

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)

2023



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 being 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, the 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 that exist in our daily operations, and embracing a transparent corporate culture to ensure that the Group’s sustainability strategies are well communicated to our employees, customers, suppliers, the communities and other stakeholders.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 2023 (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 C2 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 and Canada from 1 January 2023 to 31 December 2023.

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.

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 2023.

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).

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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 the 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.

During the Reporting Year, the Group started a new Web 3.0 Digital Currency Business in Canada in the second half of the year, and the Group intended to further expand the digital currency business in other regions in the coming year.

Vision and Mission

The Group aspires to contribute to 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 long-term value for our stakeholders.

Board of Directors (the "Board")

As at the date of this announcement, 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. Ng Wai Hung Mr. Xu Yibo	Mr. Guo Jinghui Mr. Chiu Sin Nang Kenny <i>(resigned on 8 January 2024)</i> Mr. Ngai Tsz Hin Michael <i>(resigned on 11 October 2023)</i> Ms. Wang Guan <i>(appointed on 11 October 2023)</i> Mr. Cheuk Ho Kan <i>(appointed on 8 January 2024)</i>
Mr. Ma Fei		

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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.

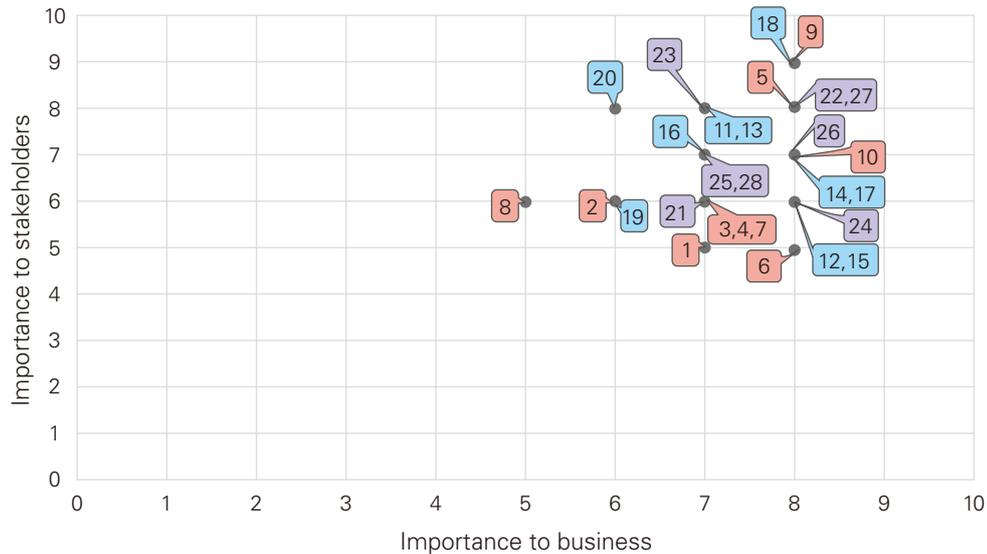
Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, 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 on 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 Matrix



Environmental Issues		Social Issues		Operational Issues	
No.	ESG Topics	No.	ESG Topics	No.	ESG Topics
1	Greenhouse gas emission/global warming	11	Anti-COVID 19 epidemic	21	Supply chain management
2	Exhaust air emission	12	Employee rights and welfare	22	Customers’ satisfaction
3	Energy consumption	13	Inclusion, equal opportunities and anti-discrimination	23	Customers’ privacy
4	Water consumption	14	Talent attraction and retention	24	Product quality and safety
5	Hazardous waste/sewage	15	Occupational health and safety	25	Economic performance
6	Non-hazardous waste/sewage	16	Training and development	26	Operational compliance
7	Paper consumption	17	Preventive measures for child and forced labour	27	Corporate governance
8	Forest damage caused by improper logging	18	Environmental protection	28	Anti-corruption
9	Use of raw materials and packaging materials	19	Community investment and engagement		
10	Compliance with laws and regulations relating to environmental protection	20	Labour standards in supply chain		

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As shown above, the material ESG topics of the Group cover issues from the environmental, social and operational aspects, in which the 2 most important ESG issues are identified, namely the use of raw materials and packaging materials and environmental protection. 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 compromising 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 the presentation of the information when necessary.

Board Statement

The Group understands 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 7 male members and 1 female member, including 2 executive directors, 3 non-executive directors and 3 independent non-executive directors. We have actively advanced the board diversity strategy by selecting new directors and continuing the appointment of existing directors for the board. Several factors are considered when deciding the appointment of directors, including but not limited to professional experience, skills, educational background, age, gender, race, and culture. To execute our board diversity strategy, we appointed a female independent non-executive director on 11 October 2023 to serve the board. The execution of the existing board diversity strategies will be periodically reviewed to ensure the effectiveness of the existing strategies and effective corporate governance of the Group.

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 with 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 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section A: Environmental

The Group understands the importance of environmental protection in respect of which it promises not to sacrifice the environment in exchange for 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 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.

During the Reporting Year, the Group started a new Web 3.0 Digital Currency Business in Canada in the second half of the year, and the Group intended to further expand the digital currency business in other regions in the coming year. Therefore, during the Reporting Year, we also considered the environmental effects caused by our business operation in Canada and present in this Report.

A.1 Emissions

Air Pollution Emission

There were no significant gaseous fuel consumptions in the production process of smart products. During the Reporting Year, as there are no vehicles used by the new WEB 3.0 Digital Currency Business in Canada, the material air pollutants emitted from the petrol consumption of automobile usage were mainly attributed to transferring employees between the head office in Shenzhen and the workshops in Dongguan, as well as necessary traveling that supports the Group to promote the composite channel model to potential partners in the PRC. A total of 11 (2022: 12) passenger vehicles were used during the Reporting Year, with 1 large passenger van and 10 small passenger cars. The aforementioned air pollutants are composed of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and particulate matter ("PM").

During the Reporting Year, the total petrol consumption was approximately 19,000 Liter ("L") (2022: 14,000 L). The increase in total petrol consumption was mainly due to the increasing use of vehicles for business purposes in the Reporting Year, we conducted more business activities when compared to the 2022 which was under wide range of the epidemic control. The total air pollutants produced was approximately 32.2 kg² (2022: 13.8 kg), with an intensity of approximately 0.11 kg per employee (2022: 0.03 kg per employee). Nonetheless, all vehicles were under frequent checks and maintenance to ensure energy efficiency. In addition, our drivers also plan the route ahead with the shortest distance and traveling time to reduce unnecessary fuel consumption.

¹ The different intensity figures in this report are calculated per employee, which were 293 employees as of 31 December 2023 (2022: 296).

² 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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Air Pollutants	Emissions in 2023 (kg)	Emissions in 2022 (kg)	Variance
NO _x	30.2	12.8	↑134.8%
SO _x	0.3	0.2	↑38.2%
PM	1.7	0.8	↑107.8%
Total	32.2	13.8	↑131.8%

Given the emission is highly subject to the business operation of the Group, fluctuations in emission may result 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 commutes in the future.

Greenhouse Gases Emission

During the Reporting Year, the total greenhouse gas ("GHG") emission by the Group weighted approximately 1,295.8 tonnes (2022: 1,392.6 tonnes³). The key culprit of the GHG emission by the Group was purchased electricity consumption, which represented over 90.4% of its total GHG emission. On the other hand, the usage of automobiles also contributed to the Group's direct GHG emissions, which comprised approximately 4.1% 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 293 employees (2022: 296 employees), the GHG emission intensity was approximately 4.4 tonnes per employee (2022: 4.7 tonnes per employee⁴), with a decrease of 6% which was mainly due to the reduction of office area in the Shenzhen head office.

³ As the power supply discharge coefficient and emission factor of sewage handling for the Reporting Year are updated, the data for 2022 is restated according to the updated discharge coefficient and emission factor.

⁴ As the power supply discharge coefficient for the Reporting Year are updated, the data for 2022 is restated according to the updated discharge coefficient and emission factor.

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The details of the GHG emission are detailed as follows:

GHG Emission Sources	2023 GHG produced (tonnes)	2022 GHG produced (tonnes)	Variance
Scope 1 – Direct emissions			
– Automobile	53.0	38.7	↑37.2%
• The PRC	53.0	38.7	↑37.2%
• Canada	–	–	–
Scope 2 – Indirect emissions from electricity consumption			
– Purchased electricity	1,171.9	1,278.9 ⁴	↓8.4%
• The PRC ⁵	1,156.4	1,278.9	↓9.6%
• Canada ⁶	15.5	–	N/A
Scope 3 – Other indirect emission sources			
– Paper waste disposal in landfills	3.9	5.2	↓25.6%
• The PRC	3.9	5.2	↓25.6%
• Canada	–	–	–
– Electricity used for processing fresh water ⁷	13.7	17.2	↓20.4%
• The PRC	13.7	17.2	↓20.4%
• Canada	–	–	–
– Electricity used for processing sewage ⁸	6.7	8.4 ⁸	↓20.4%
• The PRC	6.7	8.4	↓20.4%
• Canada	–	–	–
– Business air travel by employees	46.6	44.1	↑5.8%
• The PRC	46.6	44.1	↑5.8%
• Canada	–	–	–
Grand total	1,295.8	1,392.6⁹	↓7.0%

⁵ According to the 《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》 published by the Ministry of Ecology and Environment, PRC on 7 February 2023, the power supply discharge coefficient for the PRC was set at 0.5703 t/kWh.

⁶ According to the Government of Canada, the power supply discharge coefficient for the Manitoba of Canada was set at 2.0 g/kWh.

⁷ The per unit electricity consumption for processing fresh water and sewage in the PRC was assumed to be at 0.612 kWh and 0.30 kWh, which were as same as the case in Hong Kong according to the latest 2021/22 Annual Report of Water Supplies Department and 2021/22 Sustainability Report of Drainage Services Department, HKSAR.

⁸ As the emission factor of sewage handling for the Reporting Year are updated, the data for 2022 is restated according to the updated discharge coefficient and emission factor.

⁹ As the power supply discharge coefficient and emission factor of sewage handling for the Reporting Year are updated, the data for 2022 is restated according to the updated discharge coefficient and emission factor.

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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, use more energy-efficient appliances as well as promote the use of natural lighting in the office and workshop in order to better control the emission from electricity consumption.

Given that greenhouse gas emissions are highly subject to the business operation of the Group, fluctuations in emission may result 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 to strive to minimize the accompanied environmental footprints in the future.

Waste Management

Hazardous Waste

As the new WEB 3.0 Digital Currency Business in Canada is not involved in production, the hazardous waste produced by the Group was mainly attributed to the operations of its production plants in the PRC. Since all the produced hazardous wastes are collected by the external contracted parties on an annual basis at once, and the corresponding waste report is subjected to the approval of related government authorities, the data availability is subjected to the feedback from the authorities and a time lag is inevitable.

During the Reporting Year, the reported amount of produced hazardous wastes, classified as categories 900-023-29, 900-248-08, 900-039-49, 900-041-49, and 900-404-06, under the urban classification program, weighted approximately to approximately 0.4 tonnes¹⁰ (2022: 1.0 tonnes¹¹) with a decrease of 60.0%. All the produced hazardous wastes were handled properly by the external contracted parties. Hence, no significant amount of hazardous waste was disposed of 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 result 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.

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. As the new WEB 3.0 Digital Currency Business in Canada is not involved in production and is not required to use paper, the non-hazardous waste produced by the Group was mainly attributed to the operations of its production plants and head office in the PRC. The Group has contracted with external scrap recycling, 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 (2022: Nil) due to the management decision to outsource most of its production process, with minimal processing service provided. The total paper waste disposed by the Group weighted to approximately 0.8 tonnes (2022: 1.1 tonnes) with a decrease of 25.6%, respectively compared to last year, mainly attributed to the decrease in employees, as well as the strategic arrangement in enhancing production efficiency of the Group.

¹⁰ The actual data for year 2023 is awaiting approval from related government authorities at the moment of preparing the report, hence the data collected reflects the number of hazardous wastes produced in year 2022.

¹¹ The data reflects the number of hazardous wastes produced in year 2021.

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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 result 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 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 waste. 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 the 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 to advocate a paperless working environment to lower the need for 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 into 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 the 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 in lowering its respective waste production in the future.

A.2 Use of Resources

Considering 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 emissions 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.

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Electricity Consumption

During the Reporting Year, the total electricity consumption was approximately 9,757.6 MWh (2022: 2,242.6 MWh), with an intensity of approximately 33.3 MWh per employee (2022: 7.6 MWh per employee). Compared to the total electricity consumption in 2022, there was a significant increase of 335.1% due to the new WEB 3.0 Digital Currency Business in Canada which started in the second half of the reporting year.

The details of the electricity consumption are detailed as follows:

Electricity Consumption	2023 (MWh)	2022 (MWh)	Variance
By region			
– Shenzhen Head Office	762.4	856.5	↓11.0%
– Dongguan Workshop	1,265.3	1,386.1	↓8.7%
– Canada	7,729.9	–	–
Grand total	9,757.6	2,242.6	↑ 335.1%

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 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 tracks serve as a basis for sustainable development.

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 that electricity consumption is highly subject to the business operation and production activities of the Group, fluctuations in electricity usage may result in view to 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 promises to put more effort into the topic of energy conservation to further reduce the carbon footprint.

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Water Consumption

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

As the water supply of Shenzhen head office was changed to be managed by the building management of the office premise in 2022, and the new WEB 3.0 Digital Currency Business in Canada is not involved in water consumption, the water consumption of the Group during the Reporting Year was mainly attributed to the operations of its production plants in Dongguan.

During the Reporting Year, the Group consumed around 32,037 m³ (2022: 40,229 m³) of water in its business operations, with a decrease of 20.4% compared with the previous year due to the change in production technique which reduced the water consumption during the production process. The intensity per employee was approximately 109.3 m³ water consumption (2022: 135.9 m³ water per employee), which decrease for approximately 19.5%. As the water was supplied by the governmental body, there was no water supply issue identified for the Reporting Year.

Nevertheless, the Group stressed the necessity of conserving water and adopting related practices in its daily operations. For example, staff 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 advises its staff to avoid wasting drinking water. Given the decreased water consumption during the Reporting Year, the Group considers the measures in conserving water resources as successful and will continue to maintain the goal in the coming future.

Given that water consumption is highly subjected to the business operation and production activities of the Group, fluctuations in water usage may result 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 developing awareness of environmental protection among our staff to maximize the water efficiency within the Group and strive to further scale down the corresponding water consumption.

Packaging Materials

As the business in Shenzhen Head office and Canada is not involved in production, the packaging materials were mainly packaging paper boxes used in the Group's production plants in Dongguan. The packing materials used during the Reporting Year weighted approximately 3.7 tonnes (2022: Nil). The increase in the use of packaging materials is mainly due to the resumption of part of the Group's production operations in the fourth quarter of the year. There was 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 through 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 employees' environmental awareness, but it also helps establish a sense of responsibility regarding environmental sustainability as a whole.

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In addition to the internal management, the Group also emphasizes cooperation with its suppliers on environmental protection. Suppliers are required to sign a commitment to not use 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.

A.4 Climate Change

Fossil fuel consumption and human activities are largely responsible for climate change due to increased emissions of heat-trapping gases like carbon dioxide into the atmosphere. Given the high concentration of greenhouse gases in the atmosphere, there is an urgent need to transition into a more sustainable and low-carbon economy to curb 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 processes 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 of the implementation 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.

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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, and a higher marked price is foreseeable with the buyer having to bear. To mitigate these transitional risks, the Group advocates recycling electronic components as much as possible. Moreover, the Group also regularly communicates ideas regarding environmental awareness with suppliers and outsourced factories, as well as reviewing their environmental performances to ensure best practices within their operations are adopted. Additionally, the Group is keen on enhancing its production plan and better its relationships with suppliers to enforce a more inclusive partnership.

Nevertheless, the Group is sought to be an environmentally responsible corporation. The Group will continuously optimize its business model and advocate green business, in which the accompanying 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.

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 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 values 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 of both, the Group aims to grow with all employees for the future boom of the Group.

Employee Benefits

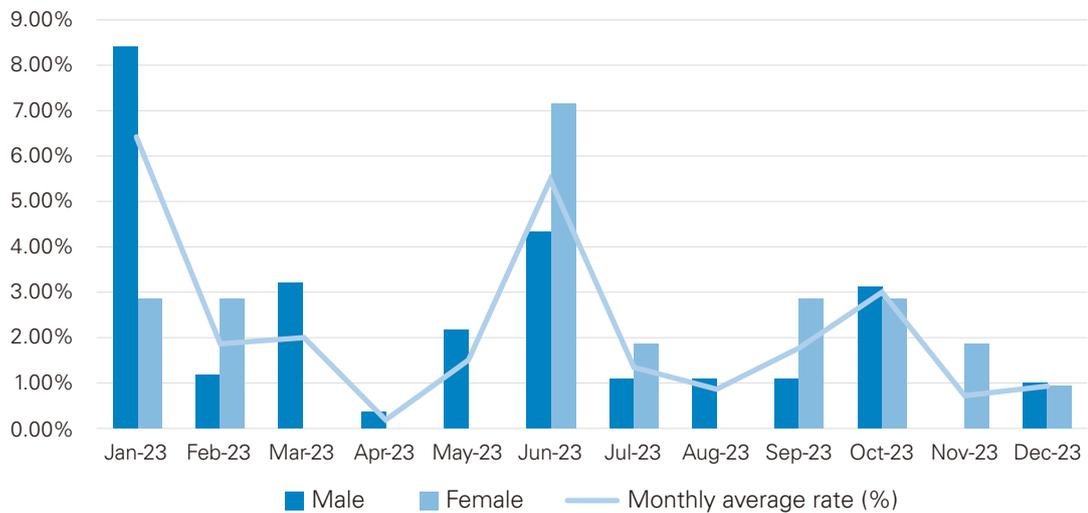
The Group has established a long-term favorable relationship with our employees. The Group offers competitive and attractive remuneration packages, including on-the-job internal and external training, medical benefits, transportation allowances, meal allowances, year-end bonus, and performance-based 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 or economic difficulties. The Group continuously assesses all the employees based on their performance for the decision of salary increments, bonus, and promotion chances in order to keep them up to the Group's standard and reward them for their contributions. An 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 parties, important festival parties, annual dinners, football matches and staff picnics.

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Employee Turnover

During the Reporting Year, the market competitive employee benefits help kept a healthy monthly average turnover rate at approximately 2.1% (2022: 5.9%). The monthly average turnover rate of employee by age group were approximately Nil (2022: Nil) (Below 18 years old, as intern staff), 7.5% (2022: 10.6%) (18–25 years old), 2.1% (2022: 6.6%) (26–35 years old), 1.4% (2022: 3.7%) (36–45 years old), and 2.1% (2022: 1.3%) (46–55 years old). The monthly average turnover rate of employee by gender were approximately 2.3% (2022: 6.3%) (Male) and 1.9% (2022: 5.1%) (Female). Since all our staff are from Mainland China, the corresponding monthly average turnover rate by geographical region was also 2.1% (2022: 5.9%).

Turnover Rate by Gender



The Group strictly abides by the Labour Law of the People's Republic of China, the 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.

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Harmonious Workplace

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



Rest room with comfy sofas; Gym room with gym equipment

Workforce

To diversify the background exposure of the Group, the Group hires employees 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.

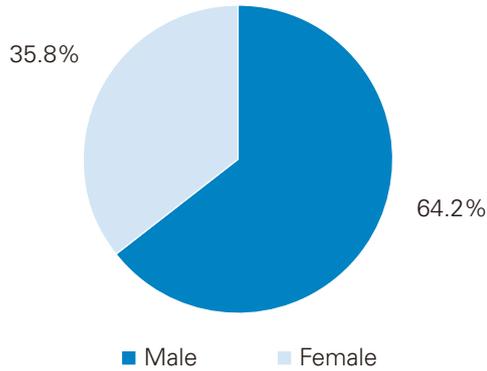
As of 31 December 2023, the total number of employees was 293 (2022: 296). All our employees were full-time employees and were employed in Mainland China. The employees' male-to-female ratio was approximately 2:1, with 188 as male (2022: 190) and 105 as female (2022: 106). In addition, the Group have employees from different age groups. As of 31 December 2023, the Group consists of diverse workforce of different age groups, with 16 employees from the age of 18 to 25 (2022: 8 employees), 152 employees from the age of 26 to 35 (2022: 158 employees), 111 employees from the age of 36 to 45 (2022: 112 employees), 13 employees from the ages of 46 to 55 (2022: 17 employees), and 1 employee aged 56 or above (2022: 1 employee).

In respect of our harmonious working environment and effective human resources policies, approximately 63.9% (2022: 59.8%) of the employees have contributed for the Group for over 3 years as of 31 December 2023, which indicated that a good portion of the employees are loyal to the Group.

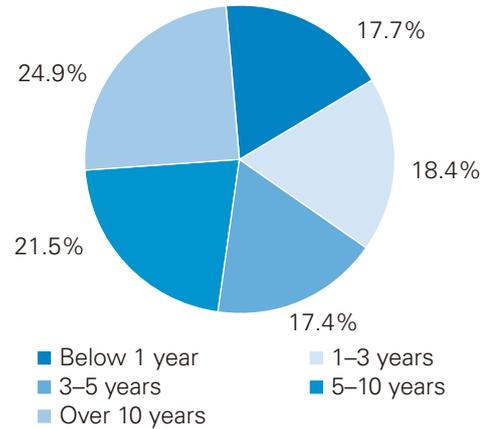
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

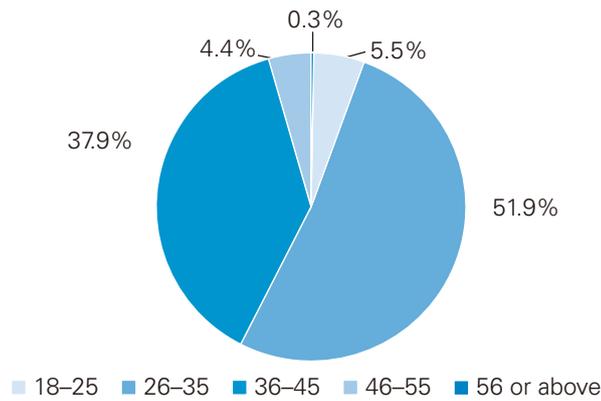
Employee Structure by Gender



Employee Structure by Years of Service



Employee Structure by Age Group



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

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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 has established certain safety policies in place. The policies clearly stated the safety requirements of every possible source, including machinery, lifting, electric shock, pressure vessels, toxic gas and suffocation, falling, mobile vehicles, and safety equipment. In case any kind of accident occurs, the Group formulates a well-developed emergency handling and reporting procedure to alleviate the possible loss in the most effective and efficient way.

The Group understands that preventive measures are way more important and efficient than reactive measures. Therefore, the Group organizes fire and emergency drills in Dongguan workshops on a regular basis to 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.

The Group has strictly complied with the relevant laws and regulations on providing a safe work environment and protecting its employees from any occupational hazard. During the Reporting Year, there were no injury or fatal cases reported within the Group (2022: no injury and fatal case; 2021: no injury and fatal case), thus no lost days 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 training, and case studies. The Group also encourages the staff to attend external training and courses by offering reimbursement of the tuition fees. Induction training is also offered to the new recruits to provide an overview of our business and a comprehensive introduction to 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 the section Health and Safety, the employees are required to attend safety training. The safety trainings focus on the prevention of accidents, with safety procedures for using machinery and handling chemicals, and emergency dealing and reporting procedures.

During the Reporting Year, total number of 260 employees (including resigned employees) (2022: 604 employees) received a total of 260.0 (2022: 271.8) hours of training, in which 89.3% (2022: 94.8%) of the total number of staff (including resigned employees) attended. The percentage of employees trained by gender was approximately 64.2% (2022: 67.5%) for male and 35.8% (2022: 32.5%) for females, while the percentage of trained employees by employment category was approximately 89.2% (2022: 94.9%), 8.1% (2022: 4.8%) and 2.7% (2022: 0.3%) for frontline staffs, middle management and senior management respectively. The average training hours completed per employee was around 0.9 hour (2022: 0.9 hour). The average training hours completed per employee by gender were approximately 0.9 hour (2022: 1 hour for male and 0.8 hour for female) for both male and female, and 0.9 hour, 1 hour and 0.9 hour for frontline staffs, middle management, and senior management respectively.

Moving forward, the Group will continue to provide ample training for employees to ensure both the quality and quantity of work and performance of employees are maintained.

B.4 Labor Standards

The Group recognizes that compliance with international labour standards and protection of labour rights are two of the fundamentals of 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 states 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 suppliers or subcontractors who use child or forced labour are not accepted and are 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, work under forced labour, or be 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 any reported cases immediately and take further follow-up actions if necessary.

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B.5 Supply Chain Management

As the Group engaged in the 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 an on-site inspection of the production process of the suppliers, only the suppliers with a passing result in the initial assessment can be added to our approved supplier list. During the Reporting Year, the Group traded with approximately 47 suppliers (2022: 17), of which there were 43 (2022: 10) from Mainland China, 2 (2022: 5) from Hong Kong, 1 (2022: 1) from Singapore, Nil (2022: 1) from the United States, and 1 (2022: Nil) from Canada. 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 brand names.

The Group conducts an 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 to not use any materials harmful to the environment and promise 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 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.

Not only does the Group focus on the upstream suppliers, but the Group also emphasizes the development of long-term relationships 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 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 in 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's 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 systems, unified execution, and met certification requirements. Currently, the Group has passed ISO9001, ISO14001, ISO45001, QC080000, TL9000, and other management system certifications.

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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 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 a 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 & trademark 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 9 (2022: 3) 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 complaints by our customer service department. All complaints will be recorded in detail to facilitate follow-up actions as well as for future references to improve the product and sale-service quality. During the Reporting Year, there were 9 (2022: 150) complaints regarding product quality reported. All complaints are properly addressed and are resolved. Among the total of 409,475 (2022: 321,100) goods delivered during the Reporting Year, there were no products returned (2022: 3 products returned, approximately 0.09% of the total number of delivery goods). Going forward, the Group will continue to keep a well-established relationship with our customers by providing top-quality products.

Data Privacy

Written policies and procedures concretely cover the topics including the treatment of confidential information, security of confidential information, and disclosure of confidential information. Unauthorized access to the Group's information system and take-away of sensitive information are strictly prohibited. The staff are required to sign a Non-disclosure Agreement ("NDA") upon recruitment. Confidential information is under strict monitoring 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 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 to provide high-quality products to our precious customers. During the Reporting Year, the Group strictly complied with the relevant laws and regulations relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided.

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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 state 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 from accepting 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 training for newly 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 (2022: 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.

Although the Group did not participate in community services during the Reporting Year, the Group aims to invest more resources into voluntary activities for the sake of positively contributing to society in the coming future. The Group is planned to arrange community service activities when the situation allows in the coming future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Data

	Year ended 31 December 2023	Year ended 31 December 2022
Emissions Indicators		
Air Emissions		
Total air emissions	32.2 kg	13.8 kg
– The PRC	32.2 kg	13.8 kg
– Canada	–	–
Air emission intensity	0.11 kg per employee	0.03 kg per employee
NO _x emission		
– The PRC	30.2 kg	12.8 kg
– Canada		
SO _x emission		
– The PRC	0.3 kg	0.2 kg
– Canada		
PM emission		
– The PRC	1.7 kg	0.8 kg
– Canada		
Greenhouse Gas Emissions		
Total greenhouse gas emissions	1,295.8 tonnes	1,392.6 tonnes*
– The PRC	1,280.3 tonnes	1,392.6 tonnes*
– Canada	15.5 tonnes	–
Greenhouse gas emission intensity	4.4 tonnes per employee	4.7 tonnes per employee*
Scope 1 – Direct emissions		
Automobile	53.0 tonnes	38.7 tonnes
– The PRC	53.0 tonnes	38.7 tonnes
– Canada	–	–
Scope 2 – Indirect emissions from electricity consumption		
Purchased electricity	1,171.9 tonnes	1,278.9 tonnes*
– The PRC	1,156.4 tonnes	1,278.9 tonnes*
– Canada	15.5 tonnes	–

* Restated due to the power supply discharge coefficient and emission factor of sewage handling were updated.

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	Year ended 31 December 2023	Year ended 31 December 2022
Scope 3 – Other indirect emission sources	70.9 tonnes	75.0 tonnes*
Paper waste disposal in landfills		
– The PRC	3.9 tonnes	5.2 tonnes
– Canada	–	–
Electricity used for processing fresh water		
– The PRC	13.7 tonnes	17.2 tonnes
– Canada	–	–
Electricity used for processing sewage		
– The PRC	6.7 tonnes	8.4 tonnes*
– Canada	–	–
Business air travel by employees		
– The PRC	46.6 tonnes	44.1 tonnes
– Canada	–	–
Hazardous waste produced		
Total hazardous waste reported	0.4 tonnes	1.0 tonne
– The PRC	0.4 tonnes	1.0 tonne
– Canada	–	–
Hazardous waste disposed intensity	0.001 tonnes/ per employee	0.003 tonnes/ per employee
Non-hazardous waste produced		
– The PRC		
• Paper waste disposed	0.8 tonnes	1.1 tonnes
• Industrial waste re-sold	–	–
– Canada		
• Paper waste disposed	–	–
• Industrial waste re-sold	–	–
Non-hazardous waste disposed intensity	0.003 tonnes/ per employee	0.004 tonnes/ per employee

* Restated due to the power supply discharge coefficient and emission factor of sewage handling were updated.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2023	Year ended 31 December 2022
Use of Resources Indicators		
Electricity consumption		
Total electricity consumption	9,757.6 MWh	2,242.6 MWh*
– Shenzhen Head Office	762.4 MWh	865.5 MWh
– Dongguan workshops	1,265.3 MWh	1,386.1 MWh
– Canada	7,729.9 MWh	–
Electricity consumption intensity	33.3 MWh per employee	7.6 MWh per employee
Water Consumption		
Total water consumption	32,037.0 m³	40,229.0 m ³
– Shenzhen Head Office	–	–
– Dongguan workshops	32,037.0 m³	40,229.0 m ³
– Canada	–	–
Water consumption intensity	109.3 m³ per employee	135.9 m ³ per employee
Packaging Materials		
Total packaging materials consumption	3.7 tonnes	–
– The PRC	3.7 tonnes	–
– Canada	–	–
Packaging materials consumption intensity	0.01 tonnes per employee	–

* Restated due to the power supply discharge coefficient was updated.

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Social Data

	Year ended 31 December 2023	Year ended 31 December 2022
Employment Indicators		
Employment		
Total number of employees	293	296
By Gender		
Male	188	190
Female	105	106
By Years of Service		
Below 1 year	52	24
1–3 years	54	95
3–5 years	51	31
5–10 years	63	85
Above 10 years	73	61
By Age Group		
Below 18 (as part-time staff)	–	–
18–25	16	8
26–35	152	158
36–45	111	112
46–55	13	17
56 or above	1	1
By Type of Employment		
Full time	293	296
Part time	–	–
Temporary	–	–
By Geographical Region		
Mainland China	293	296
Employment turnover		
Total number of employee turnover	76	327
% of employee turnover (monthly average)	2.1%	5.9%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2023	Year ended 31 December 2022
By Gender (monthly average)		
Male	2.3%	6.3%
Female	1.9%	5.1%
By Age Group (monthly average)		
Below 18 (as part-time staff)	–	–
18–25	7.5%	10.6%
26–35	2.1%	6.6%
36–45	1.4%	3.7%
46–55	2.1%	1.3%
By Geographical Region		
Mainland China	2.1%	5.9%
<i>Health and Safety Indicators</i>		
Number of reported injuries	–	–
Number of loss hours	–	–
Number of lost days	–	–
<i>Development and Training Indicators</i>		
Total number of hours of staff training	260	272
Total number of employees received training	260	604
Male	167	408
Female	93	196
Percentage of employees received training	89.3%	94.8%
Percentage of employees trained		
By Gender		
Male	64.2%	67.5%
Female	35.8%	32.5%
By Employee Category		
Frontline Staff	89.2%	94.9%
Mid-level Management	8.1%	4.8%
Senior Management	2.7%	0.3%
Average training hours completed per employee		
By Gender		
Male	0.9	1.0
Female	0.9	0.8

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	Year ended 31 December 2023	Year ended 31 December 2022
By Employee Category		
Frontline Staff	0.9	0.4
Mid-level Management	1.0	0.4
Senior Management	0.9	0.2
Number of suppliers		
Total number of suppliers	47	17
By Geographical Region		
The PRC	43	10
Hong Kong	2	5
Singapore	1	1
Canada	1	–
United States	–	1
Product Responsibility Indicators		
Total number of complaints received	9	150
Total number of goods returned	–	3
Total number of goods delivered	409,475	321,100
Percentage of goods returned	–	0.09%
Anti-corruption Indicators		
Number of conducted legal cases regarding corruption	–	–
Community Indicators		
Community investment		
Corporate charitable donation (equivalent amount)	–	–
Employee volunteering		
Number of employee volunteers	–	–
Total number of service hours	–	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide & Reference

A. Environmental

Reference in this report

A1. Emissions	Page
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.	8–12
KPI A1.1 The types of emissions and respective emission data.	8–9
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).	9–11
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11–12
KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	9–11
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.	11–12
A2. Use of Resources	Page
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).	14
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	13
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.	14
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	14

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A. Environmental

Reference in this report

A3. The Environment and Natural Resources	Page
Policies on minimizing the issuer's significant impact on the environment and natural resources.	14–15
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14–15

A4. Climate Change	Page
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	15–16
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.	15–16

B. Social

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