

Kimou Environmental Holding Limited 金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6805



创新 协调 绿色 开放 共享



ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2021

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2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About this Report

1.1 Overview

This is the third environmental, social and governance report (the “**ESG Report**”) published by Kimou Environmental Holdings Limited (hereinafter referred to as the “**Company**” or “**Kimou**”) and its subsidiaries (hereinafter referred to as the “**Group**” or “**we**”). The report provides an overview of our performance on sustainability-related efforts and how we are fulfilling our corporate commitment to social responsibility.

1.2 Reporting Scope

The report covers the Group’s ESG policies, approaches, objectives, performance and achievements for the period from 1 January 2021 to 31 December 2021 (hereinafter referred to as the “**Year**”, the “**Reporting Period**” or “**2021**”). The disclosure scope of the key performance indicators for the social category shall be consistent with the annual report of the previous year. The scope of disclosure of KPIs in environmental aspect has increased as compared to last year. Among them, our principal place of business is Kimou (Huizhou) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Huizhou Park**”), Kimou (Tianjin) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Tianjin Park**”), Kimou (Central China) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Jingzhou Park**”), which is consistent with last year. The newly disclosed in this year are Kimou (East China) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**East China Park**”) and Kimou (Southwest China Qingshen) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Qingshen Park**”) (unless otherwise stated). For details of the Group’s corporate governance, please refer to the section headed “Corporate Governance Report” in the annual report or the official website of the Group (www.platingbase.com).

1.3 Reporting Standards

The report has been prepared in accordance with the Environmental, Social and Governance Reporting Guidance (hereinafter referred to as the “**Guide**”) set out in Appendix 27 of the Listing Rules and complied with all the “comply or explain” provisions in the Guide and complied with the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. The report has been reviewed and approved by the board of the directors.

| | |
|---------------|--|
| Materiality: | The materiality of the Group’s ESG issues is determined by the board of directors and the process and standard for stakeholder communication and identification of materiality issues are disclosed in the report. |
| Quantitative: | The statistical criteria, methodology, assumption and calculation tools for the quantitative KPIs in the report, as well as the sources of the conversion factors, are described in the definition of this report. |
| Balance: | The Report presents the Group’s performance for the Reporting Period in an unbiased manner, avoiding any improper influence on the decisions or judgments of report readers. |
| Consistency: | The statistical methods used for the disclosure of data in the report are consistent with previous years unless otherwise stated. |

1.4 Reporting Language

The Report is prepared in both traditional Chinese and English. In case of discrepancy, the traditional Chinese version shall prevail.

1.5 Feedback on the Report

We value your feedbacks with regards to the report and would be pleased to hear from you if you have any inquiries or suggestions.

2 About the Group

Kimou is a large-scale surface treatment recycling economy industrial park operator in PRC (formerly known as Electroplating Industrial Park), and is also a national listed company of surface treatment industrial park. It is committed to promoting the green upgrading of the surface treatment industry, improving the supporting services of the entire manufacturing industry chain, and facilitating the green and sustainable development of industrial manufacturing in PRC. The Group has five large-scale surface treatment recycling eco-industrial parks in Huizhou, Guangdong; Jinghai, Tianjin; Jingzhou, Hubei; Qingshen, Sichuan; and Taixing, Jiangsu respectively and have a total wastewater treatment capacity of maximum 102,000 tonnes per day upon completion of construction.

3 Sustainable Development Strategies

Kimou will continue to fulfil its mission of “Protecting Environment for Human Welfare (保護環境 · 造福人類)”, uphold the concept of green, low-carbon and recycling development, leverage on the broader capital market and select land to build parks, steadily implement strategic layout, make every effort to promote high-quality economic development and high-level ecological environment protection, and contribute to the construction of a beautiful China where people and nature live in harmony. We will strive to realise our vision of “adhering to green development and promoting the harmonious co-existence of man and nature (堅持綠色發展 · 促進人與自然和諧共生)”, actively implement the concept of sustainable development, and gradually establish a harmonious synergy, win-win cooperation and value-sharing park-enterprise ecology.

3.1 Statement from the Board of Directors

Kimou attaches great importance to the management of ESG and, in light of operational development and regulatory requirements, continuously improves the ESG management structure. The board of directors has overall responsibility for the Company's ESG strategy and reporting. The board of directors has identified and assessed key ESG issues and monitored the management and review of these issues, whilst actively sought opportunities to promote sustainable development of the Company.

During the Reporting Period, the directors of the Company actively participated in the materiality assessment of the ESG issues, and prioritized them according to its impact on the company's business. The board of directors integrates the opinions of different stakeholders and analyses the evaluation results to identify issues of high importance as the focus of our future ESG work. The board of directors manages ESG risks and opportunities in accordance with the company's business strategy, changes in regulatory regimes and industry development trends, and continuously reviews the ESG-related objectives, improves the ESG objective setting and objective tracking mechanisms to enhance the company's ESG performance.

3.2 ESG Governance Structure

The Group has established an ESG Group under the board of directors, covering all key functional departments, to manage and monitor ESG-related matters whilst developing the business. The ESG governance structure is made up of three components: the decision-making level, the organisational level (the **"ESG Group"**) and the executive level. In the future, we will strengthen the board of directors' involvement in and oversight of ESG issues, integrate ESG concepts at all levels and promote sustainable development across the Group.



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3.3 Communication with Stakeholders

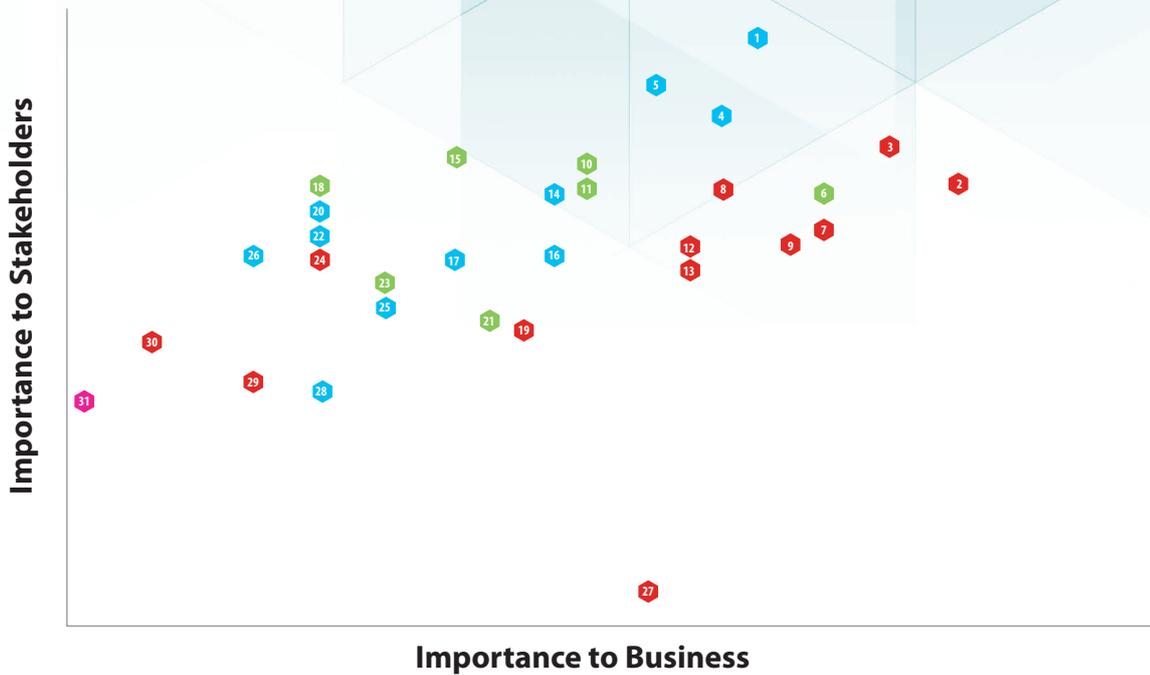
Kimou is committed to listening to the views of our stakeholders and using them as an important basis for the Group's improvement. During the Year, we sought to understand the views and expectations of our stakeholders through various communication channels so that their views could be taken into account in setting the Group's sustainable development direction, optimising the Group's ESG management and decision-making, and responding to stakeholders' concerns through this report.

| Key Stakeholders | Key Communication Methods |
|--|--|
| Customers | <ul style="list-style-type: none"> • Customer satisfaction survey and feedback form • Customer service center • Daily operation/interaction • Telephone • E-mail |
| Stakeholders/Investors | <ul style="list-style-type: none"> • Annual general meeting and other general meetings • Interim report and annual report • Corporate communications, such as letters/circulars to shareholders and notices of meetings • Results Announcement • Visits by shareholders |
| Employees | <ul style="list-style-type: none"> • Channels for employees to express their opinions (form, suggestion box, opinion survey etc.) • Work performance assessments and appraisal • Business briefing • Conference/workshop/seminar |
| Business Partners | <ul style="list-style-type: none"> • Meeting |
| Regulatory Authorities | <ul style="list-style-type: none"> • Meeting • Written response to public consultation |
| Media | <ul style="list-style-type: none"> • Results announcement |
| Community/Non-Governmental Organizations | <ul style="list-style-type: none"> • Donation |
| Suppliers | <ul style="list-style-type: none"> • Supplier management procedure • Supplier/contractor appraisal system • Meeting • On-site inspection |

3.4 Materiality Assessment

Last year, Kimou had invited various stakeholders including customers, management, employees, suppliers, government/regulatory authorities and community/non-governmental organizations to conduct materiality assessments through questionnaires. The management of the Group has confirmed that the results of the materiality assessment for FY2020 are still applicable to the Year, considering that there is no significant change in the business and operating environment and no significant change in the ranking of materiality for the Year.

Materiality Matrix on Environmental, Social and Governance Issues



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| Green Operations | | Talents Management | | Responsible Operations | | Social Responsibility | |
|------------------|--|--------------------|--|------------------------|---|-----------------------|--------------------------|
| 2 | Waste discharge and treatment | 6 | Occupational health and safety | 1 | Compliance with laws and regulations | 31 | Concerning the community |
| 3 | Wastewater discharge and treatment | 10 | Relationship between employees and employers | 4 | Business ethics | | |
| 7 | Ecological influence | 11 | Employment benefits | 5 | Anti-fraud and anti-corruption | | |
| 8 | Exhaust gas emissions | 15 | Prevention of child and forced labour | 14 | Intellectual property protection | | |
| 9 | Awareness of environmental protection of employees | 18 | Employee diversity and non-discrimination | 16 | Economic performance | | |
| 12 | Development of environmental protection technology | 21 | Staff training and development | 17 | Market competitiveness | | |
| 13 | Energy consumption and efficiency | 23 | Qualifications and professional ethics | 20 | Complaint handling and responding mechanism | | |
| 19 | Greenhouse gas emissions | | | 22 | Privacy protection | | |
| 24 | Use of material and resource | | | 25 | Technology development and application | | |
| 27 | Water consumption | | | 26 | Whistleblowing mechanism | | |
| 29 | Environmental education | | | 28 | Responsible procurement | | |
| 30 | Climate change | | | | | | |

4 Green Operations

With the mission of “Protecting Environment for Human Welfare” (保護環境·造福人類), Kimou actively practises the concept of green, low-carbon and recycling development.

The Group strictly complies with relevant laws and regulations such as the Environmental Protection Law of the PRC (《中國人民共和國環境保護法》), the Cleaner Production Promotion Law of the PRC (《中華人民共和國清潔生產促進法》), the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》), the Cleaner Production Standard — Plating & Surface Finishing Industry (《電鍍行業清潔生產標準》) issued by State Environmental Protection Administration of China and the Standard Conditions for the Electroplating Industry (《電鍍行業規範條件》) issued by Ministry of Industry and Information Technology of China. Our surface treatment recycling eco-industrial park is equipped with a high standard of wastewater treatment, with the primary objective of strictly controlling the generation, treatment and discharge of all types of toxic substances. We are able to recycle and reuse resources, while bringing additional economic benefits to the Group. During the Year, we did not violate any PRC legislation on environmental protection or cause any major incidents affecting the environment and natural resources, nor were we involved in any environmental penalties or litigation. We achieved recycling of resources, which in turn brought additional economic benefits to the Group. During the Year, we did not violate any PRC laws and regulations on environmental protection nor cause any major accidents affecting the environment and natural resources, nor receive any environmental-related penalties or litigation.

As a domestic surface treatment recycling economy industrial park, we advocate the efficient use of resources to reduce the impact on environment and natural resources. We have formulated a series of strict electroplating pollutant discharge policies to ensure that the discharge of pollutants in our surface treatment recycling economy industrial park is up to standard. Kimou will assign an independent file for each customer in our surface treatment recycling economy industrial park to manage the resources, production and emission usage information of the customers. Each customer must operate in compliance with our environmental management requirements. In case the pollutant discharge fails to meet standards, or the customers fail to conduct rectifications on time due to defective production process or electroplating equipment, obsolete process or production lines, we will file a case for registration, require them to stop production, arrange technicians to offer guidance, urge them to rectify the emission equipment and process within a specified period, and assist them in optimizing and upgrading the emission facilities until the emission standard is met and the operation is in compliance. We may issue verbal or written warnings to, and demand payment of liquidated damages, suspension of production or even terminate the contract in light of the customer’s non-compliance to reduce the environmental impact.

In addition to our major customers, we also lease out the roofs of our factory buildings and self-occupied properties for photovoltaic power generation to maximise the benefits of renewable energy and to provide clean energy for office, production and lighting in the Park. During the Year, we have added four factory buildings and one self-occupied property to lease out for photovoltaic power generation.



Photovoltaic power generation equipment



Taking the protection of the ecological environment as its responsibility, Kimou actively promotes the clean production of its customers, adopts unified management, centralised pollution control and green recycling of wastewater, waste gas and solid waste etc generated by customers' production, and carries out regularised and standardised management in strict accordance with environmental protection requirements and standards, effectively improving the regional environmental quality and making important contributions to local economic growth and environmental protection.

4.1 Wastewater Treatment

The customers in the industrial park consume a large amount of water and generate a large amount of wastewater during their operations. Therefore, while strictly abiding by laws and regulations such as the Law of the PRC on the Prevention and Control Water Pollution (《中華人民共和國水污染防治法》), Surface Water Environmental Quality Standard (《地表水環境質量標準》) (GB3838-2002) and the Guangdong Province Electroplating Water Pollutants Discharge Standard (《廣東省電鍍水污染物排放標準》) (DB44/1597-2015), the Group formulates policies such as the "Source Wastewater Standard" (《源頭廢水標準》), the "Measures to Ensure Stable Compliance with Wastewater Treatment" (《保證廢水處理穩定達目標措施》), the "Wastewater Treatment Process" (《廢水處理工藝流程》) and the "Safety Protection for Wastewater System Pipeline Transportation" (《廢水系統管道輸送安全保障》). We have taken various measures, including the establishment of a real-time automatic monitoring system to ensure that the wastewater treatment reaches the standards in three areas: the source water quality management, treatment process technology and emergency protection system, and to ensure the wastewater meets the standards described below before it is discharged.

Firstly, we manage the wastewater from the source by separating the quality and flow. As there are many customer production lines in the park with different water quality and quantity, in order to facilitate centralised treatment in the wastewater plant, we regulate the wastewater discharged by our customers in a way that separates the quality and flow of wastewater according to the type and concentration. The more concentrated wastewater will be collected in drums and transported to the concentrated water area for advanced oxidation before returning to the wastewater plant for treatment. We inspect our customers from time to time and if we find that their processes are outdated or their production lines are outdated, we will ask them to upgrade and optimise their processes and production lines to keep pace with environmental protection. The park administrator carries out daily spot check on the wastewater discharged by customers, the source wastewater management technicians carry out tests on the water quality of each regional pipe outlets at least twice a day, the wastewater treatment technicians carry out tests on the water quality of the water collection wells every 4 hours a day, the collection wells are equipped with on-line detection devices and other measures to carry out supervision on the source wastewater so as to ensure that the wastewater is discharged in compliance. We encourage our customers to reduce the use of nitric acid by replacing the nitric acid process on the production line with an environmentally friendly ash remover. Due to the high concentration of fluorine in the customer's production line of fluorinated waste acid, some of the ammonium fluoride is in an ineffective state, so we will communicate and negotiate with them to reduce the concentration of fluorine and reduce the use of ammonium fluoride. We will carry out daily inspection checks to ensure that there is no stealing, mixing or over-discharging by each customer and to reduce the pressure on the wastewater plant for treatment.

Secondly, we will control the process parameters. The treatment process is a mature process which has been tested for validation and operated on the spot. During the process, most of the parameters are controlled automatically, such as pH adjustment and the dosage of chemicals required for the Fenton reaction, etc. All of them are automatically controlled by the programmable logic controller (PLC). The staff are mainly responsible for inspecting the operation of the equipment, the quality of the incoming water, the quality of the outgoing water and ensuring that the dosage is adequate. We will take different emergency measures according to the process section. When abnormalities are found, we will adjust the corresponding control parameters or start the risk emergency system, and discharge the abnormal wastewater into the risk emergency tank for storage and treatment, so that the effluent can meet the water quality requirements.

Thirdly, we have also signed an online monitoring service contract with a professional technology company to ensure the normal operation of wastewater treatment facilities through an automated monitoring system, and the monitoring data will be stably transmitted to the network system and monitoring platform developed by the Government Environmental Protection department. Kimou ensured that the wastewater treatment plant could meet the discharge standards in the complex water quality, and met the requirements of the “Measures for the Administration of the Automatic Monitoring of Pollution Sources” (《污染源自動監控設施運行管理辦法》) issued by the Ministry of Environmental Protection of the PRC.

4.2 Waste Management

The Group strictly complies with relevant laws and regulations such as the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the National Hazardous Waste Inventory (《國家危險廢物名錄》), the Standard for Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》(GB18597)) issued by the Ministry of Ecology and Environment of the PRC, and the Regulations of Tianjin Municipality on Municipal Solid Waste Management (《天津市生活垃圾管理條例》) to ensure that all wastes are legally disposed of.

As the developer and operator of large surface treatment recycling eco-industrial parks, our hazardous wastes are mainly from a large amount of heavy metal sludge produced in the process of treating electroplating wastewater. Hazardous wastes generated in the park will be collected strictly by characteristics, any mixed collection, storage, transportation and disposal of hazardous wastes of incompatible nature without safe disposal will be prohibited. The client must engage a third-party hazardous wastes disposal company to dispose the hazardous wastes generated during the production process, and shall report the company’s qualification to the park for record. Large quantities of hazardous waste generated by the customer must be timely transported and should not mix with other solid waste for transport. During the Year, we generated 18,081.1 metric tonnes of hazardous waste, with a hazardous waste density of 19.5 metric tonnes per million of revenue, and all hazardous waste has been legally recycled.

Our non-hazardous wastes are mainly derived from office waste and domestic waste. We conduct strict waste classification during our daily work in order to recycle paper, metal and plastic. During the Year, the Group generated 859.9 metric tonnes non-hazardous wastes and resulted with an intensity of 0.93 metric tonnes per million of revenue. All non-hazardous wastes have been legally treated.

4.3 Emission Management

Kimou provides high quality management services to assist our resident customers in complying with emissions. The Group strictly abides by laws and regulations such as the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Technical Specification of Air Duct (《通風管道技術規程》) issued by the Ministry of Housing and Urban-Rural Development of the PRC, and the Emission Standard of Air Pollutants For Boiler (《鍋爐大氣污染物排放標準》) issued by Tianjin and Huizhou governments respectively. We implement the Electroplating Contaminants Discharge Standard (《電鍍污染物排放標準》) (GB21900-2008) issued by the Ministry of Ecology and Environment of the PRC (Table 5, Emission Concentration Limits of Air Pollutants from Newly-built Enterprises) for organized exhaust gas emission, while the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》) (GB16297-1996) issued by the Ministry of Ecology and Environment of the PRC (Table 2, Emission Limits of Air Pollutants from New Pollution Sources) for unorganized exhaust gas emission.

The customers who reside in Kimou Surface Treatment Recycling Eco-Industry Park must design proper exhaust gas treatment facilities according to their production process. All customer-based exhaust gas treatment facilities must be passed through our Environmental Protection Department and the different types of exhaust gas produced must be collected and treated separately. Customers are prohibited from discharging untreated exhaust gases (e.g. yellow gas, concentrated white irritation gas, concentrated black smoke, etc.) and must install automatic dosing system in exhaust gas towers. We set up on-line recovery measures to recover the exhaust gas (such as chromate fog). We have also adopted the principle of governing wastes with wastes, using wastewater from electroplating production line to spray and purify exhaust gas, so as to realise source control of wastewater and exhaust gas and reduce exhaust gases generation.

Besides, we also actively manage the emission generation in the course of our own operation. The Group's emissions mainly are derived from the use of its vehicles. We reduce its vehicle exhaust emissions by encouraging employees to share vehicles, carrying out regular maintenance of vehicles, and refusing idling vehicles running. The Group strives to minimise emission rates in both our customers' and our own office operations, with the hope that a two-pronged approach will achieve maximum efficiency.

Our greenhouse gases mainly are derived from direct emissions from the use of fuel generators and its vehicles (Scope 1) and indirect emissions from purchased electricity during operation (Scope 2). We have actively taken a series of measures to avoid greenhouse gas emissions. For details, please refer to the energy conservation and emission reduction measures mentioned in the sections of "Emission Management" and "Resource Management".

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During the Year, the Group reviewed the greenhouse gas emissions in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 established by the International Organization for Standardization. The emission performance of the Group was as follows:

| Greenhouse Gas Emissions Performance | Unit | 2021 |
|---|--|-----------------|
| Greenhouse Gas Emissions | | |
| Total Direct Greenhouse Gas Emissions (Scope 1) | tonne of carbon dioxide equivalent (tonne of CO ₂ e) | 44,592.0 |
| Total Indirect Greenhouse Gas Emissions (Scope 2) | tonne of CO ₂ e | 21,117.9 |
| Total Greenhouse Gas Emissions (Scope 1 and Scope 2) | tonne of CO ₂ e | 65,709.9 |
| Greenhouse Gas Emissions Intensity | | |
| Greenhouse Gas Emission Intensity (per million of revenue) (Scope 1 and Scope 2) | tonne of CO ₂ e/million of Revenue | 70.8 |

Scope 1: Direct greenhouse gas emissions from sources that are owned or controlled by the Group.

Scope 2: Indirect greenhouse gas emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the Group.

4.4 Resources Management

4.4.1 Energy Management

Kimou manages the efficiency of the four major energy sources: water, electricity, steam and heat. All our plants have reserved water supply lines for our customers. We advise customers to install valves on the required water supply lines for water control. All customers are required to comply with the relevant regulations on power supply in the park and the park has the right to take emergency power cuts if necessary if the actual electricity consumption exceeds the declared demand. In addition, we have built a unified steam pipe network to connect to the plant. Customers are responsible for managing the steam flow and complying with the relevant regulations of the park to keep the pipes well insulated to avoid loss. The good energy efficiency of Kimou over the years depends on the cooperation between the park and our customers.

In addition, the Energy Management Team can accurately analyse the energy usage and make timely improvements through the real-time online energy monitoring system. We have also put in place the "Energy-Saving Reward and Punishment Scheme" (《節能減排獎懲措施》) to encourage our employees to bring innovative solutions to energy-saving and emission-reducing. With the help of technology and the creativity of our employees, Kimou hopes to continue to enhance energy efficiency management in the future.

During the Year, the total electricity consumption of the Group during its operation was 34,725,152.0 kWh, and the electricity consumption density was 37,429.4 kWh per million of revenue.

4.4.2 Water Resources Management

If the wastewater treated by Kimou meets the requirements, it will be reused for production by every customer to meet the requirements of the government approval standards. We encourage our customers to make the best use of their water resources and not to waste available resources, so as to optimise the allocation of resources. In addition, we have established a condensed steam water circulation system to reuse condensed steam water for heat source water supply and raising boiler water temperature, improving the efficiency of water and boiler fuel in the park.

The water consumed during the operation of the Group mainly comes from municipal water supply, and there is no water sourcing issues. During the Year, we consumed 715,839.0 metric tonnes of water for wastewater treatment and daily office during our operation, with a water consumption intensity of 771.6 metric tonnes per million of revenue.

4.4.3 Material Management

As a surface treatment circular economy industrial park, Kimou has been pursuing the goal of reducing raw materials, reusing and recycling resources in order to effectively reduce the cost of resource purchase and the cost of hazardous waste disposal. Through our electroplating sludge resource treatment system, we use all the recycled nickel for making nickel carbonate raw materials to improve the recycled rate of heavy metals from the electroplating sludge treatment process. In addition, we add waste acid generated during our operations to the sludge recycling process, so as to reduce the usage of fresh water and acid and improve the efficiency of the water and chemical fuel used.

We reduce the consumption of office supplies in various ways, such as encouraging our employees to make better use of stationery, reducing the use of disposable or non-recyclable products, using more double-sided printing and implementing paperless office principles. By monitoring and evaluating material quantities, we can avoid excessive inventory and inappropriate use of materials and reduce unnecessary waste.

4.5 Responding to Climate Change

While focusing on our business development, we are also proactive in addressing climate change. The frequent occurrence of extreme weather due to climate change has a significant impact on the operations of the Group's parks. The board of directors will have overall responsibility for overseeing the environmental risk management activities of Kimou and identifying, evaluating and managing climate-related risks.

| Physical Risks | Potential Impact |
|--|---|
| <ul style="list-style-type: none"> • Flooding • Abnormal rainfall pattern • Extremely hot weather | <ul style="list-style-type: none"> • Office locations may need to be temporarily closed • Extreme weather such as typhoons may cause injury or death to our employees • Power outage at office location • Facilities affected by flooding • Lead to health, safety and environmental accidents • Increase operational costs |
| Transitional Risks | Potential Impact |
| <ul style="list-style-type: none"> • Inability to adapt to relevant climate change policies and regulatory measures | <ul style="list-style-type: none"> • Closure of business for rectification • Profit loss • Damage to reputation |

Mitigation measures for climate-related risks

Kimou implements a range of adaptation measures to mitigate the potential adverse effects of climate change on the Group's labour costs and projects. The Group has adjusted its resources to reduce energy consumption and regularly reviews its climate change policy to reduce the impact of its operations on the environment and natural resources. In the future, we will develop appropriate climate change risk response plans, including physical risk response measures, such as strict compliance with the relevant government guidelines on extreme weather and measures to ensure the safety of our employees, in order to enhance our crisis awareness and emergency response capabilities.

In response to the transition risks, the Group closely monitors environmentally related regulatory developments that may affect the Company's business, supply chain and customers, and evaluates the risks arising. We actively engage with customers, suppliers, employees and other stakeholders to promote and encourage them to reduce greenhouse gas emissions from their day-to-day operations where feasible. We are aware of the long-term challenges posed by climate change and continue to explore adaptation measures to mitigate physical and transitional risks.

4.6 Sustainable Development Target Plans

As a domestic surface treatment recycling eco-industrial park, Kimou has improved its resource management and is committed to developing plans for sustainable development goals. During the Reporting Period, we set management targets for the future to improve energy and water efficiency and reduce waste and greenhouse gas emissions. As some of our parks are in the early stages of establishment and our business continues to grow, the current environmental data does not reflect the full range of the Group's operations and we will set appropriate base years in the future, depending on business conditions. The Group will actively follow up on the progress of our environmental targets and explore further opportunities. In the future, we will set more specific and quantifiable environmental targets and continue to fulfil our mission of "Protecting Environment for Human Welfare" (保護環境・造福人類), in order to promote high quality economic development and high level of ecological protection.

5 Talents Management

The Group values and appreciates the contribution of every employee to the Group and strives to provide an equal, inclusive and safe working environment for our employees. As a caring company, we comply with the relevant labour and employment laws and regulations of each location, including the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Child Labour (《禁止使用童工規定》), the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) and the Employment Ordinance (《僱傭條例》) of the Hong Kong Special Administrative Region, etc. We have prepared the Group's "Employee Handbook" (《員工手冊》) which sets out all aspects of the Group's human resources management, including recruitment, dismissal, remuneration structure, etc. It also sets out the anti-discrimination policy on gender, ethnicity, religion, age and sexual orientation, as well as the policy on fairness and equitable work, appraisal and promotion. There is a good communication channel between the management and staff of Kimou, and the views of every employee are accepted and improvements are made where appropriate.

5.1 Talents Recruitment

The Group strictly adheres to the "Standard Process for Recruitment and Onboarding Management" (《招聘與入職管理標準流程》) in recruiting talents. Recruitment requirements are filled out by the department and then advertised after internal assessment and review, through recruitment websites and on-site recruitment, etc. Each qualified candidate is given an equal opportunity to be interviewed, and each candidate's identity documents, CV and qualifications are carefully reviewed to evaluate their suitability and compliance with regulations. A second review will then be conducted to evaluate the suitability of the candidate's work experience and professional skills for the job. Suitable candidates will be contacted to discuss salary and benefits, arrange medical check-ups and sign contracts.

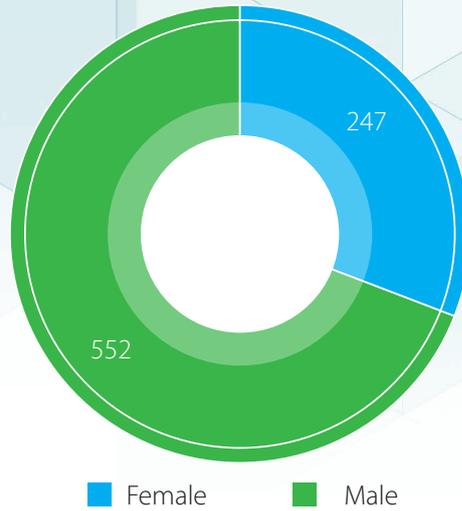
In accordance with the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Group's Attendance Management System (《考勤管理制度》), we will sign a legally binding contract with new employees, specifying the working hours and reasonable remuneration, including overtime compensation, night shift allowance, benefits and separation arrangements, etc. We will explain the contract and the company's situation, as well as the rights to our employees to ensure that all new employees fully understand the contract. The entire recruitment process is set out in detail in the Employee Handbook and is strictly enforced. All occupational and gender discrimination, child labour and forced labour are strictly prohibited. The corresponding procedures and solutions are also set out in the system documents for all employees to study. If any breach of laws and regulations is found and the employment contract needs to be terminated, we will handle and enforce the various situations as clearly set out in the Group's Employee Handbook to protect the rights and interests of our employees and the Group. For employees who leave the Group, we will also perform the departure procedures, conduct exit interviews to understand the reasons and carry out work handover as required in accordance with the "Exit Management System" (《離職管理制度》) and the arrangements in the contract.

During the Year, the Group has not violated any laws and regulations mentioned in the section of "Talent Recruitment".

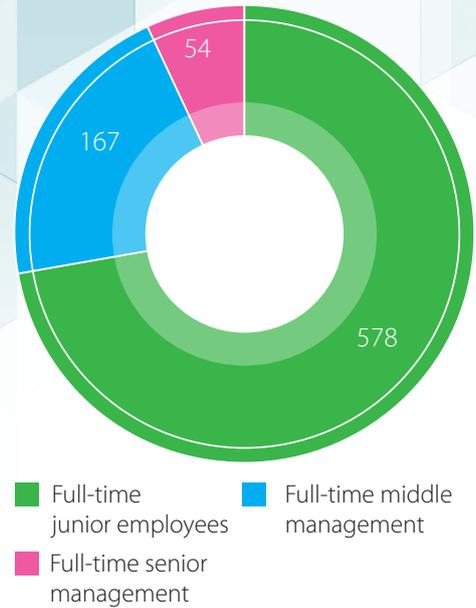
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As at 31 December 2021, the Group had 799 employees, with the following headcount distribution:

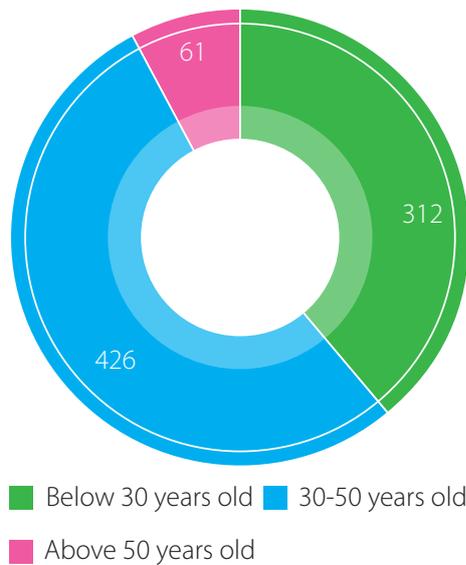
Number of employees by gender



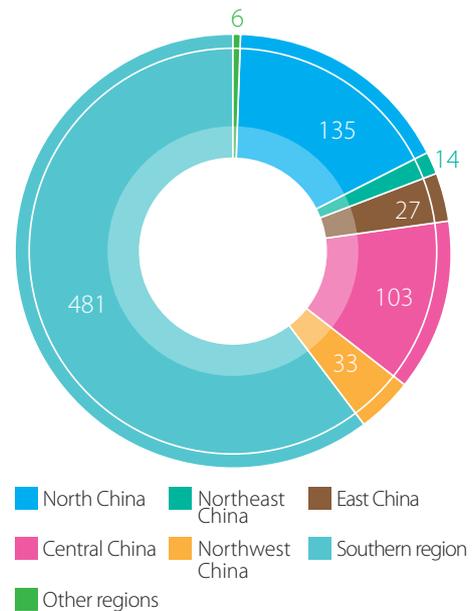
Number of employees by employment type



Number of employees by age



Number of employees by geographical region



5.2 Employee Benefit

The Group regards its employees as an important asset of the Company and we understand that remuneration and benefits are the motivation for our employees. According to the "Employee Probation/Promotion Appraisal Management System" (《員工試用／晉升考核管理制度》) and the "Salary Management System" (《薪資管理制度》) formulated by the Group, the human resources system is based on the principles of fairness, competitiveness, incentive and legality to set out the salary structure and step-by-step change for employees at all levels. Reference is made to the job categories and the improvement of minimum treatment standard at the grass-roots level, etc., which is reviewed and updated annually. In terms of subsidies, in addition to the Five Social Insurances and one Housing Fund stipulated in the legislation, we also provide employees with subsidies such as educational allowances, full attendance awards, seniority awards, excellent employee awards, performance bonuses, and heatstroke prevention subsidy, etc. In terms of employee benefits, we have established the Employee Benefits System. Apart from the annual leave and statutory leave as prescribed by the state, we also provide such benefits as maternity leave, sick leave, work injury leave, marriage leave, bereavement leave, annual leave, maternity leave, miscarriage leave, breast-feeding leave and paternity leave, etc.

In terms of performance appraisal, we conduct regular performance appraisals for eligible employees, which are used as a basis for excellence evaluation, promotion and becoming regular workers, etc. In accordance with our "Appraisal Management System" (《績效考核管理制度》), different departments will form an appraisal and monitoring team and define the corresponding appraisal content, the whole process will be carried out under the principle of fairness and openness. Based on the results of the appraisal, we will evaluate and adjust the position of the employee accordingly, while those with outstanding performance will be awarded in the employee commendation meeting. We will also analyse and consolidate all the appraisal data, put forward suggestions and optimisation in light of the Group's situation, to be implemented after the confirmation from the management.

5.3 Talent Caring

In order to enhance the sense of belonging to the Group and to relieve the work pressure of our employees, Kimou organises a variety of employee activities from time to time, including festive celebrations, singing and sports competitions, etc., to strengthen the group spirit of our employees and to enhance their physical fitness. For example, from July to August 2021, the first badminton tournament was held in Tianjin Park riding the wave of Olympic Games. The employees strived hard in the playground to display sportsmanship. In mid-September 2021, we also held the 2021 Singing Contest with the theme of "Welcoming National Day, Singing the New Era Music" (《喜迎國慶·唱響新時代樂章》). On the occasion of the celebration of the 72nd anniversary of the founding of the People's Republic of China, all employees sang the resounding hymn of the new era with full enthusiasm. In addition, the Huizhou Park held a Mid-Autumn festival party with the theme of "Mid-Autumn Festival Love for Kimou" (《濃情中秋·情繫金茂》). More than 200 customers, employees and their family members gathered together to spend a happy time in a festive atmosphere, creating a harmonious atmosphere of the park-enterprise family and greatly enhancing the cohesiveness of the Group.



The First Badminton Tournament in Tianjin Park



2021 National Day Singing Contest



2021 Park-Enterprise Mid-Autumn festival party

5.4 Talent Development

We understand that environmental technology needs to keep pace with the times and that employee mastery of new technology is particularly important to Kimou. To support the sustainable development of our employees, we have developed a "Training Management System" (《培訓管理制度》) to arrange and encourage our employees to attend training and related conferences, including regular, on-the-job, temporary, internal and external training on the latest environmental technologies, relevant developments and regulations. Kimou sets up different training for each department, such as "Self-Management Knowledge Training" (《自我管理知識培訓》) for the Human Resources Department and "Corporate Wastewater Management Training" (《企業廢水管理培訓》) for the Production and Operation Department, in the hope that each employee can excel in the appropriate position. The training of each employee will be recorded on the "Training Attendance Register" (《培訓履歷台賬》). We also reimburse staff for training fees attended away from home. The Human Resources Department of the Group regularly consolidates and analyses the training records of our staff to provide management information for future promotions, transfers, etc. During the Year, the percentage of staff who have received training is 86.7% of all employees. Looking ahead, we hope that every employee will receive personalised training to excel in their positions.

5.5 Occupational Health and Safety

The business of the Group is environmental engineering, which involves construction and chemical testing. Therefore, we attach great importance to the health and safety of employees and treat this as one of the major focus projects of the Group. The Group strictly complies with the laws and regulations such as the Production Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Protection Law of the PRC (《中華人民共和國消防法》), Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and has formulated the "Compilation of Production Safety Management Systems" (《安全生產管理制度匯編》).

In accordance with the requirements of the "Guidelines for the Preparation of Work Safety Accident Emergency Plan for Production and Business Units" (《生產經營單位安全生產事故應急預案編制導則》), and based on the Group's potential incidents and emergencies as well as the results of risk assessment, the Group formulated the "Emergency Rescue Plan for Production Safety Accident" (《生產安全事故應急救援預案》). Based on the assessment results of the Group's potential accidents and emergencies, we have developed emergency and training programs for all types of safety accidents that may occur in production. We review emergency rescue plans and make necessary amendments on a regular basis, ensuring that employees can understand four aspects (i.e. the dangers of leakage and fire, preventive measures, safe handling, and escape methods), and capture four skills (i.e. call the police, use fire extinguishers, put out the initial fire, and escape), and conduct emergency drills at least once a year. We have also set up a professional emergency command department and emergency rescue personnel to conduct emergency rescue knowledge training every six months.

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We have also developed our own unique "Safety Education and Training System" (《安全教育培訓制度》) to provide employees with the necessary health education, training and protective equipment. Employees engaged in high-risk positions must receive pre-job training, including training on various occupational health and occupational disease prevention and control, knowledge of job protection and the use of protective equipment, etc., and can only commence operation after passing the examination. Leaders and employees at all levels are required to be familiar with and aware of the responsibilities, risks, management methods and preventive measures for the occupational disease within their work unit and area of management. All employees working in the Electroplating Industrial Park must use labour protection products in compliance with the regulations. We strictly prohibit any illegal operations and work behaviours, violations of protective equipment wearing, and command violations on the site of the industrial parks. We also purchase social insurance and commercial insurance for high risk positions with the insurance amount in accordance with the relevant national policies. In the unfortunate event of death, disabled, injured or illness arising from work, we will compensate them in accordance with the relevant insurance clauses. We also arrange annual physical examinations for employees to meet their health needs to the fullest extent.

In response to the precaution requirements of COVID-19 epidemic, we have formulated the "Work Plan for the Prevention of the Epidemic of the Resumption of Production and Work in Enterprises" (《關於企業復產復工疫情防範工作方案》) to protect the safety of our employees and prevent the spread of the COVID-19 epidemic. In accordance with the plan, we have set up an Epidemic Prevention Team to coordinate, deploy and report on all epidemic prevention work within the park, including employee return statistics, diagnostic isolation, disinfection and sterilisation of the park, epidemic publicity and education, protective equipment supply, disposal of discarded protective equipment and body temperature testing on entry to the park, etc.

During the Reporting Period, the cumulative number of working days lost by the Group due to work-related injuries was 214.5 days and there were no work-related fatalities in the past three years.

6 Responsible Operations

6.1 Supply Chain Management

Suppliers are important partners of our Group and fundamental to our quality management. In order to better manage upstream in the supply chain of our products, we have formulated the “Material Procurement Management System” (《物資採購管理制度》), “Material Supply Management System” (《物資供應管理制度》), “Material Procurement Management Process and Risk Control” (《物資採購管理流程與風險控制》) and “Supplier Management Procedure” (《供應商管理程序》) to strengthen the supplier responsibility throughout the supply chain. We do not engage suppliers who violate local laws and regulations with unethical business practices, corruption, forced labour, etc. We require our suppliers to be committed to protecting the environment and reducing the impact of their business operations on the environment. We also strictly review the information and product quality of all suppliers. For new suppliers, we will conduct background checks, requesting information including their legal identity, business licence, product information and, if necessary, on-site checks on the supplier.

In terms of supplier management, we have formulated the “Qualified Supplier List” (《準入供應商名》), “Supplier Survey and Evaluation Form” (《供應商調查評估表》), “Monthly Assessment Record Sheet for Suppliers” (《供應商月考核記錄表》) and “Supplier Score Evaluation Form” (《供應商分數評估表》), etc. We will record our existing suppliers on a monthly basis, evaluate and score them based on the quality of products provided by the suppliers, pre-sales and after-sales services, on-time delivery, etc. Suppliers with higher scores will be given priority in future purchases, while those with low scores will be removed from the list. The quality supply chain management has built the foundation of the quality goodwill of Kimou and increased the confidence of each incoming customer.

During the Year, the Group had a total of 1,076 suppliers, including chemical, construction, equipment, instrumentation and pipes.

| Geographical region | Quantity |
|---------------------|----------|
| Southern China | 600 |
| Northern China | 272 |
| East China | 92 |
| Central China | 54 |
| Southwest China | 33 |
| Northwest China | 3 |
| Northeast China | 1 |
| Others ¹ | 21 |

¹ Others: Hong Kong, Cayman and other regions.

6.2 Quality Assurance

The Group complies with relevant laws and regulations such as the Production Safety Law of the PRC (《中華人民共和國安全生產法》) and the Guideline of China Occupational Safety and Health Management System (《企業安全生產標準化基本規範》). The Materials Department and Production and Operation Department of the Group have formulated quality assurance documents, including “Chemical Raw Material Monitoring and Management Process” (《化工原料檢驗管理流程》), “Sales Management Standard Process” (《銷售管理標準流程》), “Warehouse Management Standard Process” (《倉庫管理標準流程》), “Production and Operation Department Safety Production Operation Procedures” (《生產運行部安全生產操作規程》) and various process.

We understand that good quality is achieved through rigorous collaboration in all aspects. In our upstream value chain management, we strictly examine the quality of our supplied materials and manage our warehouse management to ensure that all materials are of the best quality. In the quality management of wastewater treatment, we start with the construction of facilities and sewage sources, select the most suitable materials to meet the design needs, such as the use of higher safety factor PVC-U pipe, and making recommendations to reduce pollution for high-pollution emissions customers. Immediately after that, we separate the source of different types of wastewater, such as the six major rinsing water and the six major high-concentration wastewater, and formulate a number of appropriate discharge standards and guidelines, as well as safety standards and coefficients, and adopt appropriate wastewater treatment technologies. In the process, at every step and every item, professionals are responsible for testing, spot checks and adjustments, and quality management to ensure that all treated wastewater meets the wastewater standards. We are also actively developing our own technology and configuration for wastewater treatment to provide our customers with the best choice and quality assurance. Our quality and process management systems and work have also received a number of recognitions, including Quality Management System Certificate (GB/T19001-2016/ISO9001:2015), Occupational Health and Safety Management System Certificate (GB/T45001-2020/45001:2018) and Environmental Management System Certificate (GB/T24001-2016/ISO14001:2015), etc. In order to analyse and predict the safety risk factors in the production and construction process, and select and develop reasonable and reliable risk control and mitigation measures, we conduct safety inspections, discover potential hazards, determine hazard levels, and make timely improvements through methods such as Job Hazard Analysis (JHA), Safety Check List (SCL), and Likelihood, Exposure and Consequence (LEC), which effectively prevent and reduce safety accidents.

6.3 Intellectual Property Protection

We strictly comply with Advertising Law of the PRC (《中華人民共和國廣告法》), Patent Law of the PRC (《中華人民共和國專利法》), Rules for Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), Trademark Law of the PRC (《中華人民共和國商標法》), Intellectual Property Law of the PRC (《中華人民共和國知識產權法》) and other relevant laws and regulations.

We are committed to our clients to provide accurate and publicly available information. All public advertising messages are carefully reviewed and verified to ensure that all information is correct, complete and not misleading, and that the customer is clearly aware of and compliant with legal requirements.

We also respect intellectual property rights and when we use other third-party patented technologies, we ensure that the rights and interests of patent holders are protected. We will sign a legally binding document with the patent holder, stipulating its scope of use, duration, interest allocation of subsequent R&D achievements, etc.

In addition, we actively conduct R&D, and carry out cooperation and exchange activities with other scientific research institutions to enhance our scientific research capability, thus contributing to the development of environmental protection technology. We will also protect our rights and assets and apply for patents to protect our intellectual property rights. The patent covers all wastewater treatment technologies, system or equipment design, etc. During the Reporting Period, we had a total of 83 patents.

6.4 Customer Communication

Communication with our customers is an integral part of our growth and in order to maintain good communication with all new and existing customers, we have developed a "Code of Conduct for New Customer" (《入園守則管理規範》) so that new customers have a clear understanding of what we can offer and a good understanding of how things work in the park. We treat every suggestion and request from our customers with the utmost respect, and in order to deal with customer feedback more effectively, we have developed "Business Process Specification" (《事務處理流程規範》) which specifies the handling method of customer's comments. Every comment is recorded and handed over to the relevant departments for determination of a resolution plan, then our management will comment and confirm on each comment and resolution plan. Once the resolution plan is in place, we will contact the relevant customers to ensure the issue is resolved and if there are any further comments, etc. Each year, we will conduct annual review and recognition to provide a summary of our work over the past year to all our customers to enhance communications. Kimou respects all of the comments and we regard them as an important basis for the improvement of the Group.

During the Year, the Group did not receive any major complaints from customers of our respective electroplating industrial parks.

6.5 Information Management

We strictly comply with Regulations of the PRC for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), Provisions on Internet Security Protection Technology Measures (《互聯網安全保護技術措施規定》), Basic Procedures and Requirements for Internet Service Security Evaluation (《互聯網服務安全評估基本程序及要求》), Requirements for Internet Interactive Services Security Protection (《互聯網交互式服務安全保護要求》), the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) of the Hong Kong Special Administrative Region and other relevant regulations.

We will only collect the information we need from our customers and will specify in the document the purpose of collection, access rights and retention periods, etc. All data collected will only be accessed by authorised persons and will not be accessible to anyone else. All information collected is kept in strict confidence. External data is subject to a three-tier review by our professionals, and systems that hold important data are secured and will periodically delete unnecessary or outdated customer data to ensure information security.

During the Reporting Period, the Group did not have any incidents relating to information security or leakage of customer information.

6.6 Anti-Corruption

Kimou has deliberately developed the “Employee Integrity System” (《員工廉潔從業制度》) to ensure integrity and ethical behaviour within the company, to conduct production and operational activities in accordance with the principles of fairness, honesty, decency, integrity and respect, to maintain the purity of our workforce and to regulate the integrity of our employees. We have a zero tolerance policy for engaging in any type of corrupt or bribery activity.

In accordance with this system, misconduct and malpractice include (but are not limited to) acts that violate national laws and regulations, and all rules and regulations within the scope of Group, acts that providing unauthorised convenience for customers for admission to the Park by taking advantage of one's, and acts that privately accepting benefits or rebates, brokerage fees and other forms of personal gains from customers, etc. We also encourage our employees to report unlawful behaviour around them. There is a two-tier reporting system whereby employees can report incidents to the Chairman or the Board of Directors. Any report will be investigated accordingly and will not be tolerated. After the investigation is completed, the persons involved will be punished according to the seriousness of the incident. In the severe cases, the accountability, loss or dismissal will be investigated through the law, and the minor cases will be demoted or criticised.

During the Reporting Period, the Human Resources Department/Human Resources Administration Department of each Park of the Group were responsible for the training and promotion of integrity while all directors and employees have attended. The Company conducts regular integrity training for its employees and sends regular communications to its customers to promote their commitment to the Group's integrity policy.

The Group strictly complies with the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Contract Law of the PRC (《中華人民共和國合同法》), the Tax Law of the PRC (《中華人民共和國稅法》) and other laws and regulations. During the Year, the Group was not involved in any bribery, extortion, fraud and money laundering prosecutions

7 Social Responsibility

Kimou is engaged in the environmental industry and we value the support and cooperation of our stakeholders in our environmental journey. Therefore, we hope to strengthen community environmental awareness and promote community development. While the Group is developing its business, we also invest in the future pillars of society to provide more talents for China.

The employees of Kimou participated in various charity activities, including the “Learning Party History, Practicing Original Intention” (「學黨史、踐初心」) walking event; World Environment Day and donations to Luoyang No. 4 Primary School in Boluo County, with a total of 673 participants. We hope to fulfil our social responsibility and continue to have a positive impact on the community.



**“Learning Party History,
Practicing Original Intention”
Walking Event**



World Environment Day



Donations to Luoyang No. 4 Primary School in Boluo County

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Appendix I: Sustainability Data Information Summary

The following is a summary of data on sustainable development in the environmental context for the Year:

| Environmental Aspect | Unit | 2021 |
|--|---|--------------|
| Emission² | | |
| Nitrogen Oxide | kg | 508.0 |
| Sulfur Oxide | kg | 0.8 |
| Suspended Particulate | kg | 46.6 |
| Greenhouse Gas Emissions | | |
| Direct Greenhouse Gas Emissions (Scope 1) | tonne of CO ₂ e | 44,592.0 |
| Indirect Greenhouse Gas Emissions (Scope 2) | tonne of CO ₂ e | 21,117.9 |
| Total Greenhouse Gas Emissions (Scope 1 and Scope 2) | tonne of CO ₂ e | 65,709.9 |
| Greenhouse Gas Emissions Intensity (per million of revenue) (Scope 1 and Scope 2) | tonne of CO ₂ e/million of revenue | 70.8 |
| Energy Consumption | | |
| Total Electricity Consumption | | |
| Total Electricity Consumption | kWh | 34,725,152.0 |
| Electricity Consumption per million of revenue | kWh/million of revenue | 37,429.4 |
| Purchased Electricity Consumption | kWh | 34,613,881.0 |
| Self-Produced Electricity (fuel generators) | kWh | 111,271.0 |
| Fixed Equipment | | |
| Natural Gas Consumption | m ³ | 20,342,354.2 |
| Diesel Consumption | L | 65,247.6 |
| Motor Vehicles | | |
| Gasoline Consumption | L | 43,832.4 |
| Diesel Consumption | L | 8,597.6 |
| Water Consumption | | |
| Total Water Consumption | tonne | 715,839.0 |
| Water Consumption Intensity (per million of revenue) | tonne/million of revenue | 771.6 |
| Paper Consumption | | |
| Paper Consumption | kg | 4,312.6 |
| Paper Consumption per Capita | kg/staff | 5.4 |
| Waste | | |
| Amount of Non-hazardous Waste Produced | tonne | 859.9 |
| Non-hazardous Waste Produced Intensity (per million of revenue) | tonne/million of revenue | 0.9 |
| Amount of Hazardous Waste Produced | tonne | 18,081.1 |
| Hazardous Waste Produced Intensity (per million of revenue) | tonne/million of revenue | 19.5 |
| Amount of Recycled Hazardous Waste | tonne | 18,081.1 |

² The above emissions include vehicle emissions. Vehicle emissions were calculated in accordance EMFAC-HK Vehicle Emission Calculation http://www.epd.gov.hk/epd/english/environmentinhk/air/guide_ref/emfac-hk.html (English version only) by Hong Kong Environmental Protection Department and MOBILE6.1 Particulate Emission Factor (<http://www3.epa.gov/otaq/m6.htm>) (English version only) by United States Environmental Protection Agency (not precluding changes or updated versions).

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Wastewater Discharge*

| Actual wastewater discharge indicators | Unit | 2021 average emission concentration | |
|--|------|-------------------------------------|--------------|
| | | Tianjin Park | Huizhou Park |
| Ammonia | mg/L | 1.2 | 0.8 |
| Total nitrogen | mg/L | 27.0 | 13.2 |
| pH | - | 7.6 | 7.6 |
| Total suspended solids (TSS) | mg/L | 9.0 | 4.0 |
| Chemical oxygen demand (COD) | mg/L | 64.0 | 17.0 |

* The following emission standards are as follow:

1. Electroplating Water Pollutant Emission Standard (《電鍍水污染物排放標準》) DB441597-2015
2. Surface Water Environmental Quality Standard (《地表水環境質量標準》)(GB 3838-2002)
3. Comprehensive Wastewater Discharge Standard (《污水綜合排放標準》) DB12/356-2018
4. Table 3 Emission Standards and Table 1 Emission Standards in the Pearl River Delta Region under Guangdong Province Electroplating Water Pollutant Discharge Standard (《廣東省電鍍水污染物排放標準》) (DB44/1597-2015)

The following is a summary of data on sustainable development in the social area for the Year:

| Social Aspects | Unit | 2021 |
|---|--------|------------|
| Employment Management | | |
| Total Employees | person | 799 |
| Total Employees by Gender | | |
| Female | person | 247 |
| Male | person | 552 |
| Total Employees by Employment Type | | |
| Full-time Junior Employees | person | 578 |
| Full-time Middle Management | person | 167 |
| Full-time Senior Management | person | 54 |
| Total Employees by Age | | |
| Aged below 30 | person | 312 |
| Aged 30–50 | person | 426 |
| Aged above 50 | person | 61 |

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| Social Aspects | Unit | 2021 |
|---|--------|------|
| Total Employees by Geographical Region | | |
| Northern China | person | 135 |
| Northeast China | person | 14 |
| Eastern China | person | 27 |
| Central China | person | 103 |
| Northwest China | person | 33 |
| Southern China | person | 481 |
| Other Region (including Hong Kong, Macau and Taiwan) | person | 6 |
| Employees Turnover Rate³ | | |
| Total staff turnover rate | % | 24.2 |
| Employees Turnover Rate by Gender | | |
| Female | % | 24.7 |
| Male | % | 24.0 |
| Employees Turnover Rate by Age | | |
| Aged below 30 | % | 28.4 |
| Aged 30–50 | % | 21.4 |
| Aged above 50 | % | 19.7 |
| Employees Turnover Rate by Geographical Region | | |
| Northern China | % | 28.6 |
| Northeast China | % | 26.3 |
| Eastern China | % | 25.0 |
| Central China | % | 19.5 |
| Northwest China | % | 8.3 |
| Southern China | % | 24.7 |
| Other Region (including Hong Kong, Macau and Taiwan) | % | 14.3 |

³ Turnover ratio by category = $L(x)/(L(x) + E(x)) * 100$, L(x) = number of employees turnover in that category, E(x) = total number of employees in that category

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| Social Aspects | Unit | 2021 |
|---|--------|---------------|
| Employee Training⁴ | | |
| Percentage of Employees Trained by Gender | | |
| Percentage of female trainees | % | 30.0 |
| Percentage of male trainees | % | 70.0 |
| Average number of hours of training for female | hour | 11.6 |
| Average number of hours of training for male | hour | 11.5 |
| Percentage of Employees Trained by Employment Type | | |
| Percentage of full-time Junior Employees trained | % | 74.6 |
| Percentage of full-time Middle Management trained | % | 19.9 |
| Percentage of full-time Senior Management trained | % | 5.5 |
| Average full-time Junior Employees training hours | hour | 12.2 |
| Average full-time Middle Management training hours | hour | 11.8 |
| Average full-time Senior Management training hours | hour | 6.0 |
| Occupational Health and Safety | | |
| Work-related fatalities in 2021 | person | 0 |
| Rate of work-related fatalities in 2021 | % | 0.0 |
| Work-related fatalities in 2020 | person | 0 |
| Rate of work-related fatalities in 2020 | % | 0.0 |
| Work-related fatalities in 2019 | person | 0 |
| Rate of work-related fatalities in 2019 | % | 0.0 |
| Number of working days lost due to work-related injuries | day | 214.50 |

⁴ During the Year, we calculated the percentage of employees trained in accordance with Appendix III "Reporting Guidance on Social KPIs" of "How to Prepare an ESG Report" by the Stock Exchange, unlike previous years.

Prior years calculation method:

Employees by relevant category = $T(x)/E(x) * 100$, $T(x)$ = Class x Number of employees trained, $E(x)$ = Total number of employees in that category

This Year calculation method:

Employees by relevant category = $T(x)/T * 100$, $T(x)$ = Class x Number of employees trained, T = Employees trained

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Appendix II: Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Index

| KPI | | Corresponding Chapters | | |
|-----------------------|------------------|------------------------|--|--|
| A. Environment | | | | |
| A1: | Emissions | General Disclosure | Information on: (a) the policies; and (b) and compliance with relevant laws and regulations that have a significant impact on the issuer relating to emission and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 4 Green Operation 4.1 Wastewater Treatment 4.2 Waste Management 4.3 Emission Management |
| | | A1.1 | Types of emissions and respective emission data. | Appendix I: Sustainability Data Information Summary |
| | | A1.2 | Total GHG emissions and densities from direct (Scope 1) and indirect (Scope 2) sources. | 4.3 Emission Management Appendix I: Sustainability Data Information Summary |
| | | A1.3 | Total hazardous waste produced and intensity. | 4.2 Waste Management Appendix I: Sustainability Data Information Summary |
| | | A1.4 | Total non-hazardous waste produced and intensity. | 4.2 Waste Management Appendix I: Sustainability Data Information Summary |
| | | A1.5 | Description of measures to mitigate emissions and the actions taken to manage them. | 4.3 Emission Management |
| | | A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and the actions taken to manage them. | 4.2 Waste Management 4.4.3 Material Management |
| A2: | Use of Resources | General Disclosure | Policies on the efficient use of resources (including energy, water and other raw materials). | 4.4.1 Energy Management 4.4.2 Water Resources Management 4.4.3 Material Management |
| | | A2.1 | Direct and/or indirect energy consumption (e.g. electricity, gas or oil) by type in total and intensity. | 4.4.1 Energy Management Appendix I: Sustainability Data Information Summary |
| | | A2.2 | Water consumption in total and density. | 4.4.2 Water Resources Management Appendix I: Sustainability Data Information Summary |
| | | A2.3 | Describe the energy efficiency initiatives and the actions taken to manage them. | 4.4.1 Energy Management |
| | | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and the actions taken to manage them. | 4.4.2 Water Resources Management |
| | | A2.5 | Total packaging material used for finished products and per unit produced. | The business of our Group does not involve packaging material |

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| KPI | | Corresponding Chapters | | |
|-------------------|-----------------------------------|------------------------|---|---|
| A3: | Environment and Natural Resources | General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | 4 Green Operation |
| | | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 4 Green Operation |
| A4: | Climate Change | General Disclosure | Policy for identifying and addressing major climate-related issues that have affected or may affect the issuer. | 4.5 Responding to Climate Change |
| | | A4.1 | Describe significant climate-related matters that have and may have an impact on the issuer, and actions to manage them. | 4.5 Responding to Climate Change 4.6 Sustainable Development Target Plans |
| B. Society | | | | |
| B1: | Employment | 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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 5 Talent Management 5.1 Talent Recruitment 5.2 Employee Benefit |
| | | B1.1 | Total workforce by gender, employment type, age group and geographical region. | 5.1 Talent Recruitment Appendix I: Sustainability Data Information Summary |
| | | B1.2 | Employee turnover rate by gender, age group and geographical region. | Appendix I: Sustainability Data Information Summary |
| B2: | Health and Safety | 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 providing a safe working environment and protecting employees from occupational hazards. | 5.5 Occupational Health and safety |
| | | B2.1 | The number and rate of work-related fatalities in the past three years (including the reporting year). | 5.5 Occupational Health and safety Appendix I: Sustainability Data Information Summary |
| | | B2.2 | Lost days due to work injury. | 5.5 Occupational Health and safety |
| | | B2.3 | Description occupational health and safety measures adopted, how they are implemented and monitored. | 5.5 Occupational Health and safety Appendix I: Sustainability Data Information Summary |

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| KPI | | | Corresponding Chapters |
|------------------------------|--------------------|--|---|
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 5.4 Talent Development |
| | B3.1 | The percentage of employees trained by gender and employee category (e.g. Senior management, middle management, etc). | 5.4 Talent Development Appendix I: Sustainability Data Information Summary |
| | B3.2 | The average training hours completed per employee by gender and employee category. | Appendix I: Sustainability Data Information Summary |
| B4: Labour Standards | 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 preventing child and forced labour. | 5.1 Talent Recruitment |
| | B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 5.1 Talent Recruitment |
| | B4.2 | Description of steps taken to eliminate such practices when discovered. | 5.1 Talent Recruitment |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | 6.1 Supply Chain Management |
| | B5.1 | Number of suppliers by geographical region. | 6.1 Supply Chain Management |
| | B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | 6.1 Supply Chain Management |
| | B5.3 | Description of practices used to identify environmental and social risks at each stage of the supply chain, how they are implemented and monitored. | 6.1 Supply Chain Management |
| | B5.4 | Describes the practices which promote the use of environmentally preferable products and services when selecting suppliers, how they are implemented and monitored. | 6.1 Supply Chain Management |

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| KPI | | Corresponding Chapters | | |
|----------------------------|--------------------|---|---|--|
| B6: Product Responsibility | 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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 6.2 Quality Assurance 6.4 Customer Communication 6.5 Information Management | |
| | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | The Group does not involve in product sales | |
| | B6.2 | Number of products and service-related complaints received and how they are dealt with. | 6.4 Customer Communication | |
| | B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 6.3 Intellectual Property Protection | |
| | B6.4 | Description of quality assurance process and recall procedures. | 6.2 Quality Assurance | |
| | B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | 6.5 Information Management | |
| B7: Anti-Corruption | 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 bribery, extortion, fraud and money laundering. | 6.6 Anti-Corruption | |
| | B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 6.6 Anti-Corruption | |
| | B7.2 | Description of preventive measures and whistleblowing procedures, how they are implemented and monitored. | 6.6 Anti-Corruption | |
| | B7.3 | Description of the anti-corruption training provided to directors and employees. | 6.6 Anti-Corruption | |
| B8: Community Investment | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 7 Social Responsibility | |
| | B8.1 | Focus areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sport). | 7 Social Responsibility | |
| | B8.2 | Resources contributed to the focus area. | 7 Social Responsibility | |