, it is deemed that fundamental concepts about anti-corruption are sufficiently provided. Although there is no related training provided currently, the Group is committed to raise the importance of moral business ethics and anti-corruption concepts among its employees, in which the Group promises to arrange trainings for new recruited staff during orientation.

The Group encourages its employees to report alleged malpractices or misconduct. The Group values and welcomes the employees to report any suspected malpractices through various channels. The Management takes immediate action to investigate the issue once relevant reports are received. The Group promises to fully support the whistleblowers and the identity of the whistleblowers is also well protected.

During the Reporting Year, there was no concluded legal case (2021: NIL) regarding any forms of fraud brought against the Group or its employees. The Group had strictly complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

B.8 Community Investment

The Group places much emphasis on community investment, and it has continued to contribute back to the society in which it operates in. During the Reporting Year, the Group was unable to participate in community services in response to a series of COVID-19 related measures implemented by the Government, including the restriction and prohibition on group gatherings and maintaining social distance.

Going on, the Group aims to invest more resources into voluntary activities for the sake of positively contributing to the society. The Group is planned to arrange community service activity when situation allows in the coming future.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Data

	Year ended 31 December 2022	Year ended 31 December 2021
Emissions Indicators		
Air Emissions		
Total air emissions	13.9 kg	19.4 kg*
Air emission intensity	0.03 kg per employee	0.04 kg per employee*
NO _x emission		
Light goods vehicle	4.9 kg	10.4 kg*
Passenger car	7.9 kg	7.8 kg
SO _x emission		
Fuel consumption	0.2 kg	0.2 kg
PM emission		
Light goods vehicle	0.2 kg	0.5 kg*
Passenger car	0.6 kg	0.6 kg
Greenhouse Gas Emissions		
Total greenhouse gas emissions	1,416.3 tons	8,708.1 tons*
Greenhouse gas emission intensity	2.6 tons per employee	16.2 tons per employee*
CO ₂ emission		
Electricity generator (diesel oil)	–	–
Light goods vehicle	0.6 ton	1.2 tons*
Passenger car	33.7 tons	31.7 tons
Refrigerants	–	–
Electricity consumption	1,302.9 tons	8,589.5 tons*
Electricity used for processing fresh water	17.2 tons	48.2 tons*
Electricity used for processing sewage	8.2 tons	22.8 tons*
Paper waste disposal at landfills	5.2 tons	6.1 tons
Business air travel	44.1 tons	3.7 tons
CH ₄ emission		
Electricity generator (diesel oil)	–	–
Light goods vehicle	0.0014 tons	0.0022 tons*
Passenger car	0.101 tons	0.071 tons
N ₂ O emission		
Electricity generator (diesel oil)	–	–
Light goods vehicle	0.07 tons	0.2 tons
Passenger car	4.2 tons	4.6 tons

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	Year ended 31 December 2022	Year ended 31 December 2021
Hazardous waste produced		
Total hazardous waste reported	1.0 ton	1.0 ton
Hazardous waste disposed intensity	0.003 tons/per employee	0.002 tons/per employee
Non-hazardous waste produced		
Paper waste disposed	1.1 tons	1.3 tons
Industrial waste re-sold	–	3.6 tons
Non-hazardous waste disposed intensity	0.004 tons/per employee	0.009 tons/per employee
Use of Resources Indicators		
Electricity consumption		
Total electricity consumption	2.2 GWh	14.8 GWh*
Shenzhen Head Office	0.9 GWh	0.7 GWh
Dongguan workshops	1.4 GWh	14.1 GWh
Electricity consumption intensity	7.6 MWh per employee	27.6 MWh per employee*
Water Consumption		
Total water consumption	40,229.0 m³	112,559.2 m ³
Shenzhen Head Office	–	6,159.2 m ³
Dongguan workshops	40,229.0 m³	106,400.0 m ³
Water consumption intensity	135.9 m³ per employee	210.0 m ³ per employee
Packaging Materials		
Total packaging materials consumption	–	163.8 tons
Packaging materials consumption intensity	–	0.3 tons per employee

* Restated

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**Social Data**

	Year ended 31 December 2022	Year ended 31 December 2021
Employment Indicators		
Employment		
Total number of employees	296	536
By Gender		
Male	190	365
Female	106	171
By Years of Service		
Below 1 year	24	208
1–3 years	95	142
3–5 years	31	33
5–10 years	85	104
Above 10 years	61	49
By Age Group		
Below 18 (as part-time staff)	–	–
18–25	8	70
26–35	158	336
36–45	112	114
46–55	17	16
56 or above	1	–
By Type of Employment		
Full time	296	536
Part time	–	–
Temporary	–	–
By Geographical Region		
Mainland China	296	536
Employment turnover		
Total number of employee turnover	327	1,009
Percentage of employee turnover (monthly average)	6.9%	11.7%
By Gender (monthly average)		
Male	6.3%	11.4%
Female	5.1%	12.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2022	Year ended 31 December 2021
By Age Group (monthly average)		
Below 18 (as part-time staff)	–	22.7%
18–25	10.6%	26.2%
26–35	6.6%	9.2%
36–45	3.7%	5.8%
46–55	1.3%	2.9%
By Geographical Region		
Mainland China	5.9%	11.7%
Health and Safety Indicators		
Number of reported injuries	–	–
Number of loss hours	–	–
Number of lost days	–	–
Development and Training Indicators		
Total number of hours of staff training	272	2,934
Total number of employee received training	604	489
Male	408	346
Female	196	143
Percentage of employees received training	94.8%	91.2%
Percentage of employees trained		
By Gender		
Male	67.5%	70.8%
Female	32.5%	29.2%
By Employee Category		
Frontline Staff	94.9%	91.2%
Mid-level Management	4.8%	8.2%
Senior Management	0.3%	0.6%
Average training hours completed per employee		
By Gender		
Male	1.0	5.7
Female	0.8	5.0
By Employee Category		
Frontline Staff	0.4	5.6
Mid-level Management	0.4	4.8
Senior Management	0.2	1.8

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2022	Year ended 31 December 2021
Number of suppliers		
Total number of suppliers	17	29
By Geographical Region		
The PRC	10	8
Taiwan	–	1
Hong Kong	5	16
Singapore	1	2
United States	1	–
Japan	–	1
Korea	–	1
Product Responsibility Indicators		
Total number of complaints received	150	8
Total number of goods returned	3	2
Total number of goods delivered	321,100	935,922
Percentage of goods returned	0.09%	0.02%
Anti-corruption Indicators		
Number of conducted legal cases regarding corruption	–	–
Community Indicators		
Community Investment		
Corporate charitable donation (equivalent amount)	–	HK\$15,208,000
Employee volunteering		
Number of employee volunteers	–	16
Total number of service hours	–	24

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide & Reference

A. Environmental

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KPI A1.1 The types of emissions and respective emission data.	8
KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	9–10
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	10
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	9–10
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	10–11
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Policies on the efficient use of resources, including energy, water and other raw materials.	12–14
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).	12–13
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13–14
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	13–14
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	13–14
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	14
A3. The Environment and Natural Resources	Page
Policies on minimizing the issuer's significant impact on the environment and natural resources.	14
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14

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A. Environmental

Reference in this report

A4. Climate Change	Page
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	15
KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	15

B. Social

Reference in this Report

B1. Employment	Page
Policies and compliance with 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.	16–19
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	18–19
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	16–17

B2. Health and Safety	Page
Policies and compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	19–20
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	20
KPI B2.2 Lost days due to work injury.	20
KPI B2.3 Description of occupational health and safety measures adopted how they are implemented and monitored.	19–20

B3. Development and training	Page
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