

Hyfusin Group Holdings Limited 凱富善集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8512

2020 Environmental, Social and Governance Report



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REPORTING PRINCIPLES AND SCOPE OF THE REPORT

1. ABOUT THE REPORT

Hyfusin Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) persistently strives to operate its business in an economic, social and environmentally sustainable manner.

The Group is one of the leading candle makers in Asia with its dedicated laboratory with top modern equipment. Its qualified chemists test, develop and design proprietary formulas and materials.

The Group respects the talents and creativity, focuses on enhancing the social and human care on the products and also the responsibility for integrity, honesty, bringing industrial matrix and navigating forward.

The Group is pleased to present the Environmental, Social and Governance (the “ESG”) Report, which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. This report sets out the Group’s policies and practices as well as certain major subsidiaries’ policies and practices in respect of three environmental aspects and eight social aspects in accordance with the ESG Reporting Guide for the year ended 31 December 2020 (the “Year” or “2020”).

The Group is committed to the long-term sustainability of its business, as well as providing support to environmental protection and the communities in which it operates. Quality products and services are delivered to customers, and their business is managed prudently under sound decision-making processes by the Group. Dialogue is maintained with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. The board of directors (the “Board”) is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

Fleming International Vietnam Limited (“Fleming Vietnam”) is principally engaged in the manufacturing and sale of candle products comprising daily-use candles, scented candles and decorative candles. Fleming Vietnam’s wholly-owned factory is located in Ho Chi Minh City, Vietnam, with approximately 14,000 square meters which offers a one-stop manufacturing solution.

For both environmental and social aspects, this report will focus on Fleming Vietnam, which is a material operating segment of the Group and the Group’s head office located in Hong Kong (the “HK Office”).



REPORTING PRINCIPLES AND SCOPE OF THE REPORT (CONTINUED)

2. STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices can meet the expectations of the stakeholders.

The stakeholders include the shareholders, governments and regulatory bodies, employees, customers, suppliers and society and the public. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

Stakeholders	Expectations	Communication and feedback
Shareholders/ Investors	<ul style="list-style-type: none"> Financial performance Corporate governance Risk management 	<ul style="list-style-type: none"> Annual general meetings/general meetings Corporate reports and announcements Optimising risk management and internal control
Government and regulatory bodies	<ul style="list-style-type: none"> Taxation compliance Regulatory compliance Business ethics 	<ul style="list-style-type: none"> Compliance operation Tax payment in full and on time
Employees	<ul style="list-style-type: none"> Career development platform Salary and benefits Safe working environment Occupational health and safety 	<ul style="list-style-type: none"> Promotion mechanism Competitive salary and employee benefits Providing trainings for employees and strengthen their safety awareness
Customers	<ul style="list-style-type: none"> Logistics and delivery service standards Customer information security Customer rights and interests protection 	<ul style="list-style-type: none"> Getting delivery status through product tracking system Customer privacy protection Compliance marketing
Suppliers	<ul style="list-style-type: none"> Integrity cooperation Business ethics and credibility 	<ul style="list-style-type: none"> Building a responsible supply chain Performing the contract according to law
Community	<ul style="list-style-type: none"> Community involvement Social responsibilities Environmental protection Employment opportunities 	<ul style="list-style-type: none"> Volunteering work Charity and social investment Putting into use of environmental protection and energy saving equipment Providing employment opportunities

REPORTING PRINCIPLES AND SCOPE OF THE REPORT (CONTINUED)

3. FEEDBACK

For details of the ESG performance, corporate governance as well as financial performance, please visit the Company's website at www.hyfusingroup.com and the Company's annual reports. The Group treasures the feedback and comments on its sustainability performance, please send the feedback and enquiries to info@hyfusingroup.com.

The table underneath shows the aspects on the ESG Guide to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in the ESG Reporting Guide
Material ESG issues for the Group

(A) Environmental

A1 Emissions

Emission from town gas, electricity or vehicle

A2 Use of Resources

Use of energy and paper

A3 Environment and Natural Resources

(B) Social

B1 Employment and Labour Practices

Labour practices

B2 Employee Health and Safety

Workplace health and safety

B3 Development and Training

Employee development and training

B4 Labour Standard

Anti-child and forced labour

B5 Supply Chain Management

Supply chain management

B6 Product Responsibility

Product responsibility

B7 Anti-corruption

Anti-corruption, fraud prevention and anti-money laundering

B8 Community Involvement

Community programs, employee volunteering and donation



ENVIRONMENTAL

A. ENVIRONMENTAL

Environmental protection is one of the core values of the Group. The Group has proactively looked for and implemented new technology at various stages of production in order to minimise its impact on the environment. Over the years, the Group has introduced energy-efficient equipment and streamlined operation processes to reduce fuel, electricity and water consumption, enhanced the efficiency of utilizing resources and explored new areas for environmental conservation.

A1.1. Emissions Data from Gaseous Fuel Consumption

For environmental protection and treatment of waste, the Group has implemented procedures for treatment of waste, and conducted environmental inspections regularly, to ensure emission restrictions and requirements have been fulfilled.

In order to minimise the energy consumption and waste paper of the factory, various sustainable development measures have been enforced to address environmental responsibilities within normal operating procedures, including but not limited to (i) compact fluorescent lamps were installed as much as possible in the factory; (ii) staff were encouraged to switch off the electronic devices, lights and air-conditioners after the use of a room or leaving office for a period of time such as lunch hour; (iii) air-conditioners with low efficiency or malfunction were replaced regularly; (iv) refrigerators were kept away from sunlight; (v) displaying notices and posters of water conservation at offices, and inspecting taps regularly and repairing any dripping promptly; and (vi) staff were encouraged to print only when necessary, pre-setting double-side and black and white printing and use recycle papers in first priority for printing so far as practicable.

Other air pollutants mainly include nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM"), which have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health. The Group generates other air pollutants through the use of its motor vehicles.

- a) The emissions data from consumption of town fuel and town gas of the Group during the Year is set out below:

	Key performance indicator ("KPI")		Unit	%
	2020			
NOx	91,776	Kilogram ("Kg")		99.5%
SOx	459	Kg		0.5%
Total	92,235	Kg		100.0%

- b) The Group owned some motor vehicles during the Year, the emissions data from the vehicles is set out below:

	KPI		Unit	%
	2020			
NOx	170.1	Kg		90.8%
SOx	0.5	Kg		0.3%
PM	16.7	Kg		8.9%
Total	187.3	Kg		100.0%

ENVIRONMENTAL (CONTINUED)

A. ENVIRONMENTAL (CONTINUED)

When considering the air emissions intensity, the Group has recorded approximately 0.34 kg (2019: 0.03 kg) of air emission per million of revenue.

Looking forwards, the Group will continue improving the efficiency of usage of vehicles by better planning over the travelling routes, so as to better control its air emissions.

A1.2. Greenhouse Gas Emission

Greenhouse gas emissions are the main factors contributing to global warming, leading to climate changes and threatening the ecosystem of the world. To continuously fulfill the duties as an enterprise with corporate social responsibility, the Group embraces in driving green practices in day-to-day operations so as to reduce greenhouse gas emissions in the business operations.

KPI	2020	Unit	%
Scope 1 Direct emission	271.5	tonnes	9%
Scope 2 Indirect emission	2,708.2	tonnes	90%
Scope 3 Other indirect emission	27.9	tonnes	1%
Total	3,007.6	tonnes	100%

Scope 1: It mainly represents the town gas, liquefied petroleum gas and diesel oil from consumption of motor vehicles.

Scope 2: It mainly represents the electricity purchased from power suppliers.

Scope 3: It mainly represents the paper waste disposed at landfills and water used.

During the Year, there was 3,007.6 (2019: 2,511.8) tonnes of carbon dioxide equivalent greenhouse gases (mainly the usage of vehicles for transportation of petrol and gasoline) emitted from the Group's operation.

When considering the greenhouse gas emissions intensity, the Group recorded approximately 5.41 (2019: 8.16) tonnes of greenhouse gas emissions per million of revenue during the Year.

In the Year, the greenhouse gas reduction data for newly planted trees of the Group is as follows:

KPI	2020	Unit
Extra trees planted	65	Trees
Carbon dioxide reduced	1,495	Kg of Carbon dioxide equivalent

A. ENVIRONMENTAL (CONTINUED)

Compliance with Relevant Laws and Regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes of the Group during the Year. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the Year.

A1.3. Hazardous Waste and Non-hazardous Waste

Hazardous Waste

The business operations of the Group produced insignificant hazardous waste, including chemical wastes and hazardous chemicals, during the Year.

Non-hazardous Waste

Non-hazardous waste produced by the Group is mainly from manufacturing of candle products, diffusers and home spray products. It was amounted to approximately 728,028 (2019: 585,582) kg, which means an average of 1,309.40 (2019: 1,904.02) kg was produced per million of revenue during the year. In this regard, the Group strives to create a working environment by reducing the waste.

Wastes produced by Fleming Vietnam during production were passed to qualified recycler for recycling. Details are as follows:

Waste	Qualified recycles
Hazardous waste	Thanh Tung 2 Co., Limited
Non-hazardous waste	Thanh Tung 2 Co., Limited



ENVIRONMENTAL (CONTINUED)

A. ENVIRONMENTAL (CONTINUED)

A2. Use of Resources

Regarding measures to mitigate emissions, the Group closely monitors the level of energy consumption, greenhouse gas emissions and wastes disposed of its factory. Every year, the factory is required to set its respective energy and carbon reduction targets and come up with feasible measures to achieve them. The details and results achieved are listed as follows:

Projects	Details and results achieved
Compact fluorescent lamp	Lightings in the factory have been installed compact fluorescent lamps which have saved up much electricity as compared with incandescent light lamp.
Water conservation	During the cleaning of factory, the cleaner was strictly control the usage of water and frequency of cleaning. As a result, consumption of water was saved. No issue was found in sourcing water that is fit for purpose.
Air-conditioners	The higher efficiency of air conditioners was selected in 2020, the relevant consumption of electricity was reduced.
Recycle of raw materials	The scrap wax was produced during the production process, which has been collected by the qualified suppliers. The factory has made their best effort to minimise the impact on the environment by using recyclable raw materials or supplementary materials in the production process.
Non-hazardous waste	Non-hazardous waste from the factory includes packaging materials of product, paper for office use and kitchen waste. The factory promotes separation of waste such as cartons and plastic bottles, which were placed in certain areas assigned to recycled suppliers for collection.



ENVIRONMENTAL (CONTINUED)

A. ENVIRONMENTAL (CONTINUED)

The summary of the resources consumed is set out below:

	KPI			
	2020	2019	Unit	% increase
Electricity consumed	4,994,905	4,091,480	MWh	22%
Water consumed	50,304	46,585	Cubic meter ("M ³ ")	8%
Packing material consumed	1,675,384	997,000	Kg	68%

The summary of the resources consumed per million of revenue is set out below:

	KPI			
	2020	2019	Unit	% increase/ (decrease)
Revenue	556	308	million of revenue	81%
Electricity consumed intensity	8,984	13,284	MWh/million of revenue	(32%)
Water consumed intensity	90	151	M ³ /million of revenue	(40%)
Packing material consumed intensity	3,013	3,237	Kg/million of revenue	(7%)

A3. Environmental and Natural Resources

The business of manufacturing of candle products is closely related to environmental protection and the usage of natural resources. The Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to ensure the sustainable development and operation of the Group. The Group strives to enhance its efficiency in the usage of energy, water and materials and also complies with relevant local environmental regulations and international general practices, with an aim to reduce the use of natural resources and protect the environment. The actions taken are aligned with international standards. These include greenhouse gas emission inspections, reduction and classification, recycling of wastes, and consultations on energy conservation and carbon reduction in factories with high energy consumption levels.

The Group encourages all employees to participate in different kinds of recycling activities and minimise the use of nature resources. The Group has actively introduced environmental protection measures in the office spaces, including (i) priority use of energy-saving lighting and electrical appliances; (ii) turning off electric equipment and lighting during non-office hours; and (iii) reuse of papers and driving forward paperless office gradually. In addition, the Group also encourages its employees to save resources, cherish food and avoid waste of resources by beginning with trivial things.

During the Year, there is no significant impact on the environment and natural resources from the operations of the Group, in particular, the factory in Vietnam and the HK Office.

SOCIAL

B. SOCIAL

The Group believes that sustainable business success relies on the contribution and support of its talented employees. The Group treated its employees as the most valuable assets to the Group, especially the front-line employees. The contributions of the employees promote the Group to achieve corporate goals and maintain sustainable development. This is the reason why the Group continues improving its friendly employment policies. The human resources policy and procedures, including recruitment, probation, termination, promotion, retirement, transfer, appraisal, working hours, salary, bonus, entitled leave and medical benefits, comply with the relevant legislation.

B1. Employment and Labour Practices

Employee Benefits

The Group is committed to provide a working environment which is free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation. The Group provides equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment.

The Group has employees' handbook that strictly complies with relevant labour laws and regulations, all employees are treated equally. To encourage transparent working environment, the Group has whistle-blowing policy in place allowing employees to raise their concerns and follow up in protective setting.

The Group seeks to attract and retain talented employees through providing a work environment that promotes values such as fair compensation package, respect and integrity. Compensation packages are competitive, and the promotion and rewards of employees are based on the performance and experience of the employees and the prevailing market conditions. The Group implements a set of comprehensive human resources management policy to maximise the development and effectiveness of human resources management in order to achieve the goals of the Group and guarantee sustainability of the Group's business development.

The Group appreciates the hard work and contributions of each employee. A comprehensive employee benefits package is therefore in return to offer to its dedicated and talented staff. The employee benefits are compensated fairly according to their performance, with reference to the market practice.

The Group performs annual staff performance appraisal to assess the performance of employees for the year-end bonus determination. In this regard, a transparent mechanism is conducted by taking into account various factors, including but not limited to the employees' attendance performance, capability, attitude, and contributions to the Group. With reference to appraisal on the employees, staff promotion and salary increment are rewarded to the contributing and improving employees.



In recognition of the loyalty and commitment of our long serving employees at HK Office, the Group awards gold bullion to employees who had served the Group for over 10 years.



In addition, the Group contributes to the employees' social insurance and housing funds with reference to the Labour Law of Vietnam for its employees.



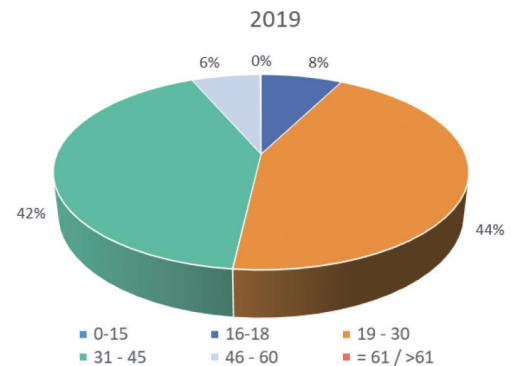
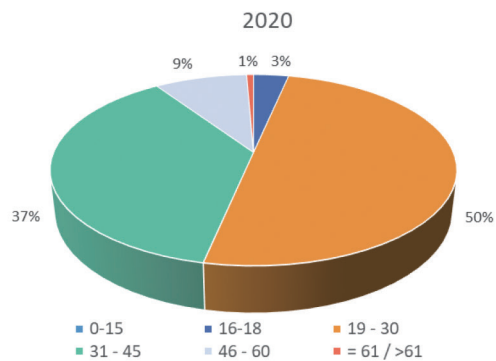
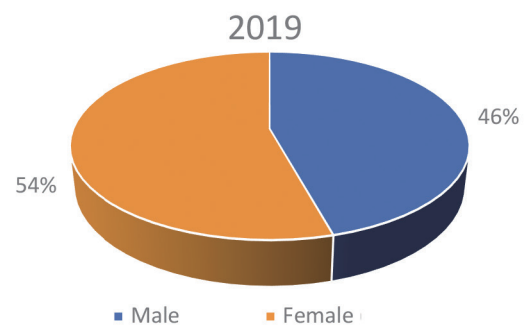
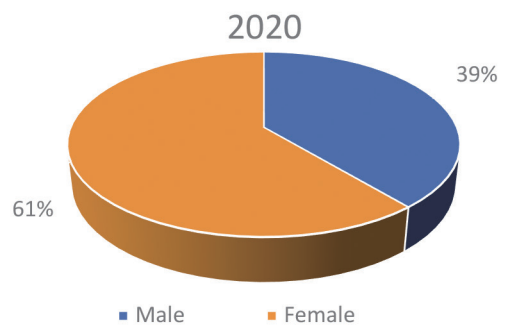
SOCIAL (CONTINUED)

B. SOCIAL (CONTINUED)

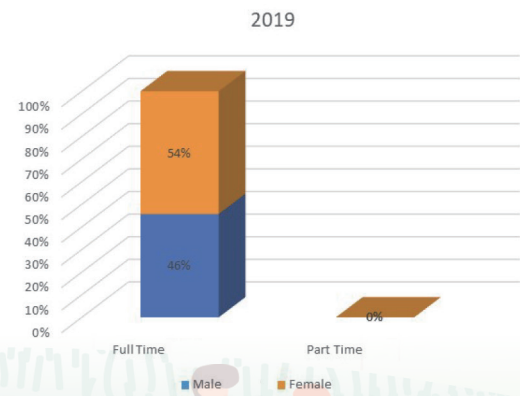
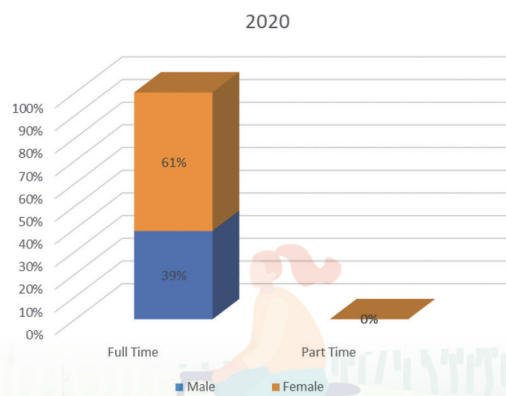
Staff Composition

As at 31 December 2020, the Group employed a total of 1,835 (2019: 1,048) staff. The Group believes that maintaining a diverse but inclusive workforce among its working environment is the key to maintain a sustainable and successful business in the future.

a) Employee's Age and Gender Distribution

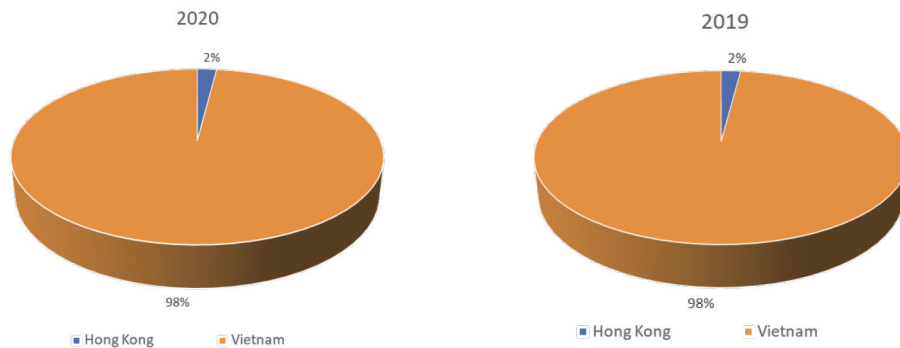


b) Employee type Distribution



B. SOCIAL (CONTINUED)

c) Employee's Geographical Distribution



The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, Employees' Compensation Ordinance of Hong Kong, Labour Law of the Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Year.

B2. Employee Health and Safety

The Group adopts non-discriminatory employment practices and provides a healthy and safe workplace. All employees are required to keep the factory and the HK Office in safety and cleaning condition. The Group is subject to and complies with regulations in Hong Kong and Vietnam that govern occupational health and safety issues.

The Group complies with the "Law of the Vietnam on the Prevention and Treatment of Occupational Diseases" by execution of health and safety polices to prevent of occupational diseases. As a result, the Group can effectively protect the health and safety of its workers during their work and achieve the Group's goal and promote the economic development of the Group.

Smoking is prohibited in factory's and HK Office's areas. Fire extinguishers, fire alarms and evacuation route are available for the employees located at the factory and the HK Office.



Fire drill 2020

SOCIAL (CONTINUED)**B. SOCIAL (CONTINUED)**

The Group has obtained all requisite permits, licenses and approvals for business operation in Vietnam as stated in the below table.

Permit/Licence	Issuing authority
Confirmation on registration of satisfaction of environmental standards No. 118/BDK-TNMT	Department of Natural Resources and Environment of Dong Nai Province
Certificate of approval on fire prevention and fire-fighting No. 147/TD-PCCC	Police Department of Dong Nai Province
Register of owner of hazardous waste generation No. 382/SDK-CCBVM	Environmental Protection Agency of Dong Nai Province
Acceptance minute of fire safety	Police Department of Dong Nai Province

Guidelines to Covid-19

The outbreak of the novel coronavirus ("Covid-19") has become the latest challenge for the health authorities in Hong Kong and Vietnam, the Group has the following general guidelines to protect its staff:

- All public area would be performed disinfection on a timely basis;
- Request all staff to wear mask, hand sanitising, social distance, no gathering and health declaration;
- Request all new staff for medical declaration before entering to the factory;
- Request all staff for medical declaration after holidays;
- Proactively monitor travel record of all staff after holidays and request whom came from Covid-19 infected areas to quarantine before resuming work;
- Set up body temperature detector at the main gate;
- Set up body disinfection at the main gate and in front of the building;
- Maintain regular factory disinfection;
- Request each staff to report their health status everyday; and
- Request each department head to monitor the health status of its staff on a timely basis.



B. SOCIAL (CONTINUED)



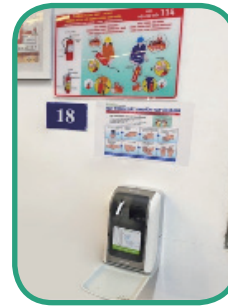
Hand sanitiser produced by the Group for the staff



Face mask protection for the staff



Health alert videos displayed in production floors and canteens to educate the staff and workers



Hand sanitisers throughout the facility



Canteen sanitisation



Office sanitisation

During the Year, the factory of the Group was honoured to be the Industrial Zone Anti-epidemic Advanced Unit in Dong Nai Province and was visited by Law News.



SOCIAL (CONTINUED)**B. SOCIAL (CONTINUED)*****Occupational Health and Safety Data***

The information of work accident is set out below:

Health and Safety	2020		2019	
	Male	Female	Male	Female
Number of work-related fatalities	0%	0%	0%	0%
Lost days due to work injury	0%	0%	0%	0%

The Group is not aware of any material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong, Prevention and Control of Disease Ordinance of Hong Kong, Law on Occupational Safety and Health of Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Year.

B3. Development and Training

The Group has stringent policy which is implemented to give employee adequate training to do their job safely and competently. Employees in different positions and roles are offered diverse training and development programs relevant to their required skills and knowledge. Work-life balance and a safe workplace are ensured so as to promote a harmonious working environment.

The Group is committed to providing every employee with training annually. All employees are encouraged to enhance their skills and knowledge in order to perform their duties more efficiently and effectively. During the Year, the Group provided approximately 343.3 hours of training to its employees. The training topics covered anti-corruption, financial reporting and compliance updates on local laws and regulations.

The Group encourages employees to strike a balance between work and life. All employees are encouraged to participate in the recreational activities in order to enhance the team spirit, employee's sense of belonging and morale.

B4. Labour Standard

The Group fully understands that exploitation of child and forced labour is universally condemned, and therefore takes the responsibilities against child and forced labour very seriously. The Group strictly complies with all laws and regulations against child and forced labour. Internal policies are also in place to ensure that no person who is underage or under coercion is hired and, if any such case is identified during the recruitment process, it will report to the relevant authorities.

The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. Employees are entitled to various fringe benefits, such as annual leave, marriage leave, compassionate leave and medical coverage, in accordance with local regulations. With the well-established benefit systems and support made to its employees, the Group strives to retain talents and envision the development of its employees.

B. SOCIAL (CONTINUED)

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, Employment of Children Regulations of Hong Kong, Labour Law of the Vietnam, Provisions on the Prohibition of Using Child Labour of the Vietnam, Protection of Minors of the Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to preventing child or forced labour during the Year.

B5. Supply Chain Management

The Group has the greatest respect for the laws and regulations that govern its business. The Group always adheres to international best practices and conducts fair and unbiased tender processes when dealing with suppliers.

The Group adheres to the principle of transparency and implements the value of honesty, integrity and fairness in its supply chain management. The Group's procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities.

In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management. During the selection process of suppliers, the Group takes into account factors such as quality of services and products, past performance, financial standing, marketing assessment and green supplier selection.

The Group expects its major suppliers to observe the same environmental, social responsibility, health and safety, and governance policies in their operating practices as those adopted by the Group. Procurement teams are trained to take into account each and every aspect of such policies when assessing suppliers and tendering procedures are carefully and thoroughly communicated to suppliers.

The Group joined Round Table on Sustainable Palm Oil ("RSPO") that operated by Green Palm in 2010 and dedicated a team to work closely with suppliers to develop green and sustainable materials to minimise the negative impact of palm oil producing. The Group purchased the RSPO palm wax for production of candle products.



SOCIAL (CONTINUED)

The Group has obtained the satisfaction in different audit in social compliance and sustainability on the supply chain including :

- Business Social Compliance Initiative (“BSCI”) on employee’s health and safety compliance; and environment protection.



- The Higg Index, the sustainable Apparel Coalition on social and environment performance of value chain sustainability.



- Sedex Members Ethical Trade Audit, the social audit on the standards of labour, health and safety, environment and business ethics.



The Group fully understands the importance of environmental protection and environmental friendly production. The Group takes up social responsibilities and cooperates with its stakeholders including suppliers and customers to make contributions to the conservation of the environment. The Group implements stringent controls on all manufacturing procedures covering product design, purchase of raw materials, production and delivery. The Group ensures to fulfill the worldwide regulations and customers requisition, satisfy Fleming Vietnam’s requirements for quality and environmental aspects.



B. SOCIAL (CONTINUED)

B6. Product Responsibility

The quality of products is dependent on the effectiveness of quality control system, which in turn depends on a number of factors, including the design of the system and the ability to ensure that the staff adhere to the quality control policies and guidelines.

The Group is subject to various code of conduct of certain of the customers relating to occupational health and safety and environmental conditions.

The Group takes the quality of its products seriously. Therefore, it applies procedures to enhance the quality control of its products and sales management, and ensure providing the best quality products to its customers.

The Group requires its staff to comply with the Hong Kong and Vietnam governmental and regulatory laws, rules, codes and regulations. To ensure product quality and safety, the Group has regular meeting for internal technical staff with advice from customers. Policies about product quality and safety and compliance with laws and regulations are published on the Group's intranet and are clearly communicated to its employees.

The Group is not aware of any material non-compliance with the Law of the Vietnam on Product Quality, Patent Law of the Vietnam, Law of Socialist Republic of the Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Year.

No significant fines were incurred during the Year.



Certified with ISO 9001:2015



SOCIAL (CONTINUED)**B. SOCIAL (CONTINUED)****B7. Anti-corruption**

The Group takes anti-corruption responsibilities very seriously. The Group's anti-corruption policies set out the standards of conduct to which all employees are required to adhere to. The Group has designated hotlines and emails for relevant stakeholders to report, in confidence, any illegal or fraudulent behaviours to the Board.

Employees making such reports are assured of protection. The designated hotlines and emails are available on the Company's website at <http://www.hyfusingroup.com>. The Group has also established a regularly review on its business practices and anti-corruption measures and guidelines, as well as reported improprieties investigation.

The Group establishes an effective whistle-blowing policy for reporting suspected irregularities, fraud and corruption via specified channels. The Group also continues to improve its internal control and monitoring system. If any irregularities are identified, the Group takes immediate action and adopts a zero tolerance approach to corruption.

The Group is not aware of any material non-compliance with the Prevention of Bribery Ordinance of Hong Kong, Law on Competition of Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the Year.

There is no legal case concerning corruption brought against the Group or its employees during the Year.



B. SOCIAL (CONTINUED)

B8. Community Involvement

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operation. This is realised by meeting the needs of the employees and then further extending the caring and services to their families and to the surrounding community.

The Group encourages employees to take part in work-life balance activities and community services. These include various cultural events, employee outings, community volunteering and supporting charitable organisations.

During the Year, the Group joined “Food Angel” activity and donated to “Delivering Love – Lavender Sachets” which was organised by Bo Charity Foundation Limited; and “Edventure Nepal Children’s Home” program which was organised by Light On Charity.



Delivering Love – Lavender Sachets



Food Angel Activity



Edventure Nepal Children’s Home



SOCIAL (CONTINUED)

B. SOCIAL (CONTINUED)

Also, the Group has conducted “Save the World” – rubbish collection activity in industrial park in Vietnam during the Year.



Save the World – rubbish collection activity

