



Huajin International Holdings Limited

華津國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2738)

2019

Environmental, Social and Governance Report

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Appendix 1 Content Index of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

Section 1 About This Report

1.1 Introduction



Corporate Culture

Corporate Spirit

Unity & Loyalty, Pursuing Excellence, Pragmatic Innovation, and Being Enterprising.

Business Philosophy

Working Hard, Giving Back to Society, and Growing Bigger and Stronger.

Corporate Objective

Create a First-class Brand

The business philosophy and commitment to sustainable development of Huajin International Holdings Limited ("the Company", together with its subsidiaries, collectively referred to as "the Group" or "us"), as the key to our continuous progress, not only lead our business growth and expansion, but also drive our positive impacts on the community and the environment, bringing long-term value to all stakeholders.

The Group upholds its corporate spirit of "Unity & Loyalty, Pursuing Excellence, Pragmatic Innovation, and Being Enterprising". The board of directors of the Company cares about the economic, environmental and social impacts of business operations and evaluates environmental, social and governance (ESG) risks before making decisions, in an effort to

contribute to building a beautiful and green society. The Group is also committed to providing customers with products and services that meet their needs and creating long-term value and potential growth for customers and partners.

While doing business, we spare no effort to implement various tasks of sustainable development, care for employees from different aspects, and provide them with a variety of learning opportunities and activities, in an effort to create a nice home for employees.

On the environmental front, the Group has appointed certain business units to implement its ESG risk management mechanism and internal control system and ensure their effective operation. In addition, we proactively promote green development. The Group is increasing investment in technological transformation, energy conservation and environmental facilities, so as to build the Company into a world-class brand that is environmentally friendly and innovative.

1.2 Basis for Preparation of the Report

This report was prepared by the board of directors (the "Board") of the Company according to the Environmental, Social and Governmental Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The information disclosed in this report is sourced from the Group's internal statistics and internal management system analyses.

This report has been properly prepared in accordance with the reporting principles set out in the Environmental, Social and Governmental Reporting Guide. All important areas are identified through stakeholder engagement and materiality assessment and verification by senior management. We approached stakeholders via various channels and engaged an independent professional third-party advisor to obtain opinions on ESG issues in our business, so as to set priorities on the important areas to be reported according to their impacts on the environment, economy and society and on stakeholders. We aim to provide objective, accurate and fair information in this report.

1.3 Scope of Reporting

This is our third annual environmental, social and governmental report · which covers the Group's ESG measures and their progress. The reporting period is from 1 January 2019 to 31 December 2019.

Scope of Reporting:

This report focuses on the Group's headquarters and our two main subsidiaries operating in the PRC namely Jiangmen Huajin Metal Product Company Limited ("Jiangmen Huajin") and Jiangmen Huamu Metals Company Limited ("Jiangmen Huamu"). The Group's headquarters in the PRC is located at Xinsha Industrial Park, Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC.

Unless otherwise indicated, all numbers herein are absolute. Personnel from contractors are not considered as employees of the Group.

In order to be reader-friendly and increase transparency, a detailed content index of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange is included at the end of this report. Other ESG information, including financial data and corporate governance information, has been published in the Company's 2019 Annual Report.

1.4 Reporting Principles

We have considered the following reporting principles in preparing this report:































- **Materiality:** We communicate regularly with stakeholders to better understand their concerns about sustainability issues that affect them. When we examine the status quo, materiality and disclosure of sustainability issues, we will regularly refer to local and regional sustainability standards and those of our peers to ensure that our sustainability priorities and strategies are aligned with those standards. Risk factors related to material sustainability issues have been incorporated into the Group's risk management framework.

- **Quantitative:** In this report, we disclose quantitative data for the year, including environmental KPIs, and explain how to collect and calculate the relevant data where appropriate, so as to enable stakeholders to compare our performance.
- **Balance:** Our goal is to maintain a balance of reporting and make fair disclosure of the progress and ongoing challenges in the key areas of the Group's performance in order to enhance transparency.
- **Consistency:** We prepare this report in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange to allow for meaningful comparisons of our ESG performance over time.

Section 2 Stakeholder Engagement and Materiality Assessment

The Group understands that listening to the opinions of stakeholders and responding to and paying attention to their concerns in an effective and continuous manner are an indispensable part of the Group's business development planning and fulfillment of its corporate social responsibility. Accordingly, we endeavour to deeply understand the issues of great concern to our stakeholders and build a trusting and mutually beneficial relationship with them, so as to further promote sustainable development. The following table outlines the concerns of major stakeholders and related communication channels:

	Stakeholders	Focus Areas of ESG	Main Communication Channels
Internal	Employees	<ul style="list-style-type: none"> Growth and Win-win Labour Standards Health and Safety 	<ul style="list-style-type: none"> Occupational health and safety training Regular meetings Office publications/bulletin boards Suggestion box/mailbox/email Performance appraisal
	Management	<ul style="list-style-type: none"> Pollution Control Making Good Use of Resources Promoting Green Operations 	<ul style="list-style-type: none"> Company website Annual and interim reports Annual general meeting and other shareholders' meetings Press releases (if any), announcements, financial and other information about the Company and its business

	Stakeholders	Focus Areas of ESG	Main Communication Channels
External	Investors	 Pollution Control  Making Good Use of Resources  Promoting Green Operations	 Annual and interim results announcements  Annual and interim reports  Company website
	Customers	 Product Responsibility  Supply Chain Management  Promoting Green Operations	 Phone/email  Customer quality evaluation form  Customer visits or factory audits  Trade shows
	Suppliers	 Supply Chain Management  Promoting Green Operations	 Phone/email  Field survey  Annual review of suppliers
	Government	 Pollution Control  Making Good Use of Resources  Promoting Green Operations	 Government websites  Official documents/meetings  Paperwork/visits  Supervision/inspection
	Environmental organisations	 Pollution Control  Making Good Use of Resources  Promoting Green Operations	 Participation in community activities  Donation/sponsorship

Section 3 Environmental Prosperity

Everyone has a responsibility to protect the environment. In order to live up to its responsibilities as a corporate citizen, the Group strives to promote sustainability and continuously employ new technologies and new measures to minimise the environmental risk and impact of its business operations, thus achieving sustainable development. The Group strictly complies with all applicable environmental laws and regulations. During the reporting period, there were no cases of violation of relevant regulations or code of conduct within the Group.

3.1 *Pollution Control*

Management Policy

We believe that environmental protection is very important for the sustainable development of the Group's business. As such, our operational decision-making processes, from planning and procurement to production, take into account a wide range of environmental factors and the inputs from all departments, units and business partners. We take a series of environmental measures to control waste gas, greenhouse gas emissions and discharges to water and soil and reduce the generation of both hazardous and non-hazardous wastes, so as to minimise the environmental risk and impact of the Company's operations and achieve sustainability.

During the reporting period, the Group complied with all environmental laws and regulations in the PRC in all major aspects, including emissions of waste gases and greenhouse gases, discharges to water and soil, and hazardous and non-hazardous wastes. We were not subject to any punishment for violating applicable laws and regulations.

Exhaust Gas Management

In our daily production and operation, we strictly abide by the Air Pollution Prevention and Control Law of the People's Republic of China and the exhaust emission standards of Jiangmen City, so as to keep the exhaust emissions within the limits prescribed in relevant

laws and regulations and minimise the impact on neighboring areas. For better emission reduction, we stop using biological particles and only use clean energy (natural gas) as fuel to minimise the impact on neighboring areas.

Exhaust gases from the production process mainly include sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter emitted from hot water furnaces and hot blast stoves burning natural gas, and traces of hydrogen chloride after treatment by acid mist towers. The group consistently engages a third-party independent agency with valid qualifications to regularly monitor our gas emissions to ensure that the regulatory requirements are met. In the past year, all our exhaust gas parameters met the requirements of the Boiler Air Pollutant Emission Standard (DB44/765-2010) and the Class 2 standard limits and Period II Class 2 standard limits of the Air Pollutant Emission Limits (DB44/27-2001).

Annual emissions from consumption of gaseous fuels and motor vehicles

Pollutant	Nitrogen oxides (NO _x)	Sulphur oxides (SO _x)	Particles (PM)
Unit	kg	kg	kg
2018	1,428.10	7.30	103.50
2019	1,219.99	5.08	87.99

Wastewater Management

Our production processes generate liquid waste, industrial wastewater and municipal sewage. We have a production wastewater treatment station in the factory area, which is divided into two systems: a unit for acidic wastewater treatment and a unit for alkaline wastewater treatment. A part of the treated wastewater flows into the recycling facility for advanced treatment and, after meeting the criteria, is used as degreasing and cleaning water. We will apply for relevant emission permits in accordance with the requirements of the Discharge Standard of Water Pollutants for the Steel Industry (GB13456-2012). In addition, we regularly inspect the discharged wastewater. In the past year, our wastewater parameters met the direct emission limits for cold rolling enterprises in Table 2 of the Discharge Standard of Water Pollutants for the Steel Industry (GB13456-2012).

In 2019, our production department made the following improvements for the wastewater treatment workshop to increase the efficiency of wastewater treatment:

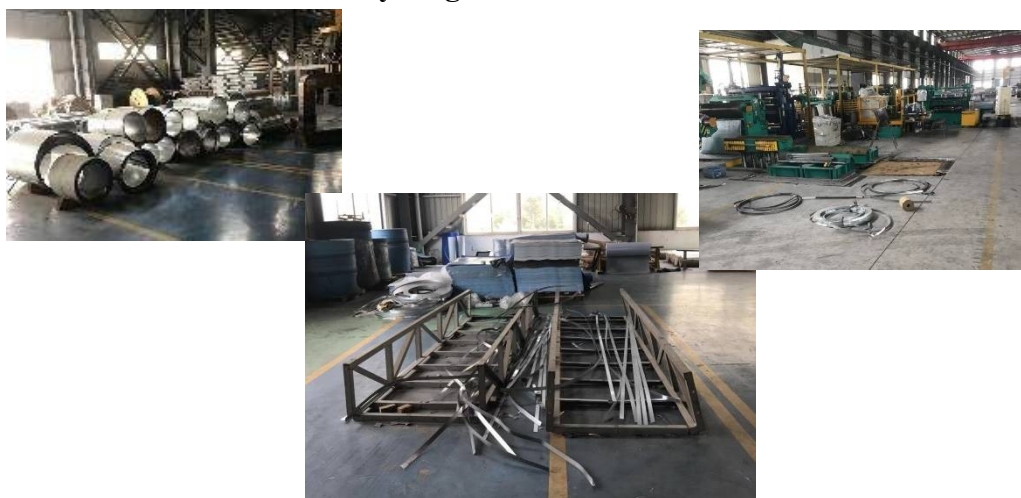
- Added wastewater pretreatment equipment; improved the quality of wastewater treatment.
- Adjusted wastewater treatment process by using nano-liquid alkali to reduce the generation of water treatment sludge.
- Studied sludge drying solutions to reduce sludge.

Waste Management

The Group attaches great importance to the management of solid waste. For the management of non-hazardous waste, the Group carries out classified management of non-hazardous waste in accordance with the Law on Prevention and Control of Environmental Pollution by Solid Waste, the Administrative Measures for Municipal Domestic Waste and other national laws and regulations, and have qualified manufacturers turn waste into treasure by, for example, selling waste paper, having suppliers recycle oil drums, and recycling raw material packaging.

As to hazardous waste, we identify hazardous wastes from factories in accordance with the National Catalogue of Hazardous Wastes (2017 edition), and engage third-party qualified processors to rationally recycle and dispose of hazardous wastes from our factories in accordance with regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and the Administrative Measures for Hazardous Waste Transfer Manifests. Meanwhile, the Group requires its factories to collect and temporarily store hazardous wastes in accordance with laws and regulations to ensure compliance of the Group's hazardous waste treatment practices with national laws and regulations.

Results Achieved: Waste Recycling



The Group recycles the scrap materials trimmed from cold rolled products as packaging tapes and packaging buckles.

The amounts of hazardous and non-hazardous wastes generated by the Group in 2019 are as follows:

	Hazardous waste			Non-hazardous waste		
Year	2017	2018	2019	2017	2018	2019
tonnes	4,115	7,664	9,419	534	321	270
Density (tonnes per tonne of production)	0.005	0.012	0.015	0.0007	0.0005	0.0004

3.2 *Making Good Use of Resources*

Management Policy

Climate change is the biggest environmental challenge we face today. All companies have the responsibility to reduce greenhouse gas emissions and protect the environment. The Group always performs prudent management of our resources. The Group has developed rigorous resource usage policies to provide specific management suggestions and measures for employees in respect of energy, water and raw material management, with an aim to increase resource efficiency, reduce waste and promote recycling.

Comprehensive Management

The Group has formulated the Management Regulations on Resource and Energy Control which applies to all departments' control of resources and energy consumption, including water, electricity, natural gas, oil, raw materials and office supplies and appliances. A project energy conservation report is developed for each of our projects to ensure efficient use of resources and reduce adverse impact on the environment. The specific energy conservation and emission reduction targets, as set out in the project energy conservation reports, form a clear blueprint of the Group for its environmental management efforts. We will achieve the targets according to the timetable set out in each energy conservation report.

Energy Conservation

The Group has been actively reducing the consumption of natural resources in our operations for many years. We implement a number of energy-saving measures and green office measures while looking for and adopting new methods. In the past, in order to fully understand the Group's energy consumption and management, we commissioned environmental experts to conduct energy audits of some of our factories to help us find more energy-saving opportunities, in the hope of screening out the existing problems and weak links in energy use, exploring energy-saving potential, looking for energy-saving directions, reducing energy consumption and production costs. In doing so, we also aim to

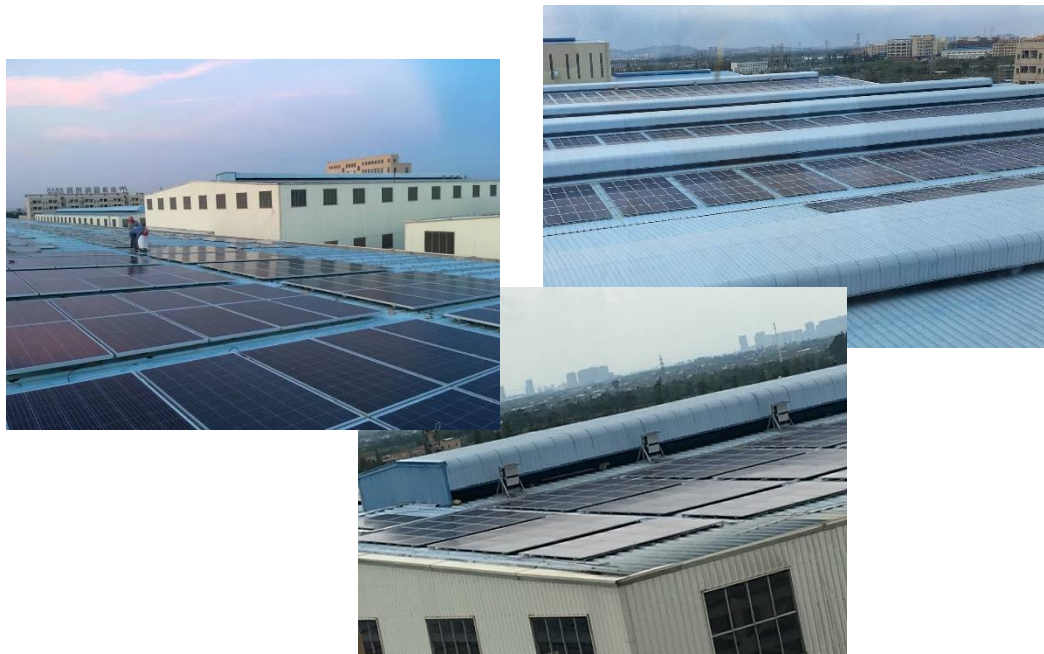
meet the energy-saving targets prescribed in the National 13th Five-year Plan and improve our economic efficiency.

The Group always insists on "energy conservation, emission reduction, and green production". We proactively employ clean production technology, reduce unnecessary use resources, and adopt new energy-saving measures. We advocate the use of energy-saving, efficient and environmental-friendly construction equipment, machinery and tools and office appliances recommended by the state and the industry. Meanwhile, we continuously update the latest environmental news to optimise the existing services, so as to reduce environmental pollution.

Below is a summary of the relevant measures and the results achieved:

- We continue to use energy-saving technologies and have gradually replaced lighting in workshops, offices and warehouses with light-emitting diodes ("LEDs"). The replacement began in early 2018. So far, about 800 traditional lamps have been replaced in the whole factory, which is estimated to save 10,000 kWh per month, equivalent to 8 tonnes of carbon dioxide emissions;
- Reduce the number of bulbs and install automatic control systems at workshops and offices; require staff to turn off machinery and appliances (including toilet lights and exhaust fans) after work;
- Control the air conditioning system to keep the indoor temperature of the office at 26 °C; and
- Ensure no idling of production equipment.

Results Achieved: Solar Power Generation



In addition to the above energy-saving measures, the Group is also looking for opportunities to use renewable and clean energy. In the past, we used natural gas and other measures to reduce the generation of exhaust pollutants from the source while minimising noise emissions to avoid environmental pollution. The Group has constructed solar power generation equipment connected to a large power grid. The power generated is mainly used in No.4 power room, workshop lighting, offices, dormitories and slitting lines. In 2019, we generated approximately 3 million kWh of solar power in total, equivalent to 2672.85 tonnes of carbon dioxide emissions.

The Group's total energy consumption in 2019 is as follows:

Year	Electric power ('000 kWh)	Solar power ('000 kWh)	Natural gas ('000 kWh)	Total ('000 kWh)	Density (MWh per tonne of production)
2019	127,089	3,194	39,586	169,869	0.271
2018	150,646	1,636	51,322	203,604	0.252
2017	160,461	Not applicable	63,897	224,358	0.284

Water Efficiency

Water is one of our most important natural resources. In order to protect precious water resources, the Group makes every effort to reduce the use of water in business operations. We have not encountered any problems or potential problems in the search for suitable water sources. We endeavour to save water in daily operations and strengthen the recycling of water resources to reduce water consumption.

The Group's total water consumption in 2019 is as follows:

Year	Total water consumption (m ³)	Density (m ³ per tonne of production)
2019	486,553	0.777
2018	596,762	0.925
2017	758,266	0.968

In addition, we try our best to use environment-friendly packaging materials such as wooden frames, and keep records of the quantities used for subsequent recycling and reuse. In offices, we advocate saving paper by adopting double-sided printing, recycling one-sided printed paper and using electronic filing system. We refill and reuse ink cartridges, and provide office supplies for various departments on an old-for-new basis to promote recycling of used supplies.

The Group's consumption of packaging materials for finished products in 2019 is as follows:

Material	Total (tonnes)			Density (tonnes per tonne of production)		
	2017	2018	2019	2017	2018	2019
Paper	83.55	89.39	53.91	0.00011	0.00014	0.000086
Plastic	143.45	217.24	120.42	0.00018	0.00034	0.000190
Metal	Not applicable	57.24	40.25	Not applicable	0.000088	0.000064
Timber	Not applicable	295.37	251.59	Not applicable	0.00046	0.000401

Results Achieved: Use of Environment-friendly Packaging Materials



During the reporting period, our Jiangmen factories recycled 79,236 cloth tapes, 31,043 paper tubes, 26,206 wood frames for coils, 45,363 wood frames for sheets, 1,230 iron frames and 489 iron drums.

3.3 Promoting Green Operations

Management Policy

In order to reduce the impact of daily operations on the environment and natural resources, the Group is committed to incorporating environmental responsibility into its daily operations. To this end, the Company advocates green operation and green procurement

policies to reduce the environmental impact and consumption of natural resources.

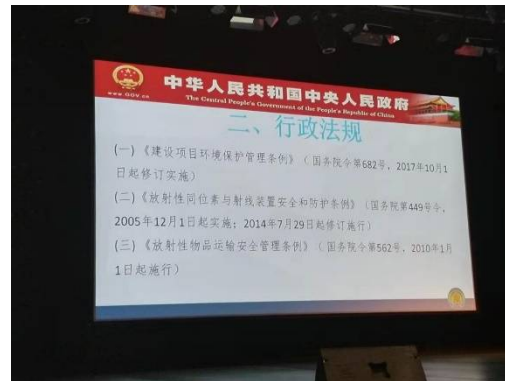
Environmental Management System

To properly manage the factories and effectively implement environmental policies, we actively promote the construction of an environmental management system, in an effort to ensure compliance with relevant regulations, improve environmental performance, prevent environmental pollution, and realise the commitment to green development. In the past year, we obtained the internationally recognized ISO 14001 environmental management system certification, proving the Group's efforts in green operations. In addition to regularly reviewing and adjusting existing measures to ensure their feasibility, we also engage external consultants to review our environmental issues to ensure that our environmental management strategies are up to standard. Moreover, we have set up an environmental management committee to monitor and manage environmental measures in factories and offices, so as to reduce safety risks and improve environmental performance.

Paperless Office

Our standardised digital ERP system has largely realised online operations ranging from raw material procurement & storage, sales, cold rolling and slitting, inventory management, pick-up and delivery processes, thus greatly reducing manual record, manual review and paper-based approval workflows and making the Group run more efficiently. We also use computers to systematically track packaging materials for different products, and upgrade the packaging design for hazardous products to make it more environment-friendly.

Promoting Environmental Protection



The Group commits itself to environmental promotion and education in its supply chain. Internally, we hope to gradually change employees' habits in daily life by improving their awareness of environmental protection. Each employee has to receive induction and on-the-job training on production safety and environmental protection. We also encourage employees to actively participate in the design of energy-saving and consumption-reduction schemes, so that they can learn knowledge about environmental protection and energy conservation. Externally, we attend environmental conferences organised by the government, invite relevant government personnel to guide certain training sessions, and organise donation activities with government agencies.

Ecological Conservation

We support environmental efforts, including protecting biodiversity, reducing ecological footprint and raising awareness of climate change. Since its inception, the Group has been keeping its promise of "saying no to shark fin". In addition, we always comply with relevant laws and regulations to protect biodiversity and ecosystems. Where applicable, we carry out environmental impact assessment, reduce emissions and install emission reduction equipment, try to reduce the potential adverse impact of our business operations on the ecological environment, and vigorously advance the restoration of the ecosystem. During the year, we regularly checked whether the pollutants emitted by our factories would affect the surrounding animals and plants, so as to understand and implement relevant measures. In addition, the Group purchased environment-friendly materials, such as passivators in the production of galvanised sheets. Environment-friendly materials

can reduce energy consumption and greenhouse gas emissions in the production process.

3.4 Countermeasures to Climate Change

Management Policy

It is an indisputable fact that global warming is getting worse. The Group is always concerned about climate change issues. As such, the Group strives to take the best measures to reduce greenhouse gas emissions from business operations in order to combat climate change. We carry out local procurement, use environment-friendly materials, and optimise production processes to reduce the carbon footprint and impact on climate change of our operations, so as to create an ideal living place for our next generation.

The Group's greenhouse gas emissions in 2019 are as follows:

Emissions	Year	Range 1	Range 2	Range 3	Total	Density (tonnes per tonne of production)
Carbon dioxide equivalent (tonnes)	2017	29,551.51	102,358.61	Not applicable	131,910.12	0.169
	2018	9,328.49	96,097.13	21.26	105,446.88	0.164
	2019	12,901.08	81,070.60	Not applicable	93,971.68	0.15
Notes: Range 1 includes direct combustion emissions from fixed and mobile sources; Range 2 includes energy-related indirect emissions.						

Results Achieved:



In order to create a greener environment in factories and reduce carbon footprint, the Group has planted a total of 334,728 trees around its factories, covering an area of approximately 58,461 m². It is estimated that the planting can reduce the Group's carbon footprint by 7.45% each year, representing about 7,000 tonnes of carbon dioxide emissions.

Section 4 Putting People First



While developing business, the Group unswervingly honours its social responsibility. The Group understands that our business success depends on our ability to attract, retain and cultivate employees. The Group is well aware that attracting and retaining talents will help it remain competitive. In the spirit of "unity and fraternity", we undertake to take good care of our employees and encourage suppliers to fulfill their corporate social responsibility.

During the reporting period, the Group complied with applicable local laws and regulations on compensation, recruitment, promotion, dismissal, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and welfare, child labour and forced labour. And there were no major employee or labour disputes that disrupted our normal business operations, nor were we subject to any punishment for violating applicable laws and regulations.

4.1 Growth and Win-win

Management Policy

Employees are valuable assets of the Group and are essential to the Group's success. We have developed management policies in accordance with relevant local laws and regulations in respect of employees' compensation, recruitment, promotion, dismissal, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and welfare, so as to fully protect and respect employees' rights and create an ideal workplace for employees. All of our human resources policies are formulated in strict compliance

with relevant labour laws in Hong Kong and Mainland China, including the Hong Kong Employment Ordinance and the Labour Law of the People's Republic of China.

Equal Opportunity and Diversity

The Group is committed to creating an inclusive and non-discriminatory workplace, providing equal opportunities for all employees regardless of gender, age, nationality, religion, sexual orientation or physical fitness, and giving fair consideration to all job applicants.

We follow the principles of fairness, impartiality and openness to recruit and promote the right employees and never discriminate against job applicants on the grounds of race, colour, social status, place of birth, nationality, religion, disability, gender, sexual orientation, trade union membership, political position or age. We prohibit the employment of child labour in accordance with relevant standards and regulations. Jiangmen Huajin and Jiangmen Huamu only recruit people aged 18 or above.

With a focus on employees' development needs and career planning, the Group has established a performance assessment system and promotion mechanism integrating training, use and evaluation of personnel, thereby building a sound career platform for employees and creating a virtuous cycle of personnel cultivation, use and selection, which in turn lays a sound foundation and provides sufficient motivation for the sustainable development of the Group and the self-growth of employees.

Protection of Rights and Interests

The Group continually reforms and improves its employee compensation policy and system, fully considers that employee compensation should grow in tandem with the Company's performance, ensures that employees are rewarded fairly based on their contribution, and provides attractive compensation and benefits to employees. Generally, an employee's compensation is subject to adjustments based on the Company's performance, the employee's post value, personal capabilities and performance, social development level, etc. The Group has also established a rigorous and prudent dismissal

process in accordance with relevant national laws and regulations. In case of serious dereliction of duty, serious violation of national laws and regulations or serious violation of rules and regulations of the Group by an employee, the Group may terminate the labour contract with the employee and deal with the matters concerned according to the Employee Handbook of the Group. The Group makes social insurance contributions and purchases work-related injury insurance for employees in domestic factories in accordance with the Social Insurance Law of the People's Republic of China and the Regulations on Work-related Injury Insurance. We make contributions to social welfare scheme, which comprises old-age insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, based on the salaries of employees. We are also required to provide a social welfare scheme covering housing provident fund and housing benefits for our employees in the PRC based on their actual salaries in accordance with applicable Chinese laws and regulations. In addition, each employee may resign by giving a reasonable period's notice.

Caring for Employees

The Group regards each employee as an important family member and is committed to providing employees with a work-life balance environment, in the hope that they can firmly stand with the Group to create the future together. We regularly organise recreational activities to help employees reduce work pressure, including "fun sports meets, basketball games, badminton games, table tennis games, singing contests, etc.

Activity Highlights: Birthday Blessings



The Group gave greeting cards and cake coupons to employees as birthday gifts.

Employee Communication

The Group understands that cohesion among employees is a key driving force for corporate development, and good communication channels with employees serve as the cornerstone of the Group's operations. Accordingly, we set up channels to collect employees' opinions, actively listen to their opinions and suggestions, and take timely measures in response to matters of high concern to employees to protect their interests.

Total number of employees of Jiangmen Huajin and Jiangmen Huamu as at 31 December 2019

	Total
Gender	
Male	687
Female	156
Total	843
By employment type	
Full time	843
By age group	
18 – 24	119
25 – 34	385
35 – 44	185
45 – 54	134
55 – 64	20
>= 65	0
Total	843
By region	
Mainland China	840
Hong Kong	2
Others	1
Total	843

Employee turnover rate of Jiangmen Huajin and Jiangmen Huamu

	Percentage (%)
Gender	
Male	4.06
Female	5.29
Overall	4.29
By age group	7.21
15 – 24	4.20
25 – 34	3.69
35 – 44	2.99
45 – 54	2.92
55 – 64	0.0
>65	

4.2 Health and Safety

Management Policy

The Group values safety and takes effective measures to reduce safety risks. In accordance with laws and regulations including the Safety Production Law of the People's Republic of China, the Occupational Disease Prevention Law of the People's Republic of China, the Fire Prevention Law of the People's Republic of China, we have formulated a set of appropriate safety management programs, including hazard identification and risk assessment and control, in order to reduce and control potential occupational safety and health hazards in business operations. The Group strictly abides by the relevant safety laws and regulation. During the reporting period, there was no case of prosecution against the Group for violation of occupational safety-related laws.

During the reporting period, the Group complied with the regulatory requirements for workplace safety in the PRC. We have not suffered any accidents or complaints that have

a material adverse effect on our operations, nor were we subject to any punishment for violating applicable laws and regulations.

Task Force

We have set up a dedicated safety management department (Safety Office) to take charge of the Company's occupational safety and production safety affairs. The Safety Office sets up files for occupational disease prevention, conducts regular inspections, educates on and rectifies improper operation practices in time to prevent safety accidents, improves management standards, and strengthens communication with employees to form a sound atmosphere for safety production and cohesion; organises physical examination of employees exposed to hazardous sources each year; and develops relevant improvement plans. Meanwhile, the Safety Office is also responsible for formulating and updating policies and procedures related to occupational safety and health, including the Occupational Disease Prevention Archives and Related Emergency Management Mechanism, the Measures for the Management of Safety Production Accountability and the Measures for the Management of Labor Protection Articles.

Risk Assessment

In order to minimise the accident rate, the Group will plan occupational health and safety affairs in advance for each project. We have process supervisors observe and summarise the practices in daily operations and educate on and rectify any problems found in operation practices to prevent unsafe behaviours and factors at work. The Group provides employees with personal protective equipment and devices as well as labour protection appliances in accordance with relevant national policies.

Case Sharing:

In order to make it easier for workers to clean the ground and reduce dust, our factories widely use floor paint. In addition, the factories have added oil mist separators, air compressors, battery carts and other environment-friendly equipment to absorb the oil mist in the factory buildings for air purification, protect the health of workers, and create a comfortable working environment.

Occupational Health and Safety Inspection

In order to review our occupational health and safety performance, we assign dedicated staff to take charge of the Company's occupational health and safety affairs, and regularly carry out safety inspections on the equipment and environment at the work sites. In addition, each year, we engage a third-party testing company to inspect our production workshops for noise, dust, radiation, air quality and other factors, and arrange physical examination of employees exposed to hazard sources. We also develop improvement plans accordingly, and provide protective gears for workers at production workshops.

Raising Safety Awareness

We vigorously promote a workplace safety culture. To maintain employees' awareness of workplace health and safety, we have established the Safety Education and Training Management System that provides employees with safety training to ensure that all employees are familiar with our safety procedures and policies, including guidelines for safety management, emergency response, correct operation and use of equipment and machinery, and accident reporting rules, in an effort to achieve zero work-related injuries. In order to protect the legitimate rights and interests of employees, the Company provides occupational health and safety training for every employee at least monthly.

The Group's work-related injury statistics for the last three years are as follows:

	2017	2018	2019
Work-related deaths			
Persons	0	0	0
Percentage (%)	0	0	0
Work-related injuries			
Lost days due to work injury	1,646.00	2,718.15	2,694.8

Activity Highlights: Emergency Drills



The Group sets up smoke-proof doors and escape signs in office buildings and dormitory buildings, and teaches employees how to escape safely in case of emergency during fire training. We also have fire safety archives and sound fire safety emergency plans, and conduct safety emergency drills in June and December each year. The photos above were taken from the emergency drill on liquid ammonia leak and fire evacuation in 2019.

4.3 Development Potential

Management Policy

In a society with rapid technological developments, we hold the belief that mastering the latest skills and knowledge will help maintain the competitiveness of the Group. As such, we advocate lifelong learning and develop a culture of continuous learning. The Group offers comprehensive employee development and training programmes to increase

employees' knowledge in operational and safety practices, provides promotion opportunities and fosters employee loyalty, thereby consolidating the foundation for the sustainable development of the Group. Specifically, we assigned experienced technicians to tutor new employees, arrange training and certification for personnel in posts requiring professional certificates, and fully reimburse the cost of external training programmes for the right employees.

Orientation Training

In order to speed up the adaptation of new employees, they are provided with induction training from the human resources department when joining the Group. The training is mainly to help them understand the Company's development history, corporate culture, business philosophy, rules and regulations, basic business knowledge, safety rules, welfare system, and other basics. During the term of their employment, employees receive on-the-job training organised by the human resources department or their respective departments.

Vocational Skills Training

In an effort to build a professional and technical team, we provide sufficient career development opportunities for employees to enhance their professional know-how, technology and skills. We also evaluate the work competence and performance of employees who are eligible for promotion and want to be transferred, and make reasonable job adjustments based on the Group's business development needs and employees' personal wishes to facilitate the career development of employees.

The percentages of full-time employees trained in 2019 are as follows:

	Percentage (%)
Gender	
Male	100
Female	100
By employee category	
Senior Management	100
Middle management	100
Supervisors	100
General staff	100

The average training hours completed per full-time employee in 2019 are as follows:

	Hours
Gender	
Male	60
Female	60
By employee category	
Senior Management	60
Middle management	60
Supervisors	60
General staff	60

4.4 Labour Standards

Management Policy

The Group firmly prohibits the employment of child labour or forced labour. In order to avoid illegal employment of child labour or forced labour, we will check the identity documents of job applicants to ensure that the information on age and nationality provided by them is correct. We recruit workers in accordance with the Hong Kong Employment Ordinance and the Labour Law of the People's Republic of China and prohibit any form of

forced labour and forced overtime work. During the reporting period, the Group found no cases of child labour or forced labour.

Section 5 Operational Commitment

5.1 Product Responsibility

Management Policy

We are committed to providing the highest-standard products and services in our operations. We always place great emphasis on quality control and adopt stringent quality standards to eliminate the possibility of any personal injury or property damage to consumers caused by defects in our metal products, so as to ensure that our products meet the product quality standards prescribed by PRC laws and regulations, including the Quality Law of the People's Republic of China and the Consumer Protection Law of the People's Republic of China.

During the reporting period, we did not have any major product quality problems that caused health and safety incidents or led to any fines, product recall orders or other penalties imposed by the Chinese government or other regulatory authorities.

Quality Management

Jiangmen Huajin and Jiangmen Huamu have each held ISO 9001:2015 certification for their respective quality management systems. In order to maintain reliable product quality, our quality control team meticulously monitors every stage of our operations. For example, each month, the procurement department fills in the Supply Analysis Form on Suppliers; the sales department calculates the customer complaint handling rate; and the production department calculates the product qualification rate and the production plan achievement rate. We strictly implement our quality control policies through a fine quality management system, and our product warranties generally require us to produce products that are free from any defects in materials and processes and meet customer requirements. If our products fail to meet the required standards due to our fault, the products will be inspected and we will make compensation and initiate recall procedures.

Quality Services

Customer satisfaction is the key to the success of the Group. We strive to improve our business performance in all aspects to exceed customer expectations. To better track the feedback from customers on product quality issues and improve efficiency of our after-sales service and product quality, our managers from business, quality and production departments closely communicate with each other to decide whether it is necessary to designate our staff to handle a customer's issues on site and then report to the general manager's office on the customer's on-site situation and the handling results. We will not use the customer information collected in the process for other purposes without the customer's consent, which is supervised by our business department.

	Result
Percentage of products subject to recalls for health and safety reasons	0
Number of complaints about products and services received by the Company	0

Intellectual Property Protection

The group attaches great importance to the protection of intellectual property rights. Jiangmen Huajin and Jiangmen Huamu have filed patent applications in respect of our business operations with the State Intellectual Property Office of the PRC, and the patents applied for were created by our employees. We possess registered trademarks and have submitted trademark applications in respect of our business operations to the Trademark Bureau of the State Administration for Industry and Commerce. These registered trademarks are intangible assets of Jiangmen Huajin and Jiangmen Huamu and are of great significance to our business operations. We rely upon relevant laws and regulations, including but not limited to the Patent Law and the Trademark Law, as well as R&D agreements concluded between the Group and its employees, to protect our intellectual property ("IP"). Pursuant to these agreements, all IP rights to inventions, technologies and products created by our R&D personnel during the term of their employment belong to the Group, and such R&D personnel shall keep strictly confidential all materials on such

products, technologies and IP rights during their employment and for a period of five years from the termination of their employment. Such obligations of our employees are mandatory and legally binding. We also lay emphasis on product promotion, and ensure that all product advertisements and promotional materials are reviewed and free of misstatement, so that our customers can make informed purchase decisions.

Fair Business Practices

The Group encourages the use of good promotion practices, and forbids any description, claim or explanation inconsistent with the facts in advertisements. We also formulate our sales and promotional documents in accordance with relevant laws and codes of practice to ensure that our promotional materials and advertising content are true, fair and reasonable and not misleading, so as to protect the interests of consumers.

During the reporting period, the Group complied with all applicable local laws and regulations on advertising and labelling of products and services and privacy.

5.2 Supply Chain Management

Management Policy

The Group's steady business development depends on the reliable support from suppliers. Suppliers are one of the important stakeholders in the Group's business value chain and are closely connected with us. The Group is also fully committed to establishing long-term stable business relations with our major steel suppliers. In order to promote business cooperation with suppliers, the Group has developed flexible procurement workflows to meet the different needs of the supply chain.

We maintain close partnership with our major steel suppliers, allowing us to obtain different grades of steel at any time. To make good use of our suppliers' industry insights and judgment of market trends, we hold regular supplier meetings each year to strengthen supplier management and enhance the quality and service awareness of suppliers. We also intensify the communication of the Group's future management priorities to suppliers to

build mutual trust and ensure the alignment of interest.

Appointment of Suppliers

We have a well-established supplier admission process to ensure that all potential suppliers and subcontractors have a level playing field and enjoy equal opportunities. Before our procurement team adds potential suppliers to our list of approved suppliers, relevant functional departments will jointly conduct a series of selection procedures for potential suppliers, including qualification review, inspections and factory visits, so as to ensure that only high-quality suppliers join the list. To ensure the quality of raw materials, our procurement policy is to only purchase raw materials from approved suppliers. We also conduct assessment of our existing suppliers from time to time. Any supplier that fails to meet our requirements will be removed from our list of approved suppliers.

Sustainable Supply Chain

As responsible corporate citizens, we work with our suppliers to minimize the environmental and social impacts of our business operations. The Group gives priority to the products and services of local suppliers when seeking high-quality raw materials. In 2019, the Group's suppliers are all from the PRC. In addition, the Group gives preference to organisations with ISO 14001 environmental management system certification and ISO 9001 quality management system certification. To effectively monitor and evaluate the performance of suppliers in fulfilling their social responsibilities, we have established a comprehensive system to assess the quality of services and products, safety and environmental performance, labour standards and financial status of our approved suppliers/subcontractors each year.

Number of suppliers as at 31 December 2019

Region	Number
China	507

We provide delivery services to the majority of our customers. The risk and ownership of our products is transferred to a customer upon receipt of the products by the customer or

delivery of the products to the customer. Our products are delivered: (i) to domestic customers mainly by road; and (ii) to overseas customers mainly by sea on a free on board basis. During the reporting period, we did not experience any major disruption or damage during the shipment of products.

The insurance purchased by the Group mainly includes all-risk property insurance, environmental pollution liability insurance, cargo transportation insurance, cash and cash equivalent insurance and employee liability insurance. We believe that our insurance coverage is adequate for our operations and in line with industry practices. We were not involved in any major insurance claims during the reporting period.

5.3 Ethics and Anti-corruption

Management Policy

The Group carries out clean governance construction, establishes and improves internal audit rules and internal control systems, strengthens internal supervision, risk control and anti-corruption management to ensure that its business procedures are in compliance with local and international laws on prevention of bribery, extortion, fraud and money laundering. We also regularly review our operational procedures and guidelines to enhance internal controls and compliance review.

Our employees maintain business integrity in good faith, which is reflected in the following aspects:

- Signing an integrity responsibility agreement with each supplier;
- Anti-fraud management system;
- Whistle-blowing procedures and channels;
- Engaging an independent audit agency to audit the accounts; and
- Conflict of interest policy.

Whistle-blowing Channels

Internally, we have established an internal audit mechanism to crack down on corruption, fraud and other irregularities through open whistle-blowing channels such as mailbox and telephone as well as serious investigation and handling of internal corruption reports. The investigation results will be submitted by the audit department to the management of the Company in the case of fraud involving non-senior management personnel, or to the Board of Directors and the Audit Committee in the case of fraud involving senior management personnel.

During the reporting period, the Group abided by all relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering. Neither the Group nor any of its employees was prosecuted for or convicted of corruption.

Section 6 Community Engagement

The Group is well aware that as a corporate citizen, it has to fulfill its social responsibility and contribute to the communities it serves. Although the Group has not formulated a policy on charitable donations, we always support community engagement, help the poor and the disabled, regularly donate and visit poor, senior or disabled families with volunteer organisations and trade unions.



During the reporting period, we invested sufficient resources in education, health, environmental protection and labour rights to better fulfill our corporate social responsibility. We regularly make donations to educational institutes for scholarships and grants through volunteer organisations and trade unions, participate in fund-raising activities organised by the local government such as "Walk for Thousands", and regularly hold fund-raising activities to encourage employees to donate money for charity. During the reporting period, the Group provided 223 hours of volunteer services and donated RMB150,000 in total for community engagement.

Activity Highlights: Beautiful Town



The Group arranged volunteers to participate in the "Beautiful Society & Tourist Town" event organised by the local government. The event is designed to increase the cultural atmosphere of Shibansha Island in Muzhou Town, enable more people to know about Danjia culture to promote tourism.

Activity Highlights: Regular Visits to Poor, Senior or Disabled Families with Volunteer Organisations and Trade Unions



Section 7 Awards and Achievements

Name of award/achievement	Issuing authority	Awarding date
Jiangmen Huajin Metal Product Company Limited obtained ISO9001 certification on galvanised sheets, while its other certifications remain valid	Zhongjian Certification Co., Ltd.	3/9/2019
Jiangmen Huajin Metal Product Company Limited won the title of Guangdong High-tech Enterprise in 2019	Office of National Leading Group for Accreditation of High-tech Enterprises	2/12/2019
Jiangmen Huamu Metals Company Limited won the title of Guangdong High-tech Enterprise in 2019	Office of National Leading Group for Accreditation of High-tech Enterprises	2/12/2019
Jiangmen Huajin Group was awarded the designation of 2019 Key Client of Bank of China Jiangmen Branch	Bank of China Limited Jiangmen Branch	1/12/2019
Jiangmen Huajin Metal Product Company Limited won the title of 2019 Gold Client of Agricultural Bank of China Jiangmen Branch	Agricultural Bank of China Jiangmen Branch	1/12/2019
Jiangmen Huajin Metal Product Company Limited won the title of 2019 Strategic Client of China Construction Bank Jiangmen Branch	China Construction Bank Jiangmen Branch	1/12/2019

Section 8 Professional Memberships

Position title	Organization name	Membership maturity
Vice Chairman of the Board	Jiangmen Vocational Education Association	Not applicable
Standing Member (Huajin)	Jiangmen Enterprise Quality Development Association	1/4/2020
Standing Member (Huamu)	Jiangmen Enterprise Quality Development Association	1/4/2020
Vice President	Education Promotion Association of Gujing Town, Xinhui District, Jiangmen City	Long-term

Appendix 1 Content Index of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (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.	3.1 Pollution Control 3.4 Countermeasures to Climate Change
KPI A1.1	The types of emissions and respective emissions data.	3.1 Pollution Control
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Countermeasures to Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Pollution Control
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Pollution Control
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.4 Countermeasures to Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.1 Pollution Control

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Making Good Use of Resources
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).	3.2 Making Good Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Making Good Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2 Making Good Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2 Making Good Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	3.2 Making Good Use of Resources
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.3 Promoting Green Operations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.3 Promoting Green Operations
B. Social Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on:	4.1 Growth and Win-win

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Growth and Win-win
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Growth and Win-win
Aspect B2: Health and Safety		
General Disclosure	relating to providing a safe working environment and protecting employees from occupational hazards. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	4.2 Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	4.2 Health and Safety
KPI B2.2	Lost days due to work injury.	4.2 Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2 Health and Safety

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3 Development Potential
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Development Potential
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.3 Development Potential
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.4 Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.4 Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.4 Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	5.2 Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the	5.2 Supply Chain Management

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
	practices are being implemented, how they are implemented and monitored.	
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.1 Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.1 Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.1 Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	5.1 Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.1 Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money	5.3 Ethics and Anti-corruption

Environmental, Social and Governance Reporting Guide of the HKEX	Description	Section
	laundering.	
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.	5.3 Ethics and Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5.3 Ethics and Anti-corruption
Community		
Aspect B8: Community investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6 Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Community Engagement

Please Share your Thoughts with us!

We value your feedback on this Environmental, Social and Governance Report 2019. Your comments will help us achieve our vision of sustainable development. We invite you to share your comments through the following channels:

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