

# CDH 中發展控股有限公司

Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475

## 2019/20

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT





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## ABOUT THE GROUP



### SOLAR ENERGY BUSINESS

The Group focuses on developing and expanding the solar energy business in the PRC and other regions with its proprietary technology products. The revenue is mainly derived from the sales of the solar cooling intelligent technology products using solar thermal cooling-stored pipes and the customised solar modules intelligent technology products, including solar photovoltaic modules and new energy smart DC inverter products etc., and the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects. The Group actively cooperates with partners in the industry of solar photovoltaics energy products, and successfully obtained various patent use rights which can be applicable in different applications and which helped to enrich our product types over the past few years.



Central Development Holdings Limited (the "Company") and its subsidiaries (collectively "Central Development" or the "Group") are principally engaged in the solar energy business and jewelry business.



### JEWELRY BUSINESS

Our jewelry business focuses on providing products to distributors. During the Year, in an objective to maintain new business initiatives and to seek new customers, the Group has been proactively participating in different jewelry exhibitions aiming at widening sales channels. In addition, the Group's long-established relationship with the suppliers enables us to maintain the quality of jewelry products.





## ABOUT THE REPORT

This report is the fourth “Environmental, Social and Governance (ESG) Report” published by the Group, which enables stakeholders to better understand the Group’s progress and development direction in sustainable development by covering the policies, measures and performance of the Group in environmental protection, social care and corporate governance. This report is prepared in both Chinese and English and is available at the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company (<http://www.475hk.com>). The report is confirmed and approved by the board of directors on 19 October 2020.

### SCOPE OF THE REPORT

This report presents the ESG performance of the Group for the financial year from 1 April 2019 to 31 March 2020 (the “Year” or “2019/20”). During the Year, there was a change in the reporting scope of the Group due to leasing out of part of the factory (“Yuyao Factory”)<sup>1</sup> and office (“Yuyao Office”) located at Yuyao, Zhejiang Province for other purposes, and thus such part would be excluded in the reporting scope. Furthermore, in order to make better presentation of the solar energy business performance, the Group included the solar energy business of Hong Kong office (“Hong Kong Office”) into the reporting scope

during the Year. The solar energy business included in the reporting scope accounted for 73.6% of total revenue of the Group. This report neither covered the Group’s other operation points nor operations of other businesses (i.e. jewelry business). The Group has nevertheless been continuously improving its internal data collection procedures and progressively expanding the scope of disclosure based on the principle of materiality.

### REPORTING STANDARDS

This report is prepared in accordance with the “Environmental, Social and Governance (ESG) Reporting Guide” (the “Guide”) set out in the Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and on the basis of four reporting principles of Materiality, Quantitative, Balance and Consistency. To help stakeholders gain a comprehensive understanding of our ESG performance, this report discloses environmental key performance indicators (KPI) in compliance with the “comply or explain” requirements, and also includes certain social KPIs in the “Recommended Disclosures” section of the Guide. A complete index is appended in the last chapter hereof for easy reference.

<b>Materiality</b>	The Group identified the most material issues by management interviews. Such issues reflect the issues that have material environmental and social impacts brought by the Group’s operation, and are material to stakeholders.
<b>Quantitative</b>	The Group assigned each departments to record the key environmental and social performance data, and commissioned Carbon Care Asia, an independent professional consultant firm, to assess the carbon emissions against local guidelines and international standards. In addition, the Group ensured that the key performance data are measurable and clearly illustrated the criteria and method of calculation.
<b>Balance</b>	The Group prepared the report based on the principles of accuracy, objectivity and fairness to demonstrate the achievements and challenges in sustainable development, enabling our stakeholders to reasonably evaluate the overall performance of the Group.
<b>Consistency</b>	The Group adopted a consistent statistical method and where practicable, provided historical data to show the sustainability performance and progress of the Group.

<sup>1</sup> The operation of Yuyao Factory is undertaken by Ningbo Shenggu Energy Reservation Technology Co. Ltd.\* (寧波升谷節能科技有限公司) and Yuyao Yiheng Solar Technology Company Limited\* (余姚市億恒太陽能科技有限公司), the wholly-owned subsidiaries of the Group.





## MESSAGE FROM THE DIRECTORS

With the increasing concern by stakeholders over climate change in the recent years, the solar energy business of Central Development aims to provide the society with green energy solutions and mitigate the overall negative impact on the environment and climate change brought by activities in urban areas. In addition, the outbreak of COVID-19 in early 2020 made a significant impact to our operation. In this regard, we have adopted various measures to address the volatile business environment and reduce risks, and also placed particular emphasis on sustainability issues including enhancing hygiene condition of workplace as well as improving working arrangement welfare during the Year.

With a view to further refining the sustainability governance structure, the Group intends to establish an ESG Taskforce (the "ESG Taskforce"), which is designed to assist the board of directors in providing strategic guidelines, formulating sustainability policy and objectives, supervising the corporate governance issues and monitoring its progress next year. The board of directors assumes the overall responsibility for the sustainability issues, and guides the Group to fulfill social responsibility. The Group will also ensure its development direction is in line with the stakeholders' expectations by ongoing sustainability risk management and stakeholder communication.

During the Year, the Group continued to carry out its established policies and measures, and fulfilled the corporate responsibilities to the environment and society. In terms of environment, the Group strictly implemented the relevant policies and measures developed for the purpose of reducing emissions and optimising the resources efficiency, in the hope of minimising the impact to surrounding areas where it operates. In terms of employment, the Group maintained close dialogue with employees in order to timely understand their needs. During the outbreak of pandemic, we paid extra attention to the welfare and safety of employees, and offered flexible working arrangement.

Central Development expects that the Group could better handle the environmental and social issues upon the establishment of the ESG Taskforce, and at the same time, leap forward to a more sustainable future with our stakeholders by collecting their opinions.

Wu Hao  
*Chairman and Executive Director*  
Hong Kong, October 2020

### FEEDBACK

The Group values opinions from stakeholders. Should you have any enquiries or comments, please contact the Group by following means:

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178 Gloucester Road, Wanchai, Hong Kong  
Telephone: (852)3695 0000 Facsimile: (852)3695 0022  
Email: info@475hk.com





## SUSTAINABILITY GOVERNANCE

The board of directors of the Group has always been actively improving the Group's sustainability governance performance and is responsible for formulating the Group's ESG strategies and reporting on ESG issues. In order to enhance the governance on sustainability issues, the Group plans to establish the ESG Taskforce which is under direct supervision of the board of directors next year. The ESG Taskforce will be chaired by the chief executive officer, and department managers or administrative supervisors will serve as members. The ESG Taskforce is responsible for regularly reviewing the employment and labour practices, community engagement, product responsibility and environmental protection work in the areas where the Group operates, as well as coordinating and communicating with external organisations in a bid to promote sustainable development. The ESG Taskforce also assumes the responsibility for reporting to the board of directors annually.

To constantly improve the ESG performance and reporting, the Group will deploy suitable resources to the members of the ESG Taskforce and the management to participate in relevant training on sustainability.

### RISK MANAGEMENT

The Group has in place a risk management and internal control system, and the board of directors bears the responsibilities for overseeing its management and reviewing its effectiveness, including establishing a clear corporate risk management framework and risk management policies. The audit committee under the board of directors assists the board to continuously monitor the Group's risk management and internal control systems, and review its effectiveness at least once a year.





## SUSTAINABILITY GOVERNANCE

Aspects	Risk description	Management policies
<b>Environment</b>	Emissions from the production process of our solar energy products have an impact on the environment and climate change. The lack of proper environmental management may affect the market reputation of the Group's products and reduce its sensitivity to the market, and may even cost the Group the further opportunities brought by the low-carbon economy in the future.	The Group's commitment and stance on environmental protection and the environmental practices are clearly states in our Environmental Policy. In addition to implementing a number of measures to reduce the negative impact on the environment brought by our operation, the Group also encourages employees to participate in relevant training in environmental protection, such as online seminars, to increase environmental awareness.
<b>Employment</b>	The Group's ability to maintain its competitive position in highly competitive operating regions relies on our experienced professionals, including management personnel, research and development (R&D) personnel, and engineers. The loss of talents with appropriate skills and experience may affect the normal operation or service quality of the Group or limit the development of the Group.	The Group provides competitive salaries and benefits as well as a good career development to attract suitable talents with a view to meeting the needs of the corporate development. In addition, the Group regularly reviews the employment planning to supplement the shortage of manpower in a timely manner.
<b>Health and safety</b>	Failure to handle occupational safety and health matters or comply with the laws and regulations in a timely manner may increase the operating costs and liabilities of the Group. In addition, since the outbreak of COVID-19, various pandemic prevention measures have also slowed down our operations.	The Group maintains a healthy and positive working environment through regular inspections and training. During the pandemic, the Group paid close attention to relevant government policies and market practices to understand the best practices in labour protection and employee health and safety management.

## COMPLIANCE MANAGEMENT

The Group has a comprehensive management system in place to ensure compliance with laws and regulations that have a significant impact on us. During the Year, the Group did not breach the following laws and regulations that have a significant impact

on the Group, and there was no litigations regarding corruption filed against the Group or its employees. A list of laws and regulations that have a significant impact on the Group is set out at the end of this Report for reference purposes.





## SUSTAINABILITY GOVERNANCE

Aspects	Impact of significant laws and regulations to the Group	Compliance measures
<b>Emissions</b>	Penalties of warning, suspension of operation or closure of business may be imposed by relevant environment authorities for any breach of relevant requirements of the law. If pollution is emitted, relevant parties may be required to compensate for the losses suffered by those directly affected, or even to bear criminal responsibilities.	Through the strict implementation of the Environmental Policy, emissions generated from the operations of the Group, such as wastes and polluted water, are properly disposed of.
<b>Employment</b>	Employees have the right to file a complaint with the relevant authorities if his/her interests are infringed in breach of relevant laws and regulations. In the case of a breach, the relevant authorities may impose penalties, including fines or making compensations to the concerned employee.	The Group has implemented the Staff Handbook and Code of Conduct of Employees to protect the interests of employees, while department heads and Human Resources Department work together to ensure the effectiveness of relevant policies.
<b>Health and safety</b>	In regards to breaches of the operating unit discovered during inspections, the regulatory authorities are entitled to require such unit to rectify such breaches on the spot or make corrections within a designated period, or impose administrative penalties, including fines or making compensations to the concerned employee.	Apart from implementing relevant policies, the Group has displayed posters related to health and safety courses organised by occupational health and safety organisations in prominent places in our offices and factory, and employees are encouraged to participate. Meanwhile, the Group has required the Yuyao Factory to regularly report to the management on the working environment, and conduct necessary reviews.
<b>Labour standards</b>	If any breach of relevant laws and regulations is discovered, relevant labour authorities may impose penalties, including fines or making compensations to the concerned employee.	In accordance with the Policy on the Prohibition of Child Labour and the Staff Handbook, the Group ensures that employees engaged have reached the minimum age for employment under local laws. Before engaging employees, effective procedures are taken to verify their age.
<b>Product responsibility</b>	In the case of defective product causing property damages or personal injuries, the manufacturer or seller of such product may bear civil liabilities. Apart from compensations, the Group may face order to cease operation, revocation of business license or criminal liabilities.	The Group has pledged on the Policy on Product Responsibilities and Supply Chain to use its best effort to ensure that products and services of suppliers are compliance with relevant environmental laws and regulations, and that its operations would honour, promote and foster international principles of society, environment and business ethics.
<b>Anti-corruption</b>	Relevant anti-corruption authorities may file litigations in respect of breaches of relevant laws and regulations, which may result in fines, imprisonment, loss of reputation, claims or revocation of business license.	The Group strictly implements the Anti-corruption Policies, and has in place channels of communication for reporting acts of corruption or fraud, where employees may report any breaches. All reports will be handled directly by the audit committee.







## COMMUNICATION WITH STAKEHOLDERS

It is essential for a sustainable business to understand the ESG issues that are significant to it, and thoroughly consider opinions from stakeholders in making operating decisions, in an attempt to strike a balance among the interests of all parties. Through multiple channels, the Group communicates with stakeholders, including employees, customers, investors, suppliers, regulatory authorities and community organisations, provides them with information in relation to the Group, and understands their needs, so as to assist the Group in reviewing and formulating corresponding policies and measures, which serves as a basis of continuous improvement.

### EMPLOYEES

The latest news of Central Development are circulated through means including internal notices and daily email correspondences. Employees may also express an opinion through reporting procedures.

### CUSTOMERS

The Group has in place an established procedure to understand the opinions of customers towards our products. Customers may also obtain the latest development of the Group through our website and publications.

### COMMUNITY ORGANISATIONS

The Group maintains good communication with community organisations such as non-governmental organisations, to provide assistance to those in need.

### SUPPLIERS

Central Development has explained our standards to our suppliers, and communication is maintained through email, encouraging suppliers to improve their environmental and social performance.

During the Year, the management of the Group has considered the ESG issues stated in the Guide of the Stock Exchange through management interviews, and has identified the following significant issues in accordance with the significance to stakeholders and the level of impact of the Group to the society and environment:

Emission management	Effective resource management	Employment management
Greenhouse gas produced by human activities is one of the significant factors of global warming, which affects the lives of current and future generations. Therefore, the Group pays great attention to the importance of monitoring and reducing greenhouse gas emissions in our operations.	The Group reduces energy consumptions of customers with its solar and other renewable energy system solutions and equipment. The Group also put emphasis on the use of resources in production process to achieve the Group's objective of bringing positive effects to the environment with its products.	The Group is committed to creating a good working environment, to ensure fair treatment and respect for all employees. The Group also provides diversified training and promotion opportunities to support staff development.

The board of directors also analyses the changes in significant issues and the underlying reasons in accordance with the business development trend of the Group, and revises its sustainable development direction as appropriate. The Group understands that effective collection of views from internal and external stakeholders could facilitate the review of its performance in sustainability. Accordingly, the

Group will actively consider launching different communication activities with stakeholders, including questionnaire surveys and focus groups, to more accurately identify the issues which are of stakeholders' concerns, which in turn form the basis for the sustainable development policies and measures of the Group.





## BUILDING A GREEN ENVIRONMENT

The Group attaches great importance to the emissions generated from production process and the use of resources and is committed to mitigating negative effects of the Group's operation on the environment. The Group has formulated the Environmental Policy, which regulates the emissions from its operation and production process, the use of resources as well as its impact on the environment and natural resources and advocates environmentally responsible business practices.

### EXHAUST GAS EMISSIONS

The exhaust gas emissions generated by the Group during the Year only involved nitrogen oxides, sulphur oxides and respirable suspended particulates from emission from fossil fuel combustion by vehicles. During the Year, the consumption of fossil fuel in our canteen has subcontracted to Original Equipment Manufacturers (OEM), together with a decline in fuel consumption by vehicles, the air pollutant emissions decreased as compared to last year. The Group carries out regular maintenance of company vehicles to ensure fuel efficiency and minimise exhaust gas emissions.

### GREENHOUSE GAS EMISSIONS

The Group pays close attention to its own carbon footprint, and is dedicated to minimising the impact of its operation on the environment. The Group has commissioned an external professional consultant to assess our greenhouse gas emissions. The quantification process of greenhouse gas was conducted by reference to standards of different regions of the state as well as international standards<sup>2</sup>. Greenhouse gas emissions in total<sup>3</sup> generated by the Group during the Year amounted to 47.8 tonnes of CO<sub>2</sub>-e, of which the emissions from Yuyao Factory and Yuyao Office in Scope 1 decreased by 60% as compared to last reporting period. It was mainly

because the LPG combustion in the canteen kitchen has subcontracted to the OEM. Therefore, there was no consumption of LPG by the Group during the Year. In addition, greenhouse gas emissions from use of electricity and fuel used by vehicles contributed 55% and 29% of total greenhouse gas emissions, respectively.

To reduce greenhouse gas emissions from operation, the Group holds electronic meeting and cuts down business air travel when possible, while constantly exploring ways for saving energy and reducing greenhouse gas emissions.

### DISCHARGE OF HAZARDOUS AND NON-HAZARDOUS WASTES

The Group generated a total of 9.0 tonnes of non-hazardous wastes during the Year, of which 0.3 tonnes of domestic wastes and 8.7 tonnes of waste paper, factory discarded scraps and domestic wastes were generated by Hong Kong Office and Yuyao Factory and Yuyao Office, respectively. All domestic wastes were collected and disposed of by cleaning companies while waste paper and factory discarded scraps generated by Yuyao Factory and Yuyao Office were delivered to the recycling station set up by qualified companies for recycling.

Electronic wastes and other electronic devices contain detrimental substances, therefore any improper handling and disposal may cause serious environmental impacts. To reduce solid electronic wastes generated by operating offices, the Group places its focus on software optimisation for the enhancement of our information technology infrastructure and purchases computer hardware only when needed in order to reduce electronic wastes. During the Year, the Group did not generate any hazardous wastes.

<sup>2</sup> Including Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial) (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) issued by National Development and Reform Commission of the PRC, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 version) (《香港建築物(商業、住宅或公共用途)的溫室氣體排放及減除的核算和報告指引(2010年版)》), ISO 14064-1 and the Greenhouse Gas Protocol.

<sup>3</sup> Including Scope 1 – direct greenhouse gas emissions: greenhouse gas emissions from fossil fuel used by vehicles of Yuyao Office and Hong Kong Office; Scope 2 – energy indirect greenhouse gas emissions: greenhouse gas emissions from electricity consumed in Yuyao Factory, Yuyao Office and Hong Kong Office; and Scope 3 – other indirect greenhouse gas emissions: greenhouse gas emissions from fresh water and sewage treatment, waste paper disposal and business air travel of Hong Kong Office.





## BUILDING A GREEN ENVIRONMENT

### DISCHARGE OF SEWAGE

Polluted water discharged by the Group is mainly from the production of solar energy products and domestic sewage generated by employees. All of the production wastewater and domestic sewage are treated by the sewage treatment plants via local pipe network.

### USE OF RESOURCES

The Group's Environmental Policy provides guidelines on the consumption of energy, water resource and other resources with the aim of mitigating the impact of operation on the environment by making good use of resources. During the Year, the Group mainly involved in energy consumption (i.e. gasoline, electricity) and water resource consumption. During

Central Development has implemented various measures to reduce the use of resources:

<b>Energy saving</b>	<ul style="list-style-type: none"> <li>• Enhancing the monitoring of use of electricity</li> <li>• Maintaining a comfortable temperature of air conditioner at 26 degrees Celsius</li> <li>• Utilising natural lighting and adopting energy-saving lighting systems</li> <li>• Installing motion detectors or light sensors in Yuyao Office to control the lighting system</li> <li>• Using electronic devices with energy efficiency rating</li> <li>• Conducting regular inspection of air conditioning systems and filters to ensure the energy efficiency</li> </ul>
<b>Water saving</b>	<ul style="list-style-type: none"> <li>• Conducting regular inspection of water leakages from water pipes and faucets and making repair timely</li> <li>• Using faucets with grade 1 water efficiency rating</li> </ul>
<b>Paper reduction</b>	<ul style="list-style-type: none"> <li>• Using recycled paper or paper made from sustainable resources</li> <li>• Setting computers and photocopiers in double-sided printing mode</li> <li>• Adopting electronic communication and electronic filing</li> <li>• Encouraging suppliers to use electronic bills</li> </ul>

### ENVIRONMENT AND NATURAL RESOURCES

The Group has put strong emphasis on the effects of its operation on the environment and natural resources and taken environmental protection into account in its commercial decisions, so as to further reduce the effects on the environment and natural resources. The Group's products provide consumers with renewable

the Year, Yuyao Factory did not involve in packaging materials consumption.

The water resource of the Group is supplied by municipal system. During the Year, the Group's total water consumption was 540.5 m<sup>3</sup>, of which 99% was from Yuyao Factory and Yuyao Office. The rise in water consumption, as compared to last year, was mainly attributable to the enhancement of cleansing work and frequency during the period of the outbreak of COVID-19. The Group expects that along with the containment of pandemic, factories will resume operation and return cleaning procedures to a normal level, such that water consumption will decrease in the future.

energy, which could alleviate negative environmental effects of energy consumption. Considering the impact of climate change over the recent years on enterprises and escalating risk resulting therefrom, the Group intends to formulate policies in relation to climate change to address relevant risks and opportunities.





## CREATING A GOOD WORKING ENVIRONMENT

Central Development treats its employees with respect and fairness while protecting the rights of employees and providing suitable resources for their development. Policies are in place in managing employment practice, labour standards, employee development and training, employee health and safety and other aspects.

### EMPLOYMENT MANAGEMENT SYSTEM

Central Development has formulated Staff Handbooks that are applicable to local employees for each business location, which set out employment terms such as wage, dismissal, recruitment, promotion, working hours and holidays, enabling employees to have a clear understanding of their own rights and obligations.

<b>Recruitment</b>	The Group upholds the principle of open and fair competition and ensures openness and transparency in recruitment, where all job applicants and employees enjoy equal treatment in all aspects.
<b>Remuneration and benefits</b>	Employee remuneration is determined based on various factors including qualification, position, working experience, educational background and performance. Remuneration adjustment will be made based on job responsibilities, educational background, working experience, competence, potential and performance of employees.
<b>Equal opportunity and anti-discrimination</b>	The Staff Handbook clearly states the Group's commitment on equal opportunity and anti-discrimination that all employees will be treated equally on all human resources matters such as recruitment, training, promotion, transfer and benefit regardless of gender, religions, pregnancy, family status, marital status, race and disability.
<b>Diversity</b>	Teams with diversified background could contribute different skills, experience and diversity of perspectives to the Group. The Group will review its current Staff Handbook and incorporate diversity policies into the handbook in a bid to create a diversified working environment.
<b>Labour standards</b>	Child labour and forced labour are prohibited within the Group. The Staff Handbook stipulates that the human resources department should verify identity documents of applicants to prevent from hiring minors. In addition, employment contracts are signed and amended with employee based on the principles of equality, willingness and agreement, and there is no event of forced labour. The Group defines working hours and rest arrangements of employees. In case of emergency, overtime work shall be approved by department heads and managers, and compensation leave shall be given to employee who work overtime.

The Group believes that opinions from employees are the key to achieve continuous business growth, and maintaining close relationship with employees enables the Group to further realise their needs and goals. The Group adopts an open attitude and allows employees to freely express their concerns and opinions on working conditions. Besides, the Group

meets its employees to understand their needs and conducts review and supervision on work procedures, benefit and policies on a regular basis. In view of maintaining close relationship between colleagues, Central Development organised annual dinner and other activities to increase employee participation by creating a sense of belonging.





## CREATING A GOOD WORKING ENVIRONMENT

### HEALTH AND SAFETY

The Group values the physical and mental well-being of our employees and commits to creating a safe and healthy working environment for all employees. The Group has established the General Rules for Safety Production to regulate various safety measures. Our employees shall comply with the

safety responsibility system and regulations and avoid dangerous works. Safety measures include the Three-tier Safety Education and technical training, providing appropriate labour protection equipment and strictly adhering to the safety procedures of machinery operation.

During the outbreak of COVID-19 in the beginning of 2020, the Group took timely and effective measures to reduce health risks of employees at workplace.

	Major precaution measures
Hong Kong Office	<ul style="list-style-type: none"> <li>• Providing masks and sanitising products to employees and clients who work or meet at the office</li> <li>• Using diluted household bleach to clean office areas to prevent spreading of bacteria and virus</li> <li>• Requesting everyone to undergo body temperature check before entering the office</li> <li>• Implementing flexible working hours arrangement to avoid overcrowding during peak hours</li> <li>• Arranging part of employees to work from home to ensure a safe working environment</li> </ul>
Yuyao Factory and Yuyao Office	<ul style="list-style-type: none"> <li>• Establishing a working group for prevention and control of pandemic to facilitate the pandemic prevention work of factory</li> <li>• Recording body temperature for employees on a daily basis</li> <li>• Carrying out disinfection work two times per day at crowded venues including workplace</li> <li>• Arranging video or phone conferencing instead of physical meetings</li> </ul>

### STAFF TRAINING AND DEVELOPMENT

The Staff Handbook and Training Management Regulation of the Group specify the management of staff training and development work. The Group supports employees to equip essential skills and knowledge through various trainings. The Group has also established a comprehensive development programme to enable our employees to fulfill their potential. The human resources department bears the responsibilities for formulating annual training programmes, assessing the implementation of trainings as well as tracking the results of assessments and trainings.

Apart from the introduction training for new hires, Central Development formulates development programme to provide diversified on-the-job trainings according to position requirements and employee

competence. The Group arranges external training seminars and courses for employees, which cover various topics including anti-money laundering, regulatory updates and application of new accounting standards, to provide assistance to employees in developing their respective profession.

Additionally, Central Development supports employees to pursue their occupational development, and sponsors them to acquire relevant professional qualifications. The Group promotes employees based on their merit in accordance with the principles of business development and improvement of organisational effectiveness and formulates training policies and directions with the consideration of prospective and systematic factors.





## RESPONSIBLE OPERATION

The Group is devoted to operating in a responsible and honest manner. The Group has developed the Policy on Product Responsibilities and Supply Chain to improve the performance of supply chain and value chain while ensuring the compliance and safety of our products and services, so as to fulfill our customers' expectations for the sustainable development of the Group.

### SUPPLY CHAIN MANAGEMENT

The Policy on Product Responsibilities and Supply Chain of the Group regulates the requirements of selecting and managing suppliers. In selecting suppliers, Central Development takes factors such as environmental performance, safety of product composition, quality and price of products into consideration, and looks into the performance of potential suppliers on social responsibilities such as protection of labour welfares, rights and equal opportunities, protection of intellectual rights and anti-corruption. The Group also regularly visits factories of major suppliers to inspect the quality of products ordered and examines conditions including appearance, size and production environment.

As the Group identifies potential suppliers at domestic and foreign fairs and exhibitions of solar photovoltaic and smart energy, most of the Group's major suppliers show their commitment and vision on environmental protection. Under reasonable and practicable

circumstances, our procurement department will prefer products and services with related environmental labels, resource efficiency and low hazardous and non-hazardous wastes.

### QUALITY MANAGEMENT

The Policy on Product Responsibilities and Supply Chain and Stock Management System of the Group set out our requirements on product quality. Our research and development center conducts quality inspection of products on a regular basis according to international standards and customer requirements. Products are shipped upon obtaining approval and passing inspection. In the event that products fail to meet the requirements of safety and quality, the Group will take corresponding remedial measures, including product returns, recall or recovery. During the Year, the Group did not have any cases of products which are subject to recalls for health and safety reasons.

The Group values the opinions from customers, so as to optimise our products and satisfy the needs of customers, and constantly improve the quality of our products and services. Once receiving a complaint, the Group will follow its established procedures and handle customer complaints in a timely manner. During the Year, the Group did not receive any complaints regarding product quality or health and safety problems.

Step 1: Confirmation of acceptance	Instantly figure out the details of complaint and the demand of customer and obtain confirmation from the customer, and make a written record of the personnel and products involved, dates and times and collect related documents and other proofs.
Step 2: Complaint investigation	Investigate relevant proofs and propose specific solutions.
Step 3: Approval and record	Provide solutions to supervisors of competent department for approval and record.
Step 4: Communication with customer	Communicate with customer and follow up on the solutions.





## RESPONSIBLE OPERATION

### RESPONSIBLE MARKETING

As a responsible corporate, the Group has developed strict standards towards advertisements and product labels, intellectual property protection and customer privacy protection. As specified in the Staff Handbook, employees are responsible to ensure that fair, accurate, honest, unbiased and appropriate information is provided to customers via various marketing channels. Meanwhile, the Group has established a comprehensive system to define employees' accessibility and authority to specialised technology.

The Group highly values the privacy of customers, and has in place the Privacy Policy to make sure all information collected are treated with caution. The Group requires all customer information has to be saved in a safe computer system and could only be accessed by authorised employees. The Company also takes precautionary measures to prevent any unauthorised or accidental access, handling, removal, loss or use.

### ANTI-CORRUPTION

The Group sees corporate culture with integrity as the basis of business development. The Anti-corruption Policies and Whistleblowing Policy of the Group regulate behaviors of its employees, and make sure

potential corruption cases are handled in a timely manner. Employees shall not abuse of its power to engage in malpractice such as corruption and soliciting or accepting bribe. In addition, the Group regularly invites Independent Commission Against Corruption (ICAC) to the Hong Kong Office to share the latest regulations on commercial ethics in order to deepen employees' knowledge on prevention of corruption.

To encourage our employees to help monitoring the anti-corruption works of the Group, the Group has implemented communication channels for reporting cases of corruption or fraud, which enable employees, customers and suppliers to report any non-compliances. Whistleblowers could report to the chief executive officer or the chairman of audit committee and all reports will be handled directly by the audit committee. The Group will conduct investigation based on the nature and severity of the complaints and establish a committee formed by senior officers for reviewing the investigation report. Upon completion of investigation, the whistleblower will receive a written report on the result of the investigation. If the result shows that the case is true, wrongdoers will receive appropriate disciplinary action, and in a more serious case, will be handed to law enforcement agencies. All personal information of whistleblowers will be kept confidential to protect them from unfair treatment.

## COMMUNITY CREATION

The Community Investment, Sponsorship and Donation Policies of the Group establish the structures and standards of community investment. The management is responsible for reviewing the objectives and directions of policies and investments regularly, as well as looking closely into the social performance of the Group. The Group treats "climate change and environment", "youth education and development", "community health" and "cultural arts" as the core sectors of our community investments.

The Group encourages employees to actively participate in various voluntary activities and social services, including different cultural and recreational activities and activities held by charities. During the Year, the Group encouraged employees to participate in the Earth Hour, organised by the World Wide Fund for Nature, to promote reduction in energy consumption by switching off unnecessary lights and electronic devices for an hour on that day.





## SUMMARY OF KEY PERFORMANCE INDICATORS

### ENVIRONMENTAL PERFORMANCE

	2019/20			2018/19	Unit
	Hong Kong	Yuyao	Total	Yuyao	
<b>Air Emissions</b>					
Nitrogen oxides	0.93	0.75	<b>1.68</b>	8.6	kg
Sulphur oxides	0.03	0.25	<b>0.28</b>	1.2	kg
Respirable suspended particulates	0.07	0.07	<b>0.14</b>	0.5	kg
<b>Greenhouse Gas Emissions in Total and Intensity</b>					
Scope 1	6.0	7.7	<b>13.7</b>	19.4	tCO <sub>2</sub> -e
Scope 2	8.1	18.4	<b>26.5</b>	19.6	tCO <sub>2</sub> -e
Scope 3	7.6	0	<b>7.6</b>	0	tCO <sub>2</sub> -e
Greenhouse gas emissions in total	21.7	26.1	<b>47.8</b>	39.0	tCO <sub>2</sub> -e
Intensity of greenhouse gas (in terms of turnover)	–		<b>1.15</b>	0.004	tCO <sub>2</sub> -e/RMB Million
<b>Non-hazardous Wastes and Intensity</b>					
Total non-hazardous wastes produced	0.3	8.7	<b>9.0</b>	8.72	Tonnes
Intensity of non-hazardous wastes (in terms of turnover)	–		<b>0.22</b>	0.001	Tonnes/RMB Million
<b>Energy Consumption</b>					
Direct energy	20.9	31.5	<b>52.4</b>	81.9	MWh
Indirect energy	10.0	30.1	<b>40.1</b>	32.1	MWh
Energy consumption in total	30.9	61.6	<b>92.5</b>	114.0	MWh
Energy intensity (in terms of turnovers)	–		<b>2.22</b>	0.011	MWh/RMB Million
<b>Water Consumption</b>					
Water consumption in total	5.8	534.7	<b>540.5</b>	210	Cubic metre
Water consumption intensity (in terms of turnover)	–		<b>12.99</b>	0.021	Cubic metre/RMB Million
<b>Total Packaging Material Used for Finished Products and Intensity</b>					
Total packaging material used	0			0.51	Tonnes
Intensity of packaging material used (in terms of turnover)	0			0.0001	Tonnes/RMB Million







## SUMMARY OF KEY PERFORMANCE INDICATORS

### SOCIAL PERFORMANCE

Number of employee	Employee composition			Total number of employee	Ratio of male to female employees
	Category	Sub-category	Count		
	Gender	Male	25	30	5:1
		Female	5		
	Geographical region	Hong Kong <sup>4</sup>	18		
		Yuyao	12		
	Function	Senior management	4		
		Middle management	10		
		General employees	16		
	Age	Below 30	4		
		30 to 40	9		
		41 to 50	9		
		Over 50	8		

Number of new hires	Gender	Below 30	30 to 40	41 to 50	Over 50	Total number and percentage of new hires
	Male	1 (33%)	2 (25%)	0 (0%)	0 (0%)	
	Female	1 (100%)	1 (100%)	2 (200%)	2 (100%)	

Number of employee turnover <sup>5</sup>	Gender	Below 30	30 to 40	41 to 50	Over 50	Total turnover rate
	Male	1 (33%)	3 (38%)	0 (0%)	0 (0%)	
	Female	1 (100%)	2 (200%)	2 (200%)	2 (100%)	

<sup>4</sup> Excluding a staff from service agent, who provided information technology technical support to the Group.

<sup>5</sup> Including employees who are newly joined and left the Group during the Year, thus the turnover rate may exceed 100%.





## SUMMARY OF KEY PERFORMANCE INDICATORS

Health and safety of employees	Gender	Number of work-related fatalities	Number of work injuries	Lost working days due to work injuries	Rate of work injuries (per thousand employees)
	Male	0	0	0	0
	Female	0	0	0	

Percentage of employees trained <sup>6 7</sup>	Position	Male	Female	Total number and percentage of employees trained
	Senior management	2 (50%)	Not applicable	5 (17%)
	Middle management	1 (11%)	0 (0%)	
	General employees	1 (8%)	1 (25%)	

Average training hours	Position	Male (hours)	Female (hours)	Overall average training hours (hours)
	Senior management	8.5	Not applicable	2.9
	Middle management	4.9	0	
	General employees	0.3	1.3	

<sup>6</sup> Employees trained by gender: female (20%) and male (80%); employees trained by employment category: senior management (40%), middle management (20%) and general employees (40%).

<sup>7</sup> Due to the outbreak of COVID-19, the training activities originally to be held after 2020 Chinese New Year was cancelled. As a result, no training was provided for the employees in Yuyao Factory and Yuyao Office during the Year, and only employees of Hong Kong Office were offered training.





## LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE GROUP

Aspect	Laws and regulations that have a significant impact on the Group	
<b>Emission</b>	Environmental Protection Law of the People's Republic of China  Water Pollution Prevention and Control Law of the People's Republic of China  Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	Energy Conservation Law of the People's Republic of China  Waste Disposal Ordinance
<b>Employment</b>	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China  Social Insurance Law of the People's Republic of China  Regulation on Work-Related Injury Insurances Regulations on Unemployment Insurance Interim Measures Concerning the Maternity Insurance for Enterprise Employees Plan for Reform of the State and Local Tax Collection and Administration Systems Interim Regulation on the Collection and Payment of Social Premiums  Regulation on the Administration of Housing Accumulation Funds	Employment Promotion Law of the People's Republic of China  Employment Ordinance  Employees' Compensation Ordinance  Sex Discrimination Ordinance  Racial Discrimination Ordinance  Disability Discrimination Ordinance  Family Status Discrimination Ordinance  Personal Data (Privacy) Ordinance





## LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE GROUP

Aspect	Laws and regulations that have a significant impact on the Group	
<b>Health and safety</b>	<p>Production Safety Law of the People's Republic of China</p> <p>Production Safety Regulations of Zhejiang Province</p> <p>Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases</p> <p>Notice on Proper Handling of Labour Relations During the Prevention and Control of Pneumonia Epidemic Caused by the Novel Coronavirus</p>	<p>Guidelines for the Measures for the Prevention and Control of the COVID-19 Outbreak on the Resumption of Operation and Production of Enterprises and Public Institutions</p> <p>Notice on Further Streamlining the Examination and Approval, Optimising Services, Accurately and Steadily Promoting the Production Resumption and Work Resumption of Enterprises</p> <p>Occupational Safety and Health Ordinance</p> <p>Regulation on Work-Related Injury Insurances</p>
<b>Labour standards</b>	<p>Labour Law of the People's Republic of China</p> <p>Regulations on Paid Annual Leave for Employees</p> <p>Employment Ordinance</p>	<p>Provisions of the People's Republic of China on the Prohibition of Using Child Labour</p> <p>Law of the People's Republic of China on the Protection of Minors</p>
<b>Product responsibility</b>	<p>General Principles of the Civil Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Protection of Consumer Rights and Interests</p> <p>Product Quality Law of the People's Republic of China</p>	<p>Trademark Law of the People's Republic of China</p> <p>Trade Description Ordinance</p> <p>Personal Data (Privacy) Ordinance</p>
<b>Anti-corruption</b>	<p>Criminal Law of the People's Republic of China</p> <p>Anti-Unfair Competition Law of the People's Republic of China</p>	<p>Regulations of the People's Republic of China for Suppression of Corruption</p> <p>Prevention of Bribery Ordinance</p>





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7, 9, 18
A1.1	The types of emissions and respective emissions data.	15
A1.2	Greenhouse gas emissions in total and intensity.	9,15
A1.3	Total hazardous waste produced and intensity.	9,15
A1.4	Total non-hazardous waste produced and intensity.	9,15
A1.5	Description of measures to mitigate emissions and results achieved.	9,15
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	9,15
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	9-10
A2.1	Total consumption of direct and/or indirect energy consumption by type and intensity.	15
A2.2	Water consumption in total and intensity.	10,15
A2.3	Description of energy use efficiency initiatives and results achieved.	10,15
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	10,15
A2.5	Total packaging material used for finished products and with reference to per unit produced.	9
<b>A3 Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	10
A3.1	Descriptions of activities which have significant impacts on the environment and natural resources and the actions taken to manage them.	10





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	7, 11, 18
B1.1	Total workforce by gender, employment type, age group and geographical region.	16
B1.2	Employee turnover rate by gender, age group and geographical region.	16
<b>B2 Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7, 12, 19
B2.1	Number and rate of work-related fatalities.	17
B2.2	Lost days due to work injury.	17
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	12
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	12
B3.1	The percentage of employees trained by gender and employee category.	17
B3.2	The average training hours completed per employee by gender and employee category.	17
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	7, 11, 19
B4.1	Description of measures to review employment practices to avoid child and forced labour.	11





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	13
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	7, 13-14, 19
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	13
B6.2	Number of products and service related complaints received and how they are dealt with.	13
B6.3	Description of practices relating to observing and protecting intellectual property rights.	14
B6.4	Description of quality assurance process and recall procedures.	13
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	14
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to anti-bribery, extortion, fraud and money laundering.	7, 14, 19
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.	7
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	14
<b>B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	14
B8.1	Focus on areas of contribution.	14

