

ABOUT THIS REPORT

This report is the first environmental, social and governance report (the "report") published by the Company, which explains the environmental, social and governance performance of the Group.

Available in both Chinese and English, the report has been uploaded to the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.wahsun.com.hk.

Reporting Boundary

This report focuses on the Company's operation of handbags manufacturing and sales between 1 April 2017 and 31 March 2018 ("this year"). The reporting boundary includes the Group's operations in its Hong Kong head office (the "Headquarters") and the production plant in Kampong Speu, Cambodia (the "Factory") (together referred to as "sites of operation"). The Company will continuously upgrade the internal data collection procedure and gradually expand the scope of disclosure.

A complete index is inserted in the last chapter for reader's easy reference.

Confirmation and Approval

Information disclosed in this report is sourced from the internal documents and statistical data of the Group. This report has been confirmed and approved by the board of directors of the Company in June 2018.

Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group via the following channels:

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PROTECTING THE ENVIRONMENT

Environmental sustainability is a key focus of the Group's corporate social sustainability. The Group abides by the environmental laws and regulations of all sites of operation and has formulated the Environmental Protection Policy Statement to demonstrate its determination to protect the environment.

Emissions

The Group pledges itself to:



Minimise emission of air pollutants and Greenhouse Gases ("GHG");



Adopt internationally recognised standards or equivalent local standards in assessing and disclosing the emission of GHG in its operation; and



Prevent and minimise waste.

There was no emission with significant environmental impacts regarding the operation of the Headquarters. Main emissions of the Group came from the daily operation of the Factory, including air emissions generated from fuel vehicles and GHG generated mainly from purchased electricity and non-hazardous solid waste. The amount of production wastewater was insignificant as the production of handbags in the Factory mainly involved workers operating sewing machines and other machines of a similar nature. Domestic wastewater produced by the Group was discharged directly through local pipe network to a local sewage treatment plant.

Air emissions

The major sources of air pollutants were generated in the Factory, mainly from the electricity generators and petrol vehicles, which emitted nitrogen oxides, sulphur oxides and particulate matters.

Air Emi	ssions ¹
Air Pollutants	Total Emissions (in kg)
Nitrogen Oxides	1,770.9
Sulphur Oxides	31.1
Particulate Matter	34.3

GHG emissions

This year the Group commissioned a consultancy to conduct a carbon assessment to quantify the GHG emissions (or 'carbon emissions') of its operation. The process of quantification was conducted with reference to the guidelines² compiled by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong as well as international standards such as The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

The main sources of carbon emission of the Group were electricity consumption and direct emissions from mobile combustion of company-owned vehicles. To address the main sources of carbon emissions, the Group will continue to assess, record and disclose its GHG emissions and other environmental data on a yearly basis. Using this year's data as the baseline, comparison with future data can be made to evaluate the effectiveness of current measures and to help formulate carbon reduction targets in the future.

Gree	nhouse Gas Emissions		
Scope	Headquarters	Factory	Total Emissions (in CO2-equivalent)
Scope 1: Direct emissions			
Stationary combustion sources	N/A	54.0	54.0
Mobile combustion sources	O ³	59.0	59.0
Scope 2: Energy indirect emissions			
Purchased electricity	12.5	1,543.5	1,556.1
Total GHG Emissions	12.5	1,656.5	1,669.0
Carbon Intensit	0.12		

The figures of air emissions only include operations in the Factory.

Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

³ GHG emissions from vehicle use of the Headquarters is not accounted due to incomplete data. The Group will include this information in next year's report.

Waste

Only non-hazardous waste was generated from the daily operation of the Headquarters and the Factory. The total production of waste was 567.1 tonnes this year.

A complete index is inserted in the last chapter for reader's easy reference.

Use of Resources

The Group is well aware that reasonable use of resources is essential to sustainable development. The Group pledges itself to:

Adopt the principles of reduce, reuse and recycle to increase the consumption efficiency of energy, paper, water and other resources in its operation;

Nurture the culture of environmental protection within the Group to increase the environmental awareness of staff;

Formulate achievable and measurable goals with regard to environmental protection;

Maintain continuous communication with staff with regard to environmental protection policies;

Review the implementation of the Environmental Protection Policy Statement regularly to ensure effective execution.

Electricity was the most consumed energy of the Group and the main source of consumption came from the electricity used for equipment in the Factory.

Direct Energy Consumption in Total 2,263.1 GJ

Indirect Energy Consumption in Total 2,942.6 MWh



The Group seeks to encourage its staff to adopt efficiency measures in the use of lighting, computer and paper in its sites of operation.



- Switch off unnecessary lighting in public areas (such as reception area, pantry, lavatory and corridors) during less busy hours (such as lunch-time and non-business hours);
- Reduce the need of lighting by painting office walls and ceilings in light colours.



- Use paper of lower weight;
- Adjust printer setting for double-sided printing;
- Reuse envelopes and folders for sending internal documents and letters;
- Adopt electronic communication and filing.



Computer

- Adjust the computer setting to activate the standby or hibernation mode of computer so that the display monitor will switch off automatically or enter energy saving mode when left idle for a period of time;
- Set the brightness of the display monitor to an appropriate level;
- Switch off personal computers (including the display monitor) after office hours.



- Air-conditioner
- Switch off some air-conditioners during less busy hours (such as lunch-time and nonbusiness hours);
- Switch on the air-conditioner only when the meeting room is occupied. Switch off the airconditioner upon leaving the meeting room;
- Encourage casual dress to reduce demand for air-conditioning in summer.

Furthermore, the Factory has adopted extra practices to reduce use of resources, including installing energy efficient lighting system and maintaining or replacing malfunctioning equipment in time to increase energy efficiency.

The Group plans to monitor energy consumption and formulate energy saving targets for all sites of operation in the following year for continuous improvement in its use of resources.

The Environment and Natural Resources

Due to the nature of the Group's business, its daily operation posed no significant adverse impact on the environment. The Factory has established the Environmental, Safety and Health (ESH) Committee to oversee the policies concerning ESH matters and manage ESH related issues in its daily operation.

The Group abides by the relevant laws and regulations. There were no cases of non-compliance in relation to emissions and the environment within the reporting scope this year. Looking ahead, the Group will continuously assess its environmental risks so as to formulate appropriate response measures and regularly review and update its Environmental Protection Policy Statement.

EMPLOYMENT AND LABOUR PRACTICES

The Group abides by all laws and regulations in its sites of operation and has formulated the Employment and Labour Policy Statement. The aim of the policy statement is to provide staff with a workplace that is free of discrimination and harassment, and emphasises diversity, health and safety.

Employment

The Group regards talents as a key to corporate success and sustainability. The Group abides by all employment laws and regulations that apply to its sites of operation and pledges itself to:

- Provide equal opportunities in employment, training and career development regardless of gender, age, nationality, race, skin colour, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status;
- Provide staff with internal guidelines in relation to equal opportunities, discrimination and harassment;
- Establish a performance assessment system to ensure equal treatment of staff in promotion, training, career development, dismissal and layoff, etc.; and
- Provide a communication channel for staff to express their opinion.

In this year, there were no cases of non-compliance in relation to employment within the reporting scope.

The Group will continue to promote equal opportunity, anti-discrimination and anti-harassment in its sites operation, and will consider providing staff training and monitoring the implementation of measures to ensure effective execution.

Health and Safety

To build a healthy and safe working environment, the Group has in place the Safety and Health Policy and has formulated occupational health and safety measures to minimise the chance of injury, illness or occupational hazards, and respond to hazards in a timely manner.

In the Factory, the Group has conducted electrical safety risk assessment and fire safety training to clearly communicate the knowledge and management flow related to personal protection, emergency preparation and risk management. The ESH Committee is responsible for coordinating the implementation of these measures.

In this year, there were no cases of non-compliance in relation to health and safety within the reporting scope. Looking ahead, the Group will develop health and safety key performance indicators for more systematic management.



Development and Training

As stated in its Employment and Labour Policy Statement, the Group pledges itself to:



Invest resources (such as allocation of budget) on staff training and career development;



Provide adequate training opportunities to enhance staff's knowledge and skills;



Improve the employment system continuously to provide an ideal environment for staff career development.

This year, the Group organised different kinds of trainings in the Factory, including training about ESH risk assessment, fire safety and environment, Personal Protective Equipment, policies of the Factory, as well as orientation training for new workers.

The Group will continue to monitor the implementation of development and training measures to ensure effective execution, as well as regularly review and update such measures.

Labour Standards

The Group abides by the relevant labour laws and regulations that apply to its sites of operation. According to its Employment and Labour Policy Statement, the Group prohibits the use of child labour and forced labour. In the Factory, the Child Labour Policy is in place and inspection of the age of applicants are conducted before recruitment. The Factory has also formulated the Overtime Policy and will discuss overtime work arrangement with staff.

In this year, there were no cases of non-compliance in relation to child labour or forced labour within the reporting scope.

The Group's human resources department plans to conduct an annual review and consult staff regarding the implementation of related measures for the Headquarters in the following year.

OPERATING PRACTICES

The Group abides by laws and relations that apply to its sites of operation and has formulated the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement in order to manage environmental and social risks in its daily operation.

Supply Chain Management

The major products sourced by the Group are PU and PVC materials, components of handbags and packaging materials. As proper management of supply chain is essential to a socially responsible company, the Group pledges itself to:

- Stringently select suppliers and review their performance regularly;
- Identify environmental and social risks in the supply chain and formulate corresponding measures;
- Include the environmental and social performance of suppliers in the standards of assessment; and
- Ensure continuous communication with suppliers and provide them with timely support.

The Factory has quality control procedures in place regarding the materials from suppliers. Inspection is carried out before materials are passed to the production line and any materials that fail the Factory's requirements are returned to suppliers. In the future, the Group will identify and manage environmental and social risks of the supply chain.

Product Responsibility

The Group is a handbag original equipment manufacturer that principally manufactures and sells top handle bags, shoulder bags, crossbody bags and tote bags made from a variety of textile materials. The Group values each client and strives to continuously improve its products and services. The Group pledges itself to:

Provide products that ensure health and safety of clients; Respect clients' right to privacy when collecting, saving, using and sending personal information of clients; Formulate
remedial measures
to address client
information leakage in
a timely and effective
manner;

Adopt adequate measures to maintain and protect intellectual property rights.

Regarding the manufacturing of handbags in the Factory, the Group has formulated the Quality Manual with procedures for product quality inspection throughout its production cycle. Moreover, the Factory has a Customer Complaint Policy in place with procedures to handle complaints regarding product quality from clients. Communication within Factory staff is also emphasised to prevent reoccurrence in the future.

The Group's operation did not involve advertising or labelling issues. During this year, there were no cases of non-compliance in relation to product responsibility within the reporting scope.

The Group will continue to pay attention to amendments in product safety laws and ensure continuous communication with staff and clients with regard to its product responsibility policies.

Anti-corruption

To maintain a fair, ethical and efficient business and working environment and prevent any form of corruption, the Group pledges itself to:

- Create an anti-corruption culture within the Group to enhance staff's anti-corruption awareness;
- Ensure continuous communication with staff and clients with regard to anti-corruption; and
- Adopt measures to prevent bribery, extortion, fraud and money laundering.

The Group has included terms related to anti-corruption in the Staff Handbook and established an anti-corruption working group to coordinate the implementation of anti-corruption measures in the Factory.

In this year, there were no cases of non-compliance in relation to corruption within the reporting scope.

In the future, the Group will establish an interest declaration procedure for staff for better anti-corruption control in its operation.

COMMUNITY INVESTMENT

The Group has formulated the Community Investment Policy Statement to fulfil its corporate responsibility, contribute to the community where it operates and create value for society and environment. The Group pledges itself to:



Pay attention to social issues and events to understand public expectation of the Group;



Support plans and activities that positively impact society through sponsorship and donation as far as possible;



Ensure continuous communication with members of the community where the Group operates.

The Group contributed a total of HK\$1,436,000 to charities including The Community Chest of Hong Kong, Pok Oi Hospital to support its Pok Oi Cycle for Millions initiative, Rotary Club of Channel Islands, as well as Hong Kong Shine Tak Foundation to support its Shine Tak Charity Hiking event. In Cambodia, staff from Factory have participated in volunteering activities such as rubbish cleaning on public beaches.

In the future the Group will take steps to understand the needs of community of its sites of operation to determine its focus of contribution.









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A. Environr	nental					
A1 Emissio	ons					
General	Information on:					
Disclosure	 (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	_	2–4			
A1.1	The types of emissions and respective emissions data (Factory only) Nitrogen oxides (NOx) (kilogram) Sulphur oxides (SOx) (kilogram) Particulate matter (PM) (kilogram)	- 1,770.9 31.1 34.3	- - -			
A1.2	Greenhouse gas emissions in total (tonnes CO2-e) Intensity of greenhouse gas emissions (tonnes CO2-e/thousand handbags sold)	_				
A1.3	Total hazardous waste produced (tonnes) Intensity of total hazardous waste produced	0 N/A	_ _			
A1.4	Total non-hazardous waste produced (tonnes) Intensity of non-hazardous waste produced (tonnes/square metre)	567.1 0.009	_ _			
A1.5	Description of measures to mitigate emissions and results achieved	_	3			
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A2 Use of	Resources					
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	_	4-5			
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (GJ) Petrol (GJ) (Factory data only) Diesel (GJ) Electricity (MWh) Direct and/or indirect energy intensity by type (e.g. electricity, gas or oil) (GJ/square metre)	12,856.5 736.2 1,526.9 2,942.6	- - -			
A2.2	Water consumption in total (cubic metre) Water intensity (cubic metre/square metre)	57,444 0.91	_ _			
A2.3	Description of energy use efficiency initiatives and results achieved	_	4–5			

Material Aspect	Content	Data of this year	Page Index
A2.4	Description of whether there is any issue in sourcing water that	No issue in	
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A2.5	Total packaging material used for finished products (tonnes) and, if applicable, with reference to per unit produced.	Data is not available. We are in the process of developing a tracking system on this topic	_
A3 The En	vironment and Natural Resources		
General	Policies on minimising the issuer's significant impact on the		
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	and natural resources and the actions taken to manage them	_	5
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R2 Health	and Safety		
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	(b)	compliance with relevant laws and regulations that have a				
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R5 Sunnly	Chain	n Management				
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B6 Produc	t Resp	oonsibility				
General		mation on:				
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	(b)	compliance with relevant laws and regulations that have				
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		safety, advertising, labelling and privacy matters relating to	_	7		
		products and services provided and methods of redress.		1		
B7 Anti-co	rrupti	on				
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		significant impact on the issuer relating to bribery, extortion,				
		fraud and money laundering.	_	7		
B8 Commu	ınity l	nvestment				
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B8.2	Resc	ources contributed (e.g. money or time) to the focus area	HK\$1,436,000	8		

