

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
環境、社會及管治報告

壹家壹品（香港）控股有限公司*

EJE (HONG KONG) HOLDINGS LIMITED

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 8101



*For identification purpose only
*僅供識別



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

This Environmental, Social and Governance (ESG) Report (the "Report") of EJE (Hong Kong) Holdings Limited and its subsidiaries ("the Group") for the year ended 31 March 2019 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 20 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ABOUT THE GROUP

The Group is principally engaged in the business of manufacturing of custom-made furniture; property investment; securities investment; money lending; and the design, manufacture, and sale of mattress and soft bed products. Manufacturing of custom-made furniture has constituted over 90% of turnover of the Group.

APPROACH AND STRATEGY

We, EJE (Hong Kong) Holdings Limited, believe in delivering long term sustainable value creation to our shareholders. In doing so, while we carry on our business, we make choices that bring positive impacts to the communities. We have adopted a sustainability policy which covers employment and labour practices, business integrity, the environment and the community. The Group is committed to support good environmental standards and to ensure implementation of environmental friendly measures.

ENVIRONMENTAL

The Group understands and appreciates the key aspects of the PRC government's environmental protection efforts, such as reduction on pollutions, utilization on resources and social education on environmental issues. The Group has the obligation to minimise the environmental impact on daily operations and be accountable for the consumption of resources and materials. For the year ended 31 March 2019, there is no material non-compliance issue with relevant laws and regulations related to the environment.

Emissions

Air pollutant emissions

The Group does not hold any motor vehicles nor any air pollutant producing machinery. Machinery in the factories are driven by electricity, hence, there was no air pollutant such as nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matters ("PM") been produced.

Greenhouse gas emissions

The Group aims to minimise the negative impacts on the environment and natural resources during the manufacturing process of furniture and soft bedding products, all machines in the factories are driven by electricity.

Electricity used on the business premises is the major contributor to greenhouse gas footprint. Apart from electricity consumption, the use of motor vehicles for local commutation and flights for business trips also led to the indirect emissions of greenhouse gas. During the year ended 31 March 2019, the main source of the Group's greenhouse gas emissions was derived from indirect emission from acquired electricity emissions ("Scope 2") and other indirect emissions ("Scope 3"). The total greenhouses gases emissions from Scope 2 and Scope 3 for the year ended 31 March 2019 are about 3,001 kg and 29,198 kg respectively. To sum up, the total emissions of CO₂ is about 32,199 kg.

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Hazardous and non-hazardous waste management

The Group's operations do not produce any hazardous waste, which includes but not limited to chemical wastes, clinical wastes and hazardous chemicals. Total non-hazardous produced during the year was about 86 tonnes, which are mainly off-cuts, paper waste and sawdust.

Waste sawdust management

The Group work with the wood material during the production process and inevitably produce sawdust. Therefore, the Group uses central dust collection containment system to control the sawdust produced in the course of cutting or shaping the wood, so as to control the negative effect to the environment.

The Group had made arrangement with local sawdust collection company for the collection of sawdust, whereby the collection company would upcycle the sawdust by producing other products with it. The Group see this as an effort in setting a good example of dealing with waste materials and reduce the waste effectively.

Use of resources

Energy consumptions

The Group is committed to upholding high environmental standards in order to promote environmental friendliness. During the year ended 31 March 2019, the Group has consumed approximately 4,548 kWh of electricity for Hong Kong office. Although the Group does not need to bear any utility charges of the plant in Guangzhou, energy conservation programme is still implemented. Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

- choosing environmentally friendly materials and energy saving lightings and electrical appliances;
- using nature light in the factory as possible;
- idle electrical appliances are switched off; and
- regular maintenance and repair for electrical appliances to lower energy waste.

Paper usage

The Group encourages staff to have double sided printings and reuse single-sided printed papers. And to communicate through electronic media. During the reporting period, 3.4 tonnes of papers has been consumed.

Water Conservation

Although the operational processes do not involve consumption of fresh water, the Group also encourages staff to report any leaking faucets or pipes in the vicinity and turn off all taps when water is not required.

Material usage

For manufacturing of custom-made furniture, the Group used about 14,108 tonnes of wood materials for production and about 211 tonnes of packaging materials in the year ended 31 March 2019. The Group mainly uses packaging material for protecting the quality of furniture and uses the least packaging material as possible.

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Environmental and natural resources

For manufacturing custom-made furniture, the Group inevitably extract natural resources for production thereby causing certain ecological environment change. The Group does not engage in unnecessary production activities and complies the policies under national laws and regulation on environment. Other than manufacturing custom-made furniture segment, the Group does not have any direct and significant impacts on the environment and natural resources during its operation.

By taking the above-mentioned green initiatives, the Group is committed to mitigate any environmental impact and acting in a manner that is both environmentally and socially responsible.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group regards employees as one of the most valuable assets of the Group and regards the personal development of its employees as highly importance. Staff is the most important asset that drive the long-term development and sustainability of the Group.

Management stated that the Group strictly complies with relevant employment laws and regulations in China and in Hong Kong. The Group offers mandatory provident fund to staff in Hong Kong and pension insurance to staff in China. In addition, the Group also offer insurance, maternity leaves, sick leaves and marriage leave to all staff.

The Group also promotes equal opportunity. Remuneration scheme and job appraisal are based on the ability, speciality and working performance of each staff. During the reporting period, there is no complaint regarding equal opportunity.

As at 31 March 2019, the Group employed 146 (2018: 309) staff. Since the operation of the Group is mainly in PRC, over 90% of staffs are in PRC. Overall, the male/female staff ratio is approximately 1:0.38. Employment in P.R.C is subjected to the Labour Law and the Employment Contract Law of the People's Republic of China 《中華人民共和國勞動法及勞動合同法》. And, employment in Hong Kong is subjected to the Employment Ordinance, the Minimum Wage Ordinance and the Employees' Compensation Ordinance. During the year, the Group has no non-compliance issue with the above laws and regulations.

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The tables below show that the Group has a diverse workforce in terms of gender and age.

	No. of staff	Percentage of total staff
Total number of employees	146	100
<i>Gender</i>		
Male	112	77
Female	34	23
<i>Age Group</i>		
18–30	71	49
31–40	43	29
41–50	26	18
51 or above	6	4
<i>Geographical region</i>		
China	140	96
Hong Kong	6	4
<i>Employee categories</i>		
Senior management	7	5
Middle management	15	10
General staff	124	85
<i>Service period</i>		
Less than 5 years	125	86
5 to 10 years	21	14

The Group aims to lower the turnover rate by providing comprehensive benefit package, promote a work-life balance working environment and helping the employees to learn and grow.

Staff are remunerated according to the job nature, market trends and individual performance. Apart from medical insurance and mandatory provident fund, discretionary bonuses are rewarded to employees based on individual performance. Appraisal and self-assessment systems have been implemented to better identify human resources need and to support our human resources development.

Equal Opportunities

Being an equal opportunities employer, the Group is committed to create a working environment with fairness, openness and mutual trust. The Group opposes to any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, employee of the same position is remunerated on an equal basis regardless of gender, age and races.

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The Group adopts equal employment opportunity policies and treats all the employees equally. Employment, remuneration and promotion are not under the influence of social identities, such as ethnicity, race, nationality, gender, religion, age, sexual orientation, political faction and marital status.

Health and Safety

The Group aims to provide a safe and healthy working environment to the employees which complies with relevant laws and regulations, including the Production Safety Law, Law on Prevention of Occupational Disease of the People's Republic of China 《中華人民共和國安全生產法及職業病防治法》 and Measures for the Supervision and Administration of Occupational Health Surveillance 《職業健康監護管理辦法》. Safety signals and instructions are prominently displayed at the entrance of workshop and around the workshop. Besides, protective equipment, such as ear protectors, face mask and high visibility clothing, are required to be worn in the workshop.

During the Reporting Period, there were no case of non-compliance with the laws and regulations in respect of the provision of a safe working environment and the protection of employees from occupational hazards. Yet, there is 3 ordinary work-related injuries and no fatal case within the Group. The Group evaluates the accidents and improve the safety management system in order to provide a safe working environment.

Development and training

The Group encourages employees to participate in on-the job training and continuing education to create opportunity for career development. The Group provides orientation training to all new employees in order to give a better understanding to the culture, practices and safety requirements of the Group. The Group provides diversified on-the-job training to employees and ensure employees able to meet the changing demands in the Group and the market. By providing continuous training, employees gain satisfactions and enjoyment from their roles and increase the motivation. Apart from regular and internal training, the Group also appoints external professionals from time to time to provide different training programs for outstanding employees.

Labour Standard

The operation team of the Group require sophisticated training in craftsmanship and design. As such, it is almost certain that the Group would not be involved in child or forced labour. Further, the employment policies of the Group focus on the capabilities of individuals with regard to their personal traits such as gender or ethnic groups.

The Group has strictly complied with Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》. According to the Employment Ordinance Chapter 57 of the Laws of Hong Kong and the Provisions on the Prohibition of Using Child Labour and the Law of the People's Republic of China on the Protection of Minors 《中華人民共和國禁止使用童工規定及保護未成年人法》 and as stipulated by the Labour Law of the People's Republic of China 《中華人民共和國勞動法》 in terms of employment management, there is neither child nor forced labour in the Group's operation.

Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the discovered issue will be reviewed and discussed with the Board to prevent it from happening again. The Group also has policies to protect staff's labour rights with a complaint system for staffs to report their concerns and any violations of labour rights.

Undoubtedly, at the year ended 31 March 2019, the Group did not employ any staffs who is under the legal working age to protect young people.

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OPERATING PRACTICES

Supply Chain Management

The Group aims to maintain long-term, stable and strategic cooperative relationships with suppliers in order to achieve a co-development relationship with the suppliers. The Group expects all suppliers to embrace corporate social responsible value since the supply chain management is an essential part of the corporate responsibility.

To strengthen the supply chain management, the Group assess the performance of our major suppliers and vendors on whether the quality of the raw materials they have provided meet the Group's requirement as well as the timing of their delivery. Furthermore, the Group develops a reward and penalty mechanism for supplier. Suppliers who deliver poor quality of product may be removed from the qualified supplier list. During the reporting period, the Group have noted no significant issues in relating to violation in supply chain management.

In order to minimise the transportation required, all 47 suppliers of the Group are mainly located in Mainland China, especially the city and province nearby.

Product Responsibility

The Group has dedicated to put the products quality as its first priority as the performance of the products would affect the long-term relationship with customers and the reputation and success of the business. Therefore, the Group would ensure all goods are subjected to the Product Quality Law of the People's Republic China 《中華人民共和國產品質量法》 which makes the Group have responsibility to compensate for the damage done due to products defects.

Similarly, the products are subjected to the Law on Protection of the Rights and Interests of Consumers of the People's Republic of China 《中華人民共和國消費者權益保護法》, the Group may need to refund or pay compensation for damage cause by the products defects.

The Group places product safety as the first priority. The major material used in production passed the safety test conducted by the China National Quality Supervision and Testing Center for Furniture ("國家家具產品質量監督檢查中心"). During the year end 31 March 2019, the Group has not received any complaint regarding to the quality of our products.

Anti-corruption

The Group is aware that any events of corruption will bring irreparable damage to the Group, therefore the Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and the anti-corruption mechanism are the cornerstone for the sustainable and healthy development of the Group.

With compliance with relevant laws and regulations of Criminal law of the People's Republic of China 《中華人民共和國刑法》 and the Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》, the Group has established a complete mechanism in reporting and investigation procedures of related issues. Employees are asked to report any suspicious transactions. Employee who found to be in the act of corruption such as accepting any benefits from customers and/or suppliers, after investigation will be penalized. Including the termination of their labour contracts with immediate effect. During the Reporting Period, no case associated with corruption was reported or being discovered.

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COMMUNITY

Community investment

The Group attaches great importance to corporate social responsibility and encourages employee to contribute to the community. Contribution to and maintaining a harmonious relationship with the community in the region of operation is crucial for the sustainable development of the Group. During the year, the Group has made donations to Helping Hand.

The Group would also seek more opportunities to contribute to the social community in the coming future.



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