



Huasheng International Holding Limited
華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2019/2020



Environmental, Social and Governance Report

Scope

Huasheng International Holding Limited and its subsidiaries (the “Group”) are pleased to present this Environmental, Social and Governance (“ESG”) Report prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This report aims to provide a balanced representation of our major ESG policies, initiatives and performances of the Group in the four main areas – employment and labour practices, operating practices, environmental protection and community participation.

This report covers information for the year ended 31 March 2020 (the “Year”) with comparative figures for the corresponding period in 2019, which aligns with the financial year as the 2019/20 annual report of the Group.

The environmental key performance indicators (“KPIs”) for the Year focus on the Group’s production and sales of concrete business in China (“Concrete Business”), household consumables trading business in the United Kingdom (“Household Consumables Business”), money lending business in Hong Kong (“Money Lending Business”), as well as the general office in Hong Kong (the “Hong Kong Office”, together with Household Consumables Business and Money Lending Business, the “UK and HK businesses”). During the Year, the Group also carried out digital technology and education businesses. As Concrete Business was acquired during the Year, no comparative figures are shown for this segment. To better illustrate the performance of Concrete Business and UK and HK businesses, their environmental KPIs are displayed separately. For information on our corporate governance, please refer to the Corporate Governance Report in the 2019/2020 annual report of the Group.

The Group firmly believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

Environmental, Social and Governance Report

Stakeholders Engagement and Materiality Analysis

The Group strives to create positive values and believes that interests of all stakeholders must be taken into account in order to strengthen our relationship with shareholders, employees, business partners, customers, government authorities and the society as a whole. Our approach to stakeholders engagement is designed to ensure our stakeholders' perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The table below summarised the major stakeholders related to the Group, their expectations and our communication channels:

Stakeholders	Expectations and Needs	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulations Support for local economic growth Paying taxes in full and on time 	<ul style="list-style-type: none"> Regular information reporting Dedicated reports Examinations and inspections
Shareholders	<ul style="list-style-type: none"> Returns Compliant operation Increase in company value Transparent information and effective communication 	<ul style="list-style-type: none"> General meetings Announcements Email, telephone communication and company website Dedicated reports
Business Partners	<ul style="list-style-type: none"> Operational integrity Equal rivalry Performance of contracts Mutual benefits and win-win situations 	<ul style="list-style-type: none"> Review and appraisal meetings Business communications Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> Outstanding products and services Health and safety Performance of contracts Operational integrity 	<ul style="list-style-type: none"> Company website Calling for feedback
Environment	<ul style="list-style-type: none"> Energy saving and emission reduction 	<ul style="list-style-type: none"> Reporting
Employees	<ul style="list-style-type: none"> Protection of rights Occupational health Remunerations and benefits Career development 	<ul style="list-style-type: none"> Employee communication meetings Corporate journal and intranet Employee mailbox Training and workshops
Community and the Public	<ul style="list-style-type: none"> Participation in charity Information transparency 	<ul style="list-style-type: none"> Company website Announcements

Environmental, Social and Governance Report

Stakeholders Engagement and Materiality Analysis *(Continued)*

During the preparation of ESG report for the Year, the Group has entrusted an independent third-party consultant assisting the collection of internal stakeholders' opinions on ESG matters. Feedbacks collected enable us to identify potential material ESG aspects for internal stakeholders, as well as acting as a reference for enhancing ESG reporting. Based on their feedbacks, the materiality matrix as shown below was developed:



Community	Environmental	Labour	Product
<ul style="list-style-type: none"> 1 Community support (e.g. donation, volunteering) 2 Cultivation of local employment 	<ul style="list-style-type: none"> 3 Energy use (e.g. electricity, gas, fuel) 4 Air emission 5 Hazardous waste generation 6 Water use 7 Greenhouse gas emission 8 Non-hazardous waste generation 9 Use of materials (e.g. paper, packaging, raw materials) 	<ul style="list-style-type: none"> 10 Labour rights (e.g. working hours, rest periods, working conditions) 11 Diversity and equal opportunity 12 Occupational health and safety 13 Employee development (e.g. training and promotion) 14 Preventing child labor 15 Preventing forced labor 	<ul style="list-style-type: none"> 16 Customer satisfaction 17 Product quality and safety 18 Product and service labelling 19 Marketing communications (e.g. advertisement) 20 Observing and protecting intellectual property rights 21 Protection of consumer information and privacy 22 Supply chain management 23 Ethical business (e.g. anti-corruption, money laundering) 24 Anti-corruption training provided by the management to staff

Environmental, Social and Governance Report

Based on feedbacks collected from the stakeholders, we found that both the Group and our stakeholders consider product quality and safety and occupational health and safety are important. With the aim of contributing our effort to protecting the environment and supporting the society, we are dedicated to leading a business driven primarily by sustainability through tides of change. We emphasize the significance of sustainable development in our operational strategies as we believe to act responsibly, we must plan sustainably.

A. Environmental Aspects Emissions & Use of Resources

The Group strictly abides by relevant laws, regulations, standards and provincial, municipal and local implementation about provisions of environmental protection that have significant impacts on the Group relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, generation and disposal of waste and minimizing significant impacts on the environment and natural resources, which include but are not limited to the Environmental Protection Law of the People’s Republic of China (the “PRC”), the Atmospheric Pollution Prevention and Control Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Pollution from Environmental Noise, the Environmental Protection Tax Law of the PRC, and the Technical Specification for Application and Issuance of Pollutant Permit Cement Industry (HJ 847-2017).

Significant emissions from the Group’s business operation were mainly related to petrol consumption for group-owned vehicles. Other emission sources included electricity consumption, freshwater processing, sewage treatment, paper disposed at landfill and business air travel. Hazardous wastes generated from its offices were mainly ink cartridge and machine oil wastes while non-hazardous wastes generated were mainly paper. We strive to adopt environmentally friendly measures and sustainable construction approaches and materials to enhance the sustainability of environment, and to reduce energy and resource consumption in our manufacturing projects. During the Year, the Group did not note any cases of material non-compliance in relation to air and GHG emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste.

GHG emissions by the Group are shown in the table below:

Aspects	Year ended 31 March	
	2020 tCO ₂ e	2019 tCO ₂ e
Scope 1 Direct GHG Emissions¹		
UK and HK businesses	56	70
Concrete Business	7,053	–
Scope 2 Indirect GHG Emissions²		
UK and HK businesses	21	23
Concrete Business	6,358	–
Scope 3 Other Indirect GHG Emissions³		
UK and HK businesses	15	12
Concrete Business	84	–
Total GHG Emissions		
UK and HK businesses	92	105
Concrete Business	13,494	–
Total GHG Emissions per staff (tCO₂e/Staff)		
UK and HK businesses	2.97	3.28
Concrete Business	54.85	–

Environmental, Social and Governance Report

A. Environmental Aspects *(Continued)* Emissions & Use of Resources *(Continued)*

Notes:

- ¹ Direct emissions of the Group were from fuel combustion in vehicles using diesel oil and natural gas.
- ² Energy indirect emissions of the Group were from purchased electricity.
- ³ Other indirect emissions of the Group included paper used and recycled, business travel by employees, and electricity used for fresh water and sewage processing by government organization.

Reference:

- i. Conversion Factors issued by the United Kingdom Government
- ii. Conversion Factors issued by the Government of China
- iii. Conversion Factors for Greenhouse Gas Inventories and relevant guidance issued by the United States Environmental Protection Agency
- iv. Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited
- v. Conversion Factors issued by the China Light and Power Company Limited, The Hongkong Electric Company Limited, Drainage Services Department and Water Supplies Department

During the Year, the Group produced a total of approximately 13,586 tonnes of carbon emissions (mainly carbon dioxide, methane and nitrous oxide). The Group is aware of significant emission generated from petrol consumption for group-owned vehicles. The increased use of liquefied natural gas (LNG) powered vehicles will improve air quality and public health as well as reducing carbon dioxide emission. Through continuous efforts in reducing petrol consumption, the Group believes that it would lead to a dwindling level of GHG emission and progress towards a better stewardship in ESG management.

Emission Sources and Use of Resources

Direct Emission

During the Year, emission of nitrogen oxides, sulphur oxides and respiratory suspended particles has increased. The changes were mainly due to the increased usage of vehicles comparing to last corresponding year. The Group is aware of the air pollutants generated from vehicles usage and will consider to use a more environment-friendly fuel type, such as electricity or other biomass sources, in upcoming years to reduce carbon footprint.

Employees have been educated and encouraged to switch off electronic equipment when not in use, and set printers to energy saving mode when idle. Air conditioning and lighting systems are switched off after office hours. Measures have also been in place to reduce the amount of non-hazardous waste. We believe through continuous effort of the Group in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Environmental, Social and Governance Report

A. Environmental Aspects (Continued)

Emissions & Use of Resources (Continued)

Emission Sources and Use of Resources (Continued)

Direct Emission (Continued)

Air emission	Year ended 31 March	
	2020 kg	2019 kg
Nitrogen oxides (NOx)		
UK and HK businesses	171	130
Concrete Business	24,255	–
Sulphur oxides (SOx)		
UK and HK businesses	0.28	0.23
Concrete Business	43	–
Respiratory suspended particles (RSP)		
UK and HK businesses	2	4
Concrete Business	1,747	–

Reference:

- Fleet Weighted Road Transport Emission Factor issued by National Atmospheric Emissions Inventory of the United Kingdom
- Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited
- Emission Factors for Greenhouse Gas Inventories and relevant guidance issued by the United States Environmental Protection Agency

Energy and Water Consumption

The Group strictly abides by the Water Pollution Prevention and Control Law of the PRC and other laws and regulations relating to water pollution prevention and control.

During the Year, the Group consumed 3,197,651 L of petrol for Group-owned vehicles, 7,142 MWh of electricity and 104,817 m³ of water for daily operations. The Group keeps track of resources used to explore opportunities in conserving natural resources.

Energy Consumption	Year ended 31 March	
	2020 MWh	2019 MWh
Petrol consumption		
UK and HK businesses	182	174
Concrete Business	27,850	–
Electricity consumption		
UK and HK businesses	46	48
Concrete Business	7,096	–
Water consumption		
Concrete Business	29	–
Total energy consumption		
UK and HK businesses	228	222
Concrete Business	34,976	–
Energy consumption per staff (MWh/Staff)		
UK and HK businesses	7.35	6.95
Concrete Business	142.18	–

Environmental, Social and Governance Report

A. Environmental Aspects *(Continued)*

Emissions & Use of Resources *(Continued)*

Emission Sources and Use of Resources *(Continued)*

Energy and Water Consumption (Continued)

Reference:

- i. Conversion Factors issued by the United Kingdom Government
- ii. Conversion Factors issued by the Government of China
- iii. Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited
- iv. Conversion Factors issued by the China Light and Power Company Limited, The Hongkong Electric Company Limited, Drainage Services Department and Water Supplies Department

Monitored by the administration department, the Group maintains best environmental practices to use energy efficiently and hence mitigate GHG emission. These measures include:

- a) keeping light fixtures and lamps clean to maximize efficiency, and turning off all lights and electronic appliances when not in use;
- b) setting the computers to automatic standby or sleeping mode when idling;
- c) turning off power of electronic appliances, lights and air conditioners before holidays; and
- d) reviewing the Group's internal policies and practices regularly so as to seek opportunities for integrating environmental considerations into working procedures.

The amount of water usage in UK and HK businesses were insufficient, but a little amount is unavoidably consumed for daily activities of staff and were managed by the office's building management office. Only water consumption of Concrete Business was included in total water consumption of the Group. The Group has implemented a number of measures to conserve water resources, such as using dual-flush toilets, installing infrared sensors for faucets and using urinal equipment with water efficient label. Water-saving reminder labels are also posted in toilets to raise employees' awareness of water saving. Meanwhile, a water recycling system was used to convert sewage into water that can be reused in our concrete manufacturing process. This minimise environmental impact and ensure compliance with relevant legislation. No issue in sourcing water for the Group's operations was noted in the Year.

Paper Consumption

An approximately 1,800 kg of paper waste was disposed at landfills for the Year, representing a total of 8.64 tCO₂e was emitted during the Year. The Group strives to minimize paper waste by reusing paper. Employees are constantly reminded to reuse single-side used paper and adopt two-sided printing. All used papers in Hong Kong Office and Money Lender Business were recycled during the Year. The Group will continue to encourage other business segments to uphold recycling concept in daily operations.

Environmental, Social and Governance Report

A. Environmental Aspects (Continued)

Emissions & Use of Resources (Continued)

Emission Sources and Use of Resources (Continued)

Air Travels

During the Year, an approximately 17.22 tCO₂e were produced because of air travel by employees. The Group promotes the use of electronic communications to reduce the needs of air travel. Travels were only approved should there be a genuine need of physical presence.

Wastes

Hazardous Waste

During the Year, a total of 613 kg of hazardous wastes were generated by the Group, which included 13 kg of battery, light bulb and toner cartridge and 600 kg of machine oil waste. The Group is aware of the health and environmental impacts of hazardous wastes and strives to reduce generation of hazardous waste whenever possible.

Non-hazardous Waste

During the Year, paper wastes were the Group's major source of non-hazardous wastes. A total of 1,841 kg of non-hazardous wastes have been generated and produced by the Group, which included 341 kg of domestic wastes and 1,500 kg of paper wastes. Employees are reminded to reduce waste generation, reuse and recycle resources whenever possible. In order to configure, monitor and plan waste management activities, the Group developed a system to record and collect the amount of non-hazardous waste used for daily operation. We believe effective waste management can reinforce environmental conservation, improve health of the environment and to ensure compliance with relevant statutory and contractual standards and requirements.

Waste Disposal	Year ended 31 March	
	2020 kg	2019 kg
Hazardous waste produced		
UK and HK businesses	4	4
Concrete Business	609	–
Non-hazardous waste produced		
UK and HK businesses	341	329
Concrete Business	1,500	–
Total Waste Produced		
UK and HK businesses	345	333
Concrete Business	2,109	–
Total Waste Produced Per Staff (kg/Staff)		
UK and HK businesses	11.13	11.47
Concrete Business	8.57	–

Packaging Materials

A total of 2.3 tonnes of packaging materials were used by the Group, which are mainly bubble wraps and paper boxes. To ensure utilization of the material are in the greatest extent, the usage is constantly evaluated to avoid overstocking and squandering.

Environmental, Social and Governance Report

A. Environmental Aspects *(Continued)*

The Environment and Natural Resources

The Group strictly abides by the Energy Conservation Law of the PRC and other laws and regulations relating to resource saving and environmental protection. Being aware that cement production consumes a large amount of resources and can bring impact to the environment, we perform several measures for reduction of the environmental emissions incurred in the production, such as installation of air emission detector, monitoring on the environmental emission data regularly and processing and planning greening work. In order to alleviate wastage, we strive to design and implement an effective waste management system focusing on the use of construction materials in a more environmentally friendly manner.

The Group has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in section headed Emissions and Use of Resources. The Group has realized there are still room to further improve our sustainable development. We will continue to improve our management principles and objectives in environmental and social practices, and to ensure compliance with relevant statutory and contractual standards and requirements.

B. Social

Employment and Labor Practices

The Group strongly believes that employees are the most valuable asset for its sustainable development.

We strictly abide by the laws and regulations regarding child labor and forced labor, including but not limited to the Prohibition of Using Child Labor (《禁止使用童工規定》), Law of the PRC on the Protection of Minors and Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), to avoid any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfill our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realize the common development of the Group and its employees.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis.

All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and different types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave, jury service leave and early leaves before festive holidays. In addition, various leisure activities are organized which includes annual dinners, complimentary birthday dinner, luncheon, Christmas parties, company trip and Ten-pin bowling event to enhance the staff bonding.

Environmental, Social and Governance Report

B. Social (Continued)

Employment and Labor Practices (Continued)

Employee handbook of the Group includes codes and practices in workplace, staff benefits (leave entitlement, insurance and training). It is our responsibility to provide a safe and sound working environment to our staff. The Group implements special working arrangement during virus outbreak, including work from home policy and flexible working hours, in order to protect employees from taking public transport during peak hours. We also adopt a lenient and flexible approach towards employees who are reporting late or absence at work due to public demonstrations or natural disasters.

The total number of full-time employees of the Group was 300 as at 31 March 2020 (2019: 72). The increase is mainly due to the inclusion of staff in Concrete Business. Details are as follows:

Number of Employee of the Group	As at 31 March	
	2020	2019
By Geographic Region		
Hong Kong	40	44
PRC	252	18
Macau	–	2
United Kingdom	8	8
By Gender		
Male	223	37
Female	77	35
By Age		
Below 30 years old	59	15
Between 30 to 50 years old	213	48
Over 50 years old	28	9

Employee turnover rate was relatively stable during the Year. Since its establishment, the Group implemented different measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment. The Group provides orientation and internal training to employees in targeted, systematic and forward-looking approach.

Health and Safety

The Group strictly complies with national laws and regulations that have significant impacts on the Group relating to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the Work Safety Law of the PRC, and the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The Group concerns about the health and safety of its employees and is committed to provide a safe, healthy and productive environment for all.

Environmental, Social and Governance Report

B. Social (Continued)

Health and Safety (Continued)

The Group provides full time employees with a comprehensive set of health insurance to its employees, including but not limited to medical insurance, surgical insurance, hospitalization insurance and employees' compensation insurance. Number of reportable injuries and number of lost working days due to injury for the Year are as follows:

	Year ended 31 March 2020			
	Hong Kong	PRC	Macau	United Kingdom
Number of reportable injuries	–	3	–	–
Number of lost days due to work injury	–	67	–	–

There was no reported injuries or lost days for the year ended 31 March 2019. During the Year, no work-related fatalities were reported to the Group (2019: Nil). Health and safety of the Group's employees is of utmost importance. For Concrete Business, we provide all necessary protective gear to employees in order to secure their safety during daily operation. Besides, Concrete Business provides annual occupational checks to all employees and conduct annual environmental monitoring and workplace health surveillance, to ensure employees work in a safe environment and reduce the probability of work injury.

A health and safety policy has been adopted by Household Consumables Business for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other policies and procedures regarding fire safety, suspicious mail alerts, rainstorm warnings, typhoon arrangement and office tidy policies are required to be followed by all employees to protect employees from risks resulting from factors adverse to health.

During the Year, as a response to the virus outbreak, the Group provides complimentary facial masks and hand sanitizers for employees. Body temperature of all employees are taken twice a day in order to minimise the risk of community transmission. Apart from the above measures, we also elevate the standard of hygiene to create a more secure environment to our employees.

During the Year, the Group was not aware of any violations of any health and safety laws and regulations.

Development and Training

The Group emphasizes the importance of employee training and development. It strives to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training. All directors of the Group receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the newest relevant statutory requirements and market changes, to ensure their high level of awareness on the industry trends.

Environmental, Social and Governance Report

B. Social (Continued)

Development and Training (Continued)

In order to prevent and minimize work injury happened in daily operation of production business, we provided various training sessions for the employees. In particular, internal forklift truck training and external first-aid course are provided for employees of Household Consumables Business. Concrete Business also arranged and conducted several in-house training sessions to the general staff for approximately 67.5 hours, covering the corporate policies and procedures, inventory security management, various safety measures and instructions on how to use the fire installations, equipment and other materials, in order to enhance the awareness of the safety concepts to our employees.

In addition, our employees have also participated in various training sessions with topics covering financial and accounting, occupational health and corporate governance. In particular, the Group is accredited as an authorized employer to train prospective members of the Hong Kong Institute of Certified Public Accountants. Also, the Group has invited an agent to provide training about Mandatory Provident Fund ("MPF") investment for its employees, including an introduction to the overall market review and industry updates and a review on the performance on employees' individual MPF portfolio.

Labor Standards

The Group strictly complies with the Hong Kong Employment Ordinances, the Social Insurance Law of the PRC, Labor Law of the PRC (《中華人民共和國勞動法》) and Employment Rights Act 1996 of the United Kingdom. The Group is committed to provide a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account. Being a member of Foodservice Packaging Association ("FPA"), Household Consumables Business supports the global set of principles for corporate social responsibility set out in the United Nations Global Compact and operates with fair employment practices.

During the Year, the Group was not aware of any non-compliance with laws and regulations which have a significant impact on employment and labor practices.

Supply Chain Management

Due to the nature of the business, the Group only has a few suppliers of office equipment and is not highly dependent on these suppliers. For the production businesses, the Group strictly goes through a supplier evaluation and assessment process in order to select the qualified suppliers. Number of suppliers for production businesses are listed as below:

Number of Suppliers	Region	Year 2019/20
Household Consumables Business	United Kingdom	140
Concrete Business	PRC	13

The Group has established processes to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. In selecting and evaluating suppliers, the Group also pays attention to their environmental compliance record as well as their commitment to social responsibility. Environmentally and socially responsible suppliers will be prioritized in the selection process.

Environmental, Social and Governance Report

B. Social (Continued)

Operating Practices and Product Responsibility

Monitoring on the product and service quality

The Group has established internal policies and procedures in order to ensure the quality of product and service provided to the customers are in line with their expectations. In terms of the business nature of the Group, employees are required to perform quality control process before the delivery of products. All results have been recorded and maintained properly as trail of the quality control process.

Handling customer complaints

The Group has established policies and procedures for handling complaints. The Group's sales department is responsible for reviewing all complaints, collecting evidence and providing advices and comments on general complaints. Specific or complex complaints will be forwarded to the responsible person for further handling. The Group provides initial response upon receipt of all complaints and follow up accordingly.

During the Year, the Group has not been notified of any violation of law regarding product or service responsibility.

Safeguarding Privacy and Personal Information

The nature of our business requires us to frequently and regularly collect, retain, and utilize personal data from our existing and potential customers. Therefore, we must abide by the fair information practices as stipulated in the data protection principles of the Personal Data (Privacy) Ordinance. To protect personal data, the Group has well established internal control and compliance procedures developed on the basis of the Ordinance to ensure compliance with the relevant laws and regulations.

The Group strictly abides by the national and local laws and regulations regarding intellectual property right, including but not limited to the Trade Marks Ordinance of Hong Kong, the Trademark Law of the PRC, Patent Law of the PRC (《中華人民共和國專利法》) and Data Protection Act 2018 of the United Kingdom. As a member of FPA, Household Consumables Business committed to the full compliance with our data protection principles and all relevant provisions of the Ordinance. We inform our customers of their rights under the Ordinance and the purpose for which their data may be used by the Group.

We seek to ensure that appropriate measures are taken to prevent misuse or disclosure of personal data and to hold such personal data solely for such collection purposes. During the Year, the Group received no substantial complaints regarding breaches of customer privacy.

The Group strictly complies with relevant laws and regulations that have significant impacts on the Group relating to advertising, labelling and remedial measures for the products and services provided, including but not limited to the Advertising Law of the PRC, the Product Quality Law of the PRC, the Rules for Implementation of Manufacturing License for Cement. We strive to provide the highest quality products and services to maintain customer satisfaction and to ensure product safety. During the Year, the Group did not receive any cases that violated the aforementioned laws and regulations.

Environmental, Social and Governance Report

B. Social *(Continued)*

Anti-Corruption & Anti-Money Laundering

The Group strictly abide by the laws and regulations regarding bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, Criminal Law of the PRC (《中華人民共和國刑法》) and Bribery Act 2010 of the United Kingdom. We stand against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to creating a culture of integrity and justice by accepting internal complaints and whistle-blowing.

An anti-bribery policy has been in place for effective prohibition on commercial bribes, kickbacks or similar payoffs or benefits paid by any suppliers or clients. Employees can report any irregularities, such as dereliction of duty, abuse of power, receiving bribes and encroachment on corporate property, to the designated personnel. Upon the receipt of such report, the Group will investigate the improper behaviors promptly and take corresponding remedial measures against the irregularities. In operating Money Lending Business, internal procedures for regulating and monitoring our due diligence and record-keeping procedures are implemented to ensure strict abidance of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

Household Consumables Business has put in place a whistle-blowing policy in its employee handbook. Any concerns should be reported to the director for first instance. If the whistle-blower is not satisfied with the actions taken, the matter should be raised to the appropriate official organisation or regulatory body. The Employment Rights Act 1996 provides protection for workers who 'blow the whistle' where they reasonably believe that some form of illegality, injustice or breach of health and safety has occurred or is likely to occur.

During the period under review, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong, including the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. The Group was not aware of any non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the Year.

Community

We actively advocate employees to participate in charitable events, to contribute to the community and drive further participation in community services. The Group encourages and provides full support to our employees to participate in various volunteering works and charitable activities.

The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.



Huasheng International Holding Limited
華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)