



僑雄國際控股有限公司
Kiu Hung International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 00381)

Leading the Way Towards

A BRIGHT FUTURE

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2020

Environmental, Social and Governance Report 2020

INTRODUCTION

Kiu Hung International Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are engaged in five segments, namely “manufacturing and trading of toys and gifts items”, “exploration of natural resources”, “fruit plantation”, “leisure” and “culture”. Its major business segment is the manufacturing and trading of toys and gifts items in the People’s Republic of China (the “**PRC**”) which involves designing, manufacturing, and selling a wide range of plush stuffed toys as well as decorative gift items on Original Equipment Manufacturer (“**OEM**”) and Original Design Manufacturers (“**ODM**”) basis.

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Board of Directors (the “**Board**”) oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal controls through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying the Group’s ESG issues. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

SCOPE OF REPORTING

This ESG Report covers the Group’s ESG performance of its major business segment which is the manufacturing and trading of toys and gifts items. The key performance indicators (“**KPIs**”) are gathered and cover the Group’s directly operated factory, office and staff dormitory in Putian, Fujian Province, the PRC as well as its office in Hong Kong.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”). The ESG report provides an overview of the ESG performance of the Group. The information in the ESG Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by the Group.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2020 (the “**Year**”).

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STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. The Group maintains close communication with its key stakeholders, including but not limited to, government and other regulatory authorities, shareholders and investors, employees and customers, suppliers, media and the public as well as the community.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Key Communication Channels	Expectations
Employees	<ul style="list-style-type: none"> • Training, seminars, and briefing • Email and internal memos • Regular meetings 	<ul style="list-style-type: none"> • Remuneration, compensation and benefits • Safe working environment • Career development
Customers	<ul style="list-style-type: none"> • Customer service hotline and email 	<ul style="list-style-type: none"> • Customer satisfaction • High-quality products
Suppliers	<ul style="list-style-type: none"> • Site visits • Business meetings and discussion 	<ul style="list-style-type: none"> • Fair and open procurement • On-time payment • Sustainable relationship
Government and other regulatory authorities	<ul style="list-style-type: none"> • Routine reports • Written or electronic correspondences • Visits and inspections 	<ul style="list-style-type: none"> • Compliance with local laws and regulations • Stability in business operations
Shareholders and investors	<ul style="list-style-type: none"> • General meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website 	<ul style="list-style-type: none"> • Sustainable profitability • Corporate governance • Compliance with local laws and regulations
Media and the public	<ul style="list-style-type: none"> • ESG reports • Reports and announcements • Company website 	<ul style="list-style-type: none"> • Transparency of ESG issues and financial disclosure • Compliance with local laws and regulations • Corporate governance
Community	<ul style="list-style-type: none"> • Community activities • Company website 	<ul style="list-style-type: none"> • Active participation in worthy causes • Community development

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through a proper communication channel. In the long run, the stakeholders' contribution will aid the Group in improving its potentially overlooked ESG performances and sustaining the success of the Group's business in the challenging market.

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MATERIALITY ASSESSMENT

The Board and management who are responsible for key functions of the Group, have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing their importance to its businesses and stakeholders. To ensure that the disclosures in the ESG Report reflect the Group's effort on sustainability issues, a materiality assessment has been conducted to identify ESG issues that are deemed to be material to different stakeholders.

The Group prioritised those ESG topics for better strategic planning and resource allocation. The topics which fell in the category of "Most material" in the following table were defined as the topics that matter most to the Group's business operations and its stakeholders as far as they are concerned. Acknowledging the expectations of its stakeholders, the Group is committed to improving its ESG performance, governance and policies.

A summary of the material ESG aspects of the Group is as follow:

Least material	Material	Most material
<ul style="list-style-type: none">• Air emissions• Sewage discharge• Water management• Diversity, equal opportunities and anti-discrimination• Community investment	<ul style="list-style-type: none">• Waste management• Use of packaging material• Occupational health and safety management• Remuneration and benefit• Working hours and rest periods• Prevention of child and forced labour• Procurement practices• Customer satisfaction• Anti-corruption	<ul style="list-style-type: none">• Greenhouse gas ("GHG") emissions• Energy efficiency• Recruitment, promotion and dismissal• Intellectual property rights• Data privacy protection• Training and development• Product quality assurance

During the Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents in the ESG Report are in compliance with the requirements of the ESG Reporting Guide.

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CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by email to info@kiuhung.com.

A. ENVIRONMENTAL

A1. Emissions

As the society demands greater acceleration in the progress of environmental protection, the Group strives to closely monitor its environmental and social impacts and incorporate environmental sustainability measures into its daily business operations.

The Group puts great effort into the environmental management and has formulated an Environmental Management Procedure to monitor the emission of air pollutants, GHG and wastes generated during its operations, and to ensure that all productions are in compliance with the national and local environmental laws and regulations. The Group also keeps its policies and procedures in line with the latest amendment to the relevant laws and regulations and brings in necessary changes in a timely manner. Furthermore, training is provided to related staff to enhance their knowledge in environmental protection and to ensure that they conduct their work in full compliance.

During the Year, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution Law, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Law, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste.

Air Emissions

The majority of air emissions are generated from the combustion of petrol by vehicles. In response to the above sources, the Group has actively adopted the following measures to control air emissions:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Conduct regularly vehicle inspection and maintenance to ensure optimal engine performance and fuel use.

During the Year, the amount of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and particulate matters ("PM") emitted during the Group's operations were approximately 39.05 kg, 0.15 kg and 3.63 kg respectively.

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GHG Emissions

Scope 1 — Direct GHG emissions

Direct GHG emissions of the Group were principally resulting from petrol consumption by private cars and light goods vehicles. The group has actively taken various measures to control the use of vehicles, which are described in the section headed “Air Emissions” under this aspect.

Scope 2 — Indirect GHG Emissions

Indirect GHG emissions of the Group were principally generated from purchased electricity. Meanwhile, electricity consumption accounted for the largest percentage of GHG emissions within the Group. To minimise the generation of GHG, energy-saving and energy efficiency measures are implemented. The said measures will be described in the section headed “Energy Efficiency” under aspect A2.

During the Year, the Group emitted a total of approximately 892.55 tCO₂e of GHG. The Group will continue to actively promote environmentally friendly measures to reduce GHG emissions.

Summary of GHG emissions performance:

Indicator ¹	Unit ²	2020
Scope 1 — Direct GHG emissions		
• Petrol consumed by vehicles	tCO ₂ e	26.30
Scope 2 — Indirect GHG emissions		
• Purchased electricity	tCO ₂ e	866.25
Total GHG emissions	tCO₂e	892.55
Total GHG emissions intensity³	tCO₂e/million revenue (HK\$)	4.65

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5), the latest Sustainability Report published by the CLP, and the latest published Baseline Emission Factors for Regional Power Grids in China.
2. tCO₂e is defined as tonnes of carbon dioxide equivalent.
3. For the Year, the Group recorded a revenue of approximately HK\$192 million for the manufacturing and trading of toys and gift items business. Since the scope of the ESG Report only includes the manufacturing and trading of toys and gifts items business, this data is used for calculating the intensity data.

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Sewage Discharge

The wastewater of the Group mainly comes from domestic wastewater discharged from its offices and dormitory. It is the Group's obligation to control water pollution by proper wastewater treatment, therefore, the Group has formulated relevant policies to handle different types of wastewater in order to comply with local government laws and regulations.

Since wastewater discharged by the Group's offices and dormitory is disposed through the municipal sewage pipe network to the regional water treatment plant, the amount of water consumed is considered as the amount of wastewater discharge. Data on water consumption and water-saving measures will be described in the section headed "Water Management" under aspect A2.

Water consumed in the Group's factory was mainly used for the production of toys and gifts items. Since water was reused during the production process, an insignificant amount of sewage was discharged from the factory during the Year. Nevertheless, the Group has formulated the relevant measures to ensure that all industrial wastewater is properly handled and purified by qualified contractors before getting discharged into the municipal sewage system for further treatment.

During the Year, the amount of sewage discharged from the Group was approximately 2,257.00 m³ with an intensity of approximately 11.76 m³ per HK\$ million revenue. The Group will continue to strengthen its monitoring in daily operations to ensure the discharged wastewater meets the statutory discharge standards.

Waste Management

Hazardous Waste

Due to the Group's business nature, hazardous waste was generated by the Group's factory in the PRC. The major hazardous waste generated were chemical waste and chemical containers, which were generated during the production of toys and gifts items. The Group remains vigilant in proper waste disposal and management. Guidelines on the handling and storage of chemical waste disposal have also been formulated in the Environmental Management Procedure. Licenced waste collectors have been contracted to lawfully handle and dispose of its chemical waste and chemical containers.

During the Year, the Group generated a total of approximately 700.00 kg of hazardous waste. The Group strives to continue to minimise and avoid the use of hazardous materials during its production process.

Summary of major hazardous waste disposal performance:

Category of waste	Unit	2020
Chemical waste and chemical containers	kg	700.00
Total hazardous waste	kg	700.00
Total hazardous waste intensity³	kg/million revenue (HK\$)	3.65

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Non-hazardous Waste

The principal non-hazardous waste generated by the Group were fabric scraps, paper and cardboard, and general waste. The Group has adopted relevant policies in waste avoidance, reduction, separation, recycling and responsible disposal of waste. Meanwhile, it has adopted several waste reduction measures include but not limited to the following:

- Practise waste separation and recycling at the workplace;
- Reuse single-sided paper for draft documents;
- Recycle office paper by shipping the waste paper to paper mills or scrap paper companies;
- Print electronic correspondences only when necessary;
- Reduce the use of single-use disposable items; and
- Recycle the leftover fabric scraps for other products.

During the Year, the Group generated a total of approximately 3,061.59 kg of non-hazardous waste. The Group will continue to place great effort in educating its employees on the importance of waste reduction and recycling.

Summary of major non-hazardous waste disposal performance:

Category of waste	Unit	2020
Fabric scraps ⁴	kg	625.00
Cardboard and paper products ⁵	kg	877.00
Office paper ⁶	kg	923.59
General waste	kg	636.00
Total non-hazardous waste	kg	3,061.59
Total non-hazardous waste intensity³	kg/million revenue (HK\$)	15.95

Note:

4. This figure includes recycled fabric scraps. During the Year, approximately 625.00 kg of fabric scraps were recycled.
5. This figure includes recycled cardboard and paper products. During the Year, approximately 877.00 kg of cardboard and paper products were recycled.
6. This figure includes recycled office paper. During the Year, approximately 204.86 kg of office paper were recycled.

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A2. Use of Resources

The Group recognises the scarcity of finite natural resources and has therefore taken the initiative to introduce green measures and implement relevant policies to better govern the use of resources and reduce the environmental impact arising from its business operations.

Energy Efficiency

The major sources of energy consumed by the Group are purchased electricity consumed in daily operations and petrol consumed for vehicles. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Install auxiliary electricity meters to monitor electricity consumption;
- Encourage staff to switch off unnecessary lighting, equipment, personal computers and monitors during lunchtime, after office hours, while away or in meeting;
- Select energy-efficient equipment, electrical appliances and lighting for use in production and office areas;
- Post energy-saving reminders near lights switches and electrical appliances; and
- Deploy LED lighting and natural light as much as possible in the offices.

During the Year, the Group consumed a total of approximately 1,236.76 MWh of energy. The Group will continue to control the use of energy and improve energy efficiency through daily management and monitoring of energy consumption.

Summary of energy consumption performance:

Types of energy	Unit	2020
Direct energy consumption		
• Petrol	MWh	95.84
Indirect energy consumption		
• Electricity	MWh	1,140.92
Total energy consumption	MWh	1,236.76
Total energy consumption Intensity³	MWh/million revenue (HK\$)	6.44

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Water Management

The Group's water consumption mainly falls into two types, including the water used for manufacturing toys and gifts items in the factory and domestic water used in the offices and dormitory. To conserve water resources, the Group strives to achieve efficient water use and water recycling. In addition to closely monitoring the water use, the Group has implemented the following measures:

- Reuse water in the production processes after proper treatment;
- Inspect water pipes regularly to prevent water leakage;
- Promote water-saving behaviour to all staff;
- Conduct timely maintenance in case of water leakage to avoid wastage; and
- Install dual-flush water cistern in toilets.

During the Year, the Group's total water consumption was approximately 21,793.00 m³ with an intensity of approximately 113.51 m³ per HK\$ million revenue. In the future, the Group will continuously implement different measures to reduce water consumption.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Use of Packaging Material

The Group aims at operating its toy manufacturing business with maximum resource efficiency by minimising unnecessary waste of materials in the production process. Being a responsible OEM and ODM, the Group is committed to complying with the specifications of products stipulated in all contracts signed with its customers, including the nature and quality of the packaging materials for each of the designated products. In general, packaging materials, including cardbox and padding are used for packaging its products.

Summary of the use of packaging materials:

Type of packaging materials	Unit	2020
Cardbox	Tonnes	460.12
Padding	Tonnes	230.00
Total use of packaging materials	Tonnes	690.12
Total use of packaging materials per unit produced⁷	Tonnes/million unit produced	276.05

Note:

7. During the Year, the Group has produced a total of approximately 2,500,000 pieces of toys and gifts items.

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A3. The Environment and Natural Resources

The Group endeavours to minimise the negative environmental impacts of its business operations as an ongoing commitment to corporate sustainability. It remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, devises a comprehensive set of policies and procedures to ensure full compliance with industry standards, customer requirements, as well as relevant environmental laws and regulations. It is also devoted to achieving sustainable development for generating long-term values for the community and its stakeholders.

The Group also realises that environmental protection is a continuous process, including management of energy and water consumption, and waste reduction. Therefore, the Group has promoted the messages of “Energy Conservation, Start by Us” and “It’s Everyone’s Responsibility to Protect the Environment” at the workplace from time to time. In addition, the energy use and water use were monitored and reviewed regularly by the designated personnel pursuant to the environmental requirements. The Group continues to review and monitor its energy consumption performance, and identify water-saving and energy-saving measures to optimise the usage of resources.

Furthermore, the Group has established the Emergency Preparedness Plan for the employees as a guideline to respond to potential incidents arising from its operations, including natural disasters, chemical spillage, explosions and more. Any adverse environmental impact would be minimised with effective follow-up actions. The Group also has the Environmental, Health and Safety Committee (the “**EHS Committee**”) in place to formulate emergency response plans to minimise the likelihood of accidents and emergency situations. The EHS Committee is responsible for coordinating drills and preparing reports for the Group’s management to review. When emergencies occur, the emergency team will carry out appropriate emergency procedures. Root causes and any preventive actions are identified and accident reports are submitted to the management afterwards.

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B. SOCIAL

B1. Employment

The continued success of the Group owes much to its talents and their contribution. Therefore, the Group strives to protect its employees through implementing comprehensive employment policies. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other industry peers. The Group is pleased to announce that the Group has been certified by the International Council of Toy Industries ("ICTI") Ethical Toy Program during the Year which is one of the most recognised labour and social standards in the toy industry.



Image 1: Certification of the ICTI Ethical Toy Program issued during the Year

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During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Sex Discrimination Ordinance and the Minimum Wage Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As at 31 December 2020, the Group had a total of 313 employees in its manufacturing and trading of toys and gifts items business. The breakdown of employees of the Group according to gender, age group, employment type and geographical region is as follows:

	Number of employees
By Gender	
Male	66
Female	247
By Age Group	
Under 30 years old	34
30 to 50 years old	217
Above 50 years old	62
By Employment Type	
Full-time	313
Part-time	–
By Geographical Region	
PRC	285
Hong Kong	28

During the Year, the Group's overall employee turnover rate was approximately 42.49% in its manufacturing and trading of toys and gifts items business. The following table shows the employee turnover rate by gender, age group and geographical region:

	Turnover rate (%) ⁸
By Gender	
Male	40.91
Female	42.91
By Age Group	
Under 30 years old	38.24
31–50 years old	42.86
Over 50 years old	43.55
By Geographical Region	
PRC	7.14
Hong Kong	45.96

Note:

8. The turnover rate is calculated by dividing the number of staff left the Group during the Year by the number of staff of the Group as at 31 December 2020.

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Recruitment, Promotion and Dismissal

The Group's employees are recruited via a robust, transparent and fair recruitment process. Job applicants are assessed based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system so as to explore their capability and contribute the Group's sustainable growth. The Group periodically assesses the performance of the employees, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

Besides, unreasonable dismissal under any circumstances is strictly prohibited; dismissal would be based on reasonable and lawful grounds in accordance with the internal policies of the Group.

Diversity, Equal Opportunities and Anti-discrimination

The Group strives to provide a collaborative and inclusive workplace to welcome prospective employees equipped with unique skills and experience and maintain its current pool of talents. It is of the Group's firm belief that all employees should have the right to work in an environment free of discrimination, harassment, victimisation and vilification. Therefore, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Remuneration and Benefit

The Group's employees are offered with a competitive remuneration package, which is stated in the Employee Handbook and reviewed annually to ensure compliance with the latest laws and regulations and to keep up with industry's standards. The Group's basic remuneration packages of employees include salary, bonus and various subsidies (such as overtime pay, meal allowance, telecommunication allowance, housing subsidy, holiday allowance and marriage subsidy, etc.). All employees are entitled to statutory holidays, including statutory festive holiday, paid annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave. The Group also signs and executes labour contracts with all employees in the PRC in accordance with the Labour Contract Law of the People's Republic of China. The Group pays "five social insurance and one housing fund" for its employees in the PRC in compliance with the laws and regulations, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to ensure employees are covered by social insurance.

Furthermore, staff salaries are set according to their knowledge, skills, experiences and educational background against their corresponding work requirements. The Group periodically assesses the performance of the employees, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

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Working Hours and Rest Periods

The Group cares the well-being of employees and recognises the importance of work-life balance. Therefore, the Group develops basic working hours and overtime system according to different business needs, with the hope to enable employees to achieve work-life balance. The Group has formulated policies in determining the working hours and rest periods for employees following local employment laws and regulations. As stated in the Employee Handbook, employees of the Group work five days a week. Employee consent must be obtained for any necessary overtime arrangement, and the employee must be compensated in accordance with the laws and regulations to prevent any forced overtime work.

B2. Health and Safety

Occupational Health and Safety Management

The Group endeavours to provide and maintain a safe and healthy working environment for all its employees. The Group has established the Environmental, Health and Safety Management Procedure and the Employee Health and Working Environment Management Procedure in compliance with the latest statutory requirements to strengthen its management and to ensure a safe and healthy working environment for its employees.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance of Hong Kong, the Labour Law of the Republic of China and the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases. During the Year, there were no reported cases of work-related fatalities and no lost days due to work injury.

To ensure the equipments and facilities in the factory are kept in good condition and to control risk and prevent incidents from happening, the Group has established the Personal Protective Equipment Management Procedure. The Group inspects production equipments, manufacturing facilities, and fire facilities (including fire extinguishers and fire hose, etc.) according to the procedure on a regular basis. Regular inspection and maintenance records are properly kept and immediate repair is arranged for reported abnormalities. In particular, the Group pays attention to fire safety in its factory and has established the Fire Management Procedure in this area. Fire drills are also organised regularly so as to raise employees' awareness of fire safety. Furthermore, other potential emergency measures such as the Emergency Preparedness Plan and the Unexpected Event Handling Procedure are established to minimise structural damage and severe employee injuries during accidents.

For the health and safety management of the offices, the Group has adopted a preventive approach to prevent the occurrence of illness and injury. For example, working arrangement during extreme weather has been clearly specified by the Group to avoid any confusion which might lead to safety issue. In addition, fire extinguishers are strategically placed and fire exits are free from obstruction, and first aid boxes are available at easily accessible locations in the offices.

Response to the Coronavirus Disease 2019 ("COVID-19") Measures

In response to the outbreak of the COVID-19 pandemic, the Group remains vigilant to the potential health and safety impact brought to the employees. To ensure a healthy and safe working environment, the Group has strengthened the sanitation of its operations and provided more cleaning products such as hand sanitiser in the offices. All employees are required to take their temperature before entering and leaving the Group's premises. In addition, the Group requires all employees and visitors to wear surgical masks when entering the offices and factory.

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B3. Development and Training

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group has implemented the Employee Training Management Procedure and the Human Resource ("HR") Management System specifically addressing the Group's responsibility to encourage sustainable learning of its employees through coaching and further studies in order to align the staff career development with the Group's long-term corporate business plan. The Group's HR Department is responsible for carrying out related employee assessment and training. During the Year, the Group launched a comprehensive staff training programme aiming at building an excellent, professional, well-trained and responsible corporate team. The training programme raised its employee's quality and ability and enhanced their team cohesion, thereby increased their work efficiency. The Group also conducts performance evaluation each year and provides appropriate training to staff based on the assessment result.

During the Year, approximately 63.90% of employees of the Group participated in training. The average training hours was approximately 5.19 per employee. A summary of the Group's training statistics is presented as follow:

Employee training ⁹	Percentage of employees trained (%)	Breakdown of employees trained (%)	Average training hours per employee (hours)
By Gender			
Male	61.29	20.00	4.92
Female	64.59	80.00	5.26
By Employee Category			
Senior management	61.54	2.81	6.15
Middle management	81.82	3.16	8.18
General staff	63.51	94.03	5.08

Note:

9. The figures cover existing and resigned employees.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group respects human rights and strictly prohibits any unethical hiring practices, including child labour and forced labour in the workplace. The Group guarantees that no employee will be made to work against his/her will or be coerced to work. Meanwhile, the recruitment of child labour is strictly prohibited. The Group has implemented the Underage Labour Management Procedure to ensure that all employees recruited by the Group are above the legal working age of respective jurisdictions. Personal data is carefully checked by the HR Department during the recruitment process to assist the selection of suitable candidates and to verify candidates' personal data. Moreover, to prevent non-compliance with labour standards of respective jurisdictions, it has set up the Procedure on Preventing Forced Labour, Slavery and Human Trafficking in which overtime working is compensated and not recommended. Should any violation be found, the issue will immediately be dealt with in light of the circumstances.

During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

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B5. Supply Chain Management

Procurement Practices

The Group is dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers, and committed to a strategic procurement-led approach, achieving co-development with its suppliers on the basis of equality. To strengthen the supply chain management, the Group has adopted the Purchasing Control Procedure and the Suppliers Assessment Procedure to strictly manage the procurement process and evaluate the new and existing suppliers. The Group has also implemented the Business Partner/Supply Chain Management Procedure for the continued engagement of suppliers. The Group requires the suppliers of products or services to possess recognised qualifications and with a good internal control system, maintain a stable quality, ensure on-time delivery, offer reasonable price, comply with laws and regulations and be equipped with the required professional skills and qualities. The Group only cooperates with suppliers that share common moral values and standard with it. When a supplier is found to be inconsistent with the policy or contractual requirements, it will terminate the cooperation with that supplier until the situation is improved. As such, it can ascertain that the suppliers selected are able to provide qualified products and services.

The Group endeavours to engage service providers who incorporate ESG issues into their business development. By prioritising the procurement of goods and services in regional areas where the Group operates, not only has the local economies been supported, carbon footprint generated as a result of the transportation of procured goods can also be reduced.

During the Year, the Group engaged 83 suppliers, 23 of which were geographically located in Hong Kong while 60 of which were located in the PRC.

B6. Product Responsibility

The Group attaches great importance to product quality and corporate reputation. The Group is committed to supplying high-quality products and services that meet international standards and actively improving its production process through internal control. The Group has formulated the Management Manual to monitor the product quality and customer service processes, maintain communication with customers, understand and meet the customer needs and expectation, and make continuous improvements.

During the Year, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Advertising Law of the People's Republic of China.

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Product Quality Assurance

The Group is committed to providing quality services to its customers. The production process of its factory is certified with ISO 9001 Quality Management System and the Global Standard for Consumer Products of Société Générale de Surveillance ("SGS"). Meanwhile, it applies stringent quality controls in its production lines by adopting the Environment for Production Process Management Procedure, the China Compulsory Certificate ("3C") Conformity of Certified Products Control Procedure, the Non-conformance Control Procedure and the Quality Assurance & Safety Control Process. Its Quality Assurance and Quality Control Department manages and ensures quality inspections are being conducted at all stages of its production process from incoming materials to finished goods. Besides, quality tests are carried out for its products before shipping to its warehouse.

Furthermore, the Group has formulated the Product Recall & Withdrawing Management Procedure to manage any potential recall procedures and define the roles of related personnel and departments during the recall procedure. During the Year, the Group had achieved zero product recall for safety and health reasons.

Data Privacy Protection

The Group attaches great importance to the protection of confidential data of its customers. Adhering to the Group's Property of Customer & External Providers Management Procedure, employees must keep customers' data confidential and shall not disclose any information directly or indirectly. Customer information is collected only when it is necessary. Unauthorised access and use of customers' data are prohibited. Complying with data privacy laws and regulations, it will continuously conduct regular reviews on its data management and provide training to its employees on privacy matters.

Customer Satisfaction

Feedbacks from the Group's customers are welcomed as it is the key to enhancing the Group's service. The Group has formulated the Customer Satisfaction Management Procedure for handling customer complaints. The Customer Satisfaction Management Procedure outlines the responsibilities and overarching approach on customer complaints handling for our staff, ensuring the complaints are properly addressed. After handling a customer complaint, documentation will be archived properly. Should the feedback or complaint bear significant weight to the improvement of the Group, the feedback or complaints will be discussed and reviewed by the management during regular meetings to prevent re-occurrence.

During the Year, the Group did not receive any cases of product or service-related complaints.

Advertising and Labelling

The Group conducts limited advertising and publicity activities and therefore does not involve significant advertising-related risks. The Group strictly abides by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. All product and business information related to the Group must be strictly reviewed before releasing to the public to prevent any use of false information to mislead customers in the process of publicity, promotion and exhibition.

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Intellectual Property Rights

The Group is committed to respecting the intellectual property rights. The Intellectual Property Rights and Confidentiality Agreement stipulates strict guidelines for employees to maintain respect for the intellectual property rights, to avoid intentional infringement upon the intellectual property rights without authorisation. Its employees are prohibited from stealing or misusing the intellectual property rights owned or maintained by others for product design. Disciplinary actions or even dismissal will be resulted for breaching such rights. The Group also regularly monitors on competitors to prevent infringement of intellectual property rights.

B7. Anti-corruption

Solid corporate governance is the bedrock of the Group's growth and development. The Group firmly believes fairness, honesty and integrity are important commercial assets. Therefore, the Group has formulated the Integrity/Gifts and Hospitality Policy in accordance with relevant laws and regulations to outline the standard of behaviours on anti-corruption and handling of conflict of interest that employees must abide by. The Group strictly prohibits its employees from accepting any forms of gifts and benefits beyond what has been prescribed.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China. During the Year, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

The Group provided anti-corruption training to help the Directors and staff to adhere to the anti-corruption policies and prevent misconduct. During the Year, 3 Directors and 285 employees underwent an approximately 2-hour and an approximately 1.5-hour training respectively on the topic of business ethics and business integrity.

Furthermore, the Group encourages its employees to report alleged malpractices or misconduct through various channels. Reports and Complaints received will be handled in a prompt and fair manner. The Group endeavours to protect the whistle-blower from common concerns such as potential retaliation and is assured that their identity as a whistle-blower will be kept confidential.

B8. Community Investment

The Group is committed to supporting the public by means of social participation and donation. As part of shouldering corporate social responsibility, the Group has established relevant guidelines to encourage its staff to actively engage in community participation. The Group believes that giving back to the society through more active participation in community programmes, which not only benefit the society but also nurture a good corporate culture.

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THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
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 Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Air Emissions, GHG Emissions, Waste Management
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emissions — Air Emissions, GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5	Description of reduction initiatives and results achieved.	Emissions — Air Emissions, GHG Emissions, Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Efficiency
KPI A2.2	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Material

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Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety — Occupational Health and Safety Management
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety — Occupational Health and Safety Management
KPI B2.2	Lost days due to work injury.	Health and Safety — Occupational Health and Safety Management
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Occupational Health and Safety Management

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Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management — Procurement Practices
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management — Procurement Practices
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management — Procurement Practices

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Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Product Quality Assurance
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Product Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Data Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Year and the outcomes of the cases.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment