



MANSION INTERNATIONAL HOLDINGS LIMITED
民 信 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8456



Environmental,
Social and
Governance Report
2020/21

Your Baby
Our Vision
以愛編織 快樂未來

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Mansion International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”) for the year ended 31 March 2021. This Report provides an annual update of sustainability performance, accomplishments and challenges over the past years. It has been updated to reflect the interest of various stakeholders.

Scope and boundary of this report

This Report details the ESG performance of the Group for the financial year ended 31 March 2021 (the “Reporting Period”). We apply the concept of materiality in planning and developing the Report. Unless otherwise indicated, the Report covers the Group and its subsidiaries.

Reporting principles

The Report is prepared in accordance with Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. According to the guideline, the following principles are underpinned:

1. **Materiality:** Environmental, social and governance issues that have major impacts on investors and other stakeholders must be set out in this Report.
2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.
3. **Balance:** This Report must provide an unbiased picture of the environmental, social and governance performance of the Group. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgment by the reader.
4. **Consistency:** This Report should use consistent and disclose statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the Report.

Confirmation

The information documented in this report is sourced from official documents, statistical data, management and operation information of and collected by the Group in accordance with relevant internal policies. The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible.

Feedback

The Group discloses the latest business information regularly to investors and the public. We also welcome investors and shareholders to share their views with the board of directors of the Company by email us at mansion@mansionintl.com



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

The Group is principally engaged in the manufacture and sale of baby clothing and clothing accessories for infants and toddlers. Our principle business operation includes Original Brand Manufacturing (OBM) business under the brand “Mides” and complementary third-party brand products through our self-operated retail stores and department store counters in Hong Kong, and wholesale in Hong Kong, the PRC and Macao. In addition, the Group operates an Original Equipment Manufacturing (OEM) business to brand companies overseas or designated sourcing companies mainly located in Hong Kong, UK and US.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGIES

The Board of directors (the “Board”) formulates the Group’s environmental, social and governance strategies and the executive directors and senior management which then execute the plan. The executive directors and senior management are responsible for reviewing and monitoring the Group’s environmental, social and governance policies and practices and discuss with external professional consultants regularly in order to ensure that the Group complies with relevant legal and regulatory requirements. The executive directors and senior management monitor and respond to the latest environmental, social and governance issues, report to the Board on major issues and make relevant recommendations to enhance the Group’s environmental, social and governance performance.

The Board reviews the Group’s environmental, social and governance report annually, discusses among the key risks and makes relevant recommendations for the coming year. Thereafter, the executive directors and senior management report the key risks and the execution progress of the recommendations at the regular Board meeting and the Board takes appropriate measures if required.

Regarding the existing business operation and overall environment of the Group, the Board identifies waste management and health and safety as the major environmental, social and governance risks. Since the core business of the Group is manufacturing and sale of baby clothing and clothing accessories for infants and toddlers. It constantly strives to improve safety performances of its different business areas in order to provide a safe and healthy work environment to employees. For further details, please refer to the relevant sections of the Report.



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STAKEHOLDER ENGAGEMENT

As part of the business strategies, the Group communicates with the stakeholders in an open, honest and proactive way. To achieve this objective and improve transparency, we take active measures to promote investor relations and communication. In addition, we have developed the investor relations policy to ensure that investors have fair and timely access to the information of the Group. The Group's major stakeholders are listed below.

Major Stakeholder	Areas of Concern	Communication Channel
Stock Exchange	<ul style="list-style-type: none"> Compliance with listing rules 	<ul style="list-style-type: none"> Announcements in the Stock Exchange website Discussions and meetings as necessary Emails and other correspondences
Government and regulatory bodies	<ul style="list-style-type: none"> Laws and regulations Taxation 	<ul style="list-style-type: none"> Site visits and audits Regular declarations Public Notice of new laws and regulations in the Gazette Reports and other publication in their websites
Shareholders and investors	<ul style="list-style-type: none"> Return on investment Information disclosure Protection on rights and interests of shareholders and fair treatment of shareholders 	<ul style="list-style-type: none"> Annual and other general meeting of members Annual reports, announcements and other disclosures/publications Company website/Disclosures on the Stock Exchange website Group email managed by designated employees
Employees	<ul style="list-style-type: none"> Salaries and welfares Protection on Employee's rights and interests Health and safety Feedback opportunities 	<ul style="list-style-type: none"> Regular meetings Employee trainings Intranet and emails Regular employee activities
Customers	<ul style="list-style-type: none"> Product quality Customer satisfaction Business ethics After sales services 	<ul style="list-style-type: none"> Website Regular business visits Participation in kid exhibitions and events Bidirectional customer evaluations



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Major Stakeholder	Areas of Concern	Communication Channel
Suppliers	<ul style="list-style-type: none"> • Long-term and sustainable business relationship • Fair competition 	<ul style="list-style-type: none"> • Supplier contracts, emails, teleconference, interview • Bidirectional supplier evaluation
Media	<ul style="list-style-type: none"> • Corporate governance • Environmental protection 	<ul style="list-style-type: none"> • Correspondence and discussion on concerned topics
Community	<ul style="list-style-type: none"> • Environmental protection • Contribution to the community 	<ul style="list-style-type: none"> • Voluntary activities • Community visits

Identifying Material Issues

Stakeholder participation helps the Group review potential risks and business opportunities, and also facilitates the mitigation of these risks as well as the identification of opportunities. Understanding stakeholders' views allows the Group to better fulfil their needs and expectations with its business practice and manage different stakeholders' opinions. Having taken the interview results and expert advice into consideration, the Group has been able to prioritise four issues from the eleven environmental and social aspects specified in the ESG Reporting Guide to be the material focus of this report. The four material issues are: anti-corruption, employment, supply chain management and product responsibility.



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ENVIRONMENTAL ASPECTS

Manufacturing safe products for infants and toddlers is one of our main business activities. In addition to generating revenue for its shareholders and providing the best products, the Group also aims to operate as a socially responsible corporate. The Group's senior management has placed environmental protection as one of the business priorities, and has established an internal Environmental Policy, which lays the foundations on limiting the Group's impacts to the local environment according to different parts of its operations.

Due to the regional coverage of the Group's business, it is important to manage environmental impacts attributable to its local operational activities, and minimise such impacts as much as possible. The Group's PRC subsidiary operates in full compliance to relevant national and local environmental protections laws and regulations, including:

- the Environmental Protection Law of PRC;
- the Law of the PRC on the Prevention and Control of Water Pollution;
- the Law of the PRC on the Prevention and Control Atmospheric Pollution;
- the Law of the PRC on the Prevention and Control of Environmental Noise Pollution;
- the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes;
- the Regulations on the Administration of Construction Project Environmental Protection; and
- the Regulations on the Collection and Use of Sewage Charges.

In summary, environmental topics relevant to the Group's activities during the Reporting Period have been identified, mainly relating to the consumption of electricity, diesel, petrol, paper and water. The Group's manufacturing business does not involve in significant pollutions of air, water, or land, regulated under Hong Kong and PRC laws and regulations, and thus is not attributed to any material impact in these aspects. In addition, the Group's internal environmental protection awareness programme consistently reminds and encourages its employees and clients to work together to improve environmental performance.



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Emissions and Waste

Air Pollutant Emission

The Group's transportation team is responsible for delivering products to various locations diligently, on time, and in a safe manner. Vehicles, including trucks and automobiles, were utilized as the major transportation medium, which consumed diesel and petrol during the process. At our manufacturing sites in PRC, diesel was consumed in stationary sources such as electric generators.

Type	2020/21	2019/20	Unit
Nitrogen Oxides (NO _x)	26.55	27.0	kg
Sulphur Oxides (SO _x)	0.19	0.25	kg
Respirable suspended particulates (RSP)	0.17	N/A	kg

Greenhouse Gas Emissions

In addition to the effort in monitoring air pollutant emission, the Group is also exploring measures to reduce its indirect carbon emission, particularly on overall carbon footprint. The Group estimated its carbon footprint for the year through aggregated items such as diesel, electricity and petrol consumption from our operation locations. The overall emissions result were then estimated using conversion factors (carbon intensity factor) for reporting purpose, taking into account emissions of carbon dioxide and other greenhouse gases associated with energy consumption, such as methane (CH₄) and nitrous oxide (N₂O). With such information available, the Group looks to further investigate and will work with our employees and external stakeholders on enhancing the overall performance to minimize our carbon footprint.

In addition to energy consumption (Scopes 1 and 2), Scope 3 emissions associated with paper disposed in landfills and energy associated with water processing have been considered in determining the overall GHG emissions of the Group.

Scope	2020/21	2019/20	Unit
Scope 1	34.30	70	t CO ₂ -e
Scope 2	79.93	1,236	t CO ₂ -e
Scope 3	12	14.2	t CO ₂ -e
Greenhouse gas emissions in total	126.23	1,320	t CO ₂ -e
Greenhouse gas intensity	1.45	N/A	kg CO ₂ -e/revenue



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The significant reduction in the greenhouse gas emissions is due to (i) the increase of outsource of production procedures to different sub-contractors instead of manufacturing through our subsidiary; (ii) limited operations during the COVID-19 outbreak; and (iii) the reducing usage of diesel vehicles.

Waste Management

As a socially responsible corporation that manufactures children products, the Group tries its best effort in managing waste generation to ensure wastes are kept at a minimum and are handled with proper procedures. Our manufacturing operation procedure follows closely with our environmental policy, which is designed to:

- Minimise our chemical consumption and emission during the operation, if any, to improve the overall manufacturing efficiency and ensure the well-being of our workers;
- Avoid polluted chemical effluent emission from manufacturing or daily sewage, and ensure the compliance to local environmental standards;
- Avoid noise pollution to the nearby neighbourhood;
- Minimize, or if possible, avoid the use of chemical substances that can pose potential dangers to our customers; and
- Limit the inventory of potentially hazardous substances stored on-site.

During production, we have incorporated our environmental protection philosophy to reduce waste from production sources as much as possible. The Group exerts additional attention to waste handling procedure, ensuring the safety of its employees and to the compliance of all applicable laws and regulation.

Hazardous Waste

Hazardous wastes generated by our Group are stored in a separate, well-ventilated storage location for collection. A registered waste handling company, Zhongshan Baoly Industrial Solid Hazardous Waste Storage and Transportation Management Co. Ltd, is engaged to perform regular collection of the Group's hazardous waste for safe disposal.



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Non-hazardous Waste

The Group's daily non-hazardous waste is collected, properly stored and regularly picked up by a registered waste collection company. Our Group also took the initiative to limit waste generation by promoting reduction measures throughout the Group's operations. This includes encouraging the reduction of paper usage as well as appropriate use of recycled paper in the workplaces. Some of our policies to reduce paper consumption include:

- Encouraging computer-based administration procedures;
- Adopting to an electronic filing system;
- Using electronic communication channels for information sharing;
- Adopting to double-sided printing and photocopying; and
- Reusing paper that are used on one side for drafting, photocopying and fax deliveries.

The consumption of Hazardous and Non-hazardous waste generated during the Reporting Period is summarized below.

Waste	Usage	Intensity (Consumption/Million revenue in HKD)	Intensity (no. of employee) (Note 1)
Hazardous waste	604 kg	6.92 kg/revenue	8.88 kg/employee
Non-hazardous waste			
– Paper	1,300 kg	14.89 kg/revenue	19.12 kg/employee
– Food waste	7.3 tonnes	0.08 tonnes/revenue	0.11 tonnes/employee

Note 1: The intensity is calculated based on the number of employees. At the end of the Reporting Period, 68 employees were employed by the Group.

The reduction of the waste usage is due to the (i) reallocation of production procedures to reduce factory used space and (ii) limited operations during the COVID-19 outbreak.

Use of Resources

As an environmentally-friendly corporation, the Group actively promotes green practices in all of premises, attempting to reduce its consumption of resources, particularly on electricity and water consumption. Our Environmental Policy, with regards to resource consumption, is developed based on the "4Rs" strategy, emphasizing on "Replace, Reduce, Reuse and Recycle". Our employees are constantly reminded to the implement 4Rs strategy throughout the Group's operation, and even directly work with our supply chain partners to avoid wastages and reduce overall consumption.

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The Group understands that its operations consumes a fair amount of resources, in the form of electricity and water, which can lead to significant impacts to the environment. With this in mind, the Group manages its utilities consumption and tries to conserve and minimize the ecological footprint associated with our consumption practices.

Electricity

The Group works diligently with its employees to promote the 4Rs initiative, driving for efficient usage of electricity in its premises. Notices on energy saving policies can be found in common areas and in the working area, and energy conservation tips are promoted through internal circulation to raise the staff awareness on limiting energy consumption. Other energy saving initiatives implemented in our facilities include the following:

- Adjusting air conditioners' temperature to 25.5° C;
- Switching off all electronic devices during lunch hours and when leaving office;
- Procuring equipment with high energy efficiency ratings whenever possible; and
- Setting computers on energy saving modes.

Water

In addition to its effort on energy conservation, the Group also worked with its employees to promote a water conservation culture. Notices were posted to remind the staff to:

- Turn off tap after use;
- Avoid unnecessary flush;
- Perform regular maintenance on water taps; and
- Avoid water wastage in up-flow water dispenser.

To reduce the environmental wastewater generated by our manufacturing facilities in PRC, we have imposed strict policies to forbid discharge of water contaminated with chemicals, which may pose potential biological impacts on people and/or local ecosystems. Also, the daily wastewater generated by the Group's manufacturing facilities are first biologically treated prior to discharge to the sewer system, in compliance with local regulations.

The consumption of electricity and water during the Reporting Period is summarized below.

Resources	Usage	Intensity (Consumption/Million revenue in HKD)	Intensity (no. of employee) (Note 1)
Power consumption	817,327 kwh	9,362.28 kwh/revenue	12,019.51 kwh/employee
Water consumption	14,260 m ³	163.34 m ³ /revenue	209.71 m ³ /employee

Note 1: The intensity is calculated based on the number of employees. At the end of the Reporting Period, 68 employees were employed by the Group.

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The reduction of the consumption in electricity and water is due to the (i) outsource of production procedures to reduce factory used space and (ii) limited operations during the COVID-19 outbreak.

Fabrics Product Packaging

The Group owned a factory operation in PRC, which manufactures children fabrics products. The products are packaged and shipped to branded-companies located overseas and to our retail shops in Hong Kong. Our consumption of packaging material consists mainly of plastic bags and small paper boxes, used for shipping purposes. In addition, in accordance with our environmental policy, the team is advised to implement a “light but effective” package as much as possible to avoid wastage. The effort has worked smoothly in operation, and it was also well-received by staff members in our packaging lines.

During the Reporting Period, the major packaging materials consumed by the Group are as follows:

Major packaging materials	Usage	Intensity (Consumption/Million revenue in HKD)	Intensity (no. of employee) (Note 1)
Plastic bag	18 tonnes	0.21 tonnes/revenue	0.26 tonnes/employee
Paper box	40 tonnes	0.46 tonnes/revenue	0.59 tonnes/employee

Note 1: The intensity is calculated based on the number of employees. At the end of the Reporting Period, 68 employees were employed by the Group.

The reduced consumption of packaging is related to the (i) sales decrease due to COVID-19 and (ii) the increase of outsource of production procedures to different sub-contractors instead of manufacturing through our subsidiary.

Compliance

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact concerning air and greenhouse gas emissions, discharges into water or land, or generation of hazardous and non-hazardous waste during the Reporting Period.

The Environment and Natural Resources

The Group strives to contribute to the environmental protection and minimise the environmental impact associated with our business activities. During the packaging process, we reduce the carbon emissions by reusing cartons and other packaging materials. In day-to-day operation, the Group motivates its employees to save energy and create a green working environment.

We will continue to assess the environmental risks of our business, review the environmental practices and adopt preventive measures as necessary to reduce the risks and ensure the compliance with relevant laws and regulations.



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SOCIAL ASPECTS

Employment and Labour Practices

Our business involves working with a large number of professionals. As one of the guiding principles, the Group uses its best efforts to offer the most competitive compensation to its staff, and treats all of its staff equally and fairly. The Group will monitor and improve in these areas as needed, and will continue our growth sustainably and in a socially responsible manner.

Employees

As a socially responsible company, the Group treats our employees as the most precious asset and it is one of our top priorities to provide a safe and equal-working environment. The Group understands that the success of a sustainable growth relies on the contributions and dedication from its employees, and thus instilled a culture of professionalism throughout its operation. The Group's Employee Handbook clearly stated the employee conduct, working hours, communication channels with management, promotion and remuneration. The Group also employed a Remuneration Policy, stating that employees will be compensated with a fair and equitable manner, and the opportunity to grow and excel with the Group through continuous learning at all levels. The Group's senior management shall continue communicating with employees to ensure this culture can be implemented consistently in all levels of the Group.

Employment

The Group rewards its employees with competitive remuneration (including performance bonus), along with promotional opportunities, compensation and benefits packages to attract and to retain talents. Remuneration is determined with reference to the prevailing market condition as well as the competency, qualifications and experience of individual employee. Performance bonus will be paid to employees as a recognition of their contributions to the Group. Employees are entitled to Mandatory Provident Fund ("MPF") and medical insurance. Employees are also entitled to statutory holidays and different types of paid leave including annual leave, sick leave, marital leave, maternity leave, paternity leave, compensation leave, compassionate leave and injury leave. In case overtime work is required, employees are provided with appropriate overtime pay or compensatory time off. The Group always cares about its employees and has put an effort to optimise their working period. We have enforced a flexi-hour working hours scheme to encourage colleagues to focus on a healthy work-life. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and the Group employs an Award and Penalty System, under which employees with outstanding customer services are recognized and encouraged through awards on an annual basis. Disciplinary action, on the other hand, would be taken in case of any serious misconducts.



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Remuneration Committee

To ensure the Group's remuneration scheme remains competitive, the Group established the Remuneration Committee on 26 January 2018. The principal duties of the Remuneration Committee are to provide feedback and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff within our Group. In addition, the committee shall ensure that none of our Directors or any of their associates determine their own remuneration. As at the date of the report, there is a total of three members in the Remuneration Committee, and namely Mr. Wang Rongqian, Ms. Wong Ying Yu and Mr. Wu Chi King, where Mr. Wang Rongqian acts as the chairman of the committee.

The Remuneration Committee will meet regularly to review the policy for the remuneration of the Group, assess the performance, and recommend remuneration packages of executive directors and senior management of the Group.

Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (collectively, the "pension scheme") for all qualifying employees employed in Hong Kong. The Group offers various social insurance benefits and provident fund for our PRC employees during the Reporting Period and creates a harmonious working environment.

During the Reporting Period, total pension scheme contributions paid by the Group amounted to approximately HK\$1.8 million which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

Equal Opportunities, Diversity and Anti-Discrimination

The Group respects equal opportunities, adopting similar approach on employee conduct, recruitment, promotion, training and development, job advancement, compensation and benefits and all other aspects of employment practices. The Group's Employee Handbook states clearly that any action deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability or pregnancy shall all be prohibited. The Group has zero tolerance over any sexual harassment and discrimination behaviour, and any employee misconduct is subject to internal disciplinary action with no exception.

During the Reporting Period, the Group complied with all relevant Hong Kong laws and regulations including but not limited to:

- The Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong);
- The Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- The Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong); and
- The Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong).

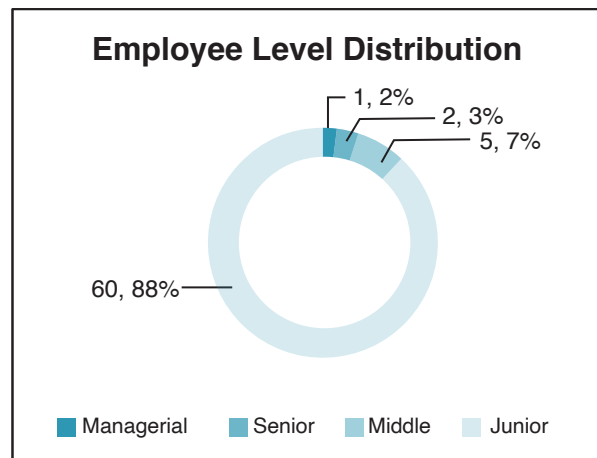
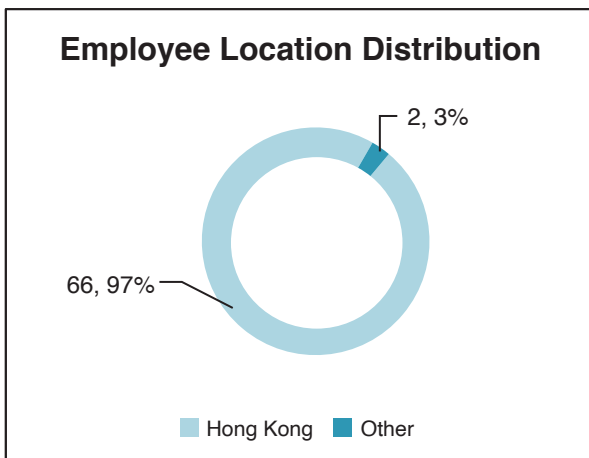
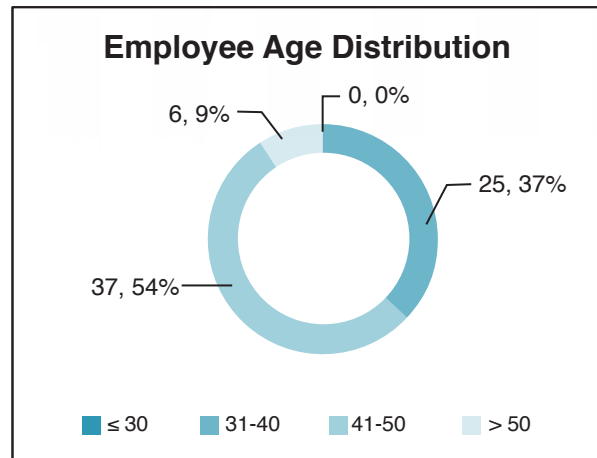
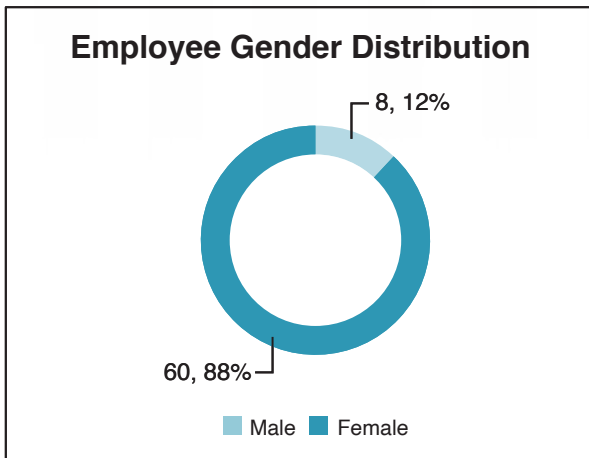


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Workforce Diversity and Distribution

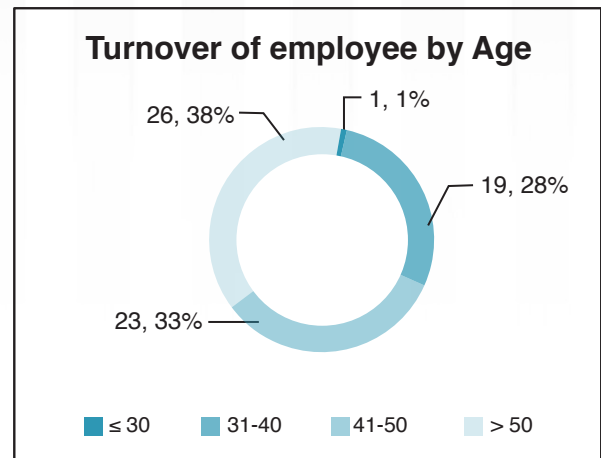
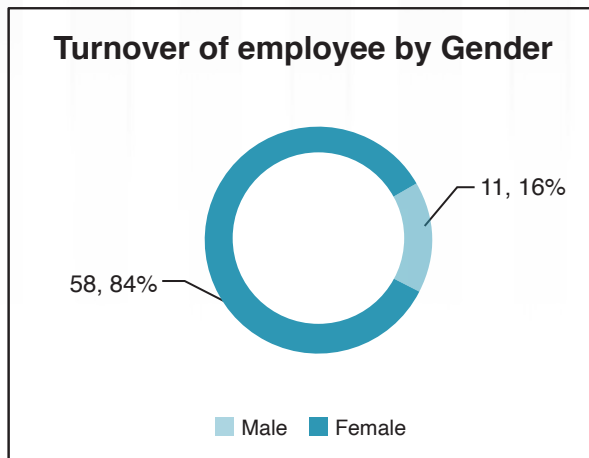
Due to the nature of our business, female staff make up the majority of our workforce. Though, the Group appreciates the importance of cultural diversity and employs in a wide range of ages, genders, and ethnicities, as the Group understands diversity of employees provides a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues.

The following figures are based on the total number of employees at the end of the Reporting Period.



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The majority of our employees were hired on a full-time basis, and part-time employees consist about 6% of our workforce. In addition, the annual turnover rate was 10%, which is partly attributed to corporate restructuring activities within the Group during this Reporting Period.



Occupational Health and Safety

The Group understands that health and safety are of major concern to our employees, and we strive to provide a safe and healthy working environment while complying relevant laws and regulations. The Group employed an Environmental Operational Health and Safety policy, which maintains a high occupational safety and health standard, to ensure a comfortable safe occupation workspace for our employees. A workspace health monitoring programme was implemented to monitor Indoor Air Quality (“IAQ”) and presence of airborne dusts and chemicals (such as methanol and ethylene glycol). Noise levels at manufacturing sites are also regularly performed to ensure a safe working environment. For example, our Group implemented a smoke-free environment in all of our premises, ensuring IAQ is maintained at the excellent levels. It is also required for our manufacturing sites to be provided with adequate ventilation systems.

The Group has also appointed an Environmental Health and Safety officer (“EHS officer”), who is responsible for maintaining a clear communication between the senior management and the employees. In addition, the EHS officer is also responsible for monitoring the Group’s EHS goals and standard, and employee safety throughout the operation. The EHS officer also has the duty of identifying any potential hazards that may arise during daily operation, and ensuring the regular maintenance of safety equipment.

Our manufacturing sites are inspected annually to identify any potential occupational hazards. Annual occupational health examinations are mandatory for workers whose positions involve handling of chemicals for monitoring their health and identification of the development of any occupational sicknesses.

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The Group has taken the following preventive measures for office management against the COVID-19:

- Ensure the air-conditioning system is well maintained. Clean the air filter regularly;
- Office windows should be opened from time to time to allow for better ventilation;
- Maintain a clean and hygienic working environment. At least once a day, clean and disinfect commonly used equipment, including telephones, using a diluted solution of household bleach (1 part bleach: 99 parts water). Wipe again with a towel soaked in clean water;
- If cleaning vomits, use a diluted solution of household bleach (1 part bleach: 49 parts water). Rinse the area with clean water and wipe dry;
- Keep carpets, doors and windows clean;
- Ensure toilet facilities are properly maintained;
- Provide liquid soap, disposable towels and/or a hand dryer in toilets; and
- Remind staff members suffering from fever or cough to stay away from work and consult a doctor immediately.

The Group is sensitive to concerns of staff, especially those in the frontline. We stay in close touch with their staff and allay their concerns. The Group provide face masks and hand sanitizers for employees.

In summary, during the Reporting Period the Group had no material non-compliance breach with relevant standards, rules and regulations, and had no major accident encountered during operation. In addition, the Group recorded a total of 7 lost days due to work injury in this Reporting Period.

Labour Standards

The Group's Human Resources Department strictly abides by the Labour Laws of Hong Kong and follows a Recruitment Guideline throughout the recruitment process. The Group provides a clear guideline on attendance system about working hours, rest and leave entitlement, labour protection and working conditions. Further information can be found in our Employee Handbook, which is distributed and available to all of our employees.

As a company that manufactures products for children, our Group is extra cautious on operation practices, avoiding any form of child labour activity. Our Group prohibits any of such acts taking place in our Group to safeguard young children, and enforced a number of preventive procedures during recruitment. As part of our recruitment procedure, our staff will require the interviewee to present legal documents of identification as proof of age. Our interviewer will also perform a face-to-face identification meeting, counter-checking information provided to ensure our hired employee is at the indicated age as presented.

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In addition, the Group offers a fair compensation to our employee, prohibiting any form of slavery or forced act of labour, and employees shall be paid fairly according to contributions provided. Periodic revision shall also be performed to keep the Group's remuneration level as competitive and fair for all level of employees.

As a result, no child nor forced labour was present in the Group's operations during the Reporting Period, and the Group complied with all applicable labour standards related Hong Kong laws and regulations, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

Development and Training

Training and development form an important part of the Group's human capital management strategy. It is valued as essential to the personal growth of employees, improving the Group's overall business performance.

The Group's training programmes are designed to suit our business needs and help our employees to improve their knowledge and relevant skills. An annual comprehensive training programme, tailor-made by the Human Resource department and the head of departments shall be proposed at the beginning of the year for approval by management. Monthly revision will be performed to ensure programmes are properly implemented and the proposed progress are met. The head of the department shall report a summary report at the end of the year. In addition, new recruits are also required for an orientation training programme, and with the purpose of debriefing the Company's policies, business and culture.

Training session offered to our manufacturing facilities in the PRC covered a wide variety of topics related to daily operations, including:

- Safe handling of chemicals
- Review on usage of Personal Protection Equipment (PPE)
- Training on computer security
- Fire safety
- Manufacturing safety

For the retail staff in Hong Kong, our orientation training programme includes customer service, daily operations in shop, inventory management and product order procedure. During the Reporting Period, the Company also provided training for our directors to develop and refresh their regulatory knowledge and duties as directors and to ensure that they can continue to contribute positively to the board.



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Some statistics of our training programme provided to our directors/employees is presented below:

	2020/21	2019/20
Total Training Hours (man-hours)	140	6,300
Average Training Hours per Director/Employee	2.1	9.3

Employees, Customers, Suppliers and Other Stakeholders

The Group values relationship with employees, customers and suppliers, and treats it as an important aspect of its business. The Group also maintains an open engagement channel with its employees through revision meetings as it brings insight to its operation performance. It was proven to be effective in understanding the latest operation performance and to better improve the quality of our services. The Group is also dedicated to build a close working relationship with suppliers, and conducts regular performance revision and appraisal to build a closer working relationship with its clients.

The Group also believes effective communication should include a timely and accurate information disclosure. Not only it brings valuable information to the shareholders and investors, which is beneficial for investor relations, but also invites constructive feedback for perfecting the Group's operation.

The Group will continue its open communication approach, and it will sustain a successful long-term working relationship with its stakeholders in the future.

Supply Chain Management and Product Quality Control

The Group is highly attentive to its brand reputation and introduces the environmental value into the suppliers and subcontractors procurement procedure, aiming to support environmental protection through habitat protection, bio-diversity, and other related environmental issues. Our procurement department ensures suppliers and subcontractors comply with relevant local and international standards, and follow up with periodic performance assessment. Evaluation is conducted on new and existing suppliers (annually) on product and service quality, and only approved suppliers and sub-contractors shall be added to our selected group of service providers for future cooperation.

Product Responsibility

As our product users are infants and toddlers, the Group pays extra attention to product safety, ensuring no chemical harmful materials shall be included in our raw material list or used during our production process. The Group stays strictly abiding to all international laws and regulations and standards provided by our clients, and as listed as follows:

- Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong);
- Consumer Goods Safety Regulation (Chapter 456A of the Laws of Hong Kong);
- Toys and Children's Products Safety Ordinance (Chapter 424 of the Laws of Hong Kong);
- Toys and Children Product safety (additional Safety Standards or Requirements) Regulation (Chapter 424C of the Laws of Hong Kong); and
- Other relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will continue a close monitoring throughout the manufacturing process, enforcing the highest standards, and ensuring our products are safe and sound and as the perfect companion for children.

When the Group receives an unfavourable feedback, the customer services will record the case in a log sheet and take all necessary action to remedy the problem, including but not limited to a refund, change the type of products and exchange the problematic product. All refunds to customers are subject to the approval of our chief executive officer or head of finance. The number of unfavourable feedback for the Reporting Period was 120. After the matter is settled, the customer services will update the feedback log sheet. All the relevant documents will be filed properly.

During the Reporting Period, there is no products sold or shipped subject to recalls for safety and health reasons and the Group was not aware of any violation of the laws and regulations in relation to the food safety.

Protection of Copyright and Consumers Privacy

The Group takes all necessary actions to protect the copyright of brand owners and the privacy of our customers. All data management users from the Group are subjected to a list of terms and conditions on information collected and for business purpose only. The Group forbids unauthorised distribution of materials, and we reserve the right to take legal actions on violating parties. Should there be any issue of copyright matters, the Group encourages inquiries via email and our legal team will provide advices and follow-up where necessary.

The Group is not aware of in breach of any law and regulation relating to Consumer Data Protection and Privacy of the PRC and Hong Kong in this Reporting Period.

Anti-corruption

The Group commits to managing all business without undue influence and has regarded honesty, integrity and fairness as its core values. All directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering. The Group has established a Whistleblowing Procedure to build a direct channel with the senior management, reporting on any form of non-compliance action.

During the Reporting Period, the Group was unaware of any action of non-compliance to regulations and laws relating to corruption, bribery, extortion, fraud and money laundering.

Community

The Group understands that it is significant for its business to both bring profit to shareholders, at the same time being socially responsible to care, serve and give back to our community wherever it is needed. The senior management consistently seeks for opportunities to support social initiatives and the Group will continue its effort in supporting the communities and giving back to those that are in need.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental KPIs	Quantity	Unit
ENVIRONMENTAL PERFORMANCE		
The types of emissions and respective emissions data		
Nitrogen oxides (NO _x)	26.55	kg
Sulphur oxides (SO _x)	0.19	kg
Respirable suspended particulates (RSP)	0.17	kg
Greenhouse gas emissions in total		
Scope 1	34.30	t of CO ₂ -e
Scope 2	79.93	t of CO ₂ -e
Scope 3	12	t of CO ₂ -e
Greenhouse gas emissions in total	126.23	t of CO ₂ -e
Greenhouse gas intensity (by revenue)	1.45	kg of CO ₂ -e/revenue
Total hazardous waste produced		
Total hazardous waste	604	kg
Hazardous waste intensity	6.92	kg of CO ₂ -e/revenue
Total non-hazardous waste produced		
Total non-hazardous waste	7.3	tonnes
Non-hazardous waste intensity	0.08	tonnes of CO ₂ -e/ revenue
Energy consumption by type		
Purchased Electricity	817,327	kWh
Energy intensity (by revenue)	9,362.28	kWh/revenue
Energy intensity (by no. of employee)	12,019.51	kWh/employee
Water consumption in total and intensity		
Total water consumption	14,260	m ³
Water intensity (by revenue)	163.34	m ³ /revenue
Water intensity (by no. of employee)	209.71	m ³ /employee
Packaging material		
Plastic bag	18	tonnes
Plastic bag intensity (by revenue)	0.21	tonnes/revenue
Plastic bag intensity (by no. of employee)	0.26	tonnes/employee
Paper box	40	tonnes
Paper box intensity (by revenue)	0.46	tonnes/revenue
Paper box intensity (by no. of employee)	0.59	tonnes/employee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Number of employees	Employee turnover and turnover rate
SOCIAL PERFORMANCE		
Gender		
Male	8	11 (2%)
Female	60	58 (9%)
Age		
≤ 30	0	1 (2%)
31-40	25	19 (9%)
41-50	37	23 (8%)
> 50	6	26 (20%)
Type of employment		
Permanent	64	66 (10%)
Part-time	4	3 (100%)
Total	68	69 (10%)
Number of work-related fatalities		0
Rate of work-related fatalities		0
Number of work-related injuries		1
Lost days due to work-related injuries		7

Percentage of employees trained and average training hours (% , hours)	
Managerial	100%, 20
Senior	N/A
Middle	N/A
Junior	N/A
Male	100%, 20
Female	N/A

Suppliers	Number of supplier(s)
China	25

Community Investment	
Amount of contribution (HKD)	N/A