



**Changhong Jiahua Holdings Limited**

**長虹佳華控股有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 3991)

# **ESG Report 2023**

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## ABOUT THIS REPORT

### **BASIS OF PREPARATION**

This Environmental, Social and Governance ("**ESG**") report is prepared in accordance with "Environmental, Social and Governance Reporting Guide" as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and has complied with "Mandatory Disclosure Requirements" and "comply or explain" provision and reporting principles in the Listing Rules.

### **RELEASE CYCLE**

This report is issued on a yearly basis and, unless otherwise stated, covers the reporting period from 1 January 2023 to 31 December 2023.

### **PUBLICATION**

This report is published on the Stock Exchange's website and the Company's website.

### **REPORTING SCOPE**

This report covers Changhong Jiahua Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**").

## ESG REPORTING PRINCIPLES

**Materiality:** Comply on the materiality principles of Stock Exchange, this report discloses the deliberations of the board and the ESG working group on ESG issues, the communication with stakeholders, the process of identifying materiality issues and the matrix of materiality issues.

**Quantitative:** The sources of the statistical criteria, calculation methods, assumptions and/or calculation tools and conversion factors for the quantitative KPIs are described in this report.

**Balance:** This report presents the group's performance during the reporting period without bias, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgments.

**Consistency:** The statistical methods used to disclose the data in this report remain consistent with last year.

## CONTACT INFORMATION

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## ESG STATEMENT OF THE BORAD

The Group is committed to continuously improving its ESG governance as a long-term objective. The Group has developed a framework that integrates environmental, social and governance into its day-to-day operations. The Group has established the ESG Working Group composed of senior managers of the Group to ensure that its ESG governance strategies are communicated and implemented.

The Board formulates the Group's ESG strategy and is responsible for the risks associated with ESG. To enhance the Group's ESG governance, the Working Group assists the Board in regularly discussing and assessing the group's ESG governance risks, performance and strategies. In 2023, the Board considered material issues and reporting strategies and approved the publication of this report.

The Working Group is committed to organizing and implementing the ESG strategy and guidelines formulated by the Board of Directors, supervising and managing ESG-related risks and the effectiveness of internal control measures, taking charge of ESG-related issues in daily management and compiling annual ESG reports, etc..

In the future, the Group will strive to expand sustainable development business, promote new growth with new drivers, maintain long-term stable cooperation with partners, and develop together with stakeholders. At the same time, the Group will strengthen communication with stakeholders, continue to improve the ESG management system, further improve the ESG governance level of the Group, and continue to create more value for shareholders and stakeholders. The Board will take the ultimate responsibilities for the ESG strategies, management and performance of the Group. The Board reviews and decides the ESG policies, strategies and structures, determines the importance assessment, supervises the ESG-related overall management and decision-making, evaluates and determines the ESG risks and opportunities and other important issues, reviews and decides its ESG objectives, and regularly reviews the ESG performance. The Board reviews and checks the ESG-related objectives through regular meetings or/and reports and other forms and supervises the Group's ESG risks and opportunities to ensure the effectiveness of the ESG risk management and internal monitoring mechanism. The Group pays attention to the coordinated and sustainable development of enterprises with the society and environment. While pursuing economic benefits and enterprise development, it consciously incorporates social responsibility into its business strategy, carries on its business with integrity and compliance, actively performs social responsibilities and obligations, realizes the healthy and harmonious development of the Company and employees, the Company and society, and the Company and the environment, and continues to create value for shareholders.

## ABOUT US AND APPROACH TO ESG

The Company is a state-owned company listed in Hong Kong (stock code 3991), with the business philosophy "be a good partner to help with growth and support success", pursuing to become a remarkable digitalization and intelligentization comprehensive service provider in the new era, leveraging core digital and intelligent capabilities to empower oneself and partners for value enhancement. It is committed to providing partners with pan-ICT product lines, online and offline new circulation ecological services, ICT infrastructure construction products and services, enterprise cloudification and cloud data intelligence solutions and services to help partners grow and succeed in a long and sustainable manner.

In 2004, the Group's business officially started. In 2011, it entered the 10 billion enterprise camp. In 2013, it was listed in Hong Kong. In 2020, its business scale exceeded 40 billion yuan (tax-inclusive), ranking among the best in ICT industry enterprises. Company perennial "China digital ecological value-added distributors", in building innovative ecological can digital industry development excellence, gains "industry innovation model" and "digital transformation impetus" award, and in the marketing performance, good faith management, social responsibility, brand image category for local government, authoritative association, cooperation enterprises hundreds of honorary awards.





## APPROACH TO ESG

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The Group focuses on the sustainable development of coordination among the business, the society and the environment. In pursuit of economic efficiency and business development, we consciously incorporate social responsibility into our business strategy for an honest and compliant operation, and actively fulfills our social responsibilities and obligations, to achieve a healthy and harmonious development between the Group and our staff; the Group and the society; and the Company and the environment, and continue to create value for the Shareholders.

## CORPORATE MISSION

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The Group is committed to supporting its partners' digital and intelligent upgrading, aspires to become a listed company with good profitability and a remarkable digitalization and intelligentization comprehensive service provider in China, hence maintaining long-term sustainable development and creating maximum returns for shareholders.

## CORPORATE VISION

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- To become a remarkable digitalization and intelligentization comprehensive service provider in China
- To become a remarkable listed company bringing satisfactory returns to the Shareholders
- To become a paradise for the career development of professional managers

## CORPORATE CULTURE

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- Targets and results oriented: with clearly defined strategic targets, use the targets to be achieved to plan, figure out the timelines, strategies, measures and road maps in accomplishing them and then move forward step by step. Achieve targets through scientific and systemic ways of thinking and focus on results accountability. Fully mobilize the core strength to target, precise alignment, and continuously enhance the effectiveness of the work.
- Achieve targets through focused and efficient communications. Be straight to the point, have clear subjects during communication, important first and then secondary, be targets and results oriented and focus on facts but not individuals.
- Seek for truth, seek for diversity, and explore other kinds of possibilities: apply rules that are discovered during exploration process, seek for and apply differences in rules. Advocate "engineer culture", activate the creation gene, establish the innovative thinking mode of Chinese digitalization and intelligentization comprehensive service enterprises, revitalize the vitality of creation and endeavor to achieve corporate improvement and industry perfection.

## CORE BUSINESS PHILOSOPHY

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Be a good partner to help with growth and support success: We strive to coordinate resources, provide digital and intelligent service for sustainable growth of partners in a specialized way, and work with partners to expand digital and intelligent ecology, create new digital and intelligent value and share development achievements in the new era.

做**帮助成长**  
**支持成功**的好伙伴

## DEVELOPMENT STRATEGY

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On the basis of maintaining the steady development of the traditional ICT distribution business, to actively grasp the rapid development and digital transformation trend of the Internet of Things and cloud applications, increase technical investment, enhance independent innovation, develop and enhance digital and intelligent core capabilities, and realize the strategic transformation to a remarkable digitalization and intelligentization comprehensive service provider and value partner in the new era.

## 2023 OPERATING PERFORMANCE

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In 2023, amidst the ongoing geopolitical tension, the global economy remained unstable and the pace of recovery appeared to be slow. China's economy was challenged by the increasing complexity, severity and uncertainty of the external environment and the cyclical and structural contradictions of the internal environment, but with great efforts to expand domestic demand and optimize the structure, the economy has rebounded and improved gradually.

In 2023, the Group, faced with the challenges posed by a complex and severe economic environment and insufficient demand, responded swiftly to changes in the market and competition, seized market opportunities, promoted innovation and development, strengthened its operation and management, and maintained a steady performance and a positive development trend overall. At the same time, the Group remained committed to its strategic goals, accelerated the expansion and development of innovative businesses, built core competencies, and continued to promote strategic transformation and upgrading.

In 2023, the Group recorded an income of about HK\$37,170.63 million, down by 3.05% over the same period of the previous fiscal year; gross margin in 2023 was 3.50%, up by about 0.18 percentage point from the same period of the previous fiscal year, mainly due to the change in sales contribution of the product line. The profit attributable to shareholders in 2023 was approximately HK\$360.54 million, down by about 1.44% over the same period of the previous fiscal year and the basic earnings per share was HK\$14.03 cents, down by HK\$0.20 cents from HK\$14.23 cents in the same period of the previous fiscal year.

## 2023 CORPORATE HONOR

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- Awarded the Top 100 Service Enterprises and Top 50 Digital Economy Enterprises in Sichuan Province by the Sichuan Enterprise Confederation in 2023
- Awarded the Top 100 Digital Trade Enterprises in China by Sadie Consulting Co
- 2023 Sichuan E-Commerce Demonstration Enterprise, issued by Sichuan Market Economy Integrity Building Promotion Association
- Sichuan Model Enterprise of Integrity in 2023, issued by Sichuan Association for the Promotion of Market Economy and Integrity Building
- Certificate of Vice-Chairman Unit issued by the Computing Power Industry Professional Committee of China Electronic Chamber of Commerce in 2023
- Pioneer Award at the Global Digital Trade Expo by the Global Digital Trade Expo in 2023
- AAA Grade Credit Enterprise Award by Beijing Creation Credit Rating Co
- Certificate of Vice President of China Electronic Chamber of Commerce Digital Display Professional Committee in 2023
- 2023 China Top 50 VR Enterprises by China Electronic Information Industry Development Research Institute (CEIDRI)
- 2023 Outstanding Award in the Western Region of the 2023 "Challenger Cup" Metaverse Developer Competition issued by Sichuan Blockchain Industry Association
- National E-Commerce Demonstration Enterprise in 2023, issued by the Sichuan Provincial Department of Commerce
- 2022 Most Influential Integrity Demonstration Enterprise in Sichuan Province by Sichuan Market Economy Integrity Construction Promotion Association in 2023
- Outstanding Service Enterprise in Digital Transformation in 2023, awarded by Sadie.com
- 2023 Outstanding Digital Ecology Solution (Intelligent Manufacturing) by B.P Business Partners in 2023
- 2023 Digital Ecology Outstanding Solution (Intelligent Education) awarded by B.P Business Partners in 2023
- Received 2023 Digital Ecology Cloud Computing Service Excellence Award from B.P Business Partners in 2023
- 2023 Top 10 Service Provider of Digital Ecology Meta-Universe by B.P Business Partners in 2023
- Top 10 Digital Ecology Value-Added Distributors in 2023 by B.P. Business Partner
- 2023 Digital Transformation Driving Force Award by CFS 12th Financial Summit in 2023
- Won the 2023 ESG Exemplary Practice Award from the 12th CFS Financial Summit in 2023
- 2023 Influential Brand (Industry) Award presented by the 12th CFS Financial Summit in 2023
- Awarded the 2022 Outstanding Contribution Enterprise in Tax Payment for Building "Four Strong Districts" by the Mianyang Fucheng District Committee of the Communist Party of China (CPC) and the People's Government of Fucheng District of Mianyang City in 2023
- Awarded the vice-chairman unit by the cross-border e-commerce working committee of the China Electronic Chamber of Commerce in 2023



# STAKEHOLDERS ENGAGEMENT

The interest and opinions of stakeholders on our business activities are of great significance to the Group's sustainable development. The Group attaches great importance to communication with various stakeholders and establishes effective communication with stakeholders through various platforms and communication methods.

## COMMUNICATION WITH STAKEHOLDERS

Stakeholders	Expectations	Communication methods	Measures
<b>Investors /Shareholders</b>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' Meeting</li> <li>• Periodic reports, announcement</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Continued to enhance the Group's profitability</li> <li>• Released regular reports and announcements as required</li> </ul>
<b>Partners /Suppliers</b>	<ul style="list-style-type: none"> <li>• Candid cooperation</li> <li>• Fair and just</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Agreements</li> <li>• Field visit</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfilled cooperation agreements</li> <li>• Established long-term stable relationship with core partners</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Relationship stability</li> <li>• Service support</li> </ul>	<ul style="list-style-type: none"> <li>• Product supply</li> <li>• Agreements</li> <li>• Customer services</li> <li>• Company website</li> <li>• Field visit</li> </ul>	<ul style="list-style-type: none"> <li>• Signed annual cooperation agreements with the customers</li> <li>• Provided a wealth of products</li> <li>• Provided technical, training and other services</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Working environment</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Labour Contract</li> <li>• Employee training</li> <li>• Employee internal communication</li> <li>• Employee performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Improved compensation benefits and performance system</li> <li>• Provided a clean and comfortable working environment</li> <li>• Planned staff promotion path</li> <li>• Provided rich training courses</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Harmonious community</li> <li>• Public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• WeChat account</li> </ul>	<ul style="list-style-type: none"> <li>• Built a harmonious community</li> <li>• Conducted public welfare activities</li> </ul>

# MATERIALITY ASSESSMENT

The Group conducts stakeholder communication and importance assessment through telephone, questionnaire, etc., to enable stakeholders to understand their environmental, social and governance vision, to further determine the disclosure focus of the ESG report and respond to the expectations and requirements of stakeholders. We took into account internal and external views to define sustainability issues that are relevant to our business and stakeholders.

**The results of the following importance ESG issues have been approved and confirmed by the Board:**

Sorted by Materiality	Issues
<b>High materiality issues</b>	Compliance Operations Anti-corruption Enterprise Risk Management Procurement and Supply Chain Management Customer Service Management Customer Privacy Protection Information Security Product/Service Quality Management Compliance to Labour Legislation Staff Training and Development Staff Health and Safety
<b>Moderate materiality issues</b>	Responsible Marketing and Publicity Employee Participation, Diversity and Inclusion
<b>General materiality issues</b>	Energy Management Greenhouse Gas Emission Waste Disposal Exhaust Emission Reduction Water Resource Management Use of Natural Resources Addressing Climate Change Community Philanthropy

## GOVERNANCE

### CORPORATE GOVERNANCE

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In order to achieve corporate mission of the Group, we have established good corporate governance practices based on the principles of integrity, transparency, openness and efficiency, and implemented and improved various policies, internal controls procedures and other management framework. We will continue to learn and understand the development of corporate governance practices with reference to the world's leading institutions, relevant regulations by the regulatory bodies and the expectation of the investors. We will also review and enhance the corporate governance procedures and practices from time to time so as to ensure the long-term sustainable development of the Group.

### COMPLIANCE MANAGEMENT

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The Group is subject to various laws and regulations set by the PRC national, provincial and municipal governments relevant to our business operation, including The Company Law of the Peoples Republic of China (《中華人民共和國公司法》), Civil Code of the People's Republic of China (《中華人民共和國民法典》) and Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), etc.. Compliance procedures are in place to ensure adherence to the applicable laws, rules and regulations. The Group has complied with the relevant laws and regulations that have significant impact on the operations of ours. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## INTERNAL RISK CONTROL

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The Group established the Basic System of Compliance Risk Management (《合規與風控管理基本制度》) and Internal Control Manual (《內部控制手冊》) in accordance with the relevant regulatory requirements and the internal control framework required by the Ministry of Finance to clarify the management rules, systems, critical control points, and corresponding controls of the key control links. The process ensures that the Group's business management is legally compliant, corporate assets are secure, financial information and related information are accurate and reliable, aiming to improve operation efficiency and promote company's strategic planning. In 2023, the Group further improved the Basic System of Compliance and Risk Control Management (《合規與風控管理基本制度》), sorted out the systems related to internal control, risk and compliance management, and continuously improved the construction of the system system and strengthened the implementation of the system. Training on major risk points and key control points in the process of internal control was carried out for all staff to create a favorable atmosphere of compliance culture and strengthen the risk awareness. At the same time, the Group carried out risk identification and evaluation, regularly summarized the list of major risk identification, through daily and special internal control inspection and prevention, effectively identified and controlled various risks arising from the operation process. This year, no significant ESG-related risk was found in the Group.

## ANTI-CORRUPTION

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The Group strictly abides by national and regional laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-Unfair Competition Law of the People's Republic of China (《反不正當競爭法》), and formulated a number of rules and systems including Code of Supervision on Staff Independence (《員工獨立性監管守則》), Measures for Accountability Management (《問責管理辦法》) and Measures for the Administration of Information Disclosure (《信息公示管理辦法》) to supervise and regulate our employees' behavior in economic activities, maintain the objectivity, impartiality and synergy of the Group's business activities, avoid business operation risks and prevent all kinds of conflicts of interest, prevent misconduct such as bribery, extortion, fraud and money laundering, secure the Group's reputation as well as interests of the Group and customers, and build a sound ordered market. In 2023, there was no corruption lawsuit brought against the Group or its employees, and there was no corruption lawsuit that had been concluded or was pending. In 2023, all employees of the Group signed the "Commitment to Clean Practices" to regulate clean practices and properly fulfill their duties, all the directors of the company participated in the training courses on corporate governance and related regulations, held by a law firm hired, or read the latest information on regulatory matters and relevant documents relevant to the directors' functions and responsibilities, to ensure that all the directors comply with relevant provisions.

In 2023, the Group carried out three special anti-corruption management trainings for all the employees (including part of directors), with a single training duration of 60 minutes. In addition, it irregularly issued a special anti-corruption magazine to continuously improve the anti-corruption awareness of the management and employees.

## ENVIRONMENTAL PROTECTION

The Group is committed to supporting environmental sustainability. We strictly abide by national and regional environmental laws and regulations such as Environmental protection law of the People's Republic of China (《中華人民共和國環境保護法》) and Pollution Prevention and Atmospheric Pollution Prevention Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), and implement strict environmental protection policies, to ensure the fulfillment of environmental responsibility. Because the Group mainly operates our business in the office, we affected the environment primarily through the use of water, electricity, car fuel for office, the use of a small amount of packaging materials, as well as carbon emissions from the business trips of our staff, and had no significant impact on the environment and natural resources. We have obtained ISO14001 Environmental Management System certification.

## EMISSIONS

The Group's business operations do not involve hazardous waste, large amounts of waste gas or non-hazardous waste. In 2023, the Group did not have non-compliance issues related to environmental issues.

### AIR POLLUTION EMISSION

The Group's air pollutants mainly originate from automobiles. The Group controls the number of cars and mileage and tries to use the online video conference system or teleconference to reduce business trips, energy consumption and emission of carbon dioxide.

In 2023, the emissions of atmospheric pollutants generated by the Group's vehicles included 690 grams of nitrogen oxide (2022: 393 grams), an increase of 75.6% year-on-year; 61 grams of sulfur oxide (2022: 46 grams), an increase of 32.6% year-on-year; and 51 grams of particulate matter (2022: 29 grams), an increase of 75.9% year-on-year compared with 2022. The main reason is that after the end of COVID-19 in 2023, business activities have been fully resumed, and the frequency of business reception vehicles has been greatly increased.

## **GREENHOUSE GASES EMISSION**

The Group's emissions of greenhouse gases are mainly derived from the use of electricity and fuel use of company vehicle, and indirect greenhouse gas emissions from few paper waste. The Group has set target to reduce the average energy consumption of electricity in office area (MWh / m<sup>2</sup>), and fuel consumption (fuel consumption per employee), using FY2021 as the baseline year. The Group manages its carbon emissions by reducing energy consumption. In 2023, the Group achieved the objective of reducing fuel consumption per capita through the following measures:

- Try to avoid travel during peak congestion, plan routes in advance to improve traffic efficiency, reduce vehicle fuel use to vehicle exhaust emissions; reduce fuel consumption and indirect greenhouse gas emissions by maintaining vehicle's performance regularly.
- Save electricity, advocate to turn off lighting when leaving; use separate switches to control air conditioning temperature and service time to reduce indirect green-house gas emissions.

### **1. Emission from the use of electricity**

The Group leased offices in 24 cities including Mainland China and Hong Kong. In 2023, the electricity consumption is 1,383 million watt-hour, involved 789 tons (2022: 1,161 tons) of carbon emissions. In 2023, the Group's per capita electricity consumption involved 0.54 tons (2021: 0.86 tons) of carbon emissions, decrease of 37.21% compared to 2022, and the Group will closely monitor the progress of the objective in the coming year. (Sources of carbon emission conversion factors involved in electricity use are the "Notice on the Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023-2025" promulgated by the Ministry of Ecology and Environment of the People's Republic of China in February 2023).

## 2. Emission from the use of fuel

The Group owns a few vehicles for travel and reception of the executives. The fuel consumption in 2023 was 4,146 liters, and increased by 31.6% from 3,151 liters in 2022. In 2023, the Group's per capita fuel consumption was 2.55 liters, and increased by 9.9% from 2.32 liters in 2022, mainly due to a significant increase in the frequency of business hospitality vehicles due to the full resumption of business activities after the end of COVID-19 in 2023. The Group will closely take continuous measures to reduce vehicle fuel use and closely monitor the progress of the target. In 2023, the fuel usage involved carbon emissions of 9.3 tons (2022: 7.1 tons). In 2023, the Group's the per capita fuel consumption involved 0.0057 tons of carbon emissions, slightly higher than last year and the objective had been achieved this year, and good progress had been made. (The source of carbon emission conversion factors involved in fuel use is the "2006 IPCC (Intergovernmental Panel on Climate Change) National Greenhouse Gas List Guidelines Catalogue", Vehicle Emission Capabilities: 2.2631Kg/L).

## HAZARDOUS WASTE AND NON-HAZARDOUS WASTE

The Group's business operations do not involve hazardous waste or large amounts of non-hazardous waste as defined by the national laws and regulations. The non-hazardous waste generated by the Group mainly includes paper and a small amount of electronic products. The Group promotes paperless office software and secondary use of printing papers, produces portable notebooks, sends holiday e-cards and prints by swiping cards to reduce paper consumption. Very little paper is actually discarded. Strictly implementing garbage classification, for scrapped electronic products, they are recycled by units that have environmental recycling qualifications, while waste batteries and other hazardous wastes are required to be put into hazardous dustbins to avoid causing environmental pollution. The Group advocates employees to practice the concept of environmental protection, pay attention to the classification of waste consumed in daily life, and arrange specialized personnel to deal with waste to maintain environmental hygiene. In 2023, the Group disposed of 95 discarded electronic products including 15 waste batteries.

## WASTEWATER

The Group's business operations do not involve wastewater discharge.

## USE OF RESOURCES

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The Group actively implements the concept of environmental protection and conservation, and formulates policies and measures for the management of environmental protection, including: 1) the Group enhances the awareness of energy saving and consumption conservation of its staff through posters and promotional videos; 2) increases the use of the renewable energy, solar hot water; and 3) installs more energy-saving lighting equipment and intelligent electricity-saving system for air conditioners in offices, which can automatically adjust the turning on and off time and the temperature settings of air-conditioners according to weather conditions.

### 1. Use of fuel

The Group has a small number of vehicles for senior executives' travel and reception. The fuel consumption in 2023 was 4,146 liters, and increased by 31.6% from 3,151 liters in 2022. In 2023, the Group's per capita fuel consumption was 2.55 liters, and increased by 9.9% from 2.32 liters in 2022, mainly due to a significant increase in the frequency of business hospitality vehicles due to the full resumption of business activities after the end of COVID-19 in 2023. The Group has taken measures to reduce fuel use for vehicles, thus reducing vehicle emissions:

- Traveling either at off-peak hours or on less crowded roadways;
- Make full use of mobile internet for route planning and navigation in advance, adopt the optimal route, and avoid wasting trips to reduce fuel consumption;
- Maintain the vehicle regularly to maintain its performance and avoid increasing fuel consumption.

## 2. Use of water

The Group's use of water originated from office usage. In some of regions, the water supply service in the office is provided by the building management. In this case, water consumption data is not available. The water supply to the offices in Beijing, Nanjing, Fuzhou, Xi'an and Shenyang was managed by the Group itself.

The Group's business does not involve production, and water use is mainly water for offices. During FY2021, the Group has set a target of reducing the water consumption intensity (cubic meters per employee) over the next 3 years, using FY2021 as the baseline year. Specific water-saving measures are as follows:

- Release environmental protection and saving slogans in the company forum to enhance environmental awareness;
- Use induction water switches to control water flow;
- Strengthen the maintenance of water equipment and improve the efficiency of equipment operation to avoid equipment failure waste of water resources.

There was no issue in sourcing water that is fit for purpose in the Group's operations.

Through the above measures, the water consumption in these regions was 3,860 tons in 2023, and the consumption tended to decline, and was decreased by 11% from 4,338 tons in 2022. In 2023, the Group's per capita water consumption was 2.38 tons, and decreased by 25.60% compared with 2022. This year, the objective had been achieved, and good progress had been made.

## 3. Use of paper

The use of paper by the Group mainly originates from office consumption.

The Group has set a target to reduce the total non-hazardous wastes intensity (tonnes per employee) over the next 3 years, using FY2021 as the baseline year. For achieving the set target, the Group has implemented the following measures:

- Make full use of electronic online information systems and reduce the use of paper;
- Simplify type setting if is necessary to use paper;
- Recycle packaging boxes.

Through the above measures, the Group used 0.79 million pieces of paper in 2023 (2022: 0.84 million pieces), decreased by 6.0% year-on-year compared with the previous year. This year, the objective had been achieved, and good progress had been made. The Group will continue to promote electronic contracting to reduce the use of paper.

## 4. Use of packaging materials

Issues relevant to the use of packaging materials are not applicable to the Group due to the Group's business nature since 2020.

## 5. The energy management

The energy consumption of electricity per unit of office area in 2023 was 0.089 MWh/m<sup>2</sup>, slightly increased compared with 0.086 MWh/m<sup>2</sup> of energy consumption per unit of office area in 2022, mainly due to the expansion of the Group's staff size and office space, and the Group will closely monitor the progress of the objective in the coming year. In 2024, the Group will continue to implement energy saving management measures, advocate the use of energy-saving, efficient and environmentally office equipment, and reduce the average energy consumption of electricity in office area (MWh / m<sup>2</sup>) compared to the same period last year, using FY2021 as the baseline year. Specific measures are as follows:

- Conserve electricity, promote the use of natural light without affecting work, and turn off lighting when leaving work or leaving.
- Use separate switch control in office and conference room, including centralized control of air conditioning temperature and service time;
- Set up full-time property management staff responsible for pipeline inspection and maintenance, reduce waste;
- In terms of fuel consumption, strengthen vehicle management and advocate green and low-carbon travel;
- Increase the use of modern intelligent communication equipment in business cooperation, reduce unnecessary business trips of employees, so as to reduce the use of vehicles and planes.

## THE ENVIRONMENT AND NATURAL RESOURCES

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The Group's business operations have no significant impact on the natural environment and natural resources. We always adhere to strictly implement monitoring and control measures related to water saving, power saving, energy saving and emission reduction, and minimize the impact on the natural environment and natural resources.

## CLIMATE CHANGE

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The Group continues to pay attention to the possible impact of climate change on its operations, identifying and assessing the risks associated with climate change. Extreme weather, such as typhoons and snowstorms, may bring risks such as facility damage and employee injury, which may lead to operation and turnover efficiency or expose the Group to risks related to default. In order to minimize potential risks, the Group purchases insurance for storage and transportation and/or requires the Group's servicer who providing storage and transportation service to purchase insurance to protect risks that may be caused by extreme weather. In addition, the Group advocates green travel for employees, low-carbon way of energy saving and emission reduction, and improve the utilization efficiency of operation resources such as office supplies. The Group continues to pay attention to changes in climate-related policies and regulations, and timely alerts management of changes affecting business operations to ensure effectiveness.

## SOCIAL

### RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHER STAKEHOLDERS

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We believe that maintaining a good relationship with its business partners, customers, suppliers, employees and other stakeholders is important to the Group's business performance and development. Accordingly, the management of the Group has kept good communication, exchanged ideas and shared business updates with the stakeholders when appropriate. The Group also creates a framework for motivating staff and maintaining close relationship with staff. During the year ended 31 December 2023, there were no material and significant disputes between the Group and its customers, suppliers, employees and other stakeholders.

## EMPLOYMENT

By focusing on the implementation of value creation and targeting at transparent performance and systematic management, the Group implements the scientific and fair performance management approach to secure the separation and implementation of its overall strategic goals at every segment, while maximizing the innovation and development of personal potential and talents to guide the constant growth of its staff.

Based on the annual business plan, we formulate the corresponding human resource planning plan. Depending on business progress and employment needs, it recruits talents through various internal and external channels to form diversified businesses team with different genders, ages, education backgrounds, knowledge and skills, and work experience. As at 31 December 2023, the Group employed a total of 1,466 (2022: 1,357) employees. The number of employees of the Group classified by different categories is as follows:

	employees	percentage(%)
<b>By gender</b>		
Male	902	61.53
Female	564	38.47
<b>By age groups</b>		
Under the age of 30	381	25.99
30-40	741	50.55
40-50	310	21.15
Aged over 50	34	2.32
<b>By geographical region</b>		
China (including Hong Kong)	1,451	98.98
Indonesia	12	0.82
Philippine	3	0.20
<b>By employment type</b>		
Full-time employee	1465	99.93
Part-time employees	1	0.07

In 2023, the Group's overall employee turnover rate is about 25.54% (2022: 29.60%). By gender, age group and regional classification of employee turnover in the following table:

	number of demission	turnover rate(%)
<b>By gender</b>		
Male	254	29.66
Female	105	19.13
<b>By age groups</b>		
Under the age of 30	142	38.22
30-40	161	22.47
40-50	53	18.40
Aged over 50	3	10.17
<b>By geographical region</b>		
China (including Hong Kong)	350	25.12
Indonesia	9	85.71

The Group adheres to the principle of equal opportunity in recruitment and promotion, opposes discrimination based on factors such as religion, nationality, gender and age, and strictly implements same pay for same work. For those resigned employees who are capable and willing to rejoin, the Group will also reemploy them with an open and enthusiastic attitude.

Applicants who meet the job recruitment requirements and have passed background investigations are formally employed and enter into formal labour contracts. The Group's working hours are in accordance with the working hours system that the national law stipulates that the daily working hours do not exceed 8 hours, and the average working time per week does not exceed 40 hours. At the same time, the employees enjoy statutory paid vacations and annual vacations. The Group has formulated clear management measures for the employees' departure, and clearly established corresponding rules and procedures in the Employee Handbook in accordance with the laws and regulations for different departure situations. When there is a situation in which it is necessary to release the employee's labour relationship, the Group terminates the labour contract in accordance with the Labour Contract Law and related regulations, and strictly complies with the requirements of laws and regulations.



Through systematic training, we enable new employees to quickly and comprehensively understand the company profile. Through the mentor system, we help new employees integrate into the company faster and better. Through the establishment of the staff service platform in the enterprise community network, the policies, regulations and rules closely related to the daily staff are publicized to facilitate the staff to inquire and understand. Through the implementation of EAP (Employee Assistance Program), we interact with employees in a timely manner and answer their questions and doubts.

We determine employee compensation based on the employee's length of service, job function and performance with reference to the salary level of the same industry in the market, so that employees can get a competitive salary in the market while embodying the value of the job. The Group has developed a complete performance management approach, and conducts staff position adjustment and promotion based on the results of employee performance assessment.

In order to motivate staff to achieve the strategic business objectives efficiently, stimulate their working passion and create positive working atmosphere, we conduct the selection and appraisal activities of "excellent staff" and "collaboration star" every year, with an aim of giving public recognition to those outstanding staff in the sales, technology, sales support, platform service and crossfunctional collaboration.

At the beginning of every year, we hold large annual carnival show, which are undertaken by employees from show planning to its performance, providing a platform for staff to exhibit their capabilities and talents. Affected by the COVID-19 pandemic in early 2023, our Carnival was still broadcast online. All the employees watched the annual carnival through the live broadcast in the brightly decorated office areas and interacted wonderfully with the mobile APP. In order to prevent the spread of the pandemic and reduce attendance at the gathering, we changed the monthly birthday party into a form of employees' selecting gifts by themselves, making the employees' birthday gifts more meaningful. We have carried out Women's Day activities for more than 10 consecutive years to care for female employees. We hold the staff sports meeting every year to call on all staff to keep fit and create a positive, healthy and lively company atmosphere.



## HEALTH AND SAFETY

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The Group complies with the Occupational Disease Prevention Act (《職業病防治法》) and Working Injury Insurance Regulations (《工傷保險條例》) in China and strives to build a healthy, safe, comfortable and tidy office environment by conducting office environment assessment activities in various branches, so that every employee feels as pleasant as possible. We installed air purification fresh air equipment and regularly detect and manage air quality in the office area. Professional drinking water treatment solutions are adopted to ensure the quality of drinking water, green plants are regularly replaced. The Group has obtained ISO45001 Occupational Health and Safety Management System Certification.

We are people-oriented, and strive to provide caring welfare and care for employees. In addition to the statutory welfare, we provided a number of special welfares, including the selection of different physical examination institutions and packages according to the needs of employees for physical examination, and in combination with the physical examination results of employees, organized health lectures and released health theme promotional emails. We distributed health pots to the employees with the aim of making the employees and their families pay attention to health and health preservation; increased subsidies for meals, transportation and communications, set up special serious illness subsidy funds, purchased employee travel accident insurance, safety insurance for staff in pandemic areas, allocated public first-aid kits, and provided gift money to the employees when they get married and have children. In 2023, we paid more attention to the practicality and cost-effectiveness of employees' welfare products, which enhanced the employees' sense of identity with the Company. In addition, the Group did not record any work related fatalities, and no lost working days due to work-related injuries in the past three years.

We put great emphasis on safety and environmental management, follows the "Precise prevention and control, Implement safety responsibility" working guideline and adopts a number of measures including measuring body temperature, swiping card for access and exit, visitor registration, safety patrolling, video surveillance, changing the access card password regularly and other measures to safeguard the Group's normal operation order. We regularly conduct fire knowledge publicity and fire drills and posts security warning tips, in order to enhance the safety and environmental awareness of employees.

## DEVELOPMENT AND TRAINING

We strive to provide employees with a good environment for growth, a fair assessment mechanism and an open transfer opportunity to achieve a win-win situation for employee development and company development.

In 2023, the training rate of the Group's employees was 100%, with a total of 859 training sessions conducted, representing an increase of 18.0% over the previous year, and a total of 23,396.8 hours of training and learning. The average training time per person for male and female employees was 16.0 hours, representing an increase of 62.0% compared with that in 2022. The average training time of male employees was 9.98 hours, and that of female employees was 25.58 hours; The average training hours per employee for senior management and middle management was 18.3 hours, and the average training hours per employee for general employees was 15.4 hours. The number of training attendances for senior and middle management is 4,341, accounting for approximately 21% of the total number of training attendances, while the number of training attendances for general staff is 15,886, accounting for approximately 79%. The number of training for male employees was 7,067, accounting for 35%, and the number of training for female employees was 13,160, accounting for 65%.

In terms of training content, in order to better assist employees in their growth, the Group has provided a wealth of empowerment and training opportunities for employees in various positions in 2023. We have coordinated internal and external learning resources to select multi-disciplinary training courses for our employees, covering a wide range of training contents such as economic situation, industry dynamics, corporate management, new technologies, business product knowledge, professional knowledge and experience in their positions, general skills in the workplace, branding and corporate culture building, emotional stress management, etc. These training courses will help our employees to broaden their horizons, enhance their leadership and management skills, build up their vocational qualities, improve professional skills and mentalities, and relieve their stress, thus facilitating their development. skills, improve mentality, relieve stress, and promote multi-dimensional growth and progress of employees.

In terms of training facilities and environment, in 2023, the Group constructed a brand new modernized training classroom capable of accommodating 200 participants at the same time, equipped with intelligent training equipment, which enabled offline and online training to be more conveniently linked, improved the learning environment and enhanced the learning experience of employees. At the same time, in order to facilitate employee learning, we make full use of digital platforms and tools to provide employees with a variety of learning channels, employees can not only participate in face-to-face training, live broadcasts and other training organized by the company, but also through the online learning platform, knowledge base, and other learning channels at any time, any place to obtain learning resources.

In terms of competency enhancement, the Group helps all types of employees to continuously learn and enhance their competency in their work practice. 40 in-service internal trainers of the Group conducted 85 lectures for 6,273 employees in 2023, representing an increase of 10% as compared with that of the previous year. 485 new employees served as instructors during the year, representing an increase of 226 as compared with that of the previous year. The Group assigns internal mentors to all new employees and provides them with comprehensive training under the "Empowering the New" program to help them quickly understand and integrate into the Company and the department, and to let them feel supported and valued by the Company. For new management staff, the Group provided customized training and empowerment support to help them better cope with the challenges of their new positions. For sales staff, the Group launched position-specific skills training to help them acquire the knowledge and experience required for their positions. For technical staff, we have formulated a technical certification incentive program to encourage staff to participate in skills certification to help them adapt to the rapid development of new businesses and broaden their career paths.



## LABOUR STANDARD

The Group is in compliance with the Labour Contract Law (《勞動合同法》) of China, Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the relevant laws and regulations, pursuant to which employees are entitled to social insurance, housing provident fund, paid annual leave and other statutory benefits, and female employees are entitled to prenatal examination, maternity and nursing leave. Respecting human rights, the Group complies with the Prohibition of Child Labour Regulations (《禁止使用童工規定》), and prohibits child labour and other forced labour. After recruiting employees, we will collect supporting documents to check the age and prevent false information and misleading during the background check. In addition, the Group will sign labour contracts with employees in compliance with the Labour Contract Law (《勞動合同法》), specifying all details to protect their rights and interests, and so as to avoid forced labour.

The Group will take immediate action to correct any violation of laws and regulations, such as employment of child labor or forced labor. In the fiscal year 2023, the Group did not find any serious violation of laws and regulations in relation to the employment, such as employment of child labor and forced labor.

## UPSTREAM AND DOWNSTREAM COLLABORATION AND OPERATION MANAGEMENT

As the PRC agent of numerous international ICT suppliers, the Group conducts extensive cooperation with suppliers to provide professional products and solutions to channel partners. We have formulated a supplier access audit system to evaluate suppliers' qualifications, financial status, product quality, production and supply, service capacity, Business licenses, etc. Through formulating a series of procurement policies including procurement principles, procurement methods and procurement monitoring mechanism, we achieve a centralized and unified comprehensive planning of procurement. We expect suppliers to consider the environmental, social, health and safety and governance in their operations. The Group issued "Environmental, Occupational Health and Safety Notice" (《環境、職業健康安全告知書》) to some supplier, and added relevant contents of environmental, health and safety requirements into the terms of our cooperation contract with the supplier. The content includes requirements for suppliers to launch in-depth environmental publicity and education, promote the concept of scientific development, strictly comply with environmental protection laws and regulations, practically strengthen pollution prevention and control, consciously safeguard the public's environmental rights and interests, and consciously accept public supervision. Suppliers are required to pay medical insurance and work injury insurance for their employees; the age of their employees is in line with national labor laws and relevant regulations of the industry, and they are in good health; they seriously organize safety protection work during production and implement a fire safety responsibility system, and regularly check various labor protection measures and safety measures to ensure that there are no safety accidents during production; the office area and the operation area are set up separately, and the workers' meals, drinking water, resting places, etc. are in line with the hygiene system. The office area and operation area are separated, and workers' meals, drinking water, and resting places are in compliance with the hygiene system. Suppliers are required to set up necessary quality control points in the key processes that form the final products to monitor the quality of the processes and the quality of the products at any time to ensure the consistency, stability and reliability of the quality of the products. The Group's cooperative suppliers implement the Company's supplier access rules, covering 33 domestic provinces and autonomous regions (including Hong Kong, Macao and Taiwan) as well as overseas regions, including 403 suppliers in North China, 39 suppliers in Northeast China, 489 suppliers in East China, 187 suppliers in South China, 94 suppliers in central China and 135 suppliers in Southwest China. There are 54 suppliers in Northwest region and 26 overseas suppliers. As a comprehensive ICT service provider, the Group cooperates with many industry leading upstream suppliers. The group has established a supplier management system, reviewed the qualifications of upstream suppliers, and optimized the resources of upstream suppliers through performance appraisal, all the group's suppliers were included in the supplier management System audit.



The Group evaluates its supply capacity and quality management level through supplier access procedures. The supplier shall provide the relevant quality system certification certificate or the authorized agent documents of the relevant manufacturer, so that the Group can select appropriate suppliers to support its operation and reduce potential risks. We visit key suppliers on the spot, inspect their warehouses and production operations, evaluate their safety, environmental protection and operation capacity in the operation process. Under the same conditions, we tend to choose the same strong but less packaged products suppliers. In addition, the products of the Group belong to electronic products and are durable.

For enterprise level segment, based on agent products, we set up application-level platforms relying on our own technologies, resource integration and service capability. We organically integrate products into multiple technologies and industry solutions, and provide multiple value-added services including technical support, consulting, training and qualification certification. We are committed to becoming a well-known big data, cloud computing comprehensive service provider in China. We possess a cloud computing experience and training center, collaborate with many internationally well-known manufacturers to provide one-stop services including solutions containing data solutions, virtualization solutions and disaster backup solutions, market consultation and technical support for cooperative channel partners to promote closer cooperation between manufacturers and integrators. The Group allocates dedicated account managers for different projects, who are responsible for the communication and feedback of user problems, and provides one-to-one service support, technical consultation, fault analysis and remote diagnosis through the group's call centre hotline.

For consumer level segment, by virtue of professional marketing ability, we help manufacturers push their products to the market rapidly. We deeply grasp market and customer demands, build channel systems covering the whole country and possess tens of thousands of core agents. By keeping stable and long-term cooperation with product suppliers and core agents, we fully ensure benefits for all parties in the supply chain, form a sound distribution system and provide good service assurances by relying on perfect after-sales service and advanced and speedy logistics operations. We organically combine agent products through portfolio marketing modes, meet users' demands at different levels. We build and optimize the B2B new distribution e-commerce platform, Jiahua Duola, to match online transactions between regional distributors and terminal distributors and build new regional distribution ecology of openness, cooperation and win-win across the country.



Since 2008, we had held a "Jiahua Good Partners" gratitude meeting every year to summarize the operation of the previous year, release the strategies for the next year, provide a platform for communication between the upstream and downstream partners, and explore new paths for future development with the partners. At present, the gratitude meeting has been held for 16 consecutive sessions. Since the holding of the "Jiahua Good Partner" gratitude meeting, A total of more than 47,000 person-times of manufacturers and nearly 58,000 person-times of agency partners attended the conference. Leaders of 433 sub-manufacturers had sent blessings to Changhong Jiahua and its partners through the meeting, which has become one of the well-known brand activities of the Group and is highly praised by the partners. The Group strives to play the role of ICT ecosystem connector, empower the value of itself and partners with digital and intelligent core capabilities, and work with partners to promote the new development of the digital intelligence era. The Group is always committed to the concept of helping growth and supporting success, and is committed to strengthening the observation and identification of environmental and social risks of suppliers, and always monitor the operation of channel partners.

## QUALITY ASSURANCE

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The quality of products and services determines the survival and reputation of the enterprise. To strengthen quality management, the Group has established and continuously improved the quality management system to ensure that the Group's products and services meet customer needs. We have passed ISO9001 (Quality Management System Certification), ISO20000 (Information Technology Service Management Standard), ISO27001 (Information Security Management System Certification), AEO(Authorized Economic Operator), Level 2 of ITSS (Information Technology Service Operation and Maintenance Service Capability Maturity Level), ITSS cloud computing service capability standard compliance certificate (Level 2) and our own brand products have passed CCC (China National Compulsory Product Certification) and China Energy Saving Product Certification, etc..

As an ICT integrated service provider, the Group sales products for distribution by the proxy pattern, and the Group will review supplier' s product qualification. In 2023, no recall because of safety and health reasons, no complaints about products and services. If the customer found the problem when received product acceptance, the Group will actively coordinate with supplier according to the laws and regulations, and request to return or replace according to the contract with supplier.

The Group has established an environmental and occupational health and safety management system that conforms to international standards, formed a self-monitoring and self-improvement mechanism, continuously improved the internal management level and the awareness of all staff, strictly complied with the requirements of laws and regulations, avoided risks arising from environmental and occupational health and safety issues, continued to maintain a sense of social responsibility, and established a good corporate reputation and image. We have passed the certification for ISO14001 Environmental Management System certification. and certification for ISO45001 Occupational Health and Safety Management System Certification.

## INFORMATION SECURITY

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Information security is one of the basic guarantees for the sustainable development of enterprises. The Group strictly abides by national and regional laws and regulations such as the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》). The Group attaches great importance to information security management and carries out focused work in the areas of institutional system building, security capacity building, internal security governance and deepening of security awareness to ensure that the various security strategies and objectives are effectively implemented and to enhance the overall level of information security protection of the Group's companies. Enhancing employee computer security and business system access protection through the construction of a zero-trust protection system to ensure the physical security, operation security, information assets security and personnel security of the information system and to guarantee the integrity, availability, confidentiality and controllability of the Group's information. We have passed ISO27001 (Information Security Management System Standard).

The Group has promulgated the "Information Security Emergency Response System" (《信息安全應急響應制度》) and "Information Security Policy" (《信息安全政策》) to enhance prevention, timely control and eliminate the hazards and impacts of various emergencies to the maximum extent possible. A dedicated information security emergency response team has been set up to organize, coordinate and direct the emergency response work through a complete emergency response process in the event of an information security incident. Regular training on information security awareness is provided to the staff, and cooperation and exchanges with relevant organizations and enterprises are strengthened to share experience and resource support and to jointly improve the level of information security protection.

## RESPONSIBLE MARKETING AND PROMOTION

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The Group has formulated the Regulations on the Administrative Measures for External Information Release (《對外信息發佈管理辦法》), the Administration of Public Media Communication (《公共媒體傳播管理規定》), the Administration of PUBLIC INFORMATION (《公共資料管理規定》), the Regulations on the Administration of We Media (《自媒體管理規定》), the Regulations on the Administration of Domain Name and Website (《域名及網站管理規定》), the Executive Manual of Market Activities (《市場活動執行手冊》), and Regulations on Crisis Prevention and Management of Public Relations (《公共關係危機預防與管理規定》), and strictly abides by national and regional laws and regulations such as Advertising Law of the People's Republic of China (《中華人民共和國廣告法》)

and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) ensuring that the content of communication conforms to the relevant national laws and regulations, adhere to the authenticity of the published content and strictly eliminate false publicity, exaggeration and misleading and other undesirable content, to build a high-quality enterprise brand and establish a good corporate image. If there is any misleading information in the Group's advertising or marketing activities, the Group will explain to the customers and modify or withdraw the relevant advertisements.

## CUSTOMER PRIVACY

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The Group strictly abides by national and regional laws and regulations such as Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), The Group takes necessary security measures for the receipt, transmission, use, copying, preservation and destruction of customer data, and requires its employees to sign an undertaking to keep the company's secrets, not to disclose the company's commercial secrets, business channels, customer information, production and operation information in any way, and not to utilize such information for personal gain. The Group strictly complies with the Law of the People's Republic of China on the Protection of Personal Information (《中華人民共和國個人信息保護法》) and relevant laws and regulations, and will only use customers' personal information within the scope prescribed by law and within the scope of authorized business purposes. Each employee signed a confidentiality agreement with the Group to ensure that employees strictly abide by confidentiality requirements.

The Group has established detailed privacy policies through upstream cooperation agreements and downstream supplier contracts, which stipulate that customer information shall not be disclosed to any third party without written consent. Regular training is provided to staff on customer privacy protection, and internal audits and inspections are conducted periodically to assess the effectiveness of privacy protection measures. Regular security audits of the Group's information systems have been conducted to ensure that customer information is stored and transmitted securely to prevent leakage or unauthorized access.

Once the privacy leakage problem is found, the affected customers will be notified as soon as possible, and a professional team will be organized to conduct internal investigation. According to the investigation results, the existing security measures will be strengthened, and ensure that the customer privacy leakage problem is handled in a legal and compliant manner.

## RESPECT INTELLECTUAL PROPERTY

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The Group attaches great importance to the protection and management of intellectual property rights, strictly abides by national and regional laws and regulations such as Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Trademark Law of the People's Republic of China (《中華人民共和國商標法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), and also requires the partners to respect intellectual property rights in making cooperation. The Group has formulated the Intellectual Property Management System in accordance with all applicable laws and regulations to prohibit infringement on intellectual property rights. The Group pays attention to the development and protection of intellectual property rights in the process of business development, and respects the intellectual property rights and other legitimate rights and interests of others, and does not allow infringement on external intellectual property rights. In case of potential intellectual property risks, the Group will immediately take measures to stop suspicious risk behaviors and actively communicate with relevant parties to reach a solution.

## COMMUNITY

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Responding to the pledge of the government to employ disabled persons, the Group started the disabled recruitment project officially in 2016 and gave preference to offering employment opportunities to disabled persons nearby the community and one disabled person was successfully recruited. In 2023, we set up special posts for the disabled in many departments, and accepted qualified disabled persons to join in the enterprise to achieve employment. A total of 14 disabled persons were employed.

In order to improve the people's anti-fraud awareness, we cooperated with a police station in the Fengtai Science and Technology Park to carry out anti-fraud publicity activities, going to shopping malls to launch publicity, established the public image of the Group's antifraud, and spread the information to more than tens of thousands of people. Recognized as a 2023 Advanced Unit in the Fight Against Telecommunications Fraud in the Technology Park District.

Since 2015, we have organized "Yue Bu" for all employees to encourage more walking and less driving. This activity has been held for 9 consecutive years. This year, the employees actively participated in the activity, and the number of walking steps during the activity exceeded 30 million.

## OUTLOOK

Looking forward to 2024, as the development of the world economy is still faced with many uncertainties and unstable factors, such as the debt crisis, inflation and geopolitical conflicts, there will remain a number of risks and challenges for economic growth. In 2024, China will adhere to the principle of seeking progress while maintaining stability, consolidate and strengthen the economic upturn and press on with the effective improvement in quality and reasonable growth in quantity of the economy. Digital economy is a key core force for the high-quality development of China's economy and an important engine for stabilizing growth and promoting transformation. The government work report for 2024 clearly pointed out that new quality productivity should be developed at a faster pace, and the innovative development of the digital economy should be further promoted. Policies will be formulated to support the high-quality development of the digital economy, actively promote digital industrialization and industrial digitalization, and facilitate the deep integration of digital technology and the real economy. With the rapid development and wide application of digital technologies such as 5G, high-performance computing, and artificial intelligence, digital transformation is a key strategy to reshape the industrial ecology and business model, and to maintain a competitive edge. In 2024, the Group will adopt the business approach of “leveraging new technology, achieving high-quality growth, and being a good ecological partner”, actively apply advanced digital technologies, such as artificial intelligence, and continue to enhance the quality and differentiated value of its technical services through digitalization and intelligentization to facilitate the expansion of the industry. The Group will continue to leverage new technology to achieve strategic development, expand the new ecosystem of industry, such as cloud applications, meta-universe, and security, and accelerate the growth of its partners through creating new value, in order to build a new future of high-quality development with its partners and make greater contributions for its shareholders.

**新科技牵引 高质量成长 生态好伙伴**

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General Disclosure	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	20
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