



China Overseas Nuoxin International Holdings Limited 中國海外諾信國際控股有限公司

(formerly known as Kenford Group Holdings Limited 建福集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00464

Environmental,
Social and
Governance Report

2019

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Environmental, Social and Governance Report 2019

The Board of Directors of China Overseas Nuoxin International Holdings Limited (formerly known as Kenford Group Holdings Limited) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) present its Environmental, Social and Governance Report (the “**ESG Report**”) for the year ended 31 March 2019 (the “**Year 2019**”).

1. COMPANY PROFILE

The Group was founded in 1984 and has been listed on The Stock Exchange of Hong Kong Limited since 2005. It is principally engaged in the design, manufacture and sale of electrical haircare products. The Group is headquartered in Hong Kong and has a manufacturing base in Dongguan, the People’s Republic of China (“**PRC**”).

References is made to the announcement of Company dated 26 June 2019, among other things, the Board was pleased to announce that subsequent to the approval of the proposed change of Company’s name by the shareholders by way of poll at the extraordinary general meeting on 27 May 2019, the English name of the Company has been changed from “Kenford Group Holdings Limited” to “China Overseas Nuoxin International Holdings Limited” and the dual foreign name in Chinese has been changed from “建福集團控股有限公司” to “中國海外諾信國際控股有限公司”, both with effect from 31 May 2019.

The Certificate of Incorporation on the above change of name was issued by the Registrar of Companies in the Cayman Islands on 31 May 2019. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 18 June 2019.

The Group’s products are primarily sold on Original Design Manufacturing (“**ODM**”) and Original Equipment Manufacturing (“**OEM**”) bases. Its customers are mainly leading brand owners and importers who then resell the products to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs, catalogues and grocery stores.

The Group’s customers conduct yearly audits on its Dongguan manufacturing plants, assessing workplace conditions, code of conduct and adherence to standards of ethical practice. During the reporting period, there was no major complaint or violation of relevant environmental protection laws and regulations noted.

2. REPORTING FRAMEWORK

The ESG Report is prepared in compliance with the Environmental, Social and Governance (the “**ESG**”) Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and will be published annually.

3. SCOPE OF REPORT

This ESG Report focuses on the ESG performance of the Group in the Year 2019 in respect of its two major haircare appliances manufacturing subsidiaries in the PRC, namely, Dongguan Kenford Electrical Appliance Company Limited and Dongguan Kario Electrical Appliance Company Limited.

The preparation of this ESG Report includes identifying and ranking important stakeholders and major issues relating to ESG; deciding on the coverage of the ESG Report; and collecting relevant materials and receipts.

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4. STAKEHOLDER ENGAGEMENT

The Group is committed to promoting sustainable development, which it deems as extremely important for creating long-term value for the Group's shareholders, clients, employees and other stakeholders, as well as the general public. The Group cares about the impact of its daily operation on the environment and society, and strives to set a good example for the public, while effectively conducting business operations. It makes every effort to address the interests of all stakeholders; contribute to the economy, environment and society; and promote good corporate governance – striving to achieve a fine balance while realising such objectives.

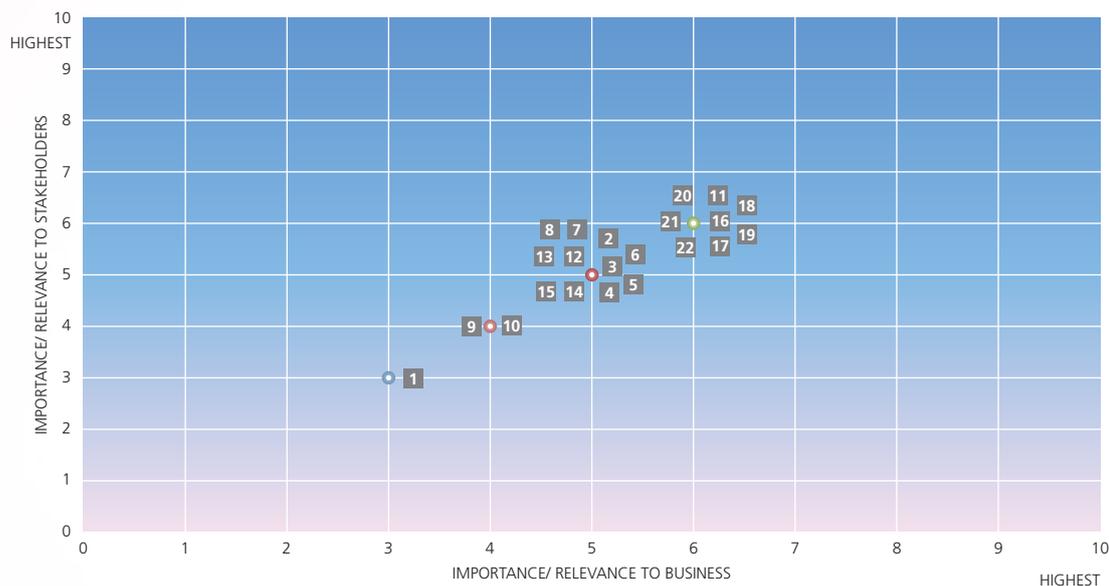
Stakeholders	Appeals and expectations for the Group	Communication and Response
Government	<ul style="list-style-type: none"> Compliance with laws and regulations Pay taxes according to law 	<ul style="list-style-type: none"> Continuously strengthen corporate compliance management to ensure compliance for the operation of the Group Pay taxes in a full and timely manner
Investors	<ul style="list-style-type: none"> Implement corporate governance and create value Information disclosure 	<ul style="list-style-type: none"> Optimise corporate governance and continuously improve corporate value Release operating data in due course, set up investor hotline
Customers	<ul style="list-style-type: none"> Product quality Protection of consumers' rights and interests 	<ul style="list-style-type: none"> Customer satisfaction survey Handling customer complaints and products return
Employees	<ul style="list-style-type: none"> Reasonable salary and welfare Employee promotion and development Occupational health and safety Care of employees 	<ul style="list-style-type: none"> Competitive remuneration package Transparent promotion channel Conduct regular occupational health and safety awareness training for staff Accommodation provided for employees
Community	<ul style="list-style-type: none"> Serve the community 	<ul style="list-style-type: none"> Proactively carry out and participate in charitable donation and social welfare activities
Public	<ul style="list-style-type: none"> Environmental protection Response to climate change Establish a resource saving and environmental protection mechanism in work process 	<ul style="list-style-type: none"> Classify and recycle hazardous waste Utilise low-carbon energy Environmental and energy-saving equipment was put into use

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5. MATERIALITY ASSESSMENT

In the Year 2019, the Company undertook its annual materiality assessment exercise. This involved conducting interviews and/or surveys with internal and external stakeholders to identify the most significant operating, environmental and social impacts towards its business.

Materiality matrix for Environmental, Social and Governance Aspects



Environmental

1. Greenhouse gas emissions
2. Energy consumption
3. Water consumption
4. Waste
5. Saving energy measures
6. Use of raw materials and packaging materials
7. Utilization of energy resources
8. Use of chemicals

Social

9. Local community engagement
10. Community investment
11. Occupational health and safety
12. Labour standards in supply chain
13. Training and development
14. Employee welfare
15. Inclusion and equal opportunities
16. Talent attraction and retention

Operating practices

17. Economic value generated
18. Corporate governance
19. Anti-corruption
20. Supply chain management
21. Customer satisfaction
22. Customer privacy

6. CORPORATE GOVERNANCE REPORT

You can refer to the detailed information of the Corporate Governance Report included in the Company's Annual Report 2019.

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7. ENVIRONMENTAL

7.1. Emissions

The Group understands that the greenhouse gases, sewage, solid wastes and other pollutants generated in its daily operation cause damage to the environment. In order to protect the Earth from further damage, the Group is making an effort to reduce the emission of sewage, waste gases and noise in its production processes. All of the Group's waste is handled and disposed by qualified agencies.

The key environmental indicators of the Group's emissions in the Year 2019 is shown in the table below:

Environmental Indicators	Year 2019	Year 2018
Emissions		
Nitrogen oxides (NO _x) emissions (kg)	2.24	2.33
Sulphur oxides (SO _x) emissions (kg)	0.13	0.12
Particulate matter (PM) emissions (kg)	0.16	0.17
Greenhouse gas ("GHG") Emissions		
Total GHG emissions (kg of carbon dioxide equivalent ("Kg of CO _{2e} ")) (Note 1)	6,760,931	6,449,897 (Note 2&3)
GHG emissions per unit produced (Kg of CO _{2e})	1.39	2.45 (Note 2&3)
Direct emissions (Scope 1) (Kg of CO _{2e})	22,549	22,404
Indirect emissions (Scope 2) (Kg of CO _{2e})	6,599,282	6,306,215 (Note 2)
Other indirect emissions (Scope 3) (Kg of CO _{2e})	139,100	121,278 (Note 3)
Greenhouse gas removals		
Newly planted trees (number of additional trees)	–	20
Carbon dioxide removals (kg)	–	460
Waste		
Non-hazardous waste generated in total (kg)	40,000	39,000 (Note 4)
Non-hazardous waste generated per unit produced (kg)	0.0082	0.0148 (Note 4)
Hazardous waste generated in total (kg)	2,000	1,200
Hazardous waste generated per unit produced (kg)	0.0004	0.0005

Note 1: Greenhouse gas emissions (direct and indirect) and its removal can be divided into the following three separate areas:

Scope 1: Direct greenhouse gas emissions from operations that are owned or controlled by the relevant company including: (i) greenhouse gas emissions from vehicles controlled by the relevant company; and (ii) greenhouse gas removal from tree planting by the relevant company during the Year 2019;

Scope 2: "Energy indirect" greenhouse gas emissions resulting from generation of purchased or acquired electricity, heating, cooling and steam consumed within the relevant company; and

Scope 3: All other indirect greenhouse gas emissions that occurred outside the relevant company, including both upstream and downstream emissions.

Note 2: The figure is restated as the emission factor used for the calculation of CO_{2e} associated with electricity purchased in Southern China is changed in order to be in line with the calculation of the figure in Year 2019.

Note 3: The figure is restated as the paper waste and emission factor of electricity used for processing fresh water and sewage in Southern China for the calculation of CO_{2e} are changed in order to be in line with the calculation of the figure in Year 2019.

Note 4: The figure is restated to cover non-hazardous waste entitled from the whole factory area instead of that from the warehouses only.

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7. ENVIRONMENTAL (Continued)

7.1. Emissions (Continued)

Regarding measures to mitigate emissions, the Group closely monitors the level of GHG emissions and waste disposed of its factories. In Year 2019, the Group adopted a series of emission reduction measures, of which the details and results achieved are listed as follows:

Emission reduction measures	Details and results achieved
Installation of environmental protection and energy-saving equipment	Environmental protection and energy-saving equipment have been installed in various workplaces including but not limited to office and production floor, in order to reduce effectively the electricity consumption.
Non-hazardous waste	Non-hazardous waste from the factory includes packaging materials for product, paper for office use and kitchen waste. The factory has made their best effort to minimising the impact on the environment by using environmentally friendly raw materials and components in the Bills of Material for producing finished goods to reduce the environmental impacts of production and waste management of these raw materials.

The Group strives to discover means to achieve waste recycling, in order to promote green living habits, the manufacturing subsidiaries of the Group located in the PRC has provided waste separation facilities with "Recyclable", "Non-recyclable" and "Hazardous" labels for classification of different types of solid wastes. Hazardous wastes are collected and treated by qualified companies engaged by the Group.



Waste separation facilities separating recyclable and non-recyclable wastage materials in factory area



Storage area of hazardous wastes in production workshops

7. ENVIRONMENTAL (Continued)

7.1. Emissions (Continued)

The Group recognises the importance of achieving environmental sustainability as it relates to its products and operations. The Group strictly complies with national and local laws and regulations relating to environmental protection and pollutant emissions during its course of operation, including the Environmental Protection Law of the PRC (中華人民共和國環境保護法). In the Year 2019, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impact. In addition, in the Year 2019, there was no report of fines or non-monetary sanctions as a result of non-compliance of the relevant laws and regulations.

7.2. Use of resources

The Group incorporates the Reduce, Reuse and Recycle principle and implements environmental friendly measures in its operations to efficiently use resources, reduce waste and conserve energy. The Group remains steadfast in its support of environmental protection efforts, which is consistent with its commitment to being a good corporate citizen.

Environmental indicators	Year 2019	Year 2018
Use of resources		
Total energy consumption (kWh)	12,171,304	11,630,792
Energy consumption per unit produced (kWh)	2.5	4.41
Water consumption in total (m ³)	225,300	193,100
Water consumption per unit produced (m ³)	0.05	0.07
Packaging material consumption		
Total packaging material (paper) used for finished products (kg)	1,172,800	1,197,600
Amount of packaging material (paper) per unit produced (kg)	0.241	0.454
Total packaging material (plastic) used for finished products (kg)	112,600	102,100
Amount of packaging material (plastic) per unit produced (kg)	0.023	0.039

A series of environmental friendly policies has been developed by the Group, and at the same time, efforts have been made in energy conservation and emission reduction in order to control and reduce the discharge of pollutants. The measures adopted by the Group are mainly reflected in the following areas:

- (1) Installing new environmental protection and energy-saving equipment for various workplaces including but not limited to office and production floor, in order to reduce effectively the electricity consumption caused by the use of such equipment;
- (2) Using environmentally friendly raw materials and components in the Bills of Material for producing finished goods to reduce the environmental impacts of production and waste management of these raw materials;

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7. ENVIRONMENTAL (Continued)

7.2. Use of resources (Continued)

- (3) Raising awareness among staff of the need to save water and conserve electricity by turning off lights, computers and air conditioners during non-office hours in order to reduce the electricity consumption;
- (4) Installing “Air (Heat Pump) Hot Water Heater” central system in the dormitories for the employees’ daily use to improve energy efficiency;
- (5) Employing electronic business process work flow management system and use double-sided printing and double-sided copying to reduce paper consumption;
- (6) Using video or telephone conferencing system to communicate with customers/overseas colleague so as to minimise use of public/private transport systems;
- (7) Appointing qualified recycling companies to handle all of the Group’s hazardous and non-hazardous wastes; and
- (8) Installing water purification system to avoid burdening the city’s drainage system.

In Year 2019, the Group adopted a series of initiatives for efficient energy use and energy conservation. Details of such measures and the related results achieved are listed as follows:

Energy saving measures	Details and results achieved
Light Emitting Diodes (LEDs)	Some of the lighting at the office building, production workshops and staff dormitories have installed LEDs, which consume less electricity.
Installation of “Air (Heat Pump) Hot Water Heater” central system	At Dongguan staff dormitories, “Air (Heat Pump) Hot Water Heater” central system was installed to improve energy efficiency.
Water conservation	Water purification system was installed to avoid burdening the city’s drainage system. The Group also reminds staff to use water properly, keep the water tap off when not in use and to treasure water resources to save consumption of water.

7.3 The Environment and Natural Resources

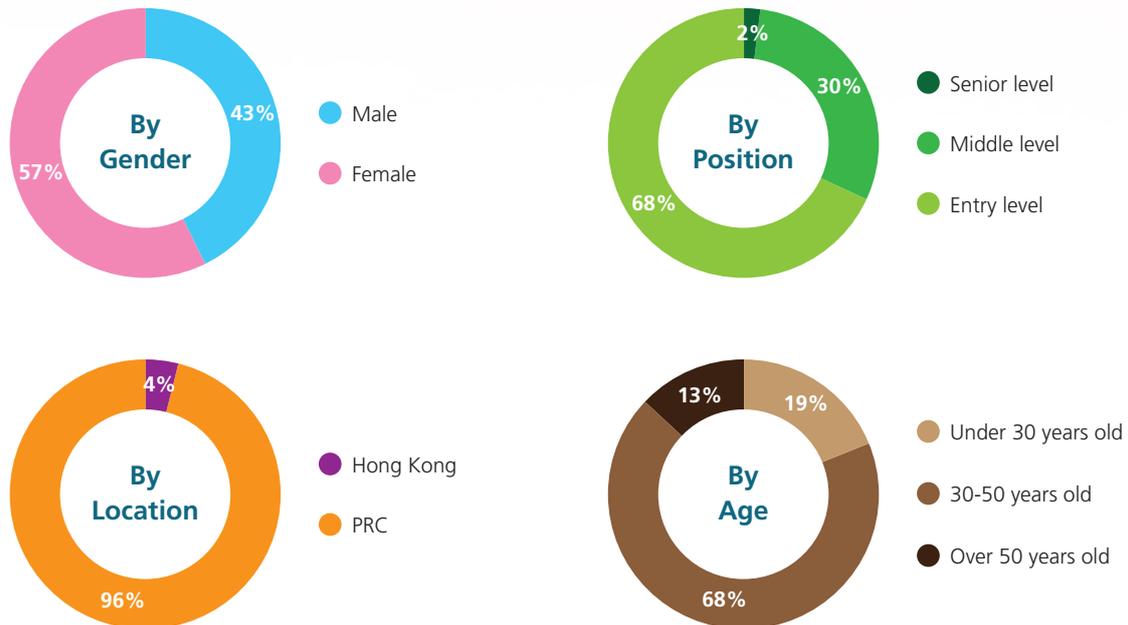
The Group’s manufacturing site in Dongguan, PRC, has obtained ISO 14001:2004 certification, which is a standard pertaining to environmental management systems. The Group has developed Environmental Manual (環境手冊) on minimising its significant impact on the environment and natural resources and ensuring compliance with the environmental management systems.

The Group strictly regulates the manufacturing process of its business to ensure the compliance with local environmental laws and regulations. In the Year 2019, there was no case of material non-compliance with the Environmental Protection Law of the PRC (中華人民共和國環境保護法) and other relevant laws and regulations.

8. SOCIAL

8.1. Employment

As at 31 March 2019, the employee profiles of the Group are shown in the chart below:



The Group regards harmonious employment relations as an important cornerstone for its stable development. With this in mind, it has developed a number of internal controls to effectively protect the legitimate rights and interests of employees.

The Group looks for suitable job candidates according to its business development plans and human resources required. Each applicant will have an equal opportunity based on the requirements of the vacancy, such as educational level, working experience and personal ability. The Group will not decline any candidate because of their gender, age, race, religion, marital status or disability.

Promotion is based on the availability of job vacancy. Departmental managers will evaluate a candidate's integrity, talent, competence, previous work experience and performance when conducting a work performance appraisal.

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8. SOCIAL (Continued)

8.1. Employment (Continued)

The Group's remuneration policy is underpinned by the principle of awarding equitable packages to employees, and which are based on individual performance, provides added incentive, and are competitive with market norms. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other benefits to staff, including share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

Employment contract with standard terms and conditions in compliance with relevant labor laws and regulations is signed between the Group and all of its employees before such individuals officially commence employment. Either on the job training or pre-work training is arranged. An exit interview is conducted with resigning staff in order to understand his/her reason(s) for departure, the findings of which are used to advance the Group's operation where possible.

In the Year 2019, the Group strictly complies with the Labour Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法), Hong Kong's Employment Ordinance (僱傭條例) and other relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have significant impact. In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

8.2. Health and Safety

Employees are the Group's most important asset, and we put the safety and health of our employees as our number one priority. The Group has developed a number of internal control policies on providing a safe working environment and protecting employees from occupational hazards.

The Group is not aware of any material non-compliance with the relevant laws and regulations including the Law of the PRC on Work Safety (中華人民共和國安全生產法) and the Regulations on Work-Related Injury Insurance of the PRC (中華人民共和國工傷保險條例) that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards in the Year 2019. The Group has taken a number of measures to protect the wellbeing of staff, including the following:

- (1) Posting equipment safety procedures/signage and operation instructions in both the office(s) and workshops;
- (2) Providing appropriate protection equipment for employees whose duties involve relatively higher risks;
- (3) Acquiring appropriate and adequate fire equipment and first aid supplies;
- (4) Establishing designated outdoor smoking area;
- (5) Setting up designated warehouse for hazardous materials;
- (6) Organising regular health and safety training courses and fire and evacuation drills; and
- (7) Arranging regular medical checkups for all workers.

8. SOCIAL (Continued)

8.2. Health and Safety (Continued)



Fire and evacuation drill in Dongguan, PRC



Notice board for promoting safe production in factory area

In addition, it is the policy of the Group to maintain a healthy workforce, promote healthy working conditions and enable employees to maintain a healthy lifestyle. The Group provides different sport facilities in factory area and continuously organises bi-annual sports gala. The Group has arranged doctors to conduct annual checkup for workers at its manufacturing site. Furthermore, the Group has participated in different types of sporting events and leisure activities organised by nearby community centers and government associations.



Sport and leisure facilities in factory area



Staff participated in a hiking event organised by nearby community centers

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8. SOCIAL (Continued)

8.3. Development and Training

The Group has developed Employee Skill Training Program (員工技能培訓管制程序) to standardise the content of staff training. In the Year 2019, the Group provides suitable training courses for staff at different working stages and in different functional departments. Besides, the Group organises induction training for new recruits to provide them with guidelines for job specification. The Group provides training and education for its employees by means of offering opportunities to attend seminars either organised by external parties or in-house trainers.

8.4. Labour Standards

The Group recognises that the employment of child and forced labour is a serious violation of universal values. The Group has developed policies on preventing child labour and forced labour including Staff Handbook (員工手冊), Juvenile and Child Labour Policy (未成年工及童工政策), Child Labour and Youth Workers Management Regulations (童工及青少年工管理規定) and Child Labour Remedy (童工補救措施).

The Group strictly complies with the Law on the Protection of Minors of the PRC (中華人民共和國未成年人保護法), the Provisions on the Prohibition of Using Child Labor (禁止使用童工規定), Hong Kong's Employment Ordinance (僱傭條例) and other relevant laws and regulations. In the Year 2019, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to prohibiting the Group from employing child and forced labour. In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

9. OPERATING PRACTICES

9.1. Supply Chain Management

The manufacturing site in Dongguan, PRC, has obtained ISO 9001:2008 certification, which is a standard relating to quality management systems (“QMS”). Its supply chain management system also complies with this QMS standard, and is regularly reviewed/audited by external independent examiner.

The Group has developed policies including Supplier Control Program (供應商管制程序) and Procurement Management Procedures (採購管理程序) in order to manage environmental and social risks of the supply chain.

9.2. Product Responsibility

The Group is fully committed to environmental sustainability, both in respect of its products and its operations. The implementation of the European Union’s Restriction of Hazardous Substances (“RoHS”) Directives in August 2005, which restricts European Union (“EU”) member states from the use of specific hazardous materials found in electrical and electronic products, directly impacted on the electrical and electronics industry. The Group consequently installed new equipment and established a comprehensive set of policies and procedures to ensure that its products completely satisfy the EU RoHS Directives and equivalent requirements for the rest of the world. The Group also made it mandatory for all vendors and business partners to comply with the RoHS Directives. In addition, the Group’s production process conforms to local environmental regulations.

The Group has developed Quality Manual (質量手冊) and Business Ethics Management Program (商業道德管理程序) covering health and safety, advertising, labeling and privacy matters relating to products provided and methods of redress.

The Group is actively pursuing opportunities to directly contribute to environmental protection, and remains steadfast in its support of efforts to protect the natural environment as this aligns with its overall commitment to being a good corporate citizen. The Group complies with the Advertising Law of the PRC (中華人民共和國廣告法) and the relevant laws and regulations.

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9. OPERATING PRACTICES (Continued)

9.3. Anti-corruption

The Group has developed anti-corruption procedures (反貪污程序) in relating to bribery, extortion, fraud and money laundering.

Combating corruption and bribery are essential for creating a fair business environment. Appropriately, the Group has formulated relevant policies that are principally targeted towards the following staff:

- (1) Management – Management must be conversant with relevant anti-commercial bribery and integrity policies, such as the Prevention of Bribery Ordinance of Hong Kong (香港特別行政區防止賄賂條例) and the Criminal Law of the PRC (中華人民共和國刑法), in order to lead the Group's operating activities, strengthen supervision, and make improvements if loopholes are found.
- (2) Procurement and Sales and Marketing Staff – Given the nature of their work, the Group has provided anticorruption education and held thorough cases discussions with its procurement and sales and marketing staff to stress the importance of tackling corruption.
- (3) Accounting Personnel – The Group strives to instill a sense of integrity among accounting staff, as well as increase their understanding of the seriousness of falsifying accounts. Internal and external audits serve as an effective deterrent and are among the means by which fraud and other unscrupulous activities can be detected.

The Group has set up a reporting mechanism which enables all employees to report issues pertaining to bribery either by email or telephone. Such reports are investigated by the Administrative Manager, the results of which are then submitted to the Group's Managing Director and Chairman for further action. All cases are documented and handled in the strictest confidence.

In the Year 2019, the Group is not aware of any material non-compliance with the relevant laws and regulations.

10. COMMUNITY INVESTMENT

Contributing to society and working together to build a better environment are integral components of corporate social responsibility. Recognising this, the Group has participated in an event of voluntary non-remunerated blood donation in the Year 2019. In addition, the Group always encourages its employees to participate in volunteer works aiming to help and support the local communities and neighbours.



Voluntary non-remunerated blood donation



Factory volunteers and their families participated in a fun day event at outdoor

The Group believes that such activities are not only beneficial to the health of staff, but are also conducive to bond building outside of the workplace, improving cross-departmental communications, and promoting camaraderie, leading ultimately to a more harmonious and productive working environment.

11. REPORTING ACCESS

This ESG Report is prepared in both English and Chinese languages. In case of any inconsistency, the English text of this ESG Report shall prevail over the Chinese text. The electronic version of this ESG Report is available at the following websites:

- (1) www.hkex.com.hk
- (2) www.co-nuoxin.com

If you have any doubt or comment on this ESG Report, you can contact the Group at info@co-nuoxin.com.

Hong Kong, 14 August 2019