

百德國際有限公司  
**Pak Tak International Limited**

(Incorporated in Bermuda with limited liability)  
Stock Code: 2668



# 2018

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## APPROACH

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Pak Tak International Limited (“**Pak Tak**” or the “**Company**”) and its subsidiaries (the “**Group**”) are committed to promoting its performance of garment manufacturing and trading in Hong Kong and China, while integrating sustainability into its business strategy. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability.

The Group recognizes its responsibility to be accountable to all its stakeholders, including customers, potential investors and shareholders, employees, suppliers, non-governmental organizations (NGOs) and local community. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach, the Group has established a tailor-made communication method, in order to better meet each stakeholder’s expectations. The communication method is explained in the latter part in the report.

Within the Group, we are continuously monitoring the risks and exploring potential opportunities. For the sake of striking a balance between business needs, social demands and environmental impacts, we are committed to understanding and addressing the ESG risks and their impact on our customers, the communities and the environment.

To implement sustainability strategies to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To establish long-term partnership with supplier and customers
3. To provide solutions and quality product to end-users
4. To respect human rights and social culture for all level of staff
5. To engage with stakeholders through open dialogue
6. To sustain local communities

## ABOUT THIS REPORT



The Group is pleased to present its Environmental, Social and Governance (“**ESG**”) Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of our major operations in China and Hong Kong from 1 January 2018 to 31 December 2018 (the “**Reporting Year**”), which is consistent with our financial year. To allow us to conduct thorough performance review and evaluation, we have compared the data in the Reporting Year to the data during the year ended 31 December 2017 (“**Year 2017**”).

### Scope of the Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong and People’s Republic of China (“**PRC**”) in the Reporting Year.

To be consistent with the ESG Report of last year, the Environmental Part is focusing on the Group’s manufacture and trading of garments (“**Garments Business**”) in Dongguan, particularly Pak Tak Knitting (Dong Guan) Limited (“**Pak Tak DG**”), an indirectly wholly-owned subsidiary of the Company. Meanwhile, Social Part covers all the Business Units.

For this year, the material ESG issues are those which have or may have a significant impact on:

- Hong Kong and China business;
- The global garment market;
- The environment or society now or in the future;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the year ended 31 December 2018.

### Feedback

All are welcomed to express comments and improvement on our ESG reporting. For details in relation to our financial performance and corporate governance, please visit our website on <http://www.paktakintl.com> and our Annual Reports. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to [info@paktakintl.com](mailto:info@paktakintl.com).



## ABOUT PAK TAK

### Our Business

The Company was listed on the Main Board of the Stock Exchange (stock code: 2668). For the year ended 31 December 2018, the principal activities of the Group are: i) Garments Business; ii) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); iii) the finance leasing business; iv) general trading; v) property investment and consultancy and vi) securities investment.

### Our Vision

Provide maximum value for our customers whilst maintaining competitive advantage in the market.

### Our Goals

To provide the best-in-class and safe clothing products to meet customers' demands and create values to shareholders and investors.

### Board of Directors

As at the date of this report, the directors of the Company (the "**Director(s)**") consists of:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. Wang Jian	Mr. Law Fei Shing	Mr. Liu Kam Lung
Mr. Feng Guoming	Mr. Shin Yick Fabian	Mr. Chan Kin Sang
Ms. Qian Pu		Mr. Zheng Suijun

## OUR STAKEHOLDERS



Pak Tak actively strives to better understand and engage our stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
<b>Stock Exchange</b>	Compliance with Listing Rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
<b>Government</b>	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
<b>Suppliers</b>	Payment schedule, stable demand.	Site visits.
<b>Shareholders/Investors</b>	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
<b>Media &amp; Public</b>	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
<b>Customers</b>	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
<b>Employees</b>	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
<b>Community</b>	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

## SECTION A: ENVIRONMENTAL

The Garments Business of Pak Tak aims at providing the best hand-knitted and machine-knitted garment products to our customers, while contributing to environmental protection and community development.

As one of our guiding principles, we strive to minimize the environmental impacts from our operations. The culture of environmental protection is widely adopted throughout the factory, especially in water conservation and pollution alleviation. The conservation concept integrates into different levels in production, from purchasing raw materials, maintaining machines to our production process. It is inevitable that during the production process, greenhouse gases and harmful waste were produced. Yet, with the goal and determination to minimize the negative impact, we formulated policies to continually improving our environmental performance.

### EMISSIONS

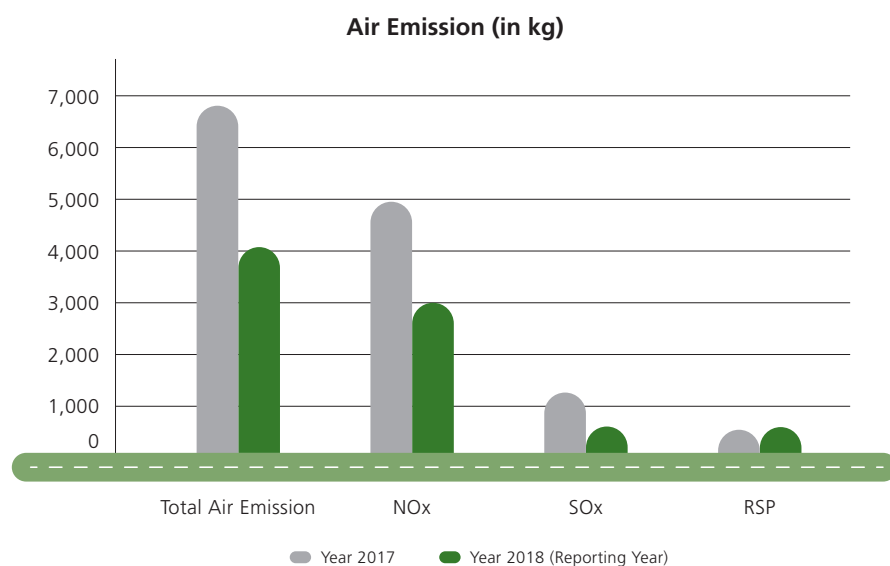
Our business is closely related to the environment. Environmental protection and emissions reduction are always the top priority of the Group. The emissions data, which includes both the air emissions and greenhouse gas emissions, is measured for better understanding our environmental impacts and taking meaningful actions in the future.

#### Air Emissions

The Group's emissions of air pollutants, which include nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and respiratory suspended particles ("RSP"), are mainly generated by usage of vehicles<sup>1</sup> and the operations of the factory<sup>2</sup>. In measurable terms, our operations produced approximately 4,189 kg of air emissions in the Reporting Year, an approximately 38% drop from approximately 6,718 kg of air emissions in the Year 2017.

We were found the air emission amount exceeded the compliance standard in July 2018, which our RSP emission exceeded by 3.47 times and SO<sub>x</sub> emission exceeded by 0.38 times of the standard requirement. However, we took remedial actions immediately to comply with the relevant rules and regulation. In December 2018, we were found fully complied with the relevant rules and regulation.

In the future, we would continuously monitor our emission performance, so that any deficiencies can be detected and remedial actions can be taken on a timely basis.



<sup>1</sup> The kilometres travelled by the vehicles were estimated based on the vehicle recording.

<sup>2</sup> Calculated according to the data in the emission monitoring reports issued by an environmental testing company ("廣東新創華科環保股份有限公司").

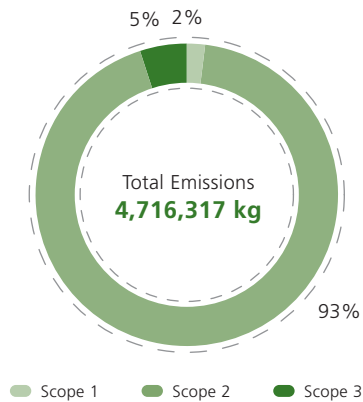
### Greenhouse Gas Emissions

Greenhouse gas (“**GHG**”) emissions are the main culprits of global warming. In the light of reducing GHG emissions, we embrace in driving green practices in our day-to-day operations. We are committed to environmental conservation, natural resource saving and waste reduction.

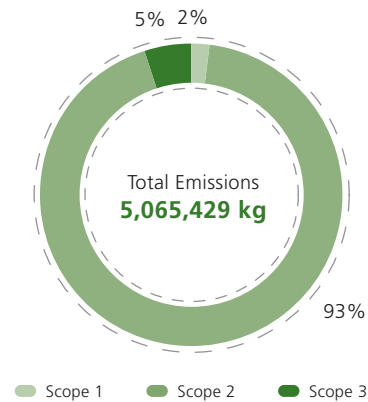
Our energy-saving and environmental sustainability initiatives played an important role in further curbing greenhouse effect. We built wet dust filter in the factory to lower the sulphur and GHG content released to the air.

Although the total GHG emissions increased slightly by 7% when comparing with the Year 2017 due to the increase in production volume, we will continue to formulate environmentally-friendly measures to alleviate environmental impact.

**2017 Carbon Emissions by Scope**



**2018 Carbon Emissions by Scope**





## SECTION A: ENVIRONMENTAL

The emissions of GHG are classified into three separate scopes as shown in the above charts, the details of the three scopes are shown in the below table.

GHG Emission Sources	GHG produced (kg)	%
Scope 1 – Direct emission from mobile combustion sources – Vehicles <sup>3</sup>	86,718	1.71
Scope 2 – Emissions from electricity consumption – Electricity consumption <sup>4</sup>	4,741,991	93.62
Scope 3 – Other indirect emission sources – Paper waste disposal in landfills <sup>5</sup>	19,440	0.38
– Electricity used for processing fresh water and sewage <sup>6</sup>	217,280	4.29
<b>Grand total</b>	<b>5,065,429</b>	<b>100%</b>

When considering the emission intensity, as the details of each batch of garment production can be different, it is hard to define the emission intensity as emission per production batch. Moreover, it may not be applicable to calculate the emission intensity per dollar of revenue, because the procedures, as well as the potential emissions, for every single garment can be different, and thus the emission for each dollar of revenue varies according to the garment design. As such, the intensity is calculated as per facility, i.e. the factory. Therefore, we would continue monitoring the total greenhouse emissions in the factory for taking any meaningful steps in the future.

### Hazardous Dye Waste

We reckon that chemical dyes post adverse impact on the environment and cause pollution to the water source. We hoped to bring least impact by two means, namely, reducing the use of dyes and enhancing our sewage treatment system. There is a specific department monitored the usage on a regular basis to see if there was any unusual pattern that have excessive usage. We are proud to announce that the sewage treatment system was effective in filtering out and purifying the harmful substances, making sewage water safe to be discharged into the river without harming the ecosystem in river. Monitoring and review the emission target and report deviation from the routine discharge rate was our first priority. Due to the limitation in obtaining the exact amount of hazardous dye waste, we could only estimate the amount<sup>7</sup>. By estimation, we have successfully achieved a significant drop in the hazardous waste produced, from approximately 4 tonnes in the Year 2017 to around 1 tonne in the Reporting Year.

In the coming years, we will continue protecting our environment by the two means, reducing the use of dyes and enhancing our sewage treatment system.

<sup>3</sup> The kilometres travelled by the vehicles were estimated based on the vehicle recording.

<sup>4</sup> Due to the limitation in obtaining carbon emission information of China Southern Power Grid ("CSG"), the carbon emission of CSG was taken as 0.79 kg CO<sub>2</sub>e/ kWh for the year 2018, which was consistent with the disclosure in the Year 2017.

<sup>5</sup> The amount of paper waste disposed at landfills was estimated by the amount of paper purchase during the year.

<sup>6</sup> Due to the limitation in obtaining such information of Dongguan, the unit electricity consumption for fresh water processing was taken as 0.5 kWh/m<sup>3</sup>, the unit electricity consumption for sewage processing was taken as 0.5 kWh/m<sup>3</sup>, and the territory-wide default value of purchased electricity was taken as 1 kg/kWh in the PRC in the Year 2018, which were consistent with the disclosure in the Year 2017.

<sup>7</sup> Estimation was done by the frontline operation manager.

### **Solid Waste Management**

Reducing the burden on waste disposal, we have made accurate prediction on the raw material needed in production and avoid wastage. Excessive fabrics were reused for the next production. On the other hand, upgrade and replacement of old equipment to achieve machine efficiency helped to reduce the material wastage significantly.

We strongly advocated the idea of reuse and recycle. Besides, we continue educating employees to recycle paper, cans, plastic bottles and fibers, for helping to reduce the burden on waste disposal.

### **USE OF RESOURCES**

The Group has been committed to becoming a resource-saving and environment-friendly enterprise.

#### **Energy Consumption**

The total energy consumption for the Reporting Year was approximately 6,002,520 kWh, as compared to the energy consumption of the Year 2017 of 5,527,388 kWh, it increased by approximately 9% due to the increased production volume.

The Group has put energy conservation practices in place and continued to upgrade the machines into more energy efficient, such as energy-saving light bulb. Our consistent efforts suppressed the raise in the electricity consumption throughout the organization.

#### **Water Consumption**

Our business is considered as water-intensive as water is used extensively in every cycle of production. Yet, we are still optimistic and committed to reducing our water consumption. There is no material issue in sourcing water for the business use. The total water consumption was 217,280 m<sup>3</sup> during the Reporting Year. With our water saving policies, it helped to avoid the drastic increase in water consumption even if the production volume increased. To go further, we successfully achieved an 8% reduction in the water consumption as compared to the Year 2017.

Moreover, it is worthy to note that each employee uses his/ her IC card for water ration. In case employees consume water more than the standard amount, it will be shown on his/ her IC card, and the exceeded water consumption will be charged progressively.

#### **Packaging Material**

During the Reporting Year, our operations consumed approximately 50 tonnes of plastic packaging materials, which had increased by approximately 60% when compared with the Year 2017.

## THE ENVIRONMENTAL AND NATURAL RESOURCES

The Group believes that the organization should strike a balance between economic development and social and environmental development. To achieve sustainability, all the aspects should be considered thoroughly without compromising each other. To this end, all parties, including suppliers, customers, and different stakeholders should work hand in hand towards this long-term goal.

We had set environmental-saving goals in our last ESG Report as below. Although we could not achieve all the targets due to the increase in production volume, we had tried to help with our every single effort.

Aspects	Targets	Result Achieved
GHG Emissions	Reduce emissions by 1-5%	Suppressed the increase in emissions in 7% even with the production volume increased
Waste Water Emission	Reduce waste water by 1-5%	Reduced Emissions from water consumption by 8%
Solid Waste Handling	Recycle 1-5% of fibers	Reused raw material if possible, but due to limitation in data collection, there was no exact amount recorded
Energy Consumption	Reduce annual energy consumption by 1-5%	Suppressed the increase in annual energy consumption in 9% even with the production volume increased
Water Consumption	Reduce 1-5% water consumption	Reduced water consumption by 8%
Dye Waste	Reduce 1-5% Dye water	Reduced hazardous dye waste by 64%

Looking ahead, we would like to motivate ourselves to make effort for saving the environment by adopting the environmental-saving goals last year in the coming years. And we will continue monitoring our impacts on the environment, so that any meaningful acts can be taken to sustain not only our operations, but also our beautiful environment.

### EMPLOYMENT

Our success lies in the devotion of our passionate professional teams and committed workers. We value our employees' contribution and dedication to our business development. In the hope to retain and attract employees, we created a joyous working environment, as well as offering competitive package and fringe benefits to them for the sake of the mutual interests for both.

#### Employee Benefits

Our employee benefits included but not limited to on-the-job training, year-end bonus, medical insurance and employees' compensation insurance. In Hong Kong office, we abided closely with the Labour Department and bought employees' compensation insurance with sufficient coverage for all employees. In Dongguan factory and Shenzhen office, we monitored the number of headcount regularly and made contributions to social insurance and housing provident fund for all employees.

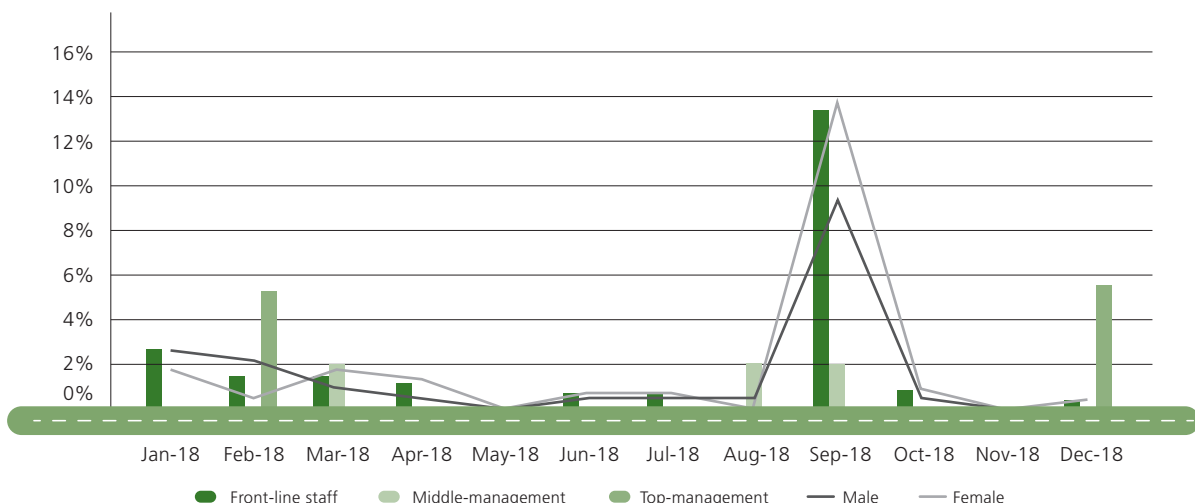
As to motivate employees to continuously enhance personal growth and strike for excellence, the management of the Group (the **"Management"**) regularly conducted assessments and discussions with the employees for their work performance. Outstanding employees were eligible for promotion upon satisfactory performance.

To ensure that our staff got enough rest time, in Dongguan factory, we offered 5-day-work scheme to our office staff with 8-hour working-hour system and workers with two different 10-hour working-hour systems, i.e. the day shift and night shift. There were a total of 1.5 hours and 2 hours of break among the working-hour systems for office staff and workers respectively. In addition, the Group provided a wide range of leaves other than statutory holidays, such as marital leave, maternity leave, paternity leave, breastfeeding leave and compassionate leave, to its employees for satisfying their family and social needs.

Among the 468 employees based in Hong Kong headquarter, Dongguan factory and Shenzhen office, the abovementioned employee benefits and healthy working environment were effective in maintaining a healthy average monthly turnover rate of 1.68% amid the high turnover trend in the manufacturing industry.

Effective talent management practices are at utmost importance for preventing the organization from becoming a ward for bad hires. Through the systematic approach, we maintained a healthy record of 0.51% turnover rate for middle-management level while 0.90% turnover rate for top-management level. Our organization was able to maintain the hierarchy system to keep things in place. Alongside the management hierarchy, the turnover rate of male and female employees stayed as low as 1.49% and 1.82% respectively.

**Turnover Rate by Employment Level and Gender**





## SECTION B: SOCIAL

The Group strictly abides with relevant laws and regulations, in both Hong Kong and the PRC, which cover all employment protection and benefits. During the Reporting Year, there were no reported cases of non-compliance issue related to employment.

### Employee Facilities

We advocated the idea of healthy workforce, so we opened a staff canteen to provide a comfy environment for employees to enjoy meals together. In addition, having one badminton court, two basketball courts, gym facilities, table tennis tables and even dancing room in the factory, our employees were welcome to use the facilities during their leisure time for a work-life balance lifestyle. As we understood that most of the workers were not local workers, we built the dormitory to host our workers in a safe and loving living condition.

### Staff Gathering Events

We believed that connectedness is one of the most important elements to have in the workplace. By organizing gathering, we hoped to help employees to achieve work-life balance and develop the sense of belonging to the Group. Most importantly, it was about the bonding with all levels of employees. Besides, we also integrated our staff events into community services, such as elderly home visit, to advocate a further and stronger bonding with the society.



**Going hiking on  
International  
Labour Day**

**Participating  
in table tennis  
competition**



## Our Employees

As at 31 December 2018, there were 468 employees located in Hong Kong headquarter, Shenzhen office and Dongguan factory, in which most of the employees were based in Dongguan factory. The Group has established a written policy about human rights. Recruitment and promotion should only take the applicant or employee's capabilities, potentials and performance into accounts, regardless of race, color, gender, nationality, marital status or any kinds of uniqueness. Promoting non-discrimination in the workplace was of paramount importance. For any discrimination faced or discovered, our employees are welcome to report the issue to the Officers, Department Heads, or even the Management directly. The Management will investigate into the issue immediately and follow-up actions will be taken if necessary. The identity of the whistle-blower will be protected, and anonymous reporting is also encouraged.

As at 31 December 2018, our male-to-female ratio was approximately 1:1, with female employees comprising of 53% of our total workforce. It was a strong indicator to show our emphasis on gender equality. Our employees spread over a wide range of age groups from 18 to over 65. Guided by the non-discrimination principle, we offered same opportunities to all employees regardless of their age. The age distribution of factory workers demonstrated our healthy hierarchy structure in Dongguan factory. Among our factory workers, over 70% of them contributed for the Group for 5 years or above, and even over 30% over 10 years. It indicated that most of the employees were loyal to the Group due to our mature human resources policy and trustful relationships. In the near future, we will step up the efforts to enhance employee engagement.



## HEALTH AND SAFETY

The Group understands that preventive measures are way more essential than reactive measures. Hence, a written Safety Production Manual is in place to specify the safety rules in workshops. Safety guidelines are clearly stated for different job positions in every workshop. Besides, detailed emergency handling procedures, for example the evacuation guidelines and first-aid procedures, are included in the Safety Production Manual for our staff to follow in case any incidents occur. Besides, a detailed escape route and layout of the office was posted in the noticeable area to train for employees' preparedness towards hazardous situation. Our office and factory were also equipped with adequate fire-fighting equipment, which were checked regularly to prevent malfunction, and first-aid boxes. Every year, there will be at least 4 fire drills conducted for our employees to become familiar with the actual procedures.

In addition to factory workers, the Group has already appointed specific personnel in the factory to monitor and advise on safety related issue. Each workshop must conduct safety check at least once every month. Precaution apparatus were provided to employees such as facial mask, safety gloves, safety footwear and ear plugs. Safety trainings on production, machine operation, fire safety and chemical handling were provided to our employees to consolidate their sense of health and safety.



## SECTION B: SOCIAL

During the Reporting Year, there was one case of work injury occurred in the factory, with a total of lost working hours accounted for 1,456 hours.

### DEVELOPMENT AND TRAINING

A structured training and development approach ensures that our employees receive a consistent training for required skills at work. All of the new joiners received induction training sessions provided by their direct tutors on job responsibilities, job skills, required techniques and basic knowledge. Especially in the manufacturing industry, workers relied heavily on the skill set and its familiarity with the machines. As such, the training encompassed a wide spectrum of topics, namely safety production training, fire safety training, chemical training, evacuation training, quality assurance training and updates on regulations and laws, to ensure all new joiners were able to work in a safe and efficient manner as well as equipped with professional knowledge.

Especially this machine-intensive industry, workers often had to operate special equipment such as industrial boilers. We sponsored all workers to take special job-related training courses and to have regular body checks. Emergency medical technicians were trained by local hospital to familiarize themselves with the accidents, and to get the first-aid license. Aside from the on-job training provided to the workers, the Group sponsored top Management to attend trainings and updates on financial reporting, tax reporting and accounting policy to strengthen the financial statement disclosure of the Group.

During the Reporting Year, 100% of our Dongguan factory workers received an average of 3 hours training per worker. The Management also received a total of 12.5 hours from the approved Continuing Professional Development program.

### LABOUR STANDARDS

Constantly improving working condition for employees and advocating equal working opportunity were the utmost important values of the Group. Thus, we fully complied with the labour laws and relevant legislations that child labour and forced labour were strictly prohibited. The human resources department checked the identification documents of employees and signed contract before engagement. The measure prevented the potential of forced labour and child labour. In case there are any cases of forced labour faced or discovered, our employees are encouraged to voice out the issue immediately. The Management will take prompt investigation to the suspected cases and follow-up actions will be considered if necessary. Not only we abide with the regulations, we also monitored our suppliers to ensure that they did not involve in child labour or forced labour.

### SUPPLY CHAIN MANAGEMENT

Despite monitoring internal organizational structure, the Group also extended its environmental and social commitment to its supply chain.

The Group places huge importance on product safety and quality. Not only had we worked with supplier that provided raw materials that met the international standard, but we had also considered the workplace safety, company's vision and the contribution to the society by our suppliers.

During the Reporting Year, we cooperated with 186 suppliers, with a geographic distribution of 73 in Hong Kong, 62 in the PRC, 43 in Italy and 8 in other countries, mainly for the supplies of wool, fabrics, fibers and yarn.

Our purchase department strictly monitored the performance of suppliers and the Management reviewed the supplier's performance based on their product quality, ability to deliver on time, price, etc., periodically. Underperforming suppliers would be excluded in our approved vendor list instantly.



## PRODUCT RESPONSIBILITY

### Quality Assurance

All our products complied with the requirements stipulated in the relevant laws in the PRC, such as State Environmental Protection Administration of China. All defects would be discarded or sent back to suppliers.

The Group stringently followed GB 18401-2010, GB 21550 and GB 28480 standards. Before the launch of product, we conducted lab test or inspection to check its quality to ensure that it was safe for every customer, in which the defect rate could be significantly reduced. Moreover, we strongly forbade pirated goods and counterfeits to serve the best interests of our customers.

### Customer Compliant

We are committed to providing efficient and excellent services to maximize customer value. Customer opinions and feedbacks help us to strive for product excellency. Customers can express their opinion through various channels such as online platform, emails and hotlines. Our administrative department were responsible for responding to enquiries and compliant in a timely manner and follow-up the cases if necessary. In respect of our quality assurance procedures aforementioned, there were no cases of compliant nor return of products occurred during the Reporting Year.

### Data Privacy

Our employees were required to sign the non-disclosure agreements and would be strictly penalized if they disclosed confidential information directly or indirectly to the third parties without properly authorization. The Group strives to protect the confidential data by controlling the number of need-to-know employees in the smallest area. During the Reporting Year, the Group was not aware of any cases of unauthorized use or access to confidential information.

## ANTI-CORRUPTION

The Group has zero tolerance of corruption and bribery. Our employees and directors should declare any conflicts of interest through Conflicts of Interest Declaration Letter. Whistleblowing policy was in place to encourage reporting suspected misconduct of colleagues, subordinates, senior management or even suppliers. Our employees were welcomed to express their concerns through face-to-face, email or hotline. Our management would investigate on every single possible misconduct case and take follow-up actions if necessary. For any employee being ascertained to be involved in the misconduct, termination of employment may be considered as one of the penalty. During the Reporting Year, there was no concluded legal cases regarding corrupt practices brought against the Group and its employees.

## COMMUNITY INVESTMENT

The Group has been actively involved in the community investment. During the Reporting Year, we have donated HK\$30,000 for Fanling Chiu Kiu Yulan Shing Wui Association Limited for the social activities of traditional Yulan Festival. 15 out of 394 Dongguan factory workers also volunteered to a 2-hour visit to the Elderly House of Tang's Village (鄧屋村老人之家) in Dongguan. We imitate to invest more resources into the voluntary section for the sake of positively contributing to the society.



**Visiting the elderly at Mid-Autumn Festival**





## ENVIRONMENTAL DATA

<b>A1.Emissions</b>	<b>Year ended 31 December 2017</b>	<b>Year ended 31 December 2018</b>	<b>Unit</b>
<b>Air emissions</b>	6,718.48	4,189.10	kg
from vehicle usage	82.60	95.06	kg
from factory operations	6,635.88	4,094.04	kg
<b>GHG emissions</b>	4,716.32	5,065.43	tonnes
<b>Scope 1</b> Emissions from Fossil Fuel Consumption	95.04	86.72	tonnes
<b>Scope 2</b> Emissions from Electricity Consumption	4,366.64	4,741.99	tonnes
<b>Scope 3</b> Emissions from Water and Sewage Processing	235.85	217.28	tonnes
Emissions from Disposal of Paper Waste	18.79	19.44	tonnes
<b>Total non-hazardous waste produced</b>	3.93	1.40	tonnes
<b>A2.Use of Resources</b>	<b>Year ended 31 December 2017</b>	<b>Year ended 31 December 2018</b>	<b>Unit</b>
<b>Energy consumption</b>	5,527.39	6,002.52	'000 kWh
<b>Water consumption</b>	235,853.00	217,280.00	m <sup>3</sup>
<b>Packaging material consumption (Plastic)</b>	31.61	50.41	tonnes

## SOCIAL DATA

	Year ended 31 December 2017	Year ended 31 December 2018
<b>B1. Employment</b>		
Total number of employees	404	468
By Gender		
Male	192	220
Female	212	248
By age group (for Dongguan workers)	381	394
Under 18	0	0
18 to 25	9	9
26 to 35	68	58
36 to 45	177	177
46 to 55	115	138
56 to 65	12	11
65 or above	0	1
By Years of Service (for Dongguan workers)	381	394
Less than 1 year	9	8
1 to 3 years	52	58
3 to 5 years	42	43
5 to 10 years	150	159
More than 10 years	128	126
Employment turnover		
Total number of employee turnover	268	98
Overall Turnover rate	Office staff: 1.45% Factory workers: 6.21%	Overall: 1.68%
By management level		
Front-line staff	5.78%	1.84%
Middle management	0.12%	0.51%
Top Management	0.04%	0.90%
By Gender		
Male	3.51%	1.49%
Female	2.43%	1.82%

	Year ended 31 December 2017	Year ended 31 December 2018
<b>B2. Health and Safety</b>		
Number of cases of reported injuries	1	1
Number of lost hours	392	1,456
	Year ended 31 December 2017	Year ended 31 December 2018
<b>B3. Development and Training</b>		
Average hours of training per Dongguan employees	3	3
Total number of trained employees in Dongguan	67	394
% of trained employees in Dongguan	17.59%	100%
Number of approved training hours per CPD	–	12.5
	Year ended 31 December 2017	Year ended 31 December 2018
<b>B5. Supply Chain Management</b>		
Total number of suppliers	12 premiere suppliers 47 local suppliers	186
<b>By Geographic Location</b>		
Hong Kong	N/A	73
The PRC	N/A	62
Italy	N/A	43
Taiwan	N/A	3
Japan	N/A	2
Peru	N/A	1
England	N/A	1
France	N/A	1

	Year ended 31 December 2017	Year ended 31 December 2018
<b>B6. Product Responsibility</b>		
Total number of products subject to recalls for safety and health reason	N/A	N/A
Total number of compliants or return cases received	–	–
Total number of legal dispute case	N/A	N/A
	Year ended 31 December 2017	Year ended 31 December 2018
<b>B7. Anti-corruption</b>		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of cases	–	–
	Year ended 31 December 2017	Year ended 31 December 2018
<b>B8. Community Investment</b>		
Corporate charitable donation	HKD 30,000	HKD 30,000
Number of employee volunteer	15	15
Total service hours	63	30

# ESG REPORTING GUIDE & REFERENCE

A. Environmental	Reference in this report
A1. Emissions	Page #
Policies and 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.	6-9
KPI A1.1 The types of emissions and respective emission data.	6
KPI A1.2 Greenhouse gas emission in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	7-8
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	8
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9
KPI A1.5 Description of measures to mitigate emissions and results achieved.	6-8
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	8-9
A2. Use of Resources	Page #
Policies on the efficient use of resources, including energy, water and other raw materials.	9
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	9
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	9
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	9
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	9
KPI KA2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	9
A3. The Environment and Natural Resources	Page #
Policies on minimizing the issuer's significant impact on the environment and natural resources.	6-10
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6-10



<b>B. Social</b>	<b>Reference in this Report</b>
<b>B1. Employment</b>	<b>Page #</b>
Policies and compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	11-13
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	13
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	11
<b>B2. Health and Safety</b>	<b>Page #</b>
Policies and compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	13-14
KPI B2.1 Fatality number and rate.	N/A
KPI B2.2 Lost days due to work injury.	14
KPI B2.3 Description of occupational health and safety measures adopted how they are implemented and monitored.	13
<b>B3. Development and training</b>	<b>Page #</b>
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	14
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	N/A
KPI B3.2 The average training hours completed per employee by gender and employee category.	14
<b>B4. Labour standards</b>	<b>Page #</b>
Policies and compliance with laws and regulations relating to preventing child and forced labour.	14
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	14
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	N/A

<b>B. Social</b>	<b>Reference in this Report</b>
<b>B5. Supply chain management</b>	<b>Page #</b>
Policies on managing environmental and social risks of the supply chain.	14
KPI B5.1 Number of suppliers by geographical region.	14
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	14
<b>B6. Product responsibility</b>	<b>Page #</b>
Policies; and compliance with laws and regulations relating to health and safety. Advertising, labeling and privacy matters relating to products and services provided and method of redress.	15
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	N/A
KPI B6.4 Description of quality assurance process and recall procedures.	15
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	15
<b>B7. Anti-corruption</b>	<b>Page #</b>
Policies and compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.	15
KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	15
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	15
<b>B8. Community investment</b>	<b>Page #</b>
Policies on community engagement to understand the needs of the communities where we operate and to ensure that our activities take into consideration the communities' interests.	15
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	15
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	15