



Nanfang Communication Holdings Limited

南方通信控股有限公司

(Incorporated in Cayman Islands with Limited Liability)

Stock Code: 1617

2024

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

智慧聯接 啟動未來

SMART LINKS START THE FUTURE

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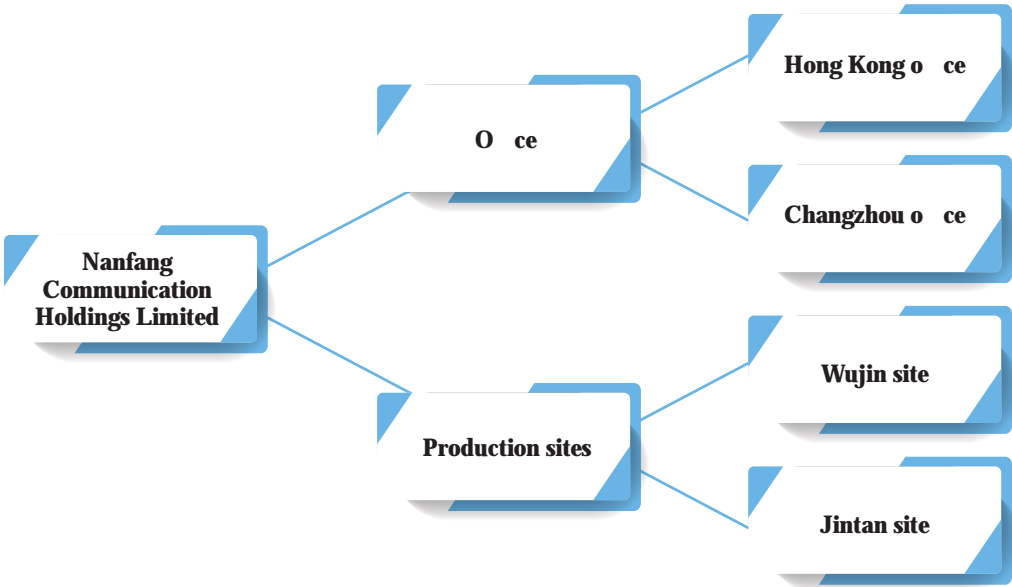
ABOUT THIS REPORT

Nanfang Communication Holdings Limited (the “Company”), together with its subsidiaries, (referred to as “we”, “Nanfang Communication” or the “Group”) is a leading player in the optical fibre cables market in China and a well-established supplier of optical telecommunication products, with the Group’s headquarters based in Changzhou City, Jiangsu Province, China. The Group has long been focusing on the manufacture and sales of a variety of optical fibre cable products, ancillary devices as well as prepainted steel sheets, covering the diverse application needs of the telecommunications industry and other industries. Adhering to the concept of win-win cooperation, we are committed to building stable and long-term trust with industry partners and community stakeholders.

To further demonstrate corporate responsibility, we are pleased to publish the 2024 environmental, social and governance (“ESG”) report (the “Report”), conducting a comprehensive review of the Group’s achievements and measures implemented in the field of ESG for the past year, establishing the long-term vision and core objectives of implementing the sustainable development strategy of the Group. We aim to share our deep commitment to environment protection, social responsibility and corporate governance with the Report, and actively promote the green transformation and continuous development of the industry.

Reporting Scope

The Report describes the Group’s governance approach to ESG matters in detail and focuses on the respective ESG performance of the Group from 1 January 2024 to 31 December 2024 (the “Reporting Period”, “2024” or the “Year”). The Report covers the ESG practices and results of the two production sites located in Wujin and Jintan of Jiangsu Province, the People’s Republic of China (the “PRC” or “China”) and the two offices located in the PRC and Hong Kong. Considering the size of our Hong Kong office and the relatively low distribution of employees and revenue, and in accordance with the principle of materiality, the Group only makes disclosure of key performance indicators (“KPIs”) covers our businesses in the PRC only. All cases and data are from Nanfang Communication. With regards to the reporting framework, unless otherwise stated, the scope of the Report is the same as that of last year. Through such means, the Group strives to ensure the continuity and comparability of the information disclosure, while providing stakeholders with more specific and useful ESG data.



Reporting Standards

The Report has been prepared and presented strictly in accordance with the requirements of Appendix C2 “ESG Reporting Guide” (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”), ensuring that the contents of the Report conform with the four principles of materiality, quantitative, balance and consistency, as described below:

Reporting principle	Description
Materiality	During the process of preparation, the Group conducted thorough identification and analysis of ESG issues that are closely relevant to the operation of the Company to ensure that the information disclosed accurately reflects issues that have material impact on related parties.
Quantitative	Under the ESG Reporting Guide, the Group present our ESG performance by providing measurable environmental and social KPIs. The methods of calculation and assumptions are also described in the paragraphs on KPIs.
Balance	We strive to make objective and fair disclosure of information, demonstrating the achievements attained while also openly address challenges and shortcomings, thereby providing stakeholders with a comprehensive and accurate overview of the ESG performance.
Consistency	To ensure the comparability of the of the data disclosed, the Group adopts the same reporting scope as last year. The scope, methodology and standards of this Report are consistent with last year in terms of the scope of disclosure and calculation method, unless for specific situations that will be described separately.

This Report has been approved and reviewed by the board of directors (the “Board”) of the Company to ensure its authenticity, accuracy, and completeness.

Feedback

The Group believes that positive interaction and effective communication with our stakeholders are essential to our sustainable development and that your views and suggestions are valuable in our decision-making and business operations. We endeavour to build trust with communities and formulate business strategies that are in the best interest of stakeholders. Therefore, if you have any comments or suggestions, please feel free to contact us through our email address info@jsnfgroup.com, which will help us optimise our sustainability policy and drive us to move forward in a more sustainable and successful way.

MESSAGE FROM CHAIRMAN

Organic integration of ESG promises a stable and sustainable business development.

In today's rapidly advancing global landscape, the telecommunications industry, as a provider of core infrastructure in the era of digitalisation, bears significant responsibilities of driving social progress, promoting inclusive development, and fulfilling the green and low-carbon mission. Over the past year, we have consistently integrated ESG principles into our corporate strategies and daily operations. We are actively responding to environmental challenges, fulfilling social responsibilities, enhancing the effectiveness of governance, and strived to create sustainable value for our stakeholders in the long term while realising business value.

To drive green development with technological innovation

Facing dual challenges of climate change and resource constraints, we will continue to carry forward our roadmap to achieve "Carbon Neutrality", explore innovative application of 5G network and Internet of Things technologies in smart energy management, and contribute our technological strength to the global green transformation.

To build long-term trust through transparency and compliance

A robust governance system is the foundation of sustainable development for corporates. We maintain the transparent communication by regularly publishing ESG progress reports and organising stakeholders' seminars to ensure that our decisions align with the expectations of all parties concerned.

Looking to the future: to work together to create sustainable ecosystems

ESG is not a "Solo Journey" for corporations but a "Concentric Circle" of collaboration with partners, clients, employees and communities. Nanfang Communication will further open its technological capabilities to collaborate with upstream and downstream partners across the industrial chain in establishing a green supply chain. Simultaneously, we will listen to the voices of younger generations on sustainable development and integrate their innovative ideas into corporate strategies.

On behalf of the Board, I would like to express my sincere gratitude to all our investors, clients, employees and partners for their support. We firmly believe that only by anchoring ourselves in responsibility and setting sail with innovation can we navigate steadily through the tides of our times. Let us move together towards a greener, more inclusive and smarter future!

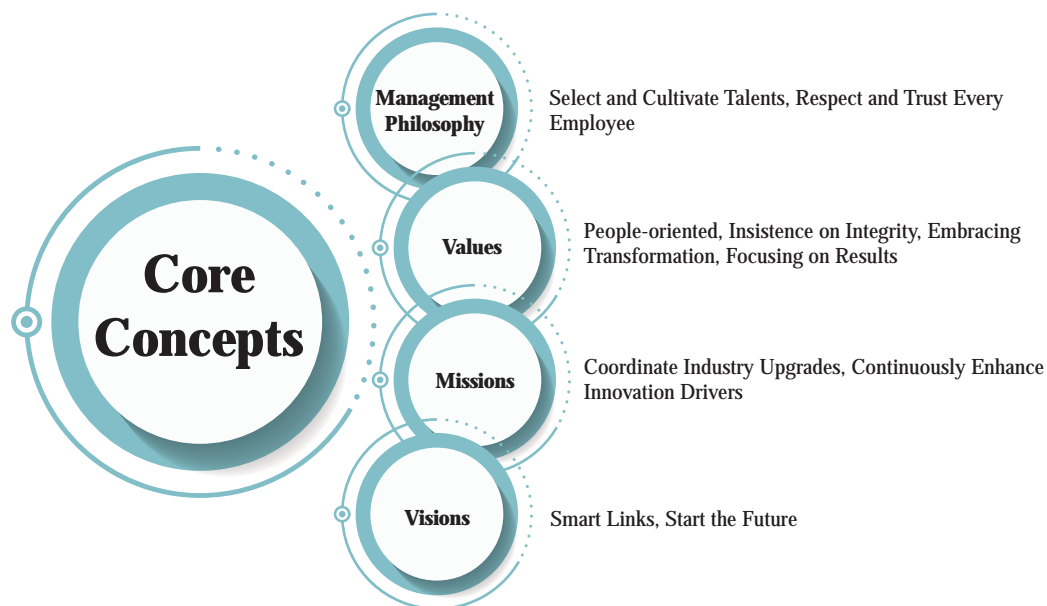
Nanfang Communication Holdings Limited

Yu Jinlai

Chairman

SUSTAINABLE DEVELOPMENT

Nowadays, in the rapidly developing business environment, sustainability is not just the foundation of success of the Group, but also the core value that is guiding and supporting our corporate culture. We hold firmly that achievement of our sustainable targets are subject to our active efforts, compliance with national environmental regulations and formulation of corresponding policies and system. Therefore, we are committed to protecting the health of our employees, and ensuring that our production process has efficient energy utilisation, conserve resources and reduce emissions, thus to develop in harmony with the environment. We firmly believe that only through selecting and cultivating talents and respecting every employee's contribution can we realise our management philosophy in practice and thus progress sustainable development.



1. Realizing of Management Philosophy

We emphasize the importance of selecting and cultivating talents and are committed to establishing a people-oriented work environment. In this environment, employees' voices and opinions are valued, and mutual respect and trust are the foundation of teamwork. Through training and development programs, we help our employees improve their skills so that they can proactively find innovative solutions even in the face of challenging environment.

2. Embodiment of Values

Our people-oriented values are reflected in our insistence on integrity and our commitment to change. When formulating and implementing environmental policies, we always adhere to the principle of integrity and ensure that all actions are transparent and compliant. At the same time, we encourage employees to proactively explore new methods at work and promote continuous improvement of production processes to achieve better performance and efficiency.

3. Missions in Practice

Our mission is to coordinate industrial upgrading and continuously enhance innovative driving force. To this end, we work closely with industry partners and stakeholders to jointly develop green technologies and sustainable products. This not only helps us cope with environmental challenges, but also sets a good example for the industry and leads more companies to join the trend of sustainable development.

4. Guiding Visions

Guided by the vision of ‘SMART LINKS START THE FUTURE’, the Group is committed to creating a future that coexists harmoniously with the environment. By utilizing energy efficiently, conserving resources and reducing emissions, we not only protect the health of our employees, but also contribute to the sustainable development of society and the ecological environment.

As one of the leading companies in the PRC’s optical cable market, Nanfang Communication has always been committed to implementing strict quality control and safety standards to ensure that our products and services meet the highest industry requirements. Currently, we have obtained the following international standard certifications, demonstrating our excellent management performance in multiple areas, as well as our commitment and responsibility to our stakeholders. By establishing and following these management systems, they ensure the high quality of products and services, protection of the environment, care for the health and safety of our employees, ensure the accuracy of our measurements and protect our customers and businesses’ information security.



ESG Governance Structure

The Group has deeply integrated the ESG concepts into the management approach to establish a comprehensive ESG governance structure with clear responsibilities and reporting mechanism at various levels. We are committed to maintaining close communication with all our stakeholders to systematically handle ESG related matters and manage ESG risks. Through such efforts, we aim to achieve significant progress in respect of sustainable development, and ensure that the long-term corporate development goes hand-in-hand with social responsibility. The specific ESG governance structure levels and division of labour are as follows:



The Board, as the top decision-making body for the Group's ESG management, is responsible for leading all the ESG matters. Its responsibilities include, among others, monitoring and evaluating the effectiveness of our ESG work regularly, ensuring good ESG governance as well as reviewing and approving ESG Reports. In addition, the Board meets the Risk Control Committee on a regular basis to manage various risks (including ESG risks).

The Board has delegated its authority to the management, consisting of the senior management, Compliance Management Department, Risk Control Department and Internal Audit Department respectively. The senior management is responsible for formulating ESG policies and supervising their implementation, reporting to the Board and the Risk Control Committee, as well as organising external professional organisations to conduct evaluation on ESG compliance management on a regular basis, and resolving problems found in compliance management in a timely manner. The Risk Control Department assists in the identification, evaluation and management of ESG-related risks. The Internal Audit Department is responsible for conducting regular post-audit review and evaluations of the establishment and implementation of the Group's internal control system, proposing improvement suggestions in respect of internal control deficiencies and urging the relevant responsible departments to make prompt respond for proper subsequent supervision.

The executive level comprises various departments, branches and entire employees that are responsible for providing ESG data and policies, implementing various ESG matters and integrating the sustainable development philosophy. Through such ESG governance structure, the Group ensures the leadership of the Board, the execution of the management and the practical implementation by employees, thereby promoting ESG management and realizing sustainable development targets.

CERTIFICATES AND AWARDS

As a leading supplier of optical communication products in the PRC, Nanfang Communication has been focusing on market demand and seizing any possible opportunity to make targeted innovation and enhance our production capacity, and moves towards the vision of “Forging an Evergreen Enterprise in the Communication Industry”. During the Year, Nanfang Communication was awarded the honor of the “Top 10 Most Competitive Optic Fibre Cable Corporate in China 2024”. In the same year, we are also awarded the honor of “Industrial Three-Star Enterprise” of Changzhou City, and was honored with the nomination for the “Changzhou City Mayor Quality Award” for the first time. In addition, Jiangsu Yingke Communication Technology Company Limited, a subsidiary of the Group, was nominated by Changzhou City for five-star up-cloud enterprise rating in 2023, and was consecutively honored with such rating in 2024. On the other hand, Jiangsu Nanfang Communication Technology Company Limited of the Group is honored with the sixth batch of National Specialized and New “Small Giant”. Other certificates and awards we have received include:



Certificate of High-and New-Technology Enterprise (Wujin site)



Certificate of High-and New-Technology Enterprise (Jintan site)



Certificate of Enterprise Credit AAA Grade



Certificate of “Specialized and New” Small and Medium-Sized Enterprise in Jiangsu Province



Integration of Informationization and Industrialization Management System Certificate



Jiangsu Premium Brand Certification



CNAS Laboratory Accreditation Certificate

STAKEHOLDER ENGAGEMENT

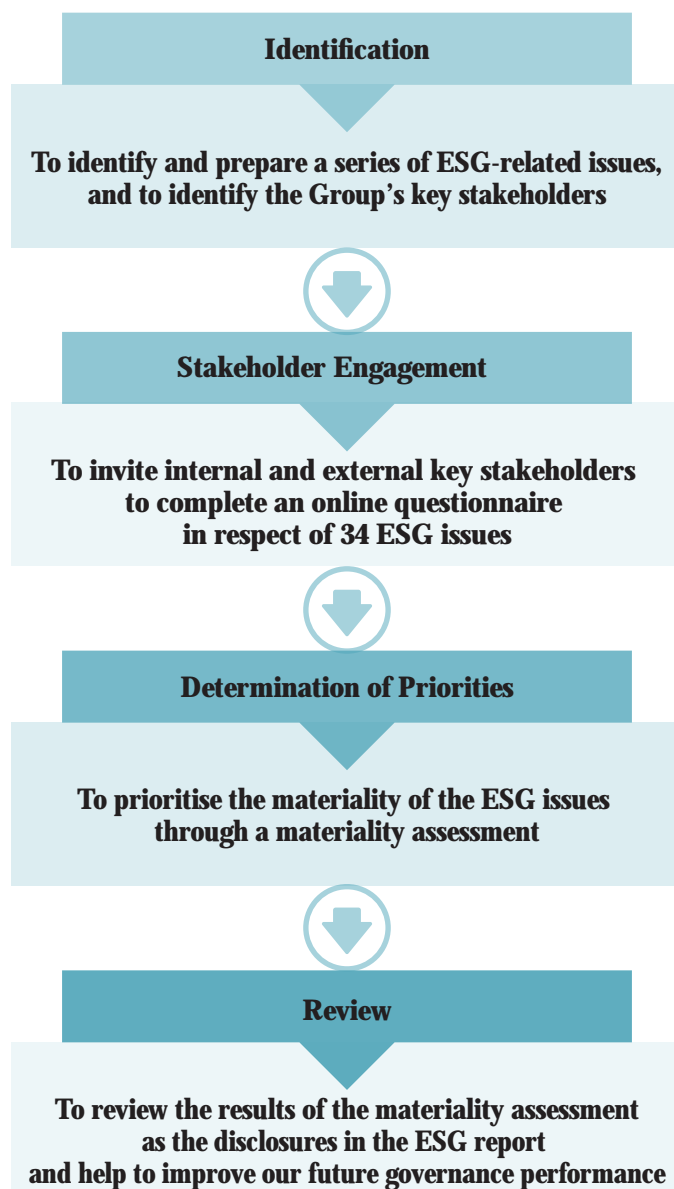
The Group acknowledges that stakeholder engagement is essential to ESG management, so it endeavors to establish open channels of communication to understand their concerns and views, and will, where practicable, incorporate the comments received into the ESG strategy of the Group. The table below summarises our engagement with key stakeholders during the Reporting Period:

Stakeholder groups	Major concerns	Communication channels
Investors and shareholders	<ul style="list-style-type: none"> Compliance operation Risk management Economic performance 	<ul style="list-style-type: none"> Company website Meetings, investor hotline Annual general meeting Annual and interim reports
Customers	<ul style="list-style-type: none"> Protection of customers' privacy Quality of products Health and safety 	<ul style="list-style-type: none"> Phone enquiries about quality consistence Customer service communication Customer information and privacy communication Customer satisfaction surveys Company website

Stakeholder groups	Major concerns	Communication channels
Employees	<ul style="list-style-type: none"> • Employees' interests • Employees' health and safety • Employees' training and development • Good working environment 	<ul style="list-style-type: none"> • Meetings such as regular general management meetings, coordination meetings and regular quality management meetings • Training • Intranet, telephone • Regular performance appraisals • Team-building activities • Comment boxes • Bulletin board
Suppliers and business partners	<ul style="list-style-type: none"> • Business integrity and ethics • Fair competition • Mutual benefit 	<ul style="list-style-type: none"> • Tendering and procurement processes • Constant communication • Anti-corruption campaigns • Assessments and evaluations, on-site inspections • Supplier training • Teleconferences
Government organisations and regulatory agencies	<ul style="list-style-type: none"> • Compliance with national laws and regulations • Implementation of management requirements of the government • Corporate responsibility 	<ul style="list-style-type: none"> • Participation in the drafting of industry standards • Forums • Site investigations and visits • Meetings with government authorities and information disclosure
Community	<ul style="list-style-type: none"> • Participation in public welfare business • Community investment • Environmental protection 	<ul style="list-style-type: none"> • Charitable donations • Contributions to the community • Charity activities and press releases • Volunteer activities

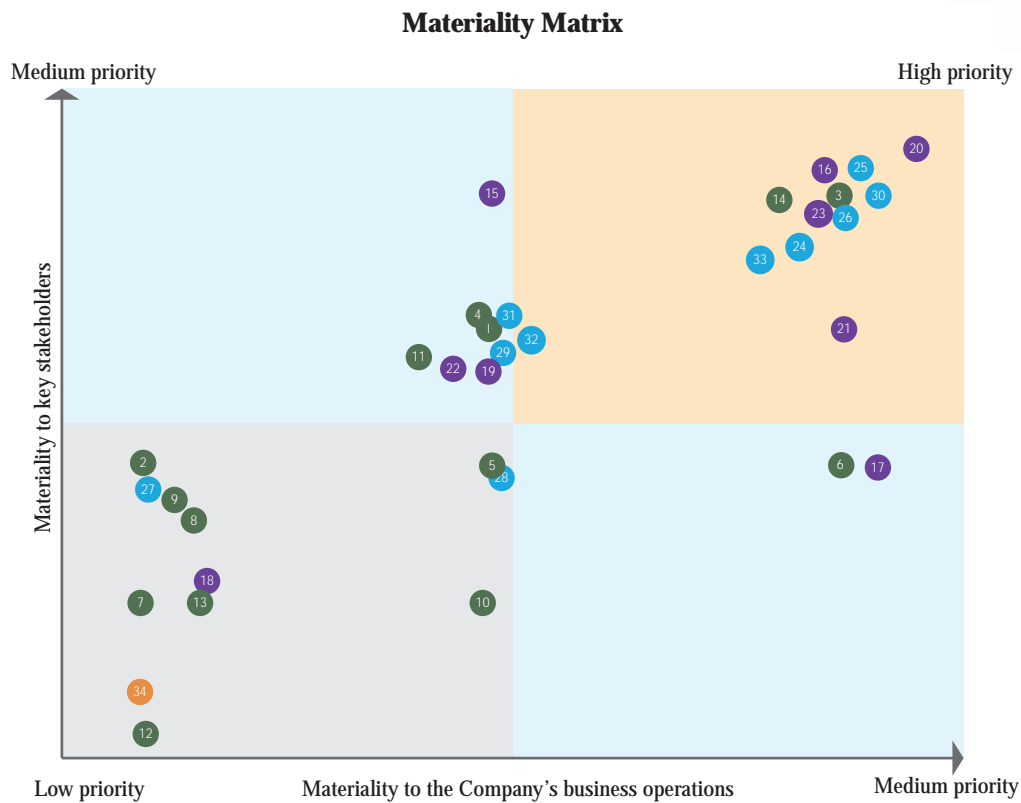
MATERIALITY ASSESSMENT

To comprehensively and systematically identify the issues that have material impact on the sustainable development of the Group, we have engaged an experienced independent consultant to conduct an online questionnaire and invited the management, employees, suppliers and other key stakeholders to prioritise in detail and express their views on 34 ESG issues, which helped us meticulously formulate the framework of the Report. To more effectively identify and reduce ESG risks, we hold senior management meetings on a regular basis to comprehensively evaluate various ESG risks and opportunities. In such strategic senior management meetings, we develop specific and stringent ESG strategies, policies and objectives, ensuring that we are able to actively manage and respond to the various challenges closely related to sustainable development.

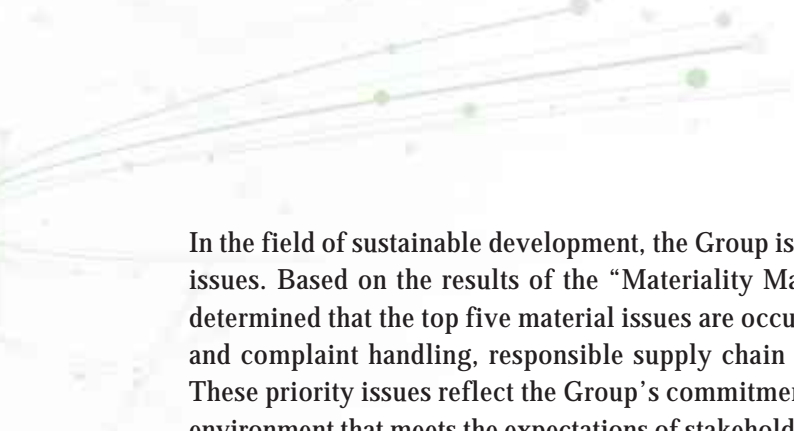


Materiality Matrix

Based on the results of the materiality assessment, the issues were divided into three categories: High, Medium and Low materiality. In the upper right corner of the materiality matrix, those are issues of the highest materiality to the business operations of the Group and of greatest concern to our stakeholders.



Environment	Labour	Social Operations	Community
1. Air emissions	15. Labour rights	24. Customer satisfaction	34. Community involvement
2. Greenhouse gas emissions	16. Labour relations	25. Customer service quality and complaint handling	
3. Decarbonisation	17. Employee retention	26. Customers' health and safety	
4. Conservation of ecosystem	18. Diversity and equal opportunity	27. Compliance with regulations on marketing and product and service labelling	
5. Nature-related risks and opportunities management	19. Non-discrimination	28. Intellectual property	
6. Circular economy	20. Occupational health and safety	29. Protection of customer privacy and information	
7. Environmental data management	21. Employee training	30. Responsible supply chain management	
8. Climate change mitigation	22. Employee development	31. Fair operating practices on supplier	
9. Climate risk management	23. Prevention of child labour and forced labour	32. Business ethics	
10. Energy efficiency		33. Socio-economic compliance	
11. Water and effluents			
12. Use of materials			
13. Waste management			
14. Environmental compliance			



In the field of sustainable development, the Group is increasingly concerned with the importance of ESG issues. Based on the results of the “Materiality Matrix” as shown in the figure above, the Group has determined that the top five material issues are occupational health and safety, customer service quality and complaint handling, responsible supply chain management, labor relations, and decarbonisation. These priority issues reflect the Group’s commitment to creating a sustainable and responsible business environment that meets the expectations of stakeholders. Looking forward, the Group will actively review and strengthen its ESG policies and strategies. In addition, the Group aims to continuously improve our reporting and disclosure practices by incorporating global standards and emerging best practices to ensure greater transparency and accountability. Through such, the Group is committed to strengthening its ESG performance, building mutual trust with stakeholders, and making meaningful contributions to future sustainable development.

CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN

With the mission of “Coordinating Industry Upgrades and Continuously Enhancing Innovation Driver”, the Group has been committed to building sustainable value for our customers and the supply chain through strict adherence to ethical standards, establishment of a comprehensive quality management system and supply chain management, striving to provide customers with one-stop optical communication product solutions and comprehensive services. We firmly believe that through continuous innovation and excellent service, we can continuously improve customer satisfaction and make positive contributions to the development of the industry.

Customer Service

The Group has always received widespread recognition for its efficient, professional and customer-oriented service philosophy. The Company is well aware of the importance of customer experience in the success of its business, and not only focuses on responding quickly to customer needs, but also is committed to listening to customers’ voices through multi-channel communication to provide personalized and precise solutions.

Customer Satisfaction

Product quality and customer satisfaction have always been the key pillars in maintaining a close and long-term relationship with our customers. We believe that effective communication with customers is essential to understanding whether the Company accurately identifies and fulfils their current and future needs and expectations. Based on this communication, we continuously refine our quality management system to improve customer satisfaction and build a loyal customer base. We gather feedbacks from direct customers, end customers and potential customers through regular surveys. The insights and analysis derived from these surveys are promptly reported to the relevant departments for proper handling and improvement, further strengthening our quality management system.

Customer feedback is an important basis for us to continuously improve our services. In order to effectively address customer complaints and elevate customer satisfaction, the Group has developed a series of customer service procedures and complaint resolution mechanism. Customers can submit their feedback and complaints through different channels including telephone, fax, mail and written correspondence. Complaints are categorized by severity for prioritized handing. For serious complaints such as emergencies or requests for improvement from customers, the relevant departments are required to verify the situation and analyse the content of the complaint as soon as possible, and to formulate corrective measures within 24 hours. For general complaints such as occasional anomalies, we will provide recommendations to resolve the problems in a timely manner with onsite support, if necessary. All complaints and feedback from customers will be reported to the relevant departments and properly documented for future reference and improvement. During the Reporting Period, the Group received one complaint related to products and services. The Group has promptly resolved the client's issues.

Quality Management System and ISO Accreditation:

Our high regard for product quality is reflected in all aspects of our quality management system. The quality management system we have established has been accredited by the international standard ISO9001:2015 and given an AAA credit grade by the China Association of Communication Enterprises. In line with the requirements of ISO9001:2015, we set clear objectives for quality and provide an effective framework for corrective and preventive action, which helps us in continuously improving product quality and product process.

Environmental Aspect

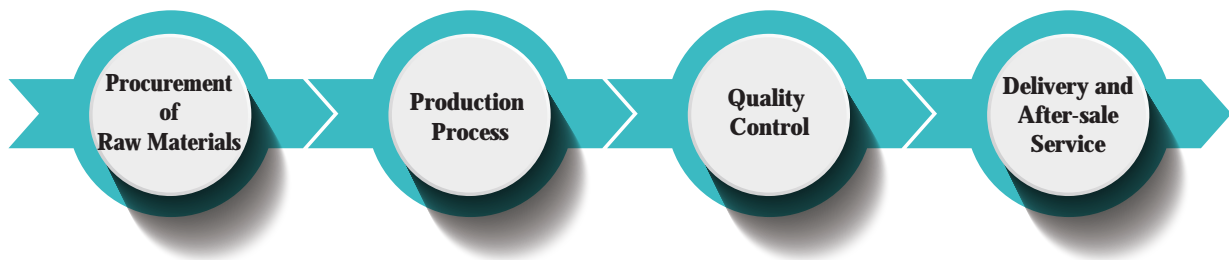
1. **Procurement of Raw Materials and Environmental Friendliness:** Apart from quality control, the Company further focuses on the environmental friendliness of raw materials and helps reduce negative impact on the environment by selecting suppliers and raw materials that meet environmental standards.
2. **ROHS Standard and Environmental Awareness:** Complying with the EU's ROHS Standards is an important measure to ensure that the content of hazardous substances in products complies with regulations. Part of corporate sustainable development is ensuring that product manufacturing processes comply with environmental requirements and protect the environment and human health.

Social Aspect

1. **Employee Training and Development:** Through the implementation of the 6S lean management plan not only did the Company improve the staff's problem-solving ability, but also enhanced their understanding of modern management techniques and their ability to apply them, providing opportunities for employees' career development.
2. **Quality Department Measures and Employee Interests:** Implementing corrective measures in the "Non-conforming Output Control Program" not only ensures product quality, but also protects employees' interests and prevents unintended use or delivery of non-conforming products.

Governance Aspect

1. **Monitoring and Measurement Control:** Monitoring and measuring the production process in accordance with the “Product Monitoring and Measurement Control Procedures” will help improve product quality and maintain corporate reputation.
2. **Product Traceability and Transparency:** Formulate “Product Marking and Traceability Control Program” to ensure the traceability of the origin and production process of products, improve the reliability and efficiency of quality management, and increase the transparency and trust of the enterprise.



Through the implementation of the 6S lean management plan, we have successfully reduced quality losses and effectively reduced inventory (save for reasonable raw materials and finished products), and also shortened production cycles and reduced equipment failure downtime rate. Such measure not only improves the enterprise’s production efficiency and quality management level, but also meets the requirements of the ESG concepts. In the process of implementing the 6S lean management plan, we put emphasis on improving the staff’s ability to identify and solve problems, while also enhancing their mastery of modern management techniques and their ability to apply them. This not only helps to increase the enthusiasm of employees to participate in the production process, but also complies with the requirements of social responsibility in the ESG concepts and promotes employee training and development.

Also, we monitor and measure raw materials, semi-finished products and finished products used in production processes in accordance with the “Product Monitoring and Measurement Control Procedures” to ensure that product quality meets the standards. Such monitoring measures not only helps ensure product quality, but also embodies the enterprise’s focus on environmental friendliness in supply chain management, which complies with environmental responsibilities in the ESG concepts. To ensure traceability of the origin and production process of products, we have established the “Product Marking and Traceability Control Program” and labelled all materials, semi-finished products and finished products. Such measure not only enhances the reliability and efficiency of quality management, but also complies with the governance requirement of emphasis on transparency and responsibility in the ESG concepts. By integrating ESG concepts into product supply chain management, we are committed to creating a more sustainable and responsible production system and creating greater value for society, the environment and our stakeholders.

During the Reporting Period, the Group is not aware of any material violations of laws and regulations relating to health and product safety, advertising and labelling in relation to the provision of products and services and their correction methods, and no products sold or shipped have been subject to recall for safety and health reasons. If there is any failed product, we will offer affected customers full refunds and replacements. We also established a dedicated hotline to address any concerns and provide assistance throughout the recall process.



ISO9001:2015 Certificate



ISO10012:2003 Certificate



ISO/IEC27001:2013 Certificate

Information Security Management

The Group firmly believes that the protection of stakeholders' information and privacy is the foundation for building trust and long-term co-operation. Through advanced digital platforms and smart tools, the information collection, storage, analysis and sharing processes are optimized. Its information management system realizes real-time processing and efficient integration of data, making the Company's internal operations more accurate and efficient. At the same time, such system optimization also provides customers with faster and better service support, improving the overall user experience.



Industrial Information Security Protection Three-Star Enterprise of Jiangsu Province

To this end, we have established an information security management system certified by the international standard ISO/IEC27001:2013, which includes the formulation of a series of systems such as the "Information Security Management Procedures", "Confidentiality Control Procedures", and "Data Backup Management Procedures", to regulate the management of information and data security and to ensure the proper functioning of the information system. By deploying advanced encryption technology, intrusion detection systems and risk assessment mechanisms, the Group effectively protects customer data and corporate core information to avoid information leakage and data abuse. In addition, the Group's compliance management ensures that information management complies with the laws and regulations of various countries, setting an industry benchmark for information security.

Each department is required to set up a double backup system to back up important data and hand them over to the relevant department for proper storage. Employees are not allowed to connect computers linked to the local area network to the international internet without prior approval to prevent information leakage. If a breach of confidentiality is found, we will take immediate remedial actions to address the possible losses. At the same time, we strictly comply with the laws and regulations such as the “Personal Data (Privacy) Ordinance” of Hong Kong and the “Regulations on the Security Protection of Computer Information Systems” of the PRC.

As a leading company in the telecommunications industry, Nanfang Communication Group actively cooperates with the government, scientific research institutions and other enterprises to jointly promote the transformation and upgrading of industry informatization and digitalization. The Group’s in-depth participation in the fields of smart city construction, 5G technology promotion and Internet of Things management not only provides technical support for the informatization development of society, but also promotes the establishment and improvement of industry standards.

During the Reporting Period, the Group was not aware of any significant non-compliance with laws and regulations on customer data privacy that had a significant impact on its operations.

Protection of Intellectual Property Rights

Intellectual property protection can encourage enterprise to innovate, especially in the field of environmental protection. By protecting the intellectual property rights of innovations, we ensure that our products’ technologies in environmental protection and sustainable development are recognized and promoted, thereby fulfilling our environmental responsibilities. Secondly, the Group is well aware that intellectual property protection and social responsibility are inseparable. Therefore, by effectively protecting intellectual property rights, we ensure that our innovations are properly utilized and create more value for our employees, our customers, suppliers and other stakeholders, and help our enterprise establishing a good corporate image and reflect the Group’s sense of social responsibility.

In addition, intellectual property protection is also part of the Group’s governance. Effective intellectual property management helps protect our assets and interests and improves the transparency and stability of corporate governance. By establishing a sound intellectual property protection mechanism, we can better standardize internal management and ensure the effectiveness of our governance.

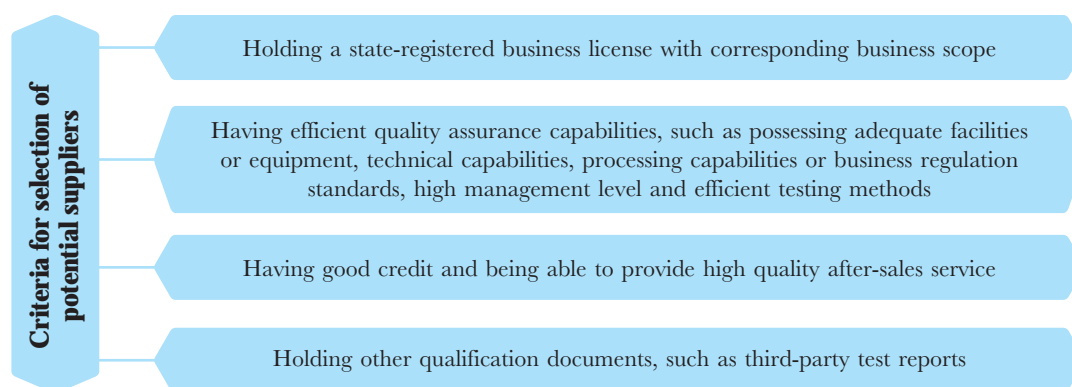
During the year, we were granted 36 patents, including the yarn-free cable production system, separate bow-type fibre and electricity hybrid cable, etc.. In addition, a total of 16 of our patent applications are being entertained, including 15 invention patents and 1 utility models patents. We have 5 registered trademarks in China; and 1 registered trademark in Hong Kong.

During the Reporting Period, the Group was not aware of any breach of relevant laws and regulations on intellectual property rights from our products and services, including but not limited to the “Patents Ordinance” of Hong Kong and the “Patent Law” of the PRC.

Introduction of Suppliers

Nanfang Communication has always regarded environmental protection as a common global mission and is committed to establishing a green supply chain and producing green products to support the construction of a green manufacturing system. In response to our country's efforts to promote environmental concepts, the Company has developed a supplier screening mechanism that complies with the ISO9001:2015 quality management system standard to ensure effectiveness and fairness. All potential suppliers are required to undergo a rigorous background check and a questionnaire assessment, and suppliers who initially meet the requirements will provide samples and conduct small batch trial production to assess their adaptability.

Finally, suppliers who pass the on-site audits will be included in the list of qualified suppliers, and unqualified suppliers will be requested to make rectifications. This supplier screening mechanism aims to select high-quality and qualified suppliers to ensure the high quality of products and services, and actively promote the development of green manufacturing system.



Selection and Evaluation of Suppliers

By incorporating the concept of green development into our supplier management mechanism, we encourage our suppliers to work with us to promote the building and sustainable development of a green manufacturing system. We have formulated the "Related Party Control Program" to ensure that our suppliers understand and comply with the relevant requirements by communicating our environmental and social management policies to them. At the same time, Nanfang Communication strives to reduce the carbon footprint in our supply chain to ensure that our stakeholders, such as suppliers, waste handlers, maintenance service providers and transporters, comply with the environmental, health and safety standards of the Group. Through partnerships with suppliers, Nanfang Communication requires suppliers to comply with environmental regulations, occupational health and safety standards and to take the necessary steps to ensure product and service compliance. Besides that, as a part of the procurement process, the purchasing department of Nanfang Communication selects suitable suppliers from a list of qualified suppliers to ensure that their quality, lead time and service level, etc. meet the Company's production standards. In order to continue to provide reliable and high-quality products, the Company regularly evaluates the performance of our suppliers to ensure that their performance meets the standards of the Company. Nanfang Communication has established a "Supplier Performance Management Control Program" to govern the daily assessment on suppliers. On a monthly basis, the Company comprehensively evaluates the performance of suppliers in terms of quality, delivery, service and price. We also conduct review once to twice a year based on the different type of suppliers. We provide opportunities for rectification to suppliers that do not meet the objectives of the Company, and if they fail to meet the standards after repeated assessment, the Company will terminate the relationship with them and remove them from the list of qualified suppliers.

Code of Conduct for Suppliers

The Group has developed the “Code of Conduct for Suppliers” to describe our requirements for social responsibility and environmental management to ensure suppliers to understand and strictly comply with our standards. We have developed the requirements in several ESG-related areas, including legal compliance, child labour, forced labour, remuneration, working hours, equal treatment, freedom of association, protection of intellectual property and environmental, health and safety standards. At the same time, we hope that suppliers will extend these requirements to the outsourcers with whom they work. In this way, we can build a more comprehensive and consistent supply chain system and work together to promote our goal of sustainable development. The following is a summary of the “Code of Conduct for Suppliers”:

Labour Rights

- Employees under the age of 16 shall not be employed except as permitted by national or local laws and in accordance with the framework of the International Labour Organisation (ILO).
- Suppliers employing employees who have reached the age of 16 and are under 18 shall ensure that their working environment and hours of work comply with national or local laws. Employees shall be employed on a voluntary basis and shall not be subject to physical harm or any other form of forced labour.
- Suppliers shall comply with relevant applicable laws regarding regular working hours, overtime hours and benefits, and should respect the right of employees to establish and join trade unions and have the rights to bargain collectively in a peaceful and lawful manner under applicable laws.

Health and Safety

- Suppliers shall strictly comply with the occupational health and safety system of the Group during the supply process.
- The name, quantity and degree of danger of chemicals shall be identified from the suppliers of the hazardous chemicals, and the suppliers shall be requested to make emergency preparations to ensure transportation safety.
- Systems and training illustrating prevention of accidents and injuries should be provided.

Environmental Management

- During the supply process, suppliers shall strictly follow the environmental related regulations and precautions and make emergency preparations and response measures.
- The Procurement Department shall conduct inspection on the environmental behaviour of suppliers in providing products from time to time, and if non-compliance is found, we will issue warnings and even return the products based on the situation and require them to take measures in accordance with environmental-related laws and regulations.
- All relevant departments shall maintain communication with suppliers to enhance the promotion of the Company’s environmental policy and environmental protection activities, ensuring that suppliers are aware of our environmental standards.

Business Ethics

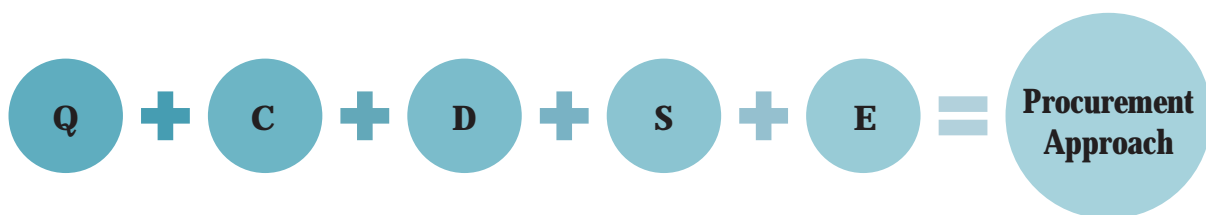
- Suppliers shall comply with national and local laws, regulations and applicable requirements, which may be requested from international organisations.
- Suppliers shall respect and protect the corporate intellectual property rights of Nanfang Communication, which shall not be disclosed without permission.
- Suppliers shall impose similar influence on its supply chains to fulfill its social responsibility.

Green Supply Chain

Nanfang Communication has always been concerned about the importance of protecting the environment as a common mission for all mankind. Nanfang Communication is committed to the establishment of a green supply chain and the production of green products to build up our sales base. The Company have incorporated the concept of green supply chain management into our long-term strategic development plan, and are committed to becoming a model enterprise for green manufacturing system with a quality-driven core value. We will continue to incorporate the principles of environmental protection and sustainable development into our supply chain management mechanism in order to regulate the procurement of raw materials, auxiliary materials, components, etc., with the aim of making our products more compliant with the requirements of green manufacturing and enhancing our competitiveness in the market. This is not only to meet customer needs, but also to create long-term sustainable value for our shareholders, communities and suppliers. During the Year, we worked with 42 suppliers, all of whom were from China. This reflects the expansion and deepening of our green partnerships with suppliers.

In order to ensure that our supply chain meets green procurement standards in terms of environmental protection, the Group has specially formulated the “Green Procurement Trial Standards”. It aims to standardize the procurement operations of raw materials, auxiliary materials, parts, etc., reduce the environmental burden in an environmentally friendly manner, and contribute to environmental protection. Including raw materials, components (including packaging materials), semi-finished products, auxiliary materials and finished products.

- Green Procurement Approach: Emphasise the selection of materials and suppliers on the basis of minimising environmental impact, and jointly promote green procurement.
- Procurement activities shall be conducted under the principle of Quality(Q) + Cost(C) + Delivery(D) + Service(S) + Environment(E)



Green Procurement System

Supplier evaluation standard “Green Procurement Trial Standards”



Material evaluation standards (such as compliance with laws and regulations, presence of specific chemical substances, resource utilization efficiency, recyclability, etc.)



Environmentally related substances are managed and classified into: prohibited substances, substances prohibited from use depending on their intended use, and substances that require management

The Group's commitment to environmental protection is achieved by establishing green procurement standards. We emphasise the importance of collaborating with suppliers to reduce environmental impact and ensure the use of environmentally friendly materials. We following these standards with the aim to contribute to environmentally sustainable development and fulfill our responsibility to protect the environment. These standards defines environmentally-related substances as substances that have adverse effects on the environment and the human body, including prohibited chemical substances and controlled chemical substances.

No.	Substance group category	Name of prohibited substances
1	A05	Cadmium (Cd) and its compounds (<100ppm)
2	A07	Hexavalent chromium (Cr(VI)) and its compounds (<1000ppm)
3	A09	Lead (Pb) and its compounds (<1000ppm)
4	A10	Mercury (Hg) and its compounds (<1000ppm)
5	B02	Polybrominated biphenyls (PBBs) (<1000ppm)
6	B03	Polybrominated diphenyl ethers (PBDEs) (<1000ppm)
7	B05	Polychlorinated biphenyl
8	B06	Polychlorinated naphthalene (more than 3 chlorine atoms)
9	C01	Asbestos type
10	C04	Ozone Depleting Substances
11	C06	Radioactive Substances

No.	Substance group category	Chemical substances and compounds prohibited from use depending on their intended use
12	C02	Azo dye and paint
13	A02	Arsenic and its compounds
14	A03	Beryllium and its compounds
15	C05	Phthalate salts
16	N/A	Formaldehyde

No.	Substance group category	Chemical substances and compounds that require management
17	A17	Tributyltin oxide (TBTO)
18	A01	Antimony and its compounds
19	A04	Bismuth and its compounds
20	A11	Nickel compounds
21	A13	Selenium and its compounds
22	B08	Brominated flame retardants
23	B07	Polyvinyl Chloride (PVC)

Business Integrity

Nanfang Communication has always insisted on establishing a business philosophy centring on compliance with laws, integrity and quality service and has adopted a zero-tolerance attitude towards unethical practice such as corruption and bribery. We will continue to create a favorable business environment together with our partners, and put strong emphasis on anti-corruption and compliance. Nanfang Communication has strictly complied with all applicable anti-corruption laws and regulations, including but not limited to the “Anti-Money Laundering Law of the PRC” and the “Prevention of Bribery Ordinance” of Hong Kong. The Company will continue to strengthen internal compliance management to ensure that all business activities comply with laws and regulations, and actively promote clean operations to ensure the sustainable development of the Company and contribution to society. During the Reporting Period, the Group was not aware of any material breach of the laws and regulations relating to bribery, extortion, fraud and money laundering, nor were there any legal proceedings concluded against the Group or its employees for corrupt practice.

Moreover, the Group has adopted a series of stringent policies and measures to promote integrity and compliance in business activities. Our employee handbook expressly prohibits employees from engaging in any unlawful behaviour and sets out a series of codes of conduct, including avoiding conflicts of interest, not seeking personal gain, and strictly prohibiting bribery and accepting gifts or benefits, etc.. It ensures that employees put the interests of the Company first and undertake not to tarnish the Company’s reputation through acts such as fraud, disloyalty and corruption.

In addition, the “Anti-commercial Bribery System” governs the management and supervision procedures in business activities to combat corruption and bribery. All employees and suppliers must sign an undertaking of integrity and strictly fulfill the commitments made in the agreement. If violation of the undertaking is found, the Group reserves the right to impose penalties, terminate the contract and suspend the qualification of suppliers, and refer to the judicial authorities for criminal responsibility.

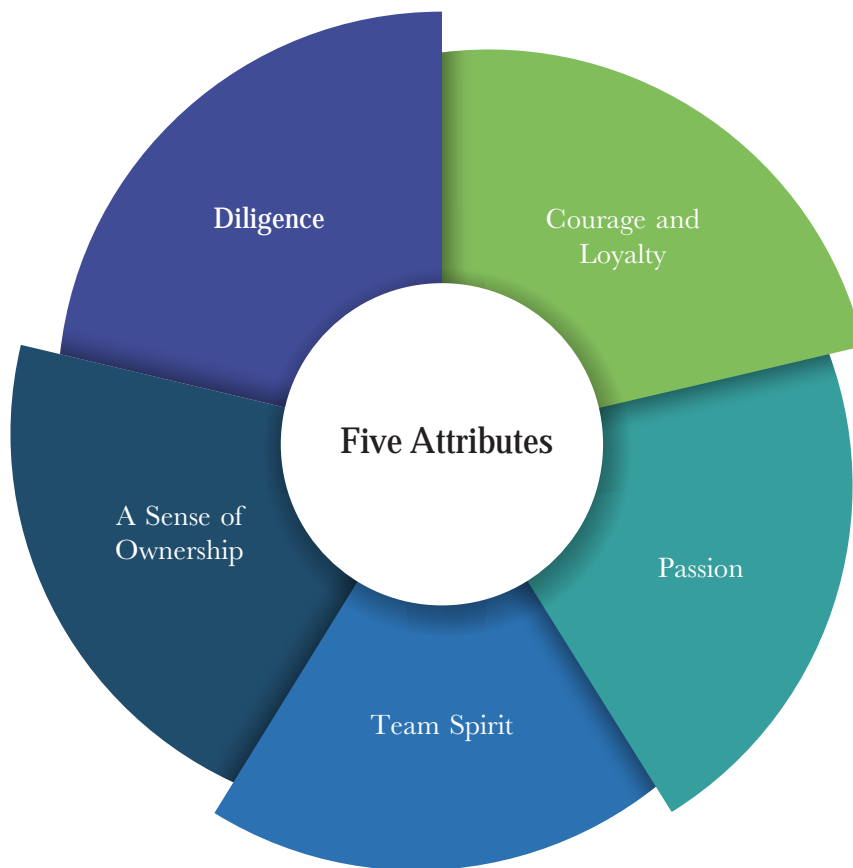
Whistleblowing and Investigation

In terms of whistleblowing and investigation, we have established a transparent and open reporting channel. Employees can report any inappropriate or illegal actions through our hotline for timely investigation by the anti-commercial bribery unit. Information of the case and the identity of the whistleblower will be treated in strict confidence to protect the privacy of the whistleblower.

The Group attaches great importance to anti-corruption and integrity promotion, encourages employees to actively report acts of corruption, and adopts strict confidentiality measures. Throughout the whistleblowing and investigation process, the Company strictly prohibits the disclosure of information of the whistleblower and endeavours to protect his/her identity and privacy to ensure the fairness and confidentiality of the investigation. Employees can contact the anti-commercial bribery unit to report any corrupt behaviour, and the unit will commence its investigation in a timely manner.

CREATING VALUE FOR EMPLOYEES

Employees are the key to the Company's success and we firmly believe that they lay a solid foundation to our business development. Therefore, the Group endeavours to create a diversified working environment that encourages continuous personal and professional growth, and trusts and respects each and every employee. At the same time, we encourage our employees to adhere to the "Five Attributes" set by the Group, which include diligence, courage and loyalty, passion, team spirit and a sense of ownership, in order to maintain the outstanding work culture of the Company. The Company is committed to providing employees with a good development platform and working environment, motivating employees to fully play into their personal potential, and jointly promoting the development and growth of the Company.



The Group's union aims to help employees develop themselves, improve their technical skills, and accelerate the construction of their skill development system, and therefore organized the "Excel Skills Improvement Training" event with the Jintan Labor Union, combining practical problems encountered by employees when using computers at work. It details and combines common operating techniques such as Excel references, formula functions, logical functions, search functions, data filtering and categorization, and we aim to enhance employees' enthusiasm and initiative in learning through this event, and create a positive atmosphere of "learning technology, improving quality, and creating efficiency", providing more learning opportunities for our employees and encouraging everyone to continuously enrich themselves and achieve personal growth in line with the development of the Group.

During the Reporting Period, the Group was not involved in any violations of laws and regulations relating to remuneration and termination, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other treatment and benefits. We have also complied with laws and regulations that have a material impact on our operations.

As of 31 December 2024, the Group had a total of 295 employees. Our employees mainly work on a fulltime basis in the PRC and Hong Kong. The detailed information of employees is summarised as follows:

		2024	2023	2022
Total number of employees		295	307	315
Number and percentage by gender	Male	201 (68.14%)	201 (65.47%)	209 (66.35%)
	Female	94 (31.86%)	106 (34.53%)	106 (33.54%)
Number and percentage by age group	Below 30	29 (9.83%)	36 (11.73%)	39 (12.38%)
	30 to 50	209 (70.85%)	229 (74.59%)	228 (72.38%)
	Above 50	57 (19.32%)	42 (13.68%)	48 (15.24%)
Number and percentage by employment category	Full-time	295 (100%)	307 (100%)	315 (100%)
	Part-time	0 (0%)	0 (0%)	0 (0%)
Number and percentage by geographical region	China and Hong Kong	295 (100%)	307 (100%)	315 (100%)
Employees turnover rate¹		24.75%	18.24%	12.70%
Percentage by gender	Male	28.86%	15.42%	15.31%
	Female	15.96%	23.58%	7.55%
Percentage by age group	Below 30	68.97%	55.56%	15.38%
	30 to 50	23.92%	13.10%	13.60%
	Above 50	5.26%	14.29%	6.25%
Percentage by geographical region	China and Hong Kong	24.75%	18.24%	12.70%

¹ Calculation of turnover rate of employees:

$$\text{Turnover rate of employees} = \frac{\text{Number of employees left during the Reporting Period}}{\text{Total number of employees as of 31 December 2024}} \times 100\%$$

Labour Relations

Adhering to the people-oriented core values, Nanfang Communication is committed to building a working environment that respects the rights and interests of our employees, provide open opportunities and fair competition, and provides comprehensive support for the growth and development of our employees. The Company actively complies with the labour and employment laws and regulations applicable to country we are located in, including the “Labour Law of the PRC”, the “Labour Contract Law of the PRC”, the “Employment Ordinance” of Hong Kong and anti-discrimination laws of Hong Kong. In order to regulate the management of staff recruitment, dismissal, promotion, remuneration and benefits, working hours, holidays, diversity, equal opportunities and anti-discrimination, the Company has developed a series of rules and regulations. These rules and regulations ensure that employees are fairly treated and enjoy reasonable benefits at work and create a fair and transparent working environment, providing a good vocational development platform and opportunities for employees.

Fair Employment

The Group adheres to the principles of “Ethics-above-all, Meritocratic, Talent-and-virtue, Play to People’s Strengths”, and insists on recruiting new staff based on the principles of openness, equality, competition and selection of the best. We have established a “Recruitment Management System” to standardise the recruitment process, giving priority to internal promotions or transfers. Assessments are based purely on job-related factors, regardless of personal characteristics such as gender, ethnicity, religious beliefs, etc.. We strive to create a diverse and respectful work environment that welcomes employees of different cultures and values.

Remuneration and Benefits

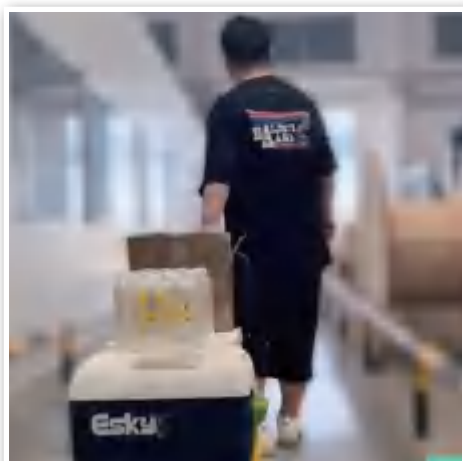
We believe that offering market-competitive remuneration and benefits is essential to recognizing the dedicated effort of our employees and promoting their long term retention. The Company has formulated a comprehensive “Remuneration Management Plan” aiming to provide transparency in the calculation of staff remuneration and benefits as well as establishing an incentive mechanism. Employees’ remuneration includes basic salary, seniority pay, grade pay, performance pay and year-end bonus. Employees’ contribution and capability are assessed through annual appraisals, and employees with outstanding performance are given promotion opportunities and additional bonuses, which will encourage them to keep enhancing their performance and productivity.

In addition to remuneration, we provide a comprehensive benefits package to meet the needs of our employees, enhance their sense of belonging and job satisfaction, thereby increasing their loyalty and retention rate. Depending on the requirements of different positions, we provide meal allowances and comfortable dormitory facilities for our employees. At the same time, we comply with local laws and regulations by contributing to housing funds, medical insurance, pensions and unemployment insurance for our employees. In addition, employees are entitled to receive holiday payments or gifts during major holidays. For example, every year on the Dragon Boat Festival and Mid-autumn Festival, Nanfang Communication will prepare carefully arranged festival gift packages for every employee to convey blessings to all employees and thank them for their dedicated effort. Such showing of care and warmth not only shows to the employees the care of the Company, but also enhances the cohesion and sense of belonging between employees and the Company.



Mid-autumn Gift Packages

In order to reflect the Group's care for its employees, we also cooperated with different partners during the hotter seasons to deliver summer relief supplies to our employees through online and offline delivery methods to build up the morale and motivation of our employees. For example, we provide cold drinks and customized cooling fans. Our employees can win extra rewards by participating in various interactive games on the mini app.



Labour Standards

The Group is committed to protecting the human rights and labour rights of its employees. We ensure that the rights of child laborers and underage workers are fully protected. We are well aware that protecting juvenile labor is not only a legal requirement but also a key element of corporate sustainable development. We strictly comply with the “Labour Contract Law of the PRC”, the “Law of the PRC on the Protection of Minors” and other laws and regulations, and prohibit any form of child labour and forced labour. The Group’s administration department plays a crucial role as the developer and supervisor of the Group’s labor procedures. They are responsible for formulating detailed operational procedures, regularly organizing training to enhance all employees’ awareness and understanding of the prohibition of forced labor. At the same time, the administrative department also needs to establish an effective supervision mechanism to conduct regular inspections of the implementation status in various departments, ensuring that labor procedures are effectively and practically enforced.

Child labor is a strict red line that we adhere to during the recruitment process, and any employment actions that violate this regulation will be sternly addressed. For workers who are over 16 years old but under 18 years old, we provide special attention and protection, ensuring that their working conditions comply with laws and regulations while also taking into account their physical and mental development needs. The procedures prohibiting the employment of child labor and the employment procedures of juveniles apply to all child laborers who have previously worked for the Company and currently employed juveniles, aiming to provide them with a working environment that is safe, healthy and beneficial to their growth through a series of meticulous measures.

We also have a child labor assistance program, covering all necessary support and actions taken to ensure the safety, health, education, and development of children engaged in child labor and those whose child labor has been terminated. This is not only a short-term relief measure but also a long-term, systematic project, aimed at helping these children escape from difficulties, reintegrate into society, and have a bright future. Secondly, the establishment of control procedures for the prohibition of forced/compulsory labor also firmly safeguards the personal freedom of employees during the operation of the Company, ensuring that the employment of every employee is based on the principle of voluntary participation. We are well aware that respecting employees’ freedom of choice is the cornerstone for enterprises to practice social responsibility and maintain good labor relations. This procedure applies to all employees, regardless of their position or nature of work, and they should enjoy equal rights of personal freedom, free from any form of forced or compulsory labor.

The Group’s administrative department is responsible for undertaking necessary support activities for juvenile workers, including but not limited to, providing psychological counseling, vocational training, and assisting them in smoothly returning to school. At the same time, it also bears the responsibility of identifying child labor and juvenile workers, ensuring the legality and compliance of the recruitment process through stringent verification of applicants’ identification. The SA8000 management representative serves as the internal supervisor of the Company, responsible for ensuring that the Company’s conduct strictly adheres to the provisions of this procedure. The representative conducts regular internal audits to promptly identify and rectify potential non-compliance issues, thereby maintaining the Company’s positive reputation. The employee representative serves as a bridge of communication, engaging in open and effective communication with management on the implementation of this procedure on behalf of the workers, providing timely feedback on employees’ opinions and suggestions, and promoting mutual understanding and trust between both parties. The Company strictly adheres to the principle of voluntariness in the recruitment process and prohibits the use of any form of involuntary labor, including prison labor, convict labor, debt labor and trafficked labor. We are committed to creating a fair, just, and transparent recruitment environment, providing equal opportunities for every job seeker.

In addition, we firmly prohibit any department or individual from collecting money, physical goods and such as “Entry Deposits” from incoming employees. Furthermore, we also prohibit the withholding or pledging of employees’ ID cards, temporary residence permits, and other documents proving personal identity. We respect employees’ personal property and privacy rights, ensuring that their rights are not infringed during the onboarding and offboarding processes. All departments or individuals are strictly prohibited from inflicting corporal punishment, beating, searching, and insulting against employees, as well as locking workplaces and collective employee dormitories to restrict the personal freedom of employees. We advocate for the establishment of a harmonious and respectful working environment, safeguarding the dignity and personal freedom of employees. If employees feel that they are subjected to forced labor, they can report the matter to their department supervisor, employee representative, or submit it in writing to the “Comment Box,” where it will be investigated and handled by the administrative supervisor. If any significant matters arise, an employee representative meeting may be convened to formulate a solution during the meeting. We have established smooth feedback channels to encourage employees to actively safeguard their legal rights, and to supervise and report any violations.

Work-life Balance

We endeavour to promote work-life balance and care for the mental health of our employees. We adopt a standard working hour system to ensure that our employees have sufficient rest time. Employees work eight hours a day, five days a week, with shifts on weekends. We adopt a standard working hour system, encourage rest and do not encourage non-essential overtime work. In addition to annual leave and statutory holidays stipulated by the state, employees are entitled to additional personal leave, sick leave, work injury leave, marriage leave, maternity leave and funeral leave. Employees are entitled to various holidays and additional vacations, and we also organize various social activities to promote employee communication and cohesion.

We continue to build up our corporate culture to further enhance the happiness and cohesion of our employees. During the Year, we organised a series of social activities, such as the autumn sports day, enriching the cultural life of employees outside work, promoting their health and well-being, and comprehensively showcasing the spiritual well-being of the employees.



Team Tug-of-War



Team rope jumping



Badminton mixed doubles

In order to show our care for employee families, we also organised the “Employees’ Family Field Picking Activity”. The Group collaborated with Luoyang Town to hold a parent-child activity, which was held in the modern agricultural industrial park jointly built by Nanfang Communication and Luodong Community. In addition to Jiangsu Nanfang Communication, a subsidiary of the Group, there are also 20 groups of employee families from our collaborating partners, Yatong Jiewei and Luodong Community, and the families enjoyed nature and shared family time together in this activity.



We invited Luoyang Yunxiuyuan Family Farm to explain rice planting to our employee families and guide the children to have close interaction with nature. In the sections of intangible cultural heritage of tie-dyeing and rice field painting, family members are encouraged to engage in hands-on experiencing the intangible cultural heritage crafts.



HEALTH AND SAFETY

The Group has always taken people-oriented values as the core concept, prioritising the physical and mental health of our employees and providing them with good working environment. We have strictly complied with the laws and regulations of the PRC, such as the “Labour Law”, the “Work Safety Law”, the “Measures for the Supervision and Administration of Employers’ Occupational Health Surveillance”, the “Provisions on the Supervision and Administration of Occupational Health at Work Sites” and the “Provisions on the Supervision and Administration of Labour Protection Articles”, and have established a series of regulations and system to protect the occupational health and safety of our employees. During the Reporting Period, there was no violation of any relevant laws and regulations on safe working environment that have a significant impact on the Group. During the past three years (including the Reporting Period), we did not have any fatal accidents, work-related injuries or any work days lost due to work-related injuries.



ISO45001:2018 Certificate

In order to reduce the risk of occupational health and safety issues, the Group has established an occupational health and safety management system certified in accordance with the international standard ISO45001:2018 to systematically prevent accidents in the workplace. To ensure the safety of our employees in the workplace, we provide relevant induction trainings on production safety to all new employees and employees changing jobs, so that they can understand the various hazards and risks existing in our factories as well as the corresponding protective measures.

For employees responsible for special type of work, they are required to complete relevant technical training and pass an assessment by the national statutory authorities to obtain the appropriate qualification certificate before they can serve in the operating positions. In addition, we organise annual health check-ups for our employees and invite hospital staff to visit our sites for detailed examination to raise their awareness of self-protection. We hope that our employees can be aware of and understand their own health status in a timely manner, so that they can be treated in an early stage if they are diagnosed with any disease and put into the best condition to work.

At the same time, we also actively promote employee health management and preventive measures. In addition to providing health examinations, we also hold regular health lectures and trainings to enhance employees' health awareness and self-care capabilities. We have set up health guidance stations in the workplace to provide health consultation and guidance services, and encourage employees to actively participate in health promoting activities. In addition, we have also established a health record system to record employees' health status and medical records to track and manage employees' health status in a timely manner. Through these measures, we have created a workplace environment that pays attention to employees' health and promotes their comprehensive development.



Health Examinations

The Group have established and adopted the following policies and measures in accordance with the highest standards of health and safety in the workplace:

Relevant policies and system

- | | |
|--|--|
| • 6S management requirements, crisis management procedures | • Flammable and explosive control procedures |
| • Emergency preparation and response control procedures | • Motor workshop management requirements |
| • Accident investigation and management procedures | • Fire safety management requirements |
| • Personal protective equipment management requirements | • Electrical equipment installation requirements |
| • Identification of source of hazard, risk evaluation and control procedures | • Air compression operation procedures |
| • Safety and security work management requirements | • Occupational health and labour protection control procedures |
| • Safe production management system | • Occupational diseases and occupational health prevention management requirements |
| • Safety protection and safety facility management requirements | • Facilities and working environment control procedures |

Safe Production Management

To ensure safe production, we have set up a leading group for safe production, which is co-ordinated by the management and departmental heads to lead and supervise production safety work. The responsibilities of the leading group include researching and formulating technical production safety measures and labour protection plans, as well as investigating and handling accidents. The leading group is responsible for educating employees on safe production and formulating detailed implementation rules and operating procedures for safe production to ensure the enforcement of safety norms. In terms of day-to-day management, each department follows the 6S safe production management system and conducts regular inspections of on-site conditions, various equipment and instruments. At the same time, timely rectification is carried out when problems are found to ensure that potential safety hazards are resolved in a timely manner. These measures help establish a healthy and safe workplace environment, protect the physical and mental health of employees, improve production efficiency and quality, and ensure the sustainable and steady development of the Company.

Emergency Plans

In order to respond to possible health and safety incidents, the Group has established a leading group for the command of emergency rescue operations and formulated a sound contingency plan under the supervision of the management and the coordination of different departments. The leading group will play a coordinating role in organising emergency relief work in the event of a health and safety incident. The contingency plan lists groups to notify and actions to take as well as escape and rescue plans in detail in the event of an accident. We strictly enforce fire safety management regulations and regularly inspect fire fighting facilities to ensure that fire fighting channels are unobstructed. For high-risk areas such as chemical warehouses and woodworking rooms, we have installed explosion-proof devices to ensure the safety of lighting and power supply. To reduce the risk of leakage, we have established a hazardous chemicals management system to regulate the procurement, storage and use of chemicals. In 2024, Nanfang Communication joined hands with the China Red Cross by inviting professionals to carry out first aid training on cardiopulmonary resuscitation for all staff, with a view to enhancing their awareness of first aid and first aid response capability, as well as mastering basic knowledge of first aid and basic operation skills.



Personal Protective Equipment and Prevention of Occupational Hazards

In addition to regular maintenance of firefighting facilities and equipment, the Group also pays attention to the training and popularization of firefighting knowledge among employees. We regularly organize firefighting knowledge training courses, including fire prevention, emergency escape drills, fire extinguishing equipment operation, etc., to enhance employees' fire safety awareness and emergency response capabilities. At the same time, we have established a fire safety management system and fire emergency plan to clarify the response measures and division of responsibilities of employees in each position when a fire occurs. In addition, the Group also regularly organizes fire drills to simulate different fire scenarios, allowing employees to familiarize themselves with the use of firefighting equipment and escape routes in actual operations, and improve their practical ability of fire response. Through these comprehensive measures, we are committed to establishing a fire safety management system with full participation, widespread safety awareness, and adequate emergency response to ensure that fire safety responsibilities are effectively fulfilled and to safeguard the employees' lives and property.



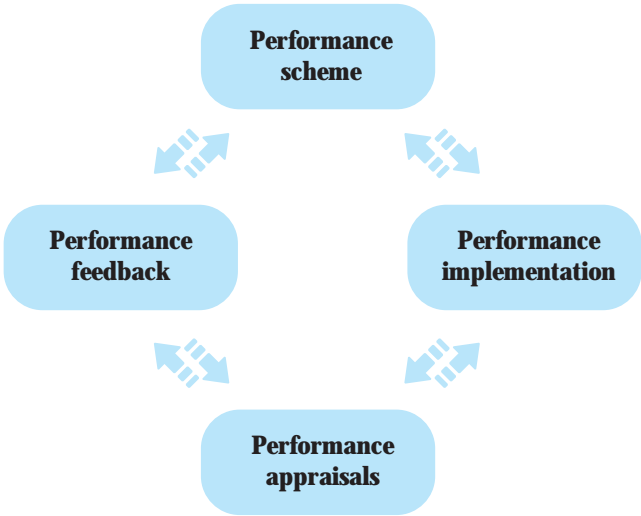
During the Year, in order to improve our employees' ability to deal with fire emergencies, we organised the Safety Production Week drill for the Year, in which a fire-fighting drill was conducted. The drill covered the entire process from discovering the source of fire, reporting it, determining the fire situation and taking emergency measures, to activating the plan and putting out the fire at the simulated scene. Employees participated in drills on the correct use of fire extinguishers, learned how to quickly and effectively extinguish initial fires, and mastered self-rescue and escape skills in the event of a fire. Apart from fire extinguishing drills, we also conducted training on evacuating staff to the assembly point for head count and report. Through simulated fire scenes and evacuation drills, employees can stay calm in emergencies, evacuate to safe areas quickly and orderly, and perform head counting and reporting to ensure safe production.

In addition, we also conducted fire escape drills, including familiarity with evacuation routes, correct use of escape doors and windows, and training on self-rescue and mutual rescue skills during evacuation. Through these practical drills and training, employees can become more familiar with emergency response procedures, improve their ability to respond when a fire occurs, and ensure the personal safety of employees and the orderly production of the Company. These measures not only improve employees' safety awareness and self-rescue capabilities, but also enhance the safety awareness and emergency response capabilities of the entire Company. Escape drills are not just a simple activity, but an important part of the Group's daily safety management work. This also helps all employees participate in safety management, enhance teamwork and emergency response awareness, thereby building a corporate environment filled with safety culture and laying a solid foundation for the safety development of employees and Company.

Training and Development

Nanfang Communication is well-aware that the training and development of its employees is critical to the long-term success of the Company. In order to continuously improve the capabilities and quality of employees, we have begun to implement a more comprehensive and systematic training plan. In addition to regular employee training, we also plan to introduce more innovative training methods, such as online learning platforms, virtual reality training, etc., to adapt to different employee learning styles and needs. In addition, the Group will strengthen leadership training for middle management to help better manage teams, formulate strategies, and promote business development.

In order to better motivate employees to participate in training and achieve results, the Group has established a training achievement recognition and reward mechanism. By establishing training performance rankings, issuing certificates, and providing promotion opportunities, we will encourage employees to actively participate in training and apply the knowledge they have learned to actual work. At the same time, we will continue to strengthen the performance evaluation and feedback mechanism for employees to help employees continuously improve their abilities and achieve personal career development goals.



We evaluate and improve the performance of our employees through the cycle of performance scheme, implementation, appraisals and feedback, thereby improving their work quality and productivity to continuously improve the core competitiveness of the enterprise and individuals. We have established career development paths for our employees, and we determine internal promotion and year-end bonus based on performance appraisal results, providing opportunities for our employees to thrive in the enterprise. Nanfang Communication will continue to be committed to building a learning organization, providing employees with opportunities for continuous learning and growth, helping them continuously improve their skills, expand their horizons, and contribute more to the sustainable development of the Company.

The Group's employee training data during the Reporting Period is summarised below:

	2024	2023	2022
Total training hours of employees	558	888	646.5
Average training hours per employee (percentage of employees trained)	1.89 (100%)	2.89 (100%)	2.05 (100%)
Average training hours by gender (percentage of employees trained)			
Male	1.75 (100%)	3.15 (100%)	2.15 (100%)
Female	1.89 (100%)	2.41 (100%)	1.87 (100%)
Average training hours by employment type (percentage of employees trained)			
Management	2.33 (100%)	13.00 (100%)	1.29 (100%)
Staff	1.91 (100%)	2.48 (100%)	2.09 (100%)

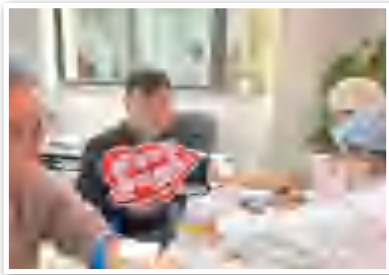
CREATING VALUE FOR THE COMMUNITY

We have always integrated ESG concepts into its corporate development strategy, adhered to the principle of social responsibility first, and promoted sustainable development and social progress through multi-faceted efforts. We know that enterprises are not only the creators of economic benefits, but also important players in the social ecosystem. Therefore, we continuously strengthen our close cooperation with the community, actively fulfill our corporate social responsibilities, and take practical actions to promote the comprehensive advancement of environmental protection, social well-being, and sustainable development.

Nanfang Communication holds sustainable development as its core and is committed to achieving green operations and low-carbon development goals. We actively promote the research, development and application of green technologies, optimize resource allocation, and reduce energy consumption and carbon emissions. In rural revitalization projects, Nanfang Communication not only helped the Luodong village build high-standard farmland, but also focused on using sustainable agricultural technologies to minimize the impact on natural resources. In the future, we will continue to strengthen environmental management, promote low-carbon transformation through technological innovation, and promote the harmonious coexistence between man and nature.

We always adhere to the principle of “People-oriented”, enhance social influence through a wide range of charity and community investment activities, and establish long-term cooperative relationships with stakeholders. Through the establishment of the Guangcai Fund, Nanfang Communication actively helps poor areas improve infrastructure and develop the economy, and quickly invests resources during disasters to help restore communication networks and ensure people’s basic communication needs. At the same time, we pay special attention to the well-being of employees and community residents. By advocating internal charity blood donation activities and encouraging employees to participate in volunteer services, we closely combine personal dedication with corporate responsibility to deliver more love and warmth to society.

Nanfang Communication also continues to increase support in the fields of education, medical care and culture, and carries out educational donations, medical assistance and cultural project funding to provide community residents with more high-quality resources, improve the overall quality of life, and contribute to social equity and progress. We adhere to an efficient, transparent and responsibility-driven management model and incorporate ESG indicators into the corporate management system to ensure the effective implementation of sustainable development strategies. Through a sound corporate governance structure, strict compliance systems and responsible supply chain management, Nanfang Communication maintains open and transparent communication with all sectors of society and practices corporate citizenship responsibilities.



Blood Donation



Guangcai Scholarship



Disaster Relief



Supporting Infrastructure

Renewed From Small Details

In order to promote the environmental hygiene construction of the Group, and ensure long-term, standardised and orderly working environment management, Nanfang Communication actively launched a series of environmental hygiene activity, with an aim to improve the environmental hygiene awareness of the employees in general. Apart from the factory-wide cleaning activity, we also plan to introduce more environmental protection initiatives and advocacy activities to establish a green and environmentally friendly corporate culture.

Nanfang Communication will continue to organise employees to participate in training and education activities on environmental protection and health management to enhance employees' awareness of the importance of environmental protection. By regularly holding environmental protection knowledge lectures, promotional posters and environmental protection theme activities, we will encourage employees to pay more attention to environmental protection and actively participate in environmental protection activities.

In addition, the Group also plans to conduct more environmental protection advocacy activities at the community level and cooperate with local communities to carry out public welfare activities such as garbage classification and environmental improvement. By actively participating in community environmental protection actions, we hope to pass on the concept of environmental protection to a wider range of social groups, jointly promote green development and build a beautiful home.

Through these ongoing environmental hygiene activities and advocacy initiatives, Nanfang Communication is committed to creating a civilized, healthy and clean workplace environment, while deeply implementing the concept of green development at the corporate and community levels, creating a more livable and sustainable living environment for employees and society, and contributing to environmental protection.



CREATING VALUE FOR THE ENVIRONMENT

To respond to the “Dual Carbon” target that our country insists on, i.e. to achieve carbon peak by 2030 and carbon neutrality by 2060, in an active manner, the Group adheres to the concept of “Green Manufacturing, Low-carbon Development, Respecting Resources and Giving Back to Society”. We continue to explore and promote the renovation of energy-saving technology, push forward green production, energy saving and emission reduction through various measures. At the same time, we strive to build a sustainable supply chain and enhance the standard of green manufacturing. We have established an environmental management system accredited by the international standards ISO14001:2015 and an energy management system accredited by ISO50001:2018, striving to provide support for Nanfang Communication’s construction of a green and harmonious home.

The Group strictly complies with the “Environmental Protection Law”, the “Law on Prevention and Control of Air Pollution”, the “Law on Prevention and Control of Water Pollution”, the “Law on Prevention and Control of Environmental Noise Pollution”, the “Law on Prevention and Control of Solid Waste Pollution”, the “Law on Energy Conservation” of the PRC, and other laws and regulations on environmental protection and energy conservation in the regions where we operate. At the same time, we have developed system and procedures for handling waste water, exhaust gas, wastes and noise to regulate the environmental impact of our production process. During the Reporting Period, we did not have any significant violations of applicable laws and regulations regarding emissions of exhaust and greenhouse gases, discharges into water and land, generation of wastes and use of resources, nor did we have any issue in sourcing water.



ISO14001:2015 Certificate



ISO50001:2018 Certificate

In 2023, Nanfang Communication successfully obtained the Corporate Greenhouse Gas Verification Statement as well as five product TLC Carbon Footprint Certification Certificates, including optical splitter and outdoor optical cable. This marks a solid step forward in our pursuit of environmental protection and economic supply, and our contribution to technological innovation to promote green production and the low-carbon transformation of the nation.



Optical Fiber Active Connector Certification



Optical Splitter Certification



Prefabricated End Butterfly Drop Cable Certification



Outdoor Optical Cable Certification



Butterfly Drop Cable Certification



Greenhouse Gas Verification Statement

In addition, in order to promote the practice of green manufacturing, the Group added and awarded an “Annual Project Improvement Award” in 2024 to encourage and recognise project teams that have achieved remarkable results in environmental protection and sustainable development. We have set a series of rigorous standards and evaluation indicators. These standards include, but are not limited to, improving production efficiency, raising processing efficiency and reducing energy consumption. The improvement work of the project team must be able to demonstrate excellent performance in these aspects and help Nanfang Communication achieve certain results in cost reduction and efficiency improvement.







Emissions Management

Considering the business nature of the Group, air pollutants are inevitably emitted during our production process. In order to reduce the impact on the environment, Nanfang Communication has installed photo-oxidation catalytic device and activated carbon fiber secondary emission device in the process that emits more air pollutants, such as coloring and sheathing. We also regularly hire qualified units to conduct emission tests on the stationary emission sources of our plants to ensure that our emissions meet the national requirements. To control vehicle emissions, we require all vehicles of the Group to use unleaded gasoline to reduce pollution such as hydrocarbons, carbon monoxide and nitrogen oxides. Moreover, we carry out annual emissions testing to ensure that all vehicles are in good condition. If the vehicles fail to meet national standards, we will install emissions abatement devices on them.

We understand that human activities are the main cause of climate change, and the current trend of climate change is going to bring forth tremendous risks to the economy and society. As a leading supplier of optical communications products, we bear the crucial responsibility of carbon reduction. Based on 2018, the Group strives to reduce greenhouse gas emissions intensity by 80% by the end of 2030. As our carbon footprint is mainly due to indirect emissions from electricity consumption, we have implemented a number of initiatives to reduce electricity consumption, as detailed in the section of resource usage. During the Reporting Period, the Group emitted a total of 7,265.94 tonnes of carbon dioxide equivalent (“tCO₂e”) of greenhouse gases at a density of 0.09 tCO₂e per RMB ten thousand of revenue.

TARGET PROGRESS

Emission Reduction Target (Target Year: 2030)	Date of Base Year	Data of the Year	Greenhouse gases emission reduction percentage (2018 compared to 2024)	Target Progress
To reduce the emission density of total greenhouse gases (tCO ₂ e per RMB ten thousand of revenue) by 80%, with 2018 as the base year	2018 0.12	2024 0.09	reduced by 25% 	 31.25%
To reduce total absolute greenhouse gas emissions (tCO ₂ e) by 20%, with 2017 as the base year	2017 11,475.23	2024 7,265.94	reduced by 36.7% 	 100%

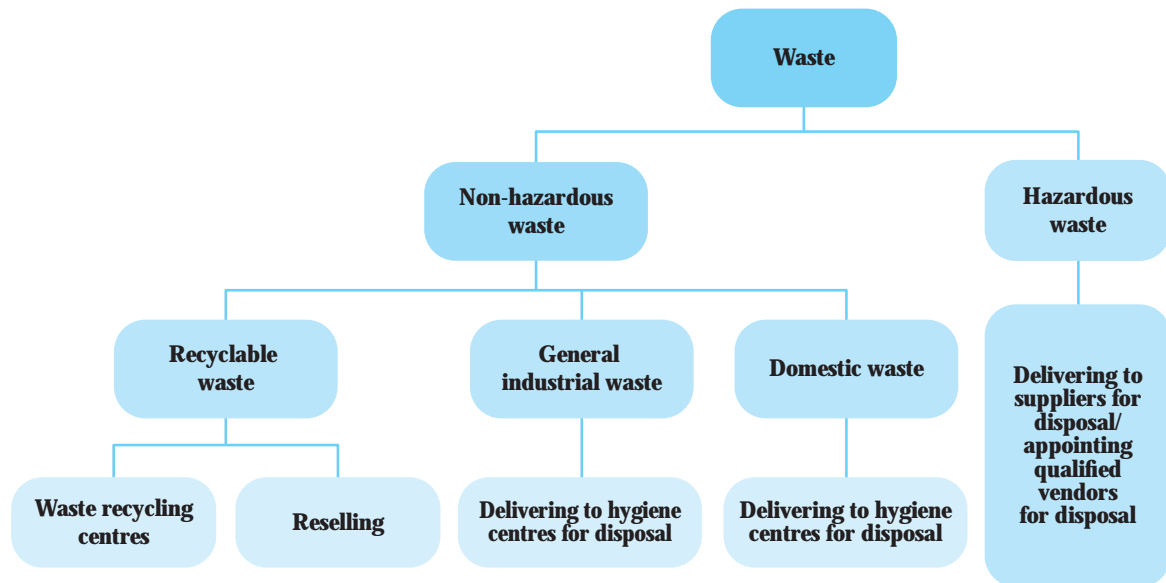
Waste Management

The wastes generated by the Group are mainly recyclable waste, general industrial waste, domestic waste and hazardous waste. In order to effectively control the utilisation of waste and reduce the impact of waste on the environment, we have formulated the “Waste Control Program” and “Waste Recycling and Disposal Regulations” to regulate the disposal of wastes. The wastes are stored and labelled in strict accordance with the regulations to prevent secondary pollution. Dumping and placing wastes in non-storage areas is also strictly prohibited.

For non-hazardous wastes, we will recycle and reuse as much as possible, including selling them or handing them over to waste recycling stations. As for hazardous waste such as paint buckets, mercury-containing fluorescent lamps, toner cartridges, wire insulation, toxic chemicals and packaging, we will hand them over to suppliers or qualified service providers to ensure that the impact on the environment is minimised. Through the formulation of relevant measures and procedures, we are committed to standardising the waste treatment process, ensuring the effective use of wastes and reducing its negative impact on the environment.


Management of Solid Waste Contractors

During the construction process, the contractors should strictly comply with the “Regulations on the Administration of Construction Project Environmental Protection” of the PRC. For environmental factors that occur during the construction process, based on the principle of whoever carries out the construction is responsible, the project contractor will take corresponding measures, such as controlling dust, reducing noise, reducing the generation of sewage and waste oil, avoiding the scattering of debris, etc., and reducing the impact on the environment of pollution.



During the Reporting Period, the Group generated a total of 10.55 tonnes of hazardous waste and 45.62 tonnes of non-hazardous waste.

Target Progress

 Emission Reduction Target (Target Year: 2030)	Data of Base Year	Data of the Year	Target Progress
To reduce the generation of non-hazardous waste (tonnes) by 30%, with 2018 as the base year	2018 66.15	2024 45.62	<div>100%</div>

Use of Resources

Nanfang Communication mainly relies on energy and water resources in the course of business operations. In order to reduce the use of resources, we have actively adopted energy-saving and consumption reduction measures and applied innovative technologies, and strive to achieve sustainable development goals. We are well-aware of the limitations of resources and the importance of protection, so we are committed to reducing resource waste and maximizing resource utilization efficiency by optimizing production and operation processes. At the same time, in order to further promote internal environmental protection practices, we actively implement green office policies, advocate a conservation office culture, and implement the 3R principles, i.e. to reduce, reuse and recycle resources, to reduce the impact on the environment.

In order to manage the Group's resource usage more scientifically, we have established a systematic resource management mechanism. By regularly collecting monthly data and setting consumption quotas, we can accurately monitor consumption patterns and promptly discover and improve deficiencies in resource usage. This data-driven management approach not only helps us optimize the use of energy and water resources, but also provides a reliable basis for formulating future energy conservation and emission reduction goals. At the same time, Nanfang Communication continues to explore and introduce more green technologies and low-carbon solutions, deeply integrating environmental protection concepts into every aspect of corporate operations.

Energy Consumption

We are aware that greenhouse gas emissions of the Group are mainly indirect emissions from the use of purchased electricity during its production processes. Therefore, we are committed to reducing our carbon footprint by reducing electricity consumption. To this end, we have developed the "Energy Management Manual" and the "Energy Management Control Procedures", and adopted the following energy-saving measures:



LED light source is adopted in our plants (energy saving rate up to 30%)

For the main production equipment, if it is not in use for more than 2 hours, the compressed air valve should be closed; if it is not in use for more than 1 day, the power switch should be closed.

All departments are responsible for supervising the management of lighting and electricity in the office area to save electricity and turn off the electricity facilities in due course.

Before purchasing equipment, the Production Management Department will evaluate the energy consumption of the selected equipment to avoid purchasing equipment with low energy efficiency.

At the same time, in order to increase the rate of using renewable energy and further reduce our reliance on purchased electricity, we have installed solar panels at our Jintan and Wujin plants. During the Reporting Period, the Group consumed 11,763,703.00 kWh of electricity, 11,937.00 litres of unleaded petrol and 4,512.00 litres of diesel.

Water Conservation

Water resources are precious resources necessary for the survival of humanity, and also a key factor in corporate realizing sustainable development. Nanfang Communication deeply recognizes the importance of water management. In order to improve water efficiency and reduce environmental impact, we have taken a number of measures to strengthen water management capabilities and promote the green development of the Company.





We focus on reducing water use at the source and actively explore the recycling and reuse of water resources. To this end, we have implemented a series of water-saving actions in daily office and production operations. For example, within the Company, we further strengthen employees' water-saving awareness by posting water-saving reminder signs at faucets. We also encourage employees to actively participate in water-saving actions and integrate environmental protection concepts into daily work. In addition, in order to ensure the efficient use of water resources, we regularly inspect water pipes and industrial water points. If problems are found, relevant personnel will be notified immediately for repairs to avoid waste. At the same time, during the production process, we continuously optimize processes, strive to recycle cooling water, achieve effective recycling of waste water, and minimize water consumption. During the Reporting Period, the Group's total water consumption was 29,818.00 m³, with a density of 0.36 m³ per RMB ten thousand of revenue, which fully reflects our efforts in water efficiency.

In terms of wastewater treatment, we strictly follow the relevant laws and regulations, and have obtained the relevant drainage permits and we treat the wastewater generated in the production process in accordance with the Tier 1 standard of the “Integrated Sewage Discharge Standard”. Through the establishment and implementation of internal management procedures such as the “Wastewater, Waste Gas and Noise Control Procedures”, we ensure that all wastewater undergo tertiary treatment at wastewater treatment facilities before discharge to minimize the impact on the environment. In addition, in order to prevent them from flowing into the sewers, we have adopted strict management measures with the plant premise, for example, we strictly prohibit the washing of vehicles in the plant and require our employees to use rags to wipe off oil and chemicals on the floor, ensuring that environmental responsibilities are practiced in every step.

In the future, we will continue to optimize the water resources management system, actively introduce advanced water-saving technologies and management methods, and further improve the efficiency of water utilization and recycling capabilities. At the same time, we will continue to strengthen employees’ environmental awareness so that every employee can become a practitioner and promoter of water-saving actions.

Target Progress

 Emission Reduction Target (Target Year: 2030)	Data of Base Year	Data of the Year	Target Progress
To reduce electricity consumption (kWh) by 30%, with 2017 as the base year	2017 14,119,121.00	2024 11,763,703.00	56% 
To reduce water consumption (m ³) by 20%, with 2017 as the base year	2017 17,138.00	2024 29,818.00	0%

Coping with Climate Change

In face of an increasingly serious global climate problem, climate change has become a common significant challenge for all mankind, and carbon reduction has become a consensus among all countries. Since 2021, Dual Carbon has been the primary goal of the Chinese government in environmental protection, and Nanfang Communication has actively responded to the national carbon peak and carbon neutrality policy guidelines and set targets in carbon reduction, fully integrating into the progress of sustainable development to contribute to the fight against climate change.

The Group has attached great importance to the operational risks brought about by climate change, and understand that climate change has increased the frequency and intensity of extreme weather, which brings various challenges to the stability of enterprises and the safety of employees. The production sites in Jintan and Wujin are exposed to potential threat of extreme weather conditions such as storms, floods and extremely hot weather, which may cause damage to equipment, business interruption or even endanger the safety of employees. Therefore, we have established “Contingency Planning and Response Control Procedures” to prevent and reduce the impact of extreme weather on corporate operations.

In response to these situations, the Group have developed the following counter-measures:

- We have stipulated that cooling equipment such as electric fans should be installed and cold drinks should be provided in our workshops during summer. At the same time, workshop offices should be equipped with medication for the prevention and treatment of heatstroke.
- In case of extreme weather conditions such as strong winds and heavy rain, the power supply of our production sites will be temporarily cut off in accordance with relevant procedures and work will be halted.
- We will enhance our safety management of electrical equipment in adverse weather. For instance, inspections of electrical rooms will be carried out more frequently during thunderstorms, rainstorms and typhoons, and any equipment failures or abnormalities will be reported and handled in a timely manner according to relevant procedures.
- We regularly conduct emergency drills for employees to ensure that they understand the procedures and measures to deal with extreme weather events and improve employees’ ability to respond in emergencies.
- We carry out climate change risk assessment, continuously monitor meteorological data and climate change trends, adjust response strategies in a timely manner, and improve our adaptability to climate change.

In order to improve employees' ability to deal with extreme weather, we regularly conduct emergency drills to ensure that employees are familiar with the procedures and measures for dealing with extreme weather events and improve their response capabilities in emergency situations. At the same time, we continue to conduct climate change risk assessments, closely monitor meteorological data and climate change trends, and adjust response strategies based on the latest conditions to continuously improve our adaptability to climate change.

Nanfang Communication will continue to pay attention to the impact of climate change on corporate operations, and continuously improve response measures to ensure stable business operations and the safety of employees and equipment. At the same time, we will actively participate in carbon emission reduction and environmental protection actions and make positive contributions to building a low-carbon and environmentally friendly society.

Environmental Performance

The Group's environmental performance during the Reporting Period is summarised in the table below:

	Unit	2024	2023	2022
Air emissions ²				
Nitrogen oxides	kg	0.01	31.04	33.70
Sulfur oxides	kg	0	0.27	0.33
Particulate matter	kg	0.47	2.81	3.02
Energy consumption				
Electricity	kWh	11,763,703.00	12,764,887.00	14,232,975.00
Intensity	kWh per RMB ten thousand of revenue	142.00	145.66	164.92
Unleaded gasoline	litre	11,937.00	13,529.34	17,378.00
Intensity	litre per RMB ten thousand of revenue	0.14	0.15	0.20
Diesel oil	litre	4,512.00	4,266.67	4,538.00
Intensity	litre per RMB ten thousand of revenue	0.05	0.05	0.05

² The air emissions data only cover vehicles on road with records of vehicle mileage.

	Unit	2024	2023	2022
Greenhouse gas emissions				
Scope 1 ³	tCO ₂ e	28.51	43.78	53.96
Scope 2 ⁴	tCO ₂ e	7,177.04	7,787.86	8,683.54
Scope 3 ⁵	tCO ₂ e	60.40	70.75	31.93
Total	tCO ₂ e	7,265.94	7,902.39	8,769.43
Intensity	tCO ₂ e per RMB ten thousand of revenue	0.09	0.09	0.10
Water consumption				
Total	m ³	29,818.00	29,345.00	28,473.00
Intensity	m ³ per RMB ten thousand of revenue	0.36	0.33	0.33
Waste				
Hazardous waste	tonnes	10.55	10.19	6.03
Intensity	tonnes per RMB ten thousand of revenue	0.00012	0.00012	0.00007
Non-hazardous waste ⁶	tonnes	45.62	46.05	47.25
Intensity	tonnes per RMB ten thousand of revenue	0.0005	0.0005	0.0005
Material consumption				
Office paper	tonnes	2.18	2.84	2.45
Intensity	tonnes per RMB ten thousand of revenue	0.00003	0.00003	0.00003
Packaging material (wood)	tonnes	1,989.54	2,506.87	2,646.35
Intensity	tonnes per RMB ten thousand of revenue	0.02	0.03	0.03

³ Scope 1: direct greenhouse gas emissions are generated from the combustion of fuels by vehicles owned by the Group.

⁴ Scope 2: energy indirect greenhouse gas emissions are generated from the use of purchased electricity by the Group during its production processes.

⁵ Scope 3: other indirect greenhouse gas emissions are generated from paper consumption in offices and the business travel of the Group's employees by air.

⁶ It was estimated based on the number of employees at the end of the Reporting Period and the average daily quantity of domestic waste generated by each employee.

APPENDIX – SEHK ESG REPORTING GUIDE CONTENT INDEX

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
Aspect A Environmental		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes.	CREATING VALUE FOR THE ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	CREATING VALUE FOR THE ENVIRONMENT - Emissions Management, Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Emissions Management, Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Waste Management, Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Waste Management, Environmental Performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	CREATING VALUE FOR THE ENVIRONMENT

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	CREATING VALUE FOR THE ENVIRONMENT - Waste Management
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	CREATING VALUE FOR THE ENVIRONMENT
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Energy Consumption, Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Water Conservation, Environmental Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	CREATING VALUE FOR THE ENVIRONMENT - Environmental Performance
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	CREATING VALUE FOR THE ENVIRONMENT
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CREATING VALUE FOR THE ENVIRONMENT

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	CREATING VALUE FOR THE ENVIRONMENT - Coping with Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	CREATING VALUE FOR THE ENVIRONMENT - Coping with Climate Change
Aspect B Social		
B1 Employment	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, antidiscrimination, and other benefits and welfare.	CREATING VALUE FOR EMPLOYEES – Labour Relations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	CREATING VALUE FOR EMPLOYEES
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	CREATING VALUE FOR EMPLOYEES
B2 Health and Safety	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.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.2	Lost days due to work injury.	CREATING VALUE FOR EMPLOYEES – Health and Safety

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	CREATING VALUE FOR EMPLOYEES – Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	CREATING VALUE FOR EMPLOYEES – Training and Development
B4 Labour Standards	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.	CREATING VALUE FOR EMPLOYEES – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	CREATING VALUE FOR EMPLOYEES – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	CREATING VALUE FOR EMPLOYEES – Labour Standards
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
KPI B5.1	Number of suppliers by geographical region.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
B6 Product Responsibility	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.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Customer Service, Customer Satisfaction
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Quality Management System
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Customer Service

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Quality Management System
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Information Security Management
B7 Anti-corruption	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.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity

General Disclosures and KPIs of the SEHK ESG Reporting Guide		Explanation/Reference Section
B8 Community Investment	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.	CREATING VALUE FOR THE COMMUNITY
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CREATING VALUE FOR THE COMMUNITY
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	CREATING VALUE FOR THE COMMUNITY