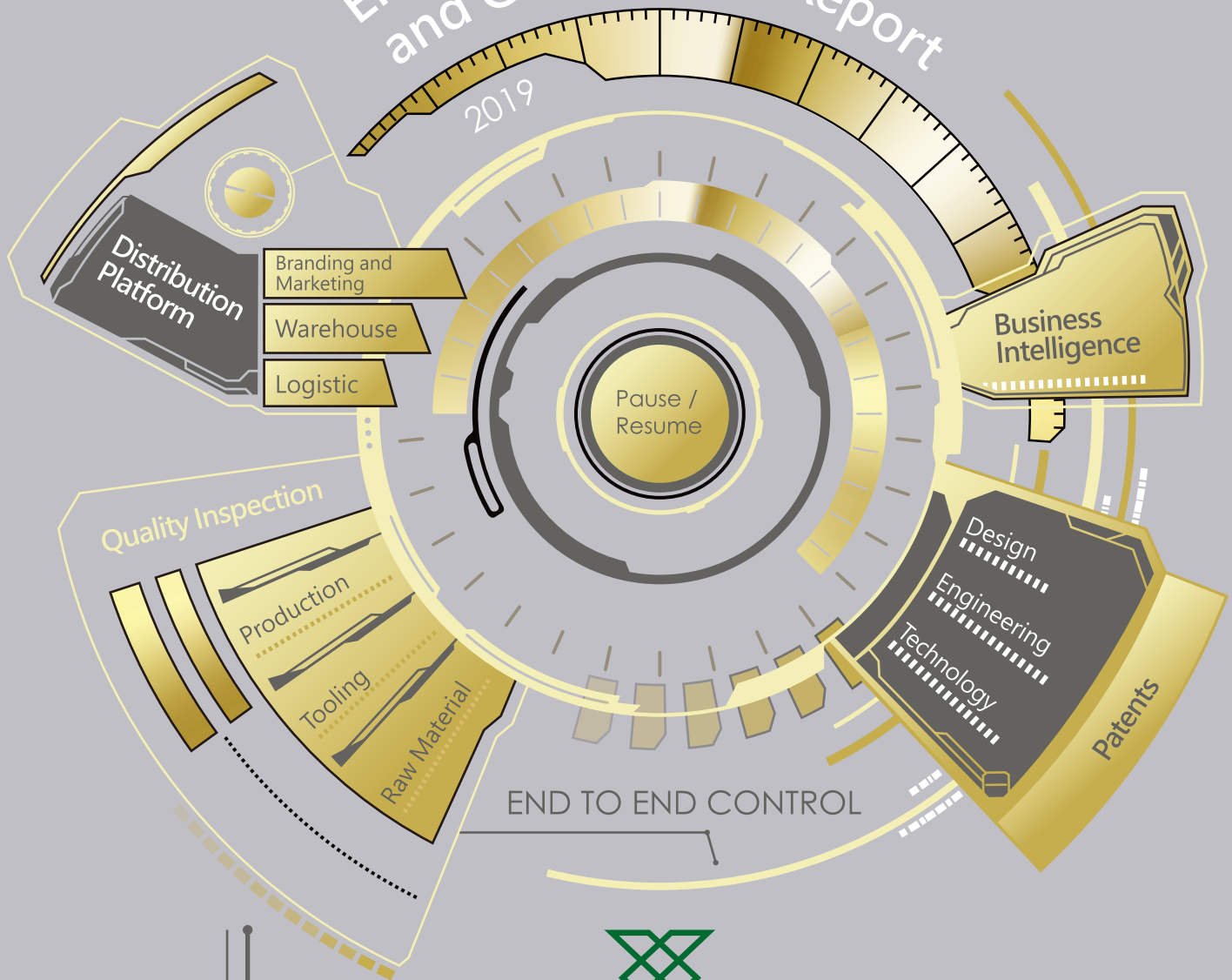


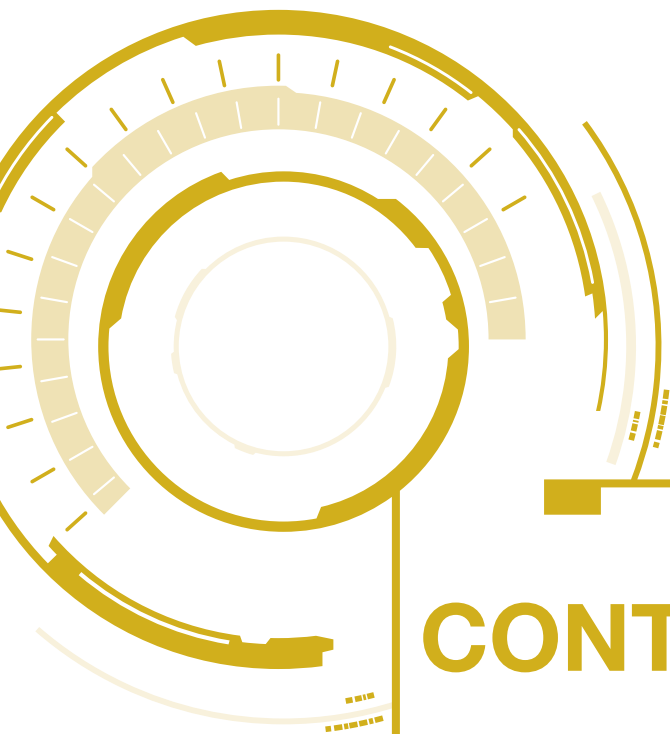
Environmental, Social and Governance Report



King's Flair International (Holdings) Limited

科勁國際(控股)有限公司

Incorporated in the Cayman Islands with limited liability Stock Code : 6822



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR BUSINESS

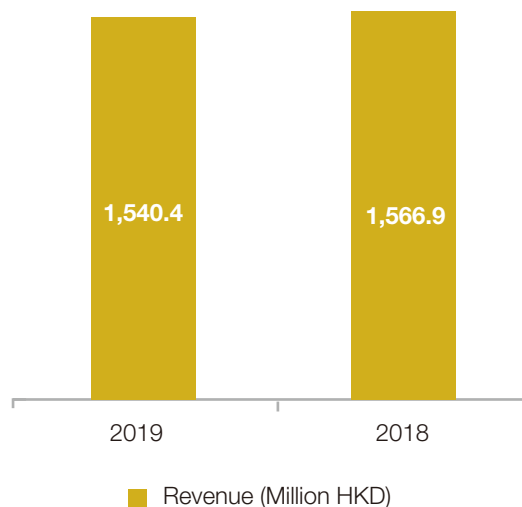
King's Flair International (Holdings) Limited (the "Company", together with its subsidiaries, "KFI" or the "Group") is an integrated one-stop kitchenware and household product solution provider to renowned kitchenware and household product brands from North America, Europe and Asia. The Group strives for continuous improvement on its competitive advantages, the design and R&D team was expanded in 2019, in order to cope with the growing business.

The Group provides the following services:



The Group offers diversified kitchenware and household products to the mid-tier and high-end market, where a strong and stable market is remained in the US and Europe, while the market in PRC remains stable during the period from 1 January to 31 December 2019 (the "Year"). The Group has a strategic partnership with brand owners in PRC, allowing the Group to focus on expanding the retail kitchenware and household product market. In the Year, clients from the US contributed approximately 71.1% of total revenue, while Asia, Europe and Canada contributed 19.3%, 6.9% and 2.0% respectively.

Financial Performance



ABOUT THIS REPORT

This is the fourth Environmental, Social and Governance (“ESG”) Report (“Report”) published by the Group. By reporting the policies, measures and performances of the Group in environmental, social and governmental aspects, it allows all stakeholders to understand the progress and development direction of the Group.

Reporting Period and Scope

Upholding the principle of materiality, this report focuses on the operation of the Group’s primary business segment of trading of kitchenware and household products during the Year, such segment accounted for approximately 92.7% of the total revenue of the Group. The reporting scope remains the same as the Group’s ESG Report published in the previous year, covering three offices in Hong Kong (“head office and branch offices”). The Group established a new office in Tai Po in October 2019, due to the nature that the office is shared with a business partner, it has not been included in the reporting scope.

Reporting Standard

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”). The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this report.

Reporting Principle	Definition	Our Response
Materiality	Issues that the Group have posed significant impacts on economy, environment and the society, should be reported.	The Group has identified issues that are considered as important to the stakeholders via management interview. Please refer to p.8 for further details.
Quantitative	The Group shall ensure the Key Performance Indicators (“KPIs”) are measurable and accompanied by a narrative explaining its purpose, impacts and calculation methodology.	The Group has assigned responsible personnel in collecting and managing environmental and social KPIs. The Group has also commissioned an independent consultant in assessing emissions and other environmental KPIs in accordance with local and international guidelines.
Balance	The Report should provide an unbiased picture of the Group’s performance. Presentation formats that may inappropriately influence a decision or judgement by the report readers should be avoided.	The Group is committed to upholding an unbiased reporting principle. The Group does not only report the achievements the Group has made but also the challenges it has faced.
Consistency	Consistent methodologies should be adopted to allow meaningful comparison on the Group’s ESG performance.	The Group adopts consistent data collection and calculation methodologies and provides historical data where appropriate.

In order to allow shareholders to fully understand the ESG of the Group, this Report discloses not only KPIs about environmental aspect in compliance with the “Comply or Explain” provisions but also reports certain KPIs about social aspects as stated in “Recommended Disclosures” in the ESG Reporting Guide.



Environmental, Social and Governance Report

Confirmation and Approval

The information contained in this report has been sourced from official documents and statistical data of the Group. This Report has been confirmed by the ESG Committee of the Group and approved by the Board of Directors (the “Board”) on 18 June 2020.

Feedback

Available in both Chinese and English, the report has been uploaded to the websites of SEHK and the Group (www.kingsflair.com.hk). The Group welcomes all comments on this report and invite stakeholders to provide feedback on its performance on environmental protection and social responsibility via email (ir@kingsflair.com.hk).

MESSAGE FROM THE MANAGEMENT

In the pursuit of business growth and better standard of living for consumers, companies like KFI must adopt a holistic approach that is aligned with the principles of sustainability. It is through this report and other engagement channels that the Group includes stakeholders in the shaping of the Group's policies and the improvement of ESG performance.

The Board oversees the ESG measures and policies of the Group, including the duties of the ESG Committee. In response to the heightened emphasis on the Board's role and accountability in corporate sustainability governance, the Group will continue to seek ways to enhance the Board's involvement in and endorsement of the related matters and policies.

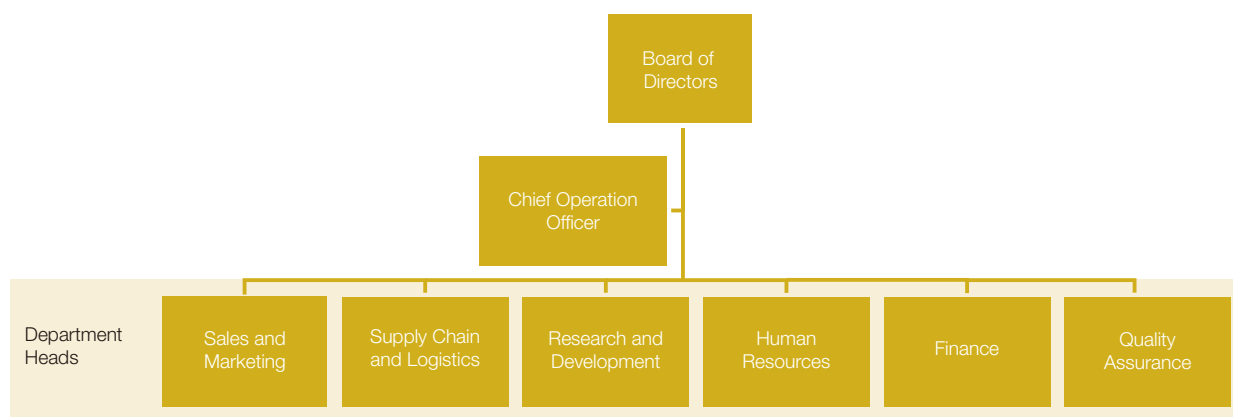
The Group values stakeholders' input and opinion because it helps us to address their concerns more accurately and effectively. This Year, the Group focuses its attention on employment, training and development, and supply chain management, since stakeholders are the most concerned about these areas and its impact are the most significant in the relevant aspects.

In view of the introduction of climate change as a new aspect in the amendment of the SEHK's ESG Reporting Guide, it is on the agenda to prepare for the relevant disclosure in the future. The Group believes that this will increase the transparency of the report and give stakeholders a clearer picture of the progress the Group continue to make. KFI welcomes any feedback on this report and looks forward to going forward on the journey of sustainability with all partners and stakeholders.

SUSTAINABILITY GOVERNANCE

A strong governance framework is key to ensuring that sustainability issues the Group faces are incorporated into the corporate agenda. It does not only enable stakeholders to understand better the Group's commitment and responsibility in relation to the environment and society but also allows the Group to cope with ESG challenges.

The Board has overall responsibility for the Group's strategy and reporting in environmental protection and social responsibility. The ESG Committee is delegated with the authority from the Board to be primarily responsible for overseeing ESG related issues that are significant to the Group's operation and the interest of its stakeholders. The ESG Committee is also responsible for reviewing, monitoring and updating the Group's ESG policies and practices to ensure compliance with the relevant regulatory requirements, assess and respond to emerging ESG risks and make recommendations to the Board.



The ESG Committee held two meetings in the Year and spent time in consideration of the followings:

- Reviewed and endorsed the annual ESG Report
- Explored different forms of stakeholder engagement activities within the Company, such as conducting questionnaire surveys, focus groups and supplier training workshops
- Confirmed and monitored the development of ESG strategies and initiatives

In the coming year, the Group is going to review its current strategies on charitable activities participation and its environmental policies, aiming to improve the overall ESG performance and to better address the needs and expectation from stakeholders. The Group also intends to review its current environmental performance and establish targets to further reduce its negative impacts on the environment.

The Group's adheres with the relevant laws and regulation of operation locations, there have no noncompliance cases identified during the Year. Please refer to the Appendix A on the Group's compliance status to laws and regulations for further details.

STAKEHOLDER ENGAGEMENT

The Group relies on comments and opinion from stakeholders to help the Group to understand better the risks and opportunities in different regions and aspects, which enables improvement of the Group's performance. Stakeholders of the Group come from different sectors and professions from product design, material procurement to production and sales. The Group values their opinions on the road to sustainable development and seeks to create value for its stakeholders, internally and externally, and the communities in which it operates

Communication Activities with Stakeholders

The Group has established various channels to maintain communication with stakeholders. KFI believes that through effective communication, the stakeholders are able to gain a better understanding of the Group's strategy and performance in relation to ESG. The comments and feedback from stakeholders allow the Group to develop its ESG strategies to respond to their expectation.

Key Stakeholders	Engagement Channels	Relevant Sections
Suppliers	Factory visits, supplier management meetings and supplier performance evaluations	Managing Suppliers' Performance
Customers	Customer satisfaction survey, customers' complaint mechanism and industry activities	Enhancing Customers' Experience
Employees	Employee grievance channels and employee training and performance assessment	Supporting Employees' Career Advancement
Shareholders	General meetings, annual report and financial report, corporate communications	Corporate governance on company website
Investors and Analysts	Investor presentations and business development meetings	Investor Relationship on company website
Community	Community partnerships and services	Investing in Community

Materiality Analysis

During the Year, the Board has validated material issues under the assistance of an independent consultant. The Board expressed their view on focused issues that the Groups' operation has a significant on the environment and society and are important to the stakeholders. Below are the material issues that have been identified, its importance and the Group's objective towards the issue:

Material Aspects	Description of Importance	Group's Objective
Providing pleasant and respectful working environment to employees	It is important to ensure the employees are respected and treated fairly in the working environment	To provide organised, clean and appropriate working environment that is safe for employees
Support employee to advance their careers and achieve upward mobility	By supporting the employees' career advancement, the Group is able to retain talents and reduce the risk in employee's turnover.	To provide a platform to develop talents with valuable and relevant skills, such as leadership and soft skill required to maintain daily operation in order to support the business and staff development
Manage supply chain sustainability risks	The Group works closely with its supply chain on the production of the products. It is important to manage our supply chain to ensure the sustainability risks of products are minimised throughout its life cycle.	Manage risks in relation to supply chain upon extreme condition to maintain a responsible, sustainable and agile supply chains that meet the need of the Group's business

EMBRACING EMPLOYEE EMPOWERMENT

The Group is committed to providing employees with a healthy and safe working environment that enables them to unleash their full potential. The Group supports employees to pursue higher achievement in their career by providing training and financial support to employees.

Caring for Employees

The Group strives to provide a fair and friendly working environment for employees. The Group has stipulated policies relating to remuneration, dismissal, working hours, holidays, anti-discrimination, benefits and welfare in the Staff Handbook. Employees are welcomed to refer to the Staff Handbook for their rights and obligations.

As stipulated in the Staff Handbook, the remuneration of employees is set with reference to market standards and individual performance. The Staff Handbook sets out procedures and guidance on the working hours and leave system. In addition to statutory holidays, employees can enjoy paid annual leave, wedding leave, maternity leave, paternity leave and other holidays according to their rank and service years.

The Group is committed to treating all employees equally, no matter their gender, race, religion, illness, mental or physical disability, family status, sexual orientation or political status. Guidance on anti-discrimination and anti-harassment have been set out in the Staff Handbook for employees to follow. In addition, the Group has established channels for reporting misconduct, including discrimination and harassment. The employee could file a complaint to the departmental manager or general manager, and it will be handled in accordance with the guidelines stated in the Staff Handbook.

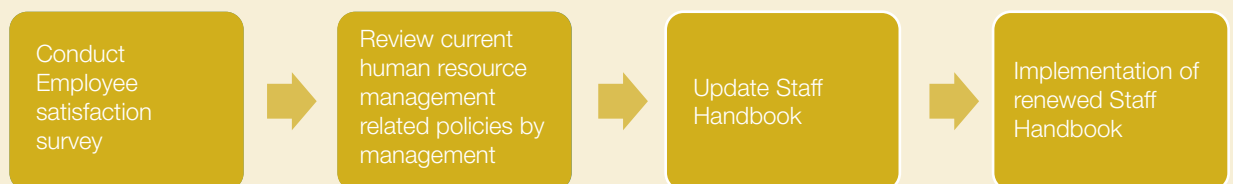
KFI respects all employees from different backgrounds and is endeavoured to understanding their needs, in order to promote a harmonious corporate culture. The Group also promotes equal opportunity in the working environment. The Group plans to review the Staff Handbook in the coming year and include an equal opportunity and diversity policy, which gives guidance to employees regarding relevant matters.

In order to improve our human resources system continuously, KFI has set out an all-rounded human resources management strategy during the Year. The strategy aims to understand our employees' needs better. The Group plans to implement the strategic plan in the coming year and details of the strategy are described as below:

Case highlight – All Rounded Human Resources Management Strategy

Aim: to understand our employees' needs and review the effectiveness of current policies

Plan:



In the coming year, the Group is planning to improve the human resources management system in stages mentioned in the above strategy. Employee satisfaction survey and review on the related policies are expected to be conducted in the first half of the coming year. The Staff Handbook will then be updated in accordance with the employees' grievance and policies review. The plan below shows the measures the Group intends to implement in the coming year:

Future Plans:

- Review the benefits and welfare of employees, including working hours and the establishment of birthday leave
- Partner with Equal Opportunity Commission to organise training regarding anti-discrimination and equal opportunity

The Group cares for our employees, other than existing benefits including long service employee programme, medical insurance and life insurance, KFI has established an interest-free loan for employees for education purpose of their children. Each employee who has worked in the Group for ten years or more can apply for a loan up to HK\$200,000. The Group aims to support employees and their family and encourage perusal of tertiary education of future generations.

Upholding Labour Standards

The Group does not tolerate any form of child labour or forced labour. The Group verifies the age and other qualification through collecting the candidates' personal information during recruitment. The Group ensure alignment with employees on issues including human rights, employees' interests with employment contracts and the Code of Business Conduct. The Code of Business Conduct also prohibits suppliers from engaging child or forced labour. Please refer to the previous ESG report for further details

Supporting Employees' Career Advancement

The Group supports employees' career advancement and encourages continuous learning and knowledge enhancement of employees. The Staff Handbook stipulated the Group's commitment and guidelines regarding training and has set out programmes for employees in pursuing continuous professional education. The Group offers two sponsorship quotas for master or bachelor degree programme, and the sponsorship programme is open for employees who have worked at the Group for two years or more. All employees who worked at the Group for two years or more are eligible for training sponsorship with a maximum amount of HK\$150,000.

During the Year, the Group has organised various training and workshops for employees and the total training hours has reached 146.5 hours. Highlights of training programmes are described as below:

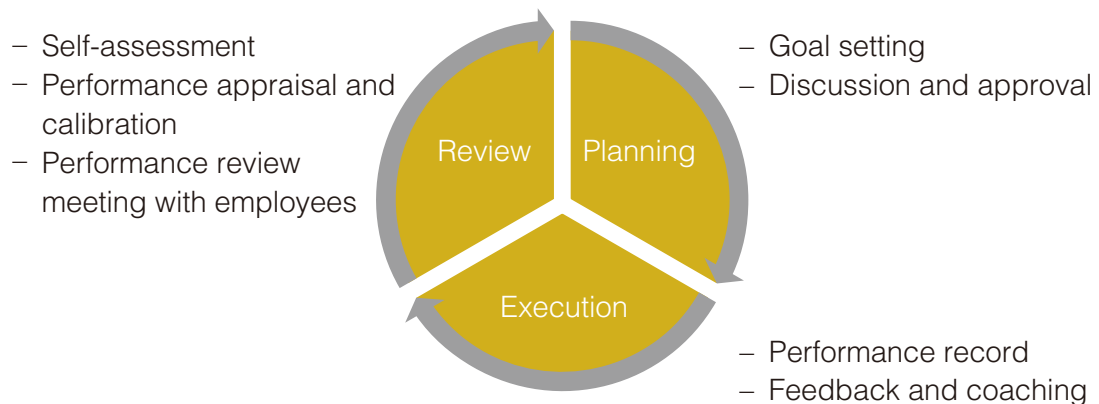
Training programme highlight

Negotiation skills training	• Participated in training on negotiation skill enhancement, with sharing on case study
Design software technical training	• Participated in training on design software, skill enhancement on the design surface and modelling skills
Human resources legal workshop	• Organised workshop for relevant staff on human resources related laws and regulations

Future Plans:

- Set out basic training hours and aspects for employees, in order to provide development and training opportunity
- Partner with government organisations to organise training regarding issues such as equal opportunities and working health and safety at office, where Directors and employees are required to participate

The Group has set out a performance management system for employees' continuous improvement and development in their career. The system is designed into three stages, namely planning, execution and review. The Group together with the employees set out specific, measurable, achievable, relevant and time-bound goals. Throughout the year, employees are supervised and given feedback for continuous improvement. Every year, performance appraisal will be conducted by the employees themselves, as well as their supervisors. Rewards will be given to the top-performing employees and a future plan for employee development will be created according to the employees' needs.



Ensuring Occupational Health and Safety

The Group has put in place the Environmental, Health and Safety Policies and stated its commitment and responsibility in safeguarding employees' health and safety. The Group has implemented measures including placing air purifiers to improve indoor air quality, participation of fire drill and regular inspection of safety equipment at the head office and branch offices.

In order to better manage the health and safety measures implemented in the offices, the Group set up procedures in reporting injury cases during the Year. The procedures require employees to report injury cases to his/her supervisor immediately. The department head has the discretion to decide or assess the severity of the accident and to arrange proper treatment for the employee.

Other than the physical health of employees, as an office-based operation, the Group cares for the mental health of the employees. KFI organises activities from time to time, in order to build a stronger team for the Group in a relaxed and healthy manner.

Future Plan:

- Partner with the Occupational Health and Safety Council to organise training on working health and safety at the office

OPERATING RESPONSIBLY

Managing Suppliers' Performance

The Group works closely with its suppliers in the production of the Group's products. The Group relies on the suppliers to provide quality products for customers. KFI sets out policies and measures throughout all production stages to minimise the impacts of the Group's product on the environment and society.

During the supplier screening stage, the Group select suppliers according to their production equipment, raw material management, production processes, inventory control and management, as well as international standard certifications. The Group also arranges visits to the production plants to verify their application before approval of the suppliers. After the suppliers are approved, the Group requires the suppliers to sign a cooperation agreement, where it states the detailed specification including requirements on raw materials and acceptance and safety standards as required by customers.

Production Cycle Inspection

Inspection during production

- Conduct random sampling inspection
- Conduct inspection on finished/semi-finished products in supplier's workshops

Inspection of finished products

- Customers' requirement and product standard for acceptance are set out in the Product Inspection Standards
- The supplier shall run a small scale production to demonstrate production quality

Handling of unqualified products

- When the finished product could not meet the product's requirement, suppliers are required to rework the product until it is qualified for official production
- Investigation of the cause of high rate of unqualified products, and to formulate short-term and long-term improvement plans

Supplier assessment

- Implement systematic assessment of suppliers' production cycle on a quarterly basis, including engineering and product development, quality control and logistics management

As a key player in the Group's product's life cycle, suppliers are required to follow the Quality Handbook for Suppliers' Products and the Supplier Code of Conduct. The two policies are formulated in order to regulate the performance of suppliers and to reduce potential environmental and social risks in the product's supply chain.

Other than product quality, the Group ensures the suppliers' vision on corporate responsibility as part of the Group's ESG management. All suppliers shall comply with the Code of Business Conduct, which has stipulated their commitment on environment and social issues including equal opportunities, labour and human rights, child and forced labour, as well as business ethics. Strict compliance is required for supplier in order to reduce the Group's environmental and social risks in the supply chain.

During the Year, the Group has implemented new measure in random selecting suppliers for verification based on their obtained certification. The Group inspects the supplier's compliance on aspects including occupational health and safety, as well as environment. The Group may terminate cooperation with the suppliers violating the Code.

Looking into the future, the Group will review the supplier selection requirement and consider introducing measures to promote the use of environmentally friendly raw materials and production techniques.

Enhancing Customers' Experience

The Group strives to provide healthy and safe products for our customers. The Group manages the product's quality under the regulation of Quality Handbook for Suppliers' Products. The Handbook covers health and safety requirement during the process of selection of raw materials, production, warehousing management and production inspection.

The Group has implemented measures to ensure the products meet the local and international health and safety requirements. In the selection of raw materials, a list of materials is provided by the suppliers with certification on the quality of raw material. Before production, the product specification list, material safety data sheet, REACH¹ report, and the food grade compliance certificate are inspected. In addition, the suppliers are required to perform raw material inspection before production to ensure the material used met the specified requirements.

During production, a team of over 90 quality assurance professionals is appointed to station in the production plants to monitor the production processes. The Group has also assigned separate machines to produce BPA-free materials to ensure they are not contaminated by other materials. Prolonged storage of finished goods is prevented under the first-in, first-out warehousing management system, and sensitive materials such as polycarbonate are separately stored in a designated location in the warehouse. Throughout the production process, the Group keeps close contact with the suppliers to ensure the products are compliant with applicable laws and regulations.

The Group improves its products' quality through continuous communication with customers. The Customers' Complaints Handling Procedures are formulated to regulate proper handling of customers' complaints. When the Group receives a complaint from customer, it will be reported to the marketing manager immediately, and acknowledgement to the receipt will be sent to the customer on the same day. The marketing department is responsible for conducting investigation and classifying the case into six categories (namely product quality issues, design issues, customer misuse/improper use, manufacturing defects, the return of goods or scrap required and loading issues/wrong product shipped) for further handling. If the complaint case is confirmed, the Group responds with an immediate action plan within 48 hours and a long term correction plan in 72 hours, if necessary.

During the Year, the Group was informed by its business partner that they had initiated an alert through the United States Consumer Product Safety Commission for one of the product supplied by the Group, recalling about 5.7 million units of product. According to the alert, the affected product may pose safety concerns to children. The Group has maintained active communication with the business partner in investigating the cause of safety concern and rectify the issue as a safe product for product replacement.

¹ Registration, Evaluation and Authorisation and Restriction of Chemicals

Protecting Customers' Rights

Product design is a valuable asset to the Group. KFI is committed to protecting the intellectual property rights of products and customers' privacy. The Code of Business Conduct and Staff Handbook are set out safeguards the rights of the Group and customers. All employees and suppliers must abide by the confidential principles as stipulated in the policies. To prevent leakage of design layout of patented products, confidential measures, including engagement of different suppliers to produce parts of the product and assemble by an independent supplier, are adopted. The Group recognise the importance of raising awareness on protecting intellectual property rights, seminars and workshops are organised regularly for relevant employees such as the design team and engineering team.

The Group protects customers' privacy through cooperation agreements and confidential agreements between the suppliers and the Group. The suppliers are required to keep customers' information in strict confidence. The Group has also established the Policy on IT Access Control and User Access Management, to limit access of employees and business partners to customers' data in the system. The Group regular reviews the relevant authority to identify and deactivate accounts with excessive authorities.

The Quality Handbook of Suppliers' Product ensures the product is compliant with the requirement as listed in the agreement with customers. The agreement protects the customers by listing out all requirements and specifications of the product to avoid marketing misconduct.

Operation with Integrity

The Group maintains a fair and honest operation of our business. The Group has formulated policies and guidance in the Staff Handbook regarding the prevention of corruption activities and conflict of interest throughout the Group's operation. Moreover, the Group requires its business partners to abide by the Code of Business Conduct at all times to maintain ethical business operation.

In addition, the Group has established the Whistleblowing Policy for employees and partners to report any improper conduct, fraud and noncompliance activity in relation to the Group. The report is handled by the Whistleblowing Committee to ensure the whistleblowers are protected in confidentiality and that the investigation is conducted in a fair manner. In the future, the Group plans to partner with the Independent Commission Against Corruption and organise training on anti-corruption customised to fit the Group's operation.

PROMOTING ENVIRONMENTAL PROTECTION

The Group states its commitment and responsibility in the Environmental, Health and Safety Policy. The Group pursues the principles of improving energy and natural resources efficiency, reducing waste production and minimising the negative impacts on the environment, and properly manages the environmental impact caused by its business activities.

Reducing Emissions

The Group commissioned a professional sustainability consultant to conduct carbon assessment during the Year to quantify its greenhouse gas emissions produced by its operations. The quantification was carried out according to the Guidelines² compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong, and with reference to international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

The total greenhouse gas emissions of the head office and office branches was 285.1 tonnes of CO₂-e. The major source of emissions came from scope 2 emissions of purchased electricity, which accounted for approximately 42% of the total emissions. It is followed by scope 1 emissions of combustion of fossil fuels, which accounted for 32% of the total emissions.

Scopes ³	Greenhouse gas emissions	
	Emissions (tonnes of CO ₂ -e)	
	2019	2018
Scope 1: Direct greenhouse gas emissions	90.3	102.2
Scope 2: Indirect greenhouse gas emissions	119.1	153.0
Scope 3: Other indirect greenhouse gas emissions	75.7	73.0
Greenhouse gas emissions in total	285.1	328.2
Greenhouse gas intensity (per square foot floor area)	0.027	0.029

Comparing with 2018, the total carbon emissions are reduced by 13%, while the greenhouse gas intensity is reduced by 6%. The reduction was mainly resulted from the installation of LED light in the new office in Sheung Wan, causing a higher efficiency of electricity usage when compared to traditional lighting. However, scope 3 emissions of the Year is slightly increased by 4% due to the increased amount of business trips.

² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

³ Scope 1 includes emissions produced directly from combustion of fuels in mobile sources;
Scope 2 includes emissions produced by purchasing electricity from power companies;
Scope 3 includes emissions produced by disposal of wastepaper, use of drinking water, discharge of sewage, and business trips.

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Emission types ⁴	Air emissions	
	Emissions (kg)	
	2019	2018
Nitrogen oxides	781.8	823.8
Sulphur oxides	11.6	12.2
Respirable suspended particles	62.5	65.9

In the Year, the major source of air emissions came from the combustion of diesel at vessels, which accounted for over 90% of the total emissions. As the Group has been reducing the use of vehicles and vessels, the emissions are reduced by 5% when compared to the previous reporting year.

Managing Waste Generation

During the Year, the Group generated 0.0189 tonnes of hazardous waste and 3.99 tonnes of non-hazardous waste, both increased by 3.7% when compared to the previous year. The increase of hazardous waste is due to the replacement of old fluorescent tubes and lightbulbs, hazardous waste is collected by a property management company.

The head office and branch offices have installed on-site waste separation bins to sort out plastic bottles, metal and waste paper, which are regularly recorded by the administration and personnel department. The recycled waste is collected and treated by the property management company of the building of our business address.

Waste Types	Waste generation (tonnes)	
	2019	2018
Hazardous waste	0.019	0.018
Hazardous waste intensity (per 1,000 square foot floor area)	0.002	0.002
Non-hazardous waste	3.99	3.85
Non-hazardous waste intensity (per 1,000 square foot floor area)	0.382	0.339

The Group also noticed an increasing trend of non-hazardous waste generation due to the increased number of employees. The Group has promoted resources conservation awareness, such as avoiding the use of unnecessary papers, during the Year to reduce waste generation.

⁴ Included emissions from vehicles and vessels included. For a more comprehensive disclosure, emission from vessel in 2019 was calculated in accordance with the Ministry of Ecology and Environment of PRC's Limits and Measurement Methods for Exhaust Pollutant from Diesel of Non-road Mobile Machinery and other relevant resources. For easy comparison, the emission in 2017 and 2018 were re-calculated with the same method. For more details, please refer to Appendix B.

Conserving Resources

The major consumption of resources at head office and branch offices are electricity, petrol, diesel, paper and water. The Group sends out reminders regularly to promote environmental protection and electricity saving at head office and branch offices. The Group encourages employees to switch off lights and air conditioning systems while not in use, as well as switching off computer, monitors and electronic equipment.

Petrol and Diesel	Purchased Electricity	Water	Paper
The Group reduced the use of official vehicles and vessels during the Year.	In the Year, the Group has replaced traditional fluorescent tubes and lightbulbs with LED lightings at the head office and branch offices.	Reminders have been sent out to promote water conservation.	The Group has upgraded the leave system, allowing employees to apply leaves on the system instead of paper forms. Reminders have been sent out to raise awareness, and employees are also encouraged to use both sides of paper before disposal
312.4 MWh-e (reduced 10%)	174.7 MWh-e (reduced 21%)	188 m ³	1,778.8kg ⁵

During the Year, the Group's total energy consumption was 487.1 MWh-e, 14% less when compared to the previous year, while the energy intensity is 0.047 MWh-e per square foot floor area. The reduction of energy consumption is mainly due to the installation of LED lighting.

Embracing the Environment

The Group is aware of the production of its products could cause significant impacts on the environment without proper supply chain management. The Quality Handbook for Suppliers' Products and Supplier Code of Conduct provide guidance on the raw material used, transportation, waste and chemical management and production emission of the suppliers' plants. The guidelines aim to reduce impact on the environment and natural resources caused by the product during its life cycle.

The Group's design team design products with environmentally friendly materials whenever possible and aims to avoid unnecessary use of materials. The Group proactively identifies material parts that are durable to extend the product's life cycle.

⁵ The figure represents the amount of A4, A3 and colour paper purchased during the Year.

INVESTING IN COMMUNITY

Investment in the community is a significant part of the Group's efforts in promoting a culture of sustainability in the company. During the Year, the Group focuses on helping the underprivileged and promoting education. The Group plans to review its current strategies on charitable activities participation and formulate policies on community engagement and investment in order to ensure its community investments are addressing the needs of the communities.

A highlight of the Group's effort was an elderly care campaign organised jointly with Christian Family Service Centre during winter. To address the elderly's special needs in winter, a health seminar and a home visit were organised by volunteers. The elderly received gifts such as clothing, food products and electrical appliances to help them stay warm and healthy. A total of 18 volunteers participated in the event and a total of HK\$125,000 worth of gifts were donated.

To help young people with autism or special learning needs to pursue their dreams in art, the Group provided sponsorship of HK\$138,000 to Anan International Education Foundation HK, a local organisation dedicated to special education, to turn the drawing of a student with special learning needs into a ceramic painting for display at the Rotary Club of HK Island West Hong Chi Morning Hope School.

To support local mainstream education, over HK\$6.35 million were donated to various local institutions during the reporting period. Apart from the abovementioned charitable activities, over HK\$816,000 were donated to other organisations working for the furtherment of meaningful causes, including Heep Hong Society, Children of Plan International Hong Kong, Community Chest, A Drop of Life, Chi Heng Foundation and the Hong Kong Red Cross John F. Kennedy Centre.

KEY PERFORMANCE INDICATORS SUMMARY

Environmental Performance

		2019	2018	2017	Unit
Aspect A1: Emissions					
Types of emissions and respective emissions data⁶					
A1.1	Nitrogen oxides	781.8	823.8	590.4	kg
	Sulphur oxides	11.6	12.2	9.0	kg
	Respirable suspended particles	62.5	65.9	47.2	kg
Total greenhouse gas emissions and intensity					
	Greenhouse gas emission in total	285.1	328.2	280.5	tonnes of CO ₂ -e
	Scope 1	90.3	102.2	81.9	tonnes of CO ₂ -e
A1.2	Scope 2	119.1	153.0	136.4	tonnes of CO ₂ -e
	Scope 3	75.7	73.0	62.2	tonnes of CO ₂ -e
	Greenhouse gas intensity	0.027	0.029	0.025	tonnes of CO ₂ -e/ square foot floor area
Total hazardous waste and intensity					
A1.3	Total hazardous waste	0.019	0.018	0.011	tonnes
	Hazardous waste intensity	0.002	0.002	0.001	tonnes/1,000 square foot floor area
Total non-hazardous waste and intensity					
A1.4	Total non-hazardous waste	3.99	3.85	3.83	tonnes
	Non-hazardous waste intensity	0.382	0.339	0.337	tonnes/1,000 square foot floor area
Aspect A2: Use of Resources					
Total direct/indirect energy consumption by type and intensity					
	Total energy consumption	487.1	567.4	469.9	MWh equivalent
	Direct energy consumption	312.4	347.6	278.5	MWh equivalent
A2.1	Petrol	116.1	141.2	131.0	MWh equivalent
	Diesel	196.3	206.4	147.5	MWh equivalent
	Indirect energy consumption	174.7	219.8	191.4	MWh
	Purchased electricity	174.7	219.8	191.4	MWh
	Energy Intensity	0.047	0.050	0.042	MWh/square foot floor area
Total water consumption and intensity⁷					
A2.2	Total water consumption	188	238	156	m ³
	Water consumption intensity	0.018	0.021	0.014	m ³ /square foot floor area

⁶ Included emissions from vehicles and vessels. For a more comprehensive disclosure, emission from vessel in 2019 was calculated in accordance with the Ministry of Ecology and Environment of PRC's Limits and Measurement Methods for Exhaust Pollutant from Diesel of Non-road Mobile Machinery and other relevant resources. For easy comparison, the emission in 2017 and 2018 were re-calculated with the same method.

⁷ To improve data accuracy, the calculation method of water consumption was reviewed during the Year. For meaningful comparison, the water consumption and its intensity was re-calculated with the same method as 2019.

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Social Performance

Number of Employees	Gender	30 and below	31-40	41-50	Above 50	Total
By age group	Male	16	29	18	14	
	Female	5	19	11	6	

	Gender	Level-C Senior Management	Senior Management	Middle Management	General Staff	
By rank	Male	7	17	15	38	118
	Female	2	9	5	25	

	Gender	Full-time	Part-time	
By employment type	Male	77	0	
	Female	41	0	
Gender ratio (male to female)				1.88:1
Average remuneration ratio (male to female)				1.86:1

	Gender	30 and below	31-40	41-50	Above 50	Total	Percentage 2018
New Employees	Male	10	8	7	2	45	38%
	Female	3	5	7	3		

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	Gender	Number of employees	Total	Lost days due to work injury	Days of Absence	Rate of Absence ⁸
Employee suffered from work-related fatality or injury	Male	0	0	0	334	1.2%
	Female	0			208	1.4%

Training	Gender	Level-C Senior Management	Senior Management	Middle Management	General Staff	Subtotal	Total	Percentage	
								By Gender	Total
Number of employees trained	Male	5	6	2	1	14	24	58%	
	Female	1	5	2	2	10		42%	
Training hours	Male	15	30.5	18	6	69.5	146.5	-	20.1%
	Female	3	27.5	37.5	9	77			
Average training hours	Male	3	5.1	9	6	5.0	6.1		
	Female	3	5.5	18.8	4.5	7.7			

	Gender	Level-C Senior Management	Senior Management	Middle Management	General Staff	Total	Percentage
Review on Performance and Professional Development	Male	6	17	15	38	116	98%
	Female	1	9	5	25		

⁸ The number of calendar days in used to calculate the number of working days. The number of “working days” equals to the number of employees times number of calendar days in a year (365 days).

APPENDIX A – COMPLIANCE STATUS TO LAWS AND REGULATIONS

Aspect	Relevant laws and regulations significant to the Group's operation	Compliance
Environment	Air Pollution Control Ordinance Waste Disposal Ordinance Water Pollution Control Ordinance Product Eco-responsibility Ordinance Motor Vehicle Idling (Fixed Penalty) Ordinance	No noncompliance
Employment	Employment Ordinance Minimum Wage Ordinance, Employees' Compensation Ordinance	No noncompliance
Health and safety	Occupational Safety and Health Ordinance	No noncompliance
Product responsibility	<p>USA</p> <p>Federal Food, Drug, and Cosmetics Act</p> <p>PRC</p> <p>General Product Safety Directive Registration, Evaluation and Authorisation and restriction of Chemicals Product Quality Law</p> <p>Hong Kong</p> <p>Personal Data (Privacy) Ordinance Copyright Ordinance Trade Descriptions Ordinance Registered Design Ordinance</p>	No noncompliance
Anticorruption	<p>USA</p> <p>Foreign Corruption Practices Act</p> <p>Hong Kong</p> <p>Prevention of Bribery Ordinance</p>	No corruption litigation in relation to the group nor its employees; no noncompliance

APPENDIX B – REPORT CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
A. Environmental		
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.	15
A1.1	The types of emissions and respective emissions data.	16, 19
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15, 19
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	16, 19
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	16, 19
A1.5	Description of measures to mitigate emissions and results achieved.	15
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	16
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	17
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).	17, 19
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	17, 19
A2.3	Description of energy use efficiency initiatives and results achieved.	17
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No issue in sourcing water
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group did not consume any packaging material
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer significant impact on the environment and natural resources.	17
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	17

Material Aspect	Content	Page Index/ Remarks
B. Social		
B1 Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	9
B1.1	Total workforce by gender, employment type, age group and geographical region.	20
B2 Health and Safety		
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 providing a safe working environment and protecting employees from occupational hazards.	11
B2.1	Number and rate of work-related fatalities.	21
B2.2	Lost days due to work injury.	21
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	11
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	21
B3.2	The average training hours completed per employee by gender and employee category.	21

Material Aspect	Content	Page Index/ Remarks
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 labour.	10
B4.1	Description of measures to review employment practices to avoid child and forced labour.	10
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	12
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	12
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.	12-24
B6.3	Description of practices relating to observing and protecting intellectual property rights.	14
B6.4	Description of quality assurance process and recall procedures.	13
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	14

Material Aspect	Content	Page Index/ Remarks
B7 Anticorruption		
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 laundering.	14
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.	22
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	14
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.	18
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	18
B8.2	Resources contributed (e.g. money or time) to the focus area.	18