

Yik Wo International Holdings Limited

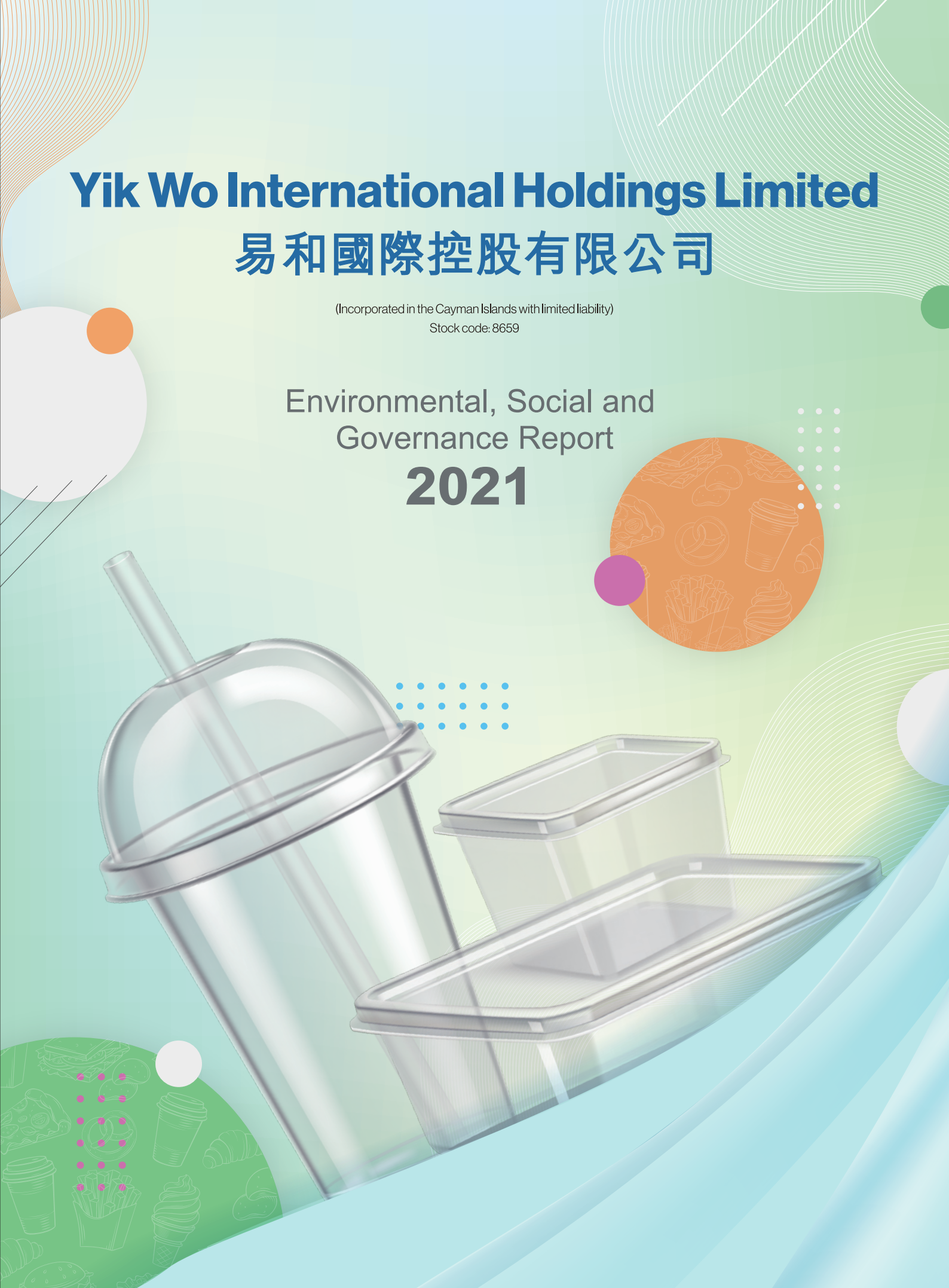
易和國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8659

Environmental, Social and Governance Report

2021



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DEFINITION AND INTERPRETATION

Throughout this report, the following terms, except where the context otherwise requires, have the following meanings:

- Group: Yik Wo International Holdings Limited and its subsidiaries
- ESG: Environmental, social and governance
- Appendix 20 or ESG Reporting Guide: the Appendix 20 – Environmental, Social and Governance Reporting Guide of the Listing Rules
- GEM: GEM of the Stock Exchange of Hong Kong Limited
- Hong Kong: The Hong Kong Special Administrative Region of the People's Republic of China, including Hong Kong Island, Kowloon and the New Territories
- PRC: The People's Republic of China
- KPIs: Key Performance Indicators
- Listing Rules: The Rules Governing the Listing of Equity Securities on the GEM of the Stock Exchange of Hong Kong Limited
- Stock Exchange: The Stock Exchange of Hong Kong Limited

OVERVIEW

(I) Purpose

Yik Wo International Holdings Limited (the "Company"), together with its subsidiaries (referred to as the "Group", "we" and "our"), successfully listed on the GEM of the Stock Exchange of Hong Kong Limited ("HKEx") on 13 July 2020. In accordance with the requirements of HKEx, listed companies are required to provide an Environmental, Social and Governance Report ("ESG Report"). This is the second ESG Report since the listing which mainly introduces the Group's vision, policies and measures by establishing the key performance indicators ("KPIs"), and reports its performance regarding environmental and social issues for internal assessment and management control, and communicating to the internal and external stakeholders.

(II) Scope of Report

The Group is primarily engaged in the manufacturing and sales of disposable plastic food storage containers including food storage containers and drinkwares. The products are sold as non-branded and under its own brand "JAZZIT" to customers in the PRC with a small part to customers in overseas countries. This ESG report covers the operations and activities of our Fujian factories and showroom.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(III) Basis of Preparation

This is our second ESG Report since our listing on the GEM of the HKEx and is in accordance with the ESG Reporting Guide (the “ESG Reporting Guide”) outlined in Appendix 20 of the GEM Listing Rules and Guidance Governing the Listing of Securities on HKEx. The content of this report includes two main subject areas, as outlined and required by the ESG Reporting Guide, namely Area A – Environmental and Area B – Social and further includes the disclosure of climate-change related issues, which have or may impact our Group.

This ESG Report, which has been reviewed and approved by the board of the Company (the “Board”), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantification, balance and consistency to disclose relevant statistics and information.

(IV) Reporting Period

This report is for the period from 1 January 2021 to 31 December 2021 (the “2021 Reporting Period”).

(V) Corporate Goals and Visions

The Group's vision is to be a leading manufacturer on a sustainable basis of disposable plastic food storage containers and drinkwares in both the PRC and worldwide. We are committed to providing these products with a reasonable return on investments to our shareholders, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees.

(VI) ESG Management

Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and opinions from our key stakeholders. The Group's visions and goals, and the ESG management policy and approach can be summarized in the following statements.

1. The Group is committed to be successful in undertaking its business, whilst providing strong returns to our investors and supporters, a healthy and safe working environment to our employees and helping to provide sustainable developments for the local communities and the Group.
2. The Board from time to time approves and updates strategies and policies which are incorporated with the related environmental and social issues stated in the ESG Reporting Guide. The Board has assigned each department to implement ESG policies in accordance with the respective operations and activities. Through their normal and routine channels, all departments report directly to the Group's Chief Executive Officer (“CEO”), who has the overall responsibility to ensure that the Board's approved strategies and policies are implemented. The departments are responsible for exploring and developing KPIs, where appropriate and necessary, in accordance with the Group's policies and goals.
3. It is the duty of the Group's CEO, Chief Operating Officer (“COO”) and the management team (the “Management Team”) to examine and address all the environmental and social issues detailed in the aspects and areas in the ESG Reporting Guide.

Overall, the Group takes an active role in ensuring sustainable and environmentally friendly production and operations by employing various measures, which are compliant with relevant laws, operating practices and standards. The Group continues to uphold our established environmental protection and management system. The adoption and application of the Quality Management Systems (ISO 9001:2015), which the Group has been certified with since 2020, and Environmental Management System (ISO 14001:2015), which the Group has been certified with since 2020, has proven to be effective in ESG management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS COMMUNICATION AND MATERIALITY

In managing the priorities, the Group continues to ensure its operations are in compliance with its environmental and social responsibilities and obligations. The Group also continues to take into account of the opinions and views, and strive to address their concerns with the various stakeholders through the stated communication channels as listed below:

Stakeholders	Communication Channels
Shareholders/Investors	<ul style="list-style-type: none"> • General meetings • Information published on websites of the Company and the HKEx • Direct emails or phone enquiries • Dispatched documents
Employees	<ul style="list-style-type: none"> • Direct meetings with the management executives • Emails • Annual and regular appraisal • Organized functions and activities for the employees
Customers	<ul style="list-style-type: none"> • Day-to-day communication through front line staff • Emails • Official websites
Suppliers/service providers/ professional advisors	<ul style="list-style-type: none"> • Day-to-day communication through front line staff • Regular review of the signed arrangements by the management
NGO partners	<ul style="list-style-type: none"> • Volunteer activities • Sponsors and donations
Industry associations	<ul style="list-style-type: none"> • Participation in annual and regular meetings and events

After collecting the views and opinions, the CEO and/or COO will carry out materiality assessments internally with the related managers and externally with related stakeholders through various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones, etc. For 2021, the Group and the stakeholders have identified the following material areas and aspects:

Subject Areas	Subject Aspects	Materiality
Environmental	A1. Emissions	✓
	A2. Use of Resources	✓
	A3. Environment and Natural Resources	✓
	A4. Climate Change	✓
Social	B1. Employment	✓
	B2. Health and Safety	✓
	B3. Development and Training	✓
	B4. Labour Standards	✓
Operating Practices	B5. Supply Chain Management	✓
	B6. Product Responsibility	✓
	B7. Anti-corruption	✓
Community	B8. Community Investment	✓

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Through the Group's established management structure, process, policies and guidelines as aforementioned and described, the above ESG material areas and aspects have been strictly managed and monitored and herein are summarized below:

A. ENVIRONMENTAL

1.1 Environmental Areas Overview

As the Group understands its obligations, we have implemented a company-wide "Environmental Protection and Sustainability Policy and Procedures" which aims to achieve a balance between undertaking business, maximize returns to our shareholders, ensuring our operations and activities minimise any adverse impacts on the environment, and being energy, water and resource usage efficient.

Our "Environmental Protection and Sustainability Policy and Procedures" is summarized below:

Purpose

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts by and on the company and ensuring compliance with all relevant national and local environmental laws and regulations including but not limited to:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法);
- Water Pollution and Control Law of the PRC (中華人民共和國水污染防治法);
- Atmospheric Pollution and Control Law of the PRC (中華人民共和國大氣污染防治法);
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法); and
- Cleaner Production Promotion Law of the PRC (中華人民共和國清潔生產促進法).

Procedure

- (i) The Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.
- (ii) The Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal, unusual and emergency situation as follows:
 - Normal is defined as a routine activity or work that is carried out daily and is part of a process;
 - Unusual refers to non-routine work that occurs under unexpected circumstances; and
 - Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action has to be taken. For example: major leakage and spillage, fire, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- (iii) When identifying the environmental aspects, all activities likely to cause environmental impact or improve general sustainability are considered including but not limited to the following:
- Gas emissions;
 - Land contamination;
 - Sustainability and the efficient use of raw materials, energy, water and other natural resources;
 - Other local environmental issues; and
 - National and local laws and regulations.
- (iv) At least once every year, the Management Team shall review the environmental aspects. They shall also update regularly based on new laws and regulations, organizational work activities and processes or production systems or equipment, and also based on updated knowledge obtained through incidents/ accidents, organizational or other requirements.
- (v) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, and the following shall be considered:
- Global warming;
 - Water pollution;
 - Air pollution;
 - Waste generation;
 - Land/soil contamination;
 - Noise pollution; and
 - Depletion of natural resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 Environmental Aspects

The Group advocates the importance of sustainable development in relation to our on-going business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions and to ensure minimal impact to the environment. All of our employees are made aware of their respective roles and responsibilities in conserving energy and natural resources and we regularly assess new production equipment and processes and maintain compliance with Quality Management Systems Certification (ISO 9000:2015) and Environmental Management System Certification (ISO 14001:2015), to reduce pollution and improve sustainability. Furthermore, the Group abided to the updated environmental policies and regulations which are the Classified Management Directory for Environmental Impact Assessment of Construction Projects of the PRC (建設項目環境影響評價分類管理名錄) and the National Directory of Hazardous Wastes of the PRC (國家危險廢物名錄), which were updated during the 2021 Reporting Period.

During the 2021 Reporting Period, the Group was not subject to any confirmed cases for breaching environmental legislation in relation to emissions and waste discharge or other environmental issues that could have an adverse impact on the local environment.

A1 Emissions and Wastes

Indirect Emissions - Greenhouse Gas ("GHG")

Indirect emissions consist of carbon dioxide, methane and nitrous oxide ("CO₂e"). However, since the Group is only using electricity for our production, carbon dioxide remains as the primary source of greenhouse gas emissions.

For the 2021 Reporting Period, electricity consumption by our manufacturing facilities (and accompanying offices) amounted to 8,029,082 kWh. Based on this, the Group's operations and activities generated a total of 5,648.46 tonnes or approximately 33.62 tonnes per worker per year from the use of electricity.

To reduce indirect GHG emissions, we have formulated a Climate Change Strategy that will continue to improve our energy saving practices including strictly controlling the electricity consumption of our production facility and to invest in new production equipment and processes. We target to lower the CO₂e emission per worker per year within 5% through the reduction of electricity consumption per employee.

Direct emissions

Since we have sub-contracted all of our logistical needs to external transport operators and have utilized electric driven production equipment, the uses of fossil fuels and its resultant direct hazardous gas emissions is immaterial. However, according to the Group's understanding, emissions from transportation have decreased due to transportation restriction and quarantine measures due to the widespread pandemic of the Coronavirus Disease ("COVID-19"). It has been forecasted by the Group that transportation will normalize in the near future.

Noise Pollution Emission

The Group does not generate any noise pollution to the surrounding neighbors as our business operations and activities are conducted inside our factory and offices, with a tailor-made building structure. Within our factory operation, in certain parts of the operation, noise is generated, but the extent is far below national and industry standard limits. To be cautious and to protect our workers, it is compulsory that protective equipment is worn at all times during production activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Light Emission

Our business operations and activities do not generate any light pollution.

Hazardous and Non-Hazardous Wastes

The Group has developed a natural and pollution-free philosophy in its business where possible and has adopted the 3-R principle – to reduce, reuse and recycle. All employees are constantly reminded to adopt the 3-R principle in their handling and use of resources. Consideration is given to recycle and reuse in the various processes and stages of production, mainly from the beginning in which environmentally friendly raw materials are utilized. For example, polypropylene containers are favoured to be manufactured as it is considered a more environmentally friendly material due to its ease to decompose and recycle.

Non-hazardous wastes are generated from both production operations and non-production operations. Non-hazardous wastes generated from the production processes are mainly packaging materials –namely affixed labels, plastic film and kraft paper. An insignificant amount of non-hazardous materials is also generated from non-production areas, such as supporting offices, dormitories and canteens. All such wastes are collected and disposed of by external waste collectors. Nevertheless, the amount of hazardous wastes generated from our manufacturing operations is insignificant and poses no material impact to the environment.

Mitigation Measures and Reduction Initiatives

As analyzed above, the Group does not generate much hazardous and non-hazardous emissions and discharges. However, as a responsible corporation, we are conscious of the effects our operations and activities may have on the environment and constantly work on maximizing energy efficiency and minimizing emissions, wastes generation and disposal. We fully comply with all applicable environmental laws, rules and regulations, and industrial standards in the markets we operate in. We comply with Quality Management Systems Certification (ISO 9000:2015) and Environmental Management System Certification (ISO 14001:2015), to reduce pollution and improve sustainability.

To combat global warming and to reduce the generation of CO₂e emissions and hazardous pollutants, we target to reduce our electricity consumption, and have introduced measures to achieve it. For example, we have instructed our staff and workers to turn off electricity when our factory and office equipment are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and not to set all air-conditioners' temperature setting to lower than 25° C under normal conditions. The Group has also invested in energy saving tools and equipment such as energy-saving copiers and computers installed LED lights, encouraged employees to use teleconferencing to reduce their travels and to use public transport whenever possible.

During the 2021 Reporting Period, the Group did not have any violation related to hazardous or nonhazardous air emissions. We are determined to take all necessary measures to achieve the same results for the coming years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2 Use of resources

As an industrial operation, we consume electricity, water, printing paper and ink, packaging materials, and plastic. We promote the company-wide goal to saving resources and have implemented various measures to improve our resource saving performance, to minimize the impact to the environment and achieve operational optimization while complying with the relevant national and local laws and regulations. We have approved and implemented clear environmental policies and measures with the target to have an efficient use of resources for production facilities and processes, office administration, and the general use of our employees without causing pollution whilst saving resources. Our consumption of electricity, fossil fuels, water, printing papers and, plastic for 2021 were recorded as follows:

(i) Electricity & Fuel Consumption

Electricity is the only source of energy for our industrial production and our offices and dormitories operations and activities and is supplied by the local electricity grid. In 2021, our factory, offices and dormitories together consumed 8,029,082 kWh or 47,792.15 kWh per worker per year.

The Group targets to lower its electricity consumption by 2% in the coming reporting year.

The Group recognises that investing in energy efficiency initiatives helps us to minimise our environmental impacts while also reducing costs. Our production facilities and accompanying dormitories are powered by a consistent and sufficient supply of electricity, which is supplied by the local electricity grid. To save energy, which also saves costs, we have installed energy saving LED lights and control meters and invested in the latest energy efficient production equipment and processes. The Group has promulgated rules and encouraged staff and workers to use resources efficiently and environmentally friendly including:

- Lights and equipment must be turned off if not in use;
- Maintaining work environments at pre-determined and energy efficient temperatures; and
- Encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow.

(ii) Fresh Water Consumption and Sourcing

For water, the main consumption comes from the production process in cooling plastic. Water is also used in the employee' dormitory for their personal use. Our factory, offices and dormitories all use fresh water supplied from the cities' central water supply network and we do not have any problem on sourcing of our water needs.

At all times we request the staff and workers to use fresh water smartly and be responsible, as it is one of the most precious natural resources. We monitor water usage patterns constantly via the use of smart meters and our own inspection teams who have been assigned to ensure there is no unwarranted uses and waste.

For 2021 Reporting Period, the Group consumed a total of 39,318 m³ or 234.04 m³ per worker per year of fresh water for industrial production, and offices and dormitories daily usage purposes.

For the coming year, we will continue to mobilize our staff and workers to save fresh water consumption, nevertheless continue to expand our operations, and target a 2% decrease in water consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(iii) Paper and Packaging Materials and Other Raw Materials Consumption

We consider our use of packaging materials, namely affixed labels, plastic film and kraft paper, to be a material item and have established a KPIs to measure and monitor this.

During the 2021 Reporting Period, we used a total of 2,283,538 units of carton. The papers are used by the factories for printing. We will continue to monitor our usage and look at ways to introduce more sustainable and environmentally friending materials where possible.

For the upcoming reporting period, to save paper consumption, we have implemented or in the process of implementing the following measures in our offices:

- Avoid unnecessary printing and print on both sides;
- Use recycled papers and reuse paper-made products such as envelopes and folders;
- Replace the use of papers by sharing and storing information and documents in electronic formats; and
- Adopt a company-wide cloud based working environment including ERP system to reduce the need for printed documentation.

As explained before, during our production process, we use a lot of plastic raw materials, in which 16,987.38 tonnes of plastic raw materials was used during production. As aforementioned, we favour the use of polypropylene as it is easy to recycle and biodegradable.

A3 Environment and natural resources

The Group's business operations and activities do not create significant environmental impact and hazards. As a responsible corporation, we have implemented our environmental protection policy and have complied with all national and local environmental laws, rules and regulations, and industry standards. We are committed to conserving resources in order to reduce its impact on the environment as well as saving operational costs. We cooperate with the local government agencies and support environmental organizations' activities to build a "green" society. The Group has also implemented green purchasing practices and best practice technologies to conserve natural resources where applicable.

During the 2021 Reporting Period, fresh water, electricity and paper-based packaging materials for normal production operation were the key elements which were considered to have an impact on the environment. We have continued to support all measures to reduce, reuse, recycle, and replace as far as possible and practicable as laid down in our Environmental Policy and Measures. The Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners for the violation of any environmental rules and regulations, the act of polluting the environment or causing any environmental troubles. For the coming year, we will continue to achieve zero complaints and no pollution occurrences, and to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A4 Climate Change

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. We recognise that the impacts of climate change are varied and long-ranging and the risks identified could prevent us from meeting our strategic objectives and could result in adverse operational, compliance and financial impacts. Thus, climate change risks are considered by our Board to be material risks and oversight is given to the Audit Committee who is developing an overarching Climate Change Strategy to reduce greenhouse gas emissions with policies and procedures to manage such potential risks including:

- Potential disruption to our operations due to extreme weather events and changing weather patterns;
- Changing customer behaviours and requirements as demand moves to other new machinery and equipment such as wind turbines;
- Changes in cost and availability of raw materials (polypropylene) and utilities such as renewable electricity, water and gas and relevant costs of securing and maintaining sufficient supply;
- Changes to government policy, law and regulation (including pricing carbon, renewable electricity pricing etc), which could result in increased operational costs and potential for litigation; and
- Failure to meet expectations of stakeholders.

Climate change is mainly caused by the release of CO₂ into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for transportation. As the world transitions to a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this. After discussions with our stakeholders, we have identified energy, water and logistics as immediate areas that we can tackle to both combat climate change and reduce potential costs in the future.

Energy

During the 2021 Reporting Period, the Group generated indirect greenhouse gas mainly CO₂, through the uses of electricity. As explained previously, we have implemented policies and procedures to reduce the use of fossil fuels as well as electricity across our organization and we will continue to invest in new more energy efficient manufacturing equipment and processes in the near future. We are currently investigating the cost-benefit of partial self-generation of renewable energy via solar panel installation, etc.

Water

Water is used both in our production process and by our employees in their dormitories. The Group has taken measures to encourage employees to more efficiently use water in order to reduce its consumption.

Logistics

In line with our Climate Change Strategy, the carbon footprint and sustainability of suppliers is an important consideration and we are actively seeking logistics partners that utilize electric vehicles or close equivalents to minimize their own carbon footprint where possible.

For the 2021 Reporting Period, the Group's business operations and activities, except for the above three aspects, did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect CO₂ emissions and fresh water consumption for the coming year.

B. SOCIAL

1.1 Social Areas Overview

The Group acts in an honest and transparent principle and aims to support the building of a harmonious society and a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the governing authorities. During the formulation and implementation of our ESG strategies, policies, rules and regulations, we incorporate our long and short-term goals with consideration for our stakeholders and society. We believe that our modest acts will ultimately benefit the stakeholders and general society.

1.2 Employment and Labour Practices Aspects

B1 Employment

The Group strives to create a workplace which makes each employee feel valued and inspire to do their best and at all times regard our employees as valuable assets for our sustained development and growth. It is our policy to strictly comply with all the relevant statutory requirements in the Labour Law of the PRC (中華人民共和國勞動法) and other applicable laws and regulations in the PRC, and the Hong Kong Employment Ordinance.

The Human Resources Department is responsible for the employment and the relevant policies, which are clearly laid out in our Employee Handbook, including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and other benefits and welfares.

The Group is committed to providing employees with equal opportunity on recruitment, promotion, compensation and benefits as specified in the relevant statutory provisions. To ensure a fair and rational human resources structure, the Group has established job qualifications and requirements specific to each job position in the local offices. They are taken as criteria for recruitment, promotion and transfer. The recruitment and decision-making processes involve both the relevant operational levels and the Human Resources Department. All employees enter into proper and standard employment contracts between the Group as required by law. Employment of child labor and forced labor is expressly and strictly forbidden.

In accordance with the requirements of the national laws of the PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法), the Administrative Regulations on Housing Provident Funds (住房公積金管理條例) and local Employment and Labour Law of Hong Kong, the Group provides and maintains statutory benefits to all qualified staff, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays.

Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment of the Group:

For the year ended 31 December 2021, the Group had the following employment breakdown:

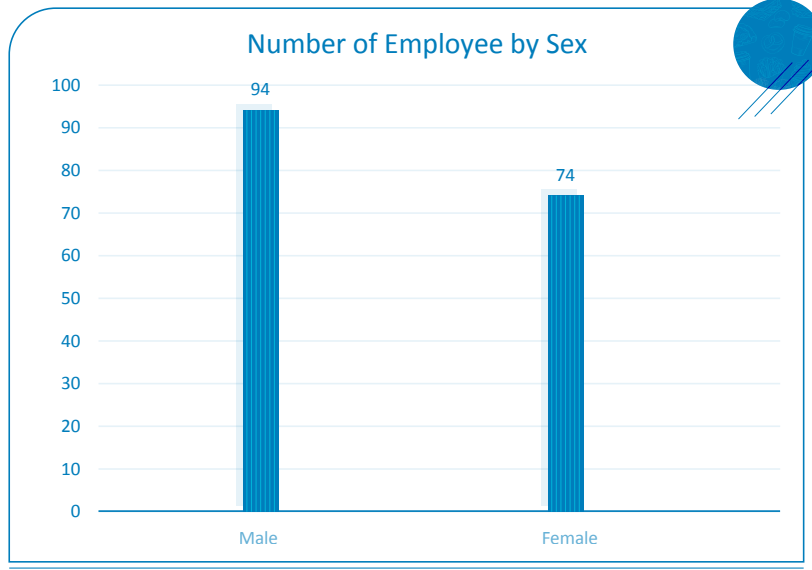


Figure 1: Number of Employee by Sex

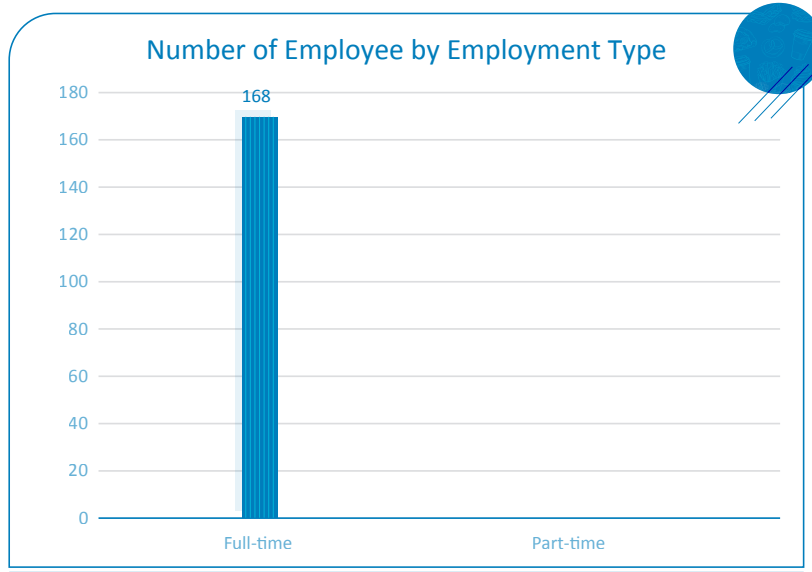


Figure 2: Number of Employee by Employment Type

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

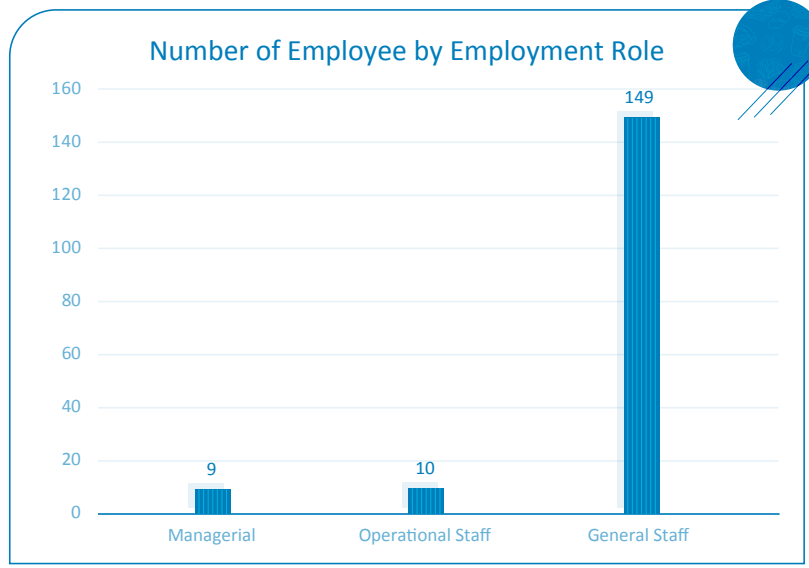


Figure 3: Number of Employee by Employment Role

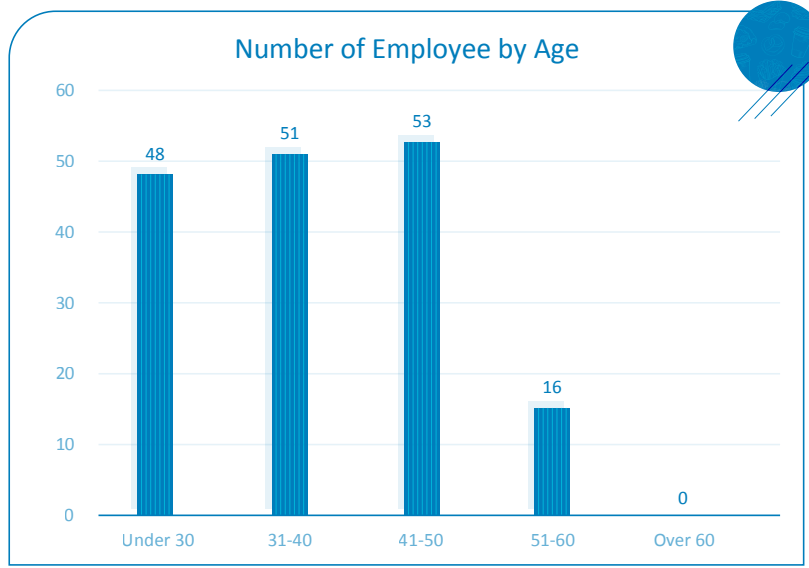


Figure 4: Number of Employee by Age

During the 2021 Reporting Period, the Group did not have any incidents of non-compliance with relevant 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. We are confident that the Group will achieve the same result for the coming year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment Turnover of the Group:

For the 2021 Reporting Period, a total of 9 employees voluntarily left for personal reasons and further career development. A breakdown of the employment turnover rates of the Group are broken down as follows:

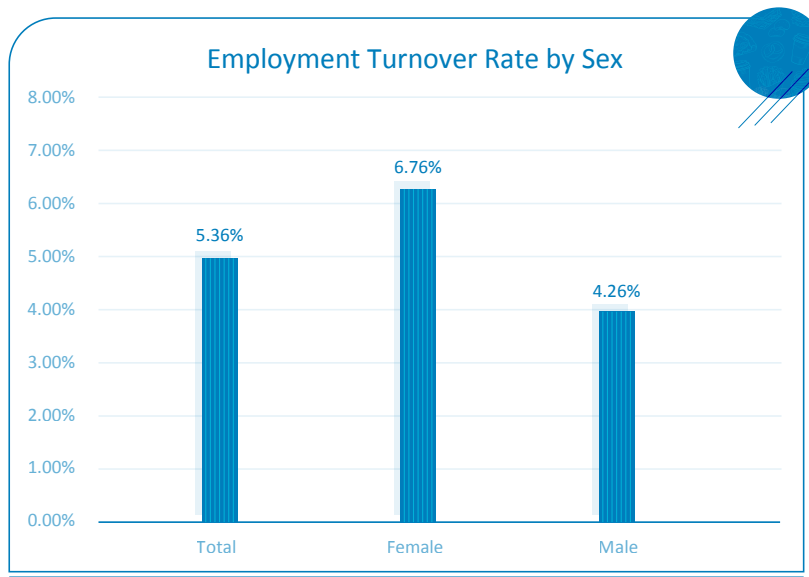


Figure 5: Employment Turnover Rate by Sex

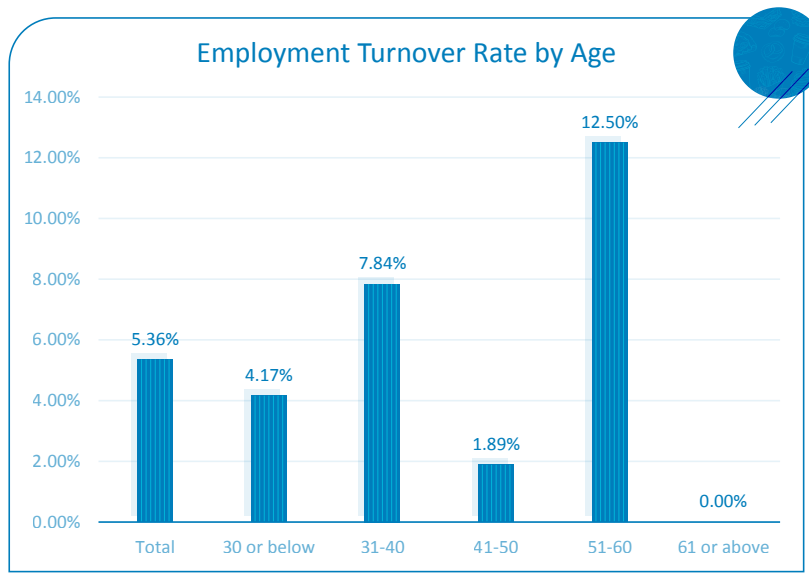


Figure 6: Employment Turnover Rate by Age

B2 Health and safety

Given the nature of the Group's business in plastic food container and drinkware products related manufacturing, and being a responsible employer, the Group considers the health and safety of employees as our primary concern. We are focused on personal accountability, proactive hazard and incident management, risk mitigation and creating a positive health and wellbeing culture.

The Work Safety Law of the PRC (中華人民共和國安全生產法) is the overriding law regulating health and safety of employees in our operations. Additionally, Food Safety Law of the PRC (中華人民共和國食品安全法) is also of importance in the production of food-related products. However, leadership and culture are critical to embedding the importance of health and safety throughout our Group. Department managers and all employees are required to complete training to understand the practicalities of health and safety laws and regulations, and how they apply to our business particularly manufacturing practices. Specific safety rules, instructions and procedures for the safe operation of plants and employee safety are detailed in our Employee Handbook. The Safety Officer is responsible for the work safety and has composed a Safety Manual, which contains the relevant regulations and standards and developed processes applicable to our manufacturing operations.

All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and to place safety as their priority over production. Managers and supervisors are charged with the responsibility of ensuring that safety policies, rules and practices are observed. The Group has also taken out the required insurance for all employees in accordance with the statutory requirements of their employment locations.

The Group has equipped its production facilities with all the required safety equipment and facilities. We regularly purchase and ensure that all employees, at all times, have available and wear their labour safety equipment, such as safety helmets, gloves, and goggles.

In-house rules require all injuries or accidents to be promptly reported and properly dealt with in accordance with the national or local laws. In parallel, remedial or compensatory actions arising from safety and health issues or work injuries are required to be taken immediately where necessary as stipulated by the in-house rules. The Group did not have any record on any claim disputes on compensation or work-related injury investigation by the government officials in the 2021 Reporting Period.

During the 2021 Reporting Period, there were no cases of injury. Furthermore, there were no other accidents or incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards which could have significant impact on the production operations or businesses of the Group.

Our low injury rate shows that our safety and health policies and measures including training are effectively implemented and adhered to. The Group targets to achieve a zero injury and causality result for the coming year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3 Development and training

As a professional organisation, we provide our employees with numerous career development and job-specific training opportunities covering a range of areas, including but not limited to professional development, trade skills, quality improvement, customer service, leadership and safety. Employees are encouraged to engage in self-development by taking external training programs and seminars, however, during the 2021 Reporting Period, none of the employees engaged in external training programs due to COVID-19.

Below is the breakdown of the percentage of employees trained during the 2021 Reporting Period by sex and employment role:

Training (No. of employees)	Internal	External
Total employee trained	100%	—
Male	55.95%	—
Female	44.05%	—
Managerial	5.36%	—
Operational	5.95%	—
General	88.69%	—

Training (Hours)	Internal	External
Average hours trained	31.44	—
Male	2,914	—
Female	2,368	—
Managerial	288	—
Operational	320	—
General	4,674	—

B4 Labor standards

The Group adopts the statutory requirements and standards applicable to our business operations to be our minimum labor standard on labor protection and welfare. The Group is committed to ensuring its full compliance and all management and supervisory levels are made aware of this.

Banning the employment of child labor, illegal workers and forced labor is achieved through the recruitment and employment process at source by the Human Resources Department. All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. Such information is kept as the employee's personal file for record and future reference and government inspection.

The Head of the Human Resources Department and the heads of relevant department are charged with the duty of overseeing its compliance and are also responsible for ensuring that all labor protection and welfare obligations are complied with and any breaches of statutory compliance are brought to the attention of the senior levels.

During the 2021 Reporting Period, no case of any child labor or forced labor employment was reported or detected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5 Supply chain management

The Procurement Department is responsible for the procurement of raw materials. It also manages the procurement price, cost and supplier based on the company's development plan and sales targets, and to keep enough inventories to meet customer requirements.

The principal raw materials that we use for the manufacturing of disposable plastic food containers and drinkwares. Our suppliers of raw materials are located in the PRC. We do not enter into any long-term supply agreements with our suppliers. We procure our raw materials by individual sales orders on a case by case basis and the selling price and quantity of the raw materials required is negotiated on a case by case basis as and when we require the materials to meet a new sales order.

Before the purchase of raw materials, certifications or test results are to be provided by the suppliers as to meet the required safety standards. Once available and purchased, the Group's quality control staff will conduct sample check on the incoming raw materials. Under circumstances that the raw materials are sub-standard or defective, request for a refund will be asked of with the supplier.

On the basis of the existing quality and environmental assessment system, the use of environmentally friendly products and services is included as one of the important indexes in the social responsibility assessment system during the selection of suppliers. For the purpose of adjusting suppliers' expectation and capabilities in using environmentally preferable products and services, the Group tends to choose those suppliers using environmentally friendly products. The Group also assesses the suppliers' performance in quality, environment, and social responsibility aspects in the daily management, either by using the Group's self-inspection policies or entrusting a third-party agency to regularly evaluate and review the suppliers' use of environmentally friendly products and services. The review results would be used as an important basis during supplier selection, amount of future order procurement, and removal from supplier list.

During the 2021 Reporting Period, owing to the special nature of our raw materials, we only sourced raw materials from 16 suppliers located in the PRC and no raw materials were sourced from overseas. 14 of our suppliers are located in Fujian Province, last two of them are located in Guangdong Province and Gansu province respectively.

B6 Product Responsibilities

Product Quality

We are focused on high quality assurance as we believe that the quality and consistency of our products are critical to our ability to retain our customers and to expand market share. We not only comply with the Food Safety Law of the PRC and maintain Quality Management Systems Certification (ISO 9001:2015) and Environmental Management System Certification (ISO 14001:2015), which the Group have been certified since 2020, but also comply with some of the highest international standards as required by our customers including the SGS certifications and Regulation (EU) No. 10/2011. To maintain our competitive edge and continuously improve quality and sustainability, we are also committed to investing in increasing our production capabilities with new high-end plants and equipment and automation technologies. For example, new machines are equipped with thermostats which ensure the temperature is consistent and help to reduce cracking of slewing rings and product failure rate. By working closely with our customers, we are able to keep abreast of the latest product development and knowledge.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The major parts of our quality assurance procedures and processes are:

- Our quality assurance team inspects the incoming materials to ensure they are in line with our purchase order, such as the quantity, specifications, serial number, material, dimension and the physical condition. We will also check the test report provided by our supplier.
- On a sampling basis, we will take measurement of, and conduct visual inspection on our food container to see if there are any defects on their surface.
- On a sampling basis, we arrange for independent services providers to check the chemical composition of our incoming raw materials. This is to make sure that the chemical composition conforms to our specifications set forth in our purchase order.
- Upon completion of the manufacturing process, our quality assurance department will conduct final quality assurance test on the products.
- We conduct quality testing on all finished products to ensure that they comply with our customers' specifications

During the 2021 Reporting Period, due to the very specific nature of our products and the requirements for near perfect quality assurance, the Group recorded 0% return on goods sold. In the coming year, we will continue to stringently control and improve our product quality even further with a target of zero complaints.

Handling of Complaints

Policies and procedures are in place to ensure that all customer complaints or concerns are addressed to at the appropriate levels in a timely manner. In our sales contracts, there are clear clauses specifying our responsibilities under quality issues. The Sales Department is responsible for handling all sales complaint issues. Standing arrangements are also in place for an independent third party to adjudicate on any unresolved disputes between the Sales Department and the client. Consequential remedial actions will be taken promptly and in a responsible manner.

During the 2021 Reporting Period, we only received no complaints on the quality of our services and products.

Intellectual Property Right

The Group, up to the end of the 2021 Reporting Period, had built up a portfolio of intellectual property rights including 6 trademarks registers in the PRC, 47 patents registered in the PRC and 1 registered domain name.

We primarily rely on trademark and intellectual property laws, and confidentiality agreements with our senior employees, to protect all intellectual property relating to the Group and operations. We purchase and utilise fully licensed software in our operations.

For the 2021 Reporting Period, the Group had made 6 patent applications, and there were no legal proceedings against the Group. We will continue to maintain similar results on intellectual property rights in the coming years ahead.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Privacy

The Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, patented production technology, etc. These types of information are extremely sensitive and important, and by law, have to be cautiously safeguarded and protected. The Group fully understands its obligation and has taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures.

The Group fully abides by all relevant laws and regulations regarding privacy and utilization of data. Our employees have been trained to handle the sensitive information during the course of business with due care. The Group has incorporated the Confidential Clause into the Staff Handbook and Employment Contract, under which all employees are obligated to follow.

During the 2021 Reporting Period, the Group did not have any incidents of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to advertising, labelling and privacy matters. We also target the same result for the coming years ahead.

B7 *Anti-corruption*

The Group is well aware of the importance of honesty, integrity and fairness in our business operations and has therefore put in place an anti-corruption policy. All employees are required to declare any conflicts of interests in the execution of their roles and duties. Through the establishment of these rules and regulations, the Group encourages all employees to discharge their duties with integrity and comply with the relevant laws and regulations.

The Group prohibits corruption in any form, which includes but not limited to, receiving gifts, cash, any preferential conditions, the provision of dry shares or dividends, etc. Key personnel of the Group are required to sign an "Integrity Commitment Statement", to ensure there is no conflict of interest. Furthermore, customers, suppliers, service providers and contractors who have business dealings with the company must also specify the incorruptibility clauses in the "Integrity Commitment Statement".

The Group acts proactively on investigating any violation of the regulations, by working closely with different departments of the Group and monitoring any commercial bribery activities. Any violation of such regulations or suspected behaviors will be handled by the judiciary bodies attentively.

Transactions in large monetary sums are processed through bank transactions which require authorized signatories of the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate.

During the 2021 Reporting Period, the Group recorded no bribery nor corruption charges and is confident to achieve a similar result for the coming years ahead.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



B8 *Community investment*

The Group fully understands our social obligations and the need for re-contributing to the society. Through the day-to-day contact with various local government officials and industry leaders, the Group continues to explore and examine what and how the Group can contribute more and in a better way to the local community and society. The Group encourages and supports our staff and workers to participate in voluntary social welfare works such as to give paid leave for such activities.