



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

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**MS GROUP HOLDINGS LIMITED**  
**萬成集團股份有限公司**

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(Incorporated in the Cayman Islands with limited liability)  
Stock code: 1451

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# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## ABOUT THIS REPORT

This is the environmental, social and governance report (the “ESG Report”) of MS Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) (stock code: 1451). This ESG Report covers the financial year ended 31 December 2020 (the “Reporting Period”) and discloses information on the environmental, social and governance management approach, strategy, priorities and objectives of the Group.

This ESG Report has been prepared with reference to the “Environmental, Social and Governance Reporting Guide” published in Appendix 27 (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## REPORTING SCOPE

The Group is principally engaged in the manufacturing and sale of plastic bottles and baby feeding accessories. The Group is headquartered in Hong Kong and its production base is located in Shaoguan City, Guangdong Province, the People’s Republic of China (the “PRC”) (中國廣東省韶關市).

This ESG Report covers the environmental, social and governance issues and relevant key performance indicators to reflect the significant economic, environmental and social impacts, as well as the concerns of the stakeholders, of the Group. In particular, this ESG Report covers the overall performance, risks, strategies, measures and commitment of the Group’s main operations during the Reporting Period in four areas, namely (i) environmental; (ii) social; (iii) operational practices; and (iv) community investment. This ESG Report has been reviewed and approved by the board of directors of the Company (the “Board”).

For details about the corporate governance of the Group, please refer the Corporate Governance Report section in the annual report of the Company for the Reporting Period.

## MISSION AND VISION

The Group is committed to the production of plastic bottles and baby feeding accessories that are in line with international industry standards. The Group believes that, while promoting business development, the Group must also take into account the interests of different stakeholders. Therefore, as a responsible company, corporate social responsibility is closely related to the business decisions of the Group.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

The corporate social responsibility policies (“CSR policies”) of the Group are designed to enable the Group to reflect the needs of stakeholders, including investors, shareholders, employees, suppliers, partners, governments and the community, in order to balance the business and stakeholders’ interests while incorporating stakeholders’ needs into the operational decisions of the Group. The Group has made clear requirement for day-to-day operations to comply with or exceed, minimum regulatory requirements to achieve best practice guidelines.

The CSR policies of the Group are applicable to all directors, senior executives and employees, and require all relevant parties in the supply chain, to have a clear understanding of such policies to ensure their values are consistent with those of the Group.

## STAKEHOLDERS’ FEEDBACK

The Group actively communicates with different external stakeholders about the Group’s operating conditions through various channels, including financial reports, statutory disclosures, corporate websites and shareholders’ meetings, as well as making them aware of the Group’s performance outside its financial performance and business operations through this ESG Report.

The Group welcomes your feedback on this ESG Report. Your views can be shared with the Group through the following methods:

Address: Room 907, 9/F., Enterprise Square Tower 1  
9 Sheung Yuet Road, Kowloon Bay, Hong Kong  
Telephone: (852) 2795 8361  
Email: [ir@sharpsuccess.cn](mailto:ir@sharpsuccess.cn)

# Environmental, Social & Governance Report

## ENVIRONMENTAL

The Group values good environmental management and strives to protect the environment. The Group is devoted to take environment-protecting considerations into account, in order to save energy and reduce emission in the business processes of the Group.

The production base of the Group is located in Shaoguan City, Guangdong Province, the PRC and its operations are required to observe certain national and local laws and regulations, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Evaluation of Environmental Effects (《中華人民共和國環境影響評價法》) and other relevant laws and regulations.

All the supervisors of the production base and the executives of the office of the Group oversee the implementation status of the relevant environmental policies and measures. Under strict supervision and instruction, the Group hopes each department can achieve its best green practices and ensure all business processes are in compliance with legal requirements. The Group will continue to review its policies and practices, report to management if appropriate and suggest suitable measures when necessary.

### Emissions

The general policies of the Group include minimising air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste, with a view to mitigate the adverse impacts on the environment while operating the businesses of the Group.

During the Reporting Period, there was no incident of non-compliance with relevant local environmental laws and regulations that has a significant impact on the Group relating to air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste.

### Exhaust gas and greenhouse gas emissions

The Group monitors the volume of its exhaust gas and greenhouse gas emissions from time to time. During the Reporting Period, the Group upheld its environmental standards for emissions in accordance with the relevant national and local laws. Exhaust emissions are mainly produced by injection moulding process, silk screen printing, heat transfer printing and spray-painting process. The emissions were mainly volatile organic compounds (“VOCs”) and the annual emissions of organic waste gas of the Group could meet the emission standards stipulated by local laws. The policies, monitoring and other measures of the Group to mitigate emissions were effective, where, in particular, the Group was able to maintain the emission levels of greenhouse gas on a per unit of product basis during the Reporting Period as compared with the preceding year.

### Wastewater

In general, there are two types of wastewater, namely (i) domestic wastewater generated by human daily activities; and (ii) industrial wastewater generated through the product manufacturing processes. Due to the nature of plastic product production, the manufacturing processes of the Group do not generate much wastewater, where the wastewater generated by the Group primarily constitutes domestic wastewater. The Group aims to mitigate the impact of its wastewater on the environment, therefore the Group operates an in-house wastewater treatment facility with a daily maximum treatment capacity of 178 tonnes. The facility will process the wastewater before discharging to the public pipe to ensure compliance with emissions standards.

## Hazardous and non-hazardous waste

With reference to the “National Hazardous Waste List” (《國家危險廢物名單》) attached to the Prevention and Control of Solid Waste Pollution Law of the PRC (《中華人民共和國固體廢物污染環境防治法》), the hazardous waste of the Group mainly includes waste empty barrels, waste wipes, waste inks, waste activated carbon and waste filter cotton. The Group arranges qualified institutions to process all of these types of hazardous wastes for disposal. The non-hazardous waste of the Group primarily includes waste offcuts and used cartons from the production workshop and the disposal of them do not require specific prior treatment. During the Reporting Period, all waste of the Group were disposed of in accordance with the applicable rules and requirements.

The Group continues to closely monitor and manage its environmental efforts and minimise the environmental impact caused by its operations, including through the reduction of air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group will take the necessary measures to enhance its environmental protection and continue to observe all applicable laws, guidelines and regulations.

**Table 1**

Type of emission	For the year ended 31 December		Unit
	2020 Amount	2019 Amount	
Scope 1 greenhouse gas emission <sup>(1)</sup>	57	118	Tonnes of carbon dioxide equivalent
Scope 2 greenhouse gas emission <sup>(2)</sup>	4,797	4,738	Tonnes of carbon dioxide equivalent
Scope 3 greenhouse gas emission <sup>(3)</sup>	383	383	Tonnes of carbon dioxide equivalent
Total greenhouse gas emission	5,237	5,239	Tonnes of carbon dioxide equivalent
Total greenhouse gas emission per unit of production	0.26	0.27	Kilograms of carbon dioxide equivalent/unit of production
Exhaust gas	0.79	1.22	Million cubic metre
Wastewater	66,828	53,668	Tonnes
Wastewater per unit of production	0.0033	0.0027	Tonnes/unit of production
<b>Hazardous waste and non-hazardous waste</b>			
Non-hazardous waste <sup>(4)</sup>	390,876	538,000	Kilograms
Non-hazardous waste generated per unit of production	0.019	0.027	Kilograms/unit of production
Hazardous waste <sup>(5)</sup>	11,563	6,859	Kilograms
Hazardous waste generated per unit of production	0.00057	0.00035	Kilograms/unit of production

Notes:

1. Scope 1 emissions are direct emissions from owned or controlled sources.
2. Scope 2 emissions are indirect emissions from the generation of purchased electricity.

# Environmental, Social & Governance Report

3. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain, covering both upstream and downstream emissions, including usage of plastic bags for packing and commercial travel.
4. Non-hazardous waste includes waste offcuts and used cartons.
5. Hazardous waste includes waste empty barrels, waste inks, waste wipes, waste activated carbon and waste filter cotton.

## Use of resources

The production base of the Group adopts the “7S” management framework. In order to save energy cost, the Group has adopted policies and measures to deal with the usage of electricity, water, liquefied gas and paper in day-to-day production. The Group advocates energy saving by requiring its staff to switch off electricity and water tap when they are not in use. The Group carries out measures to categorize and recycle wastes and, before recycling, the Group considers the reuse value of the wastes and take appropriate measures to reduce the amount of the wastes to be discharged. Meanwhile, the Group has also switched to the use of LED lights at workshops, the use of low-consumption motor in injection moulding machine and so on. Posters outlining environmental protection measures have been posted on the staff notice board to enhance employees’ environmental awareness.

Apart from the production base, the Group has implemented “Environmental Protection Office Management” at its office, including the use of electronic files to reduce paper usage, the use of natural lighting design or LED lighting and the use of air energy heat pump which are more environmental friendly. As shown in the below table, on a per unit of product basis during the Reporting Period, the Group was able to maintain its energy consumption levels.

During the Reporting Period, the Group did not encounter any issue in sourcing water that is fit for the purpose. The Group considers its water consumption level to be at a reasonable level after taking into account (i) the demand of water for the manufacturing of products for the OEM Business of the Group; and (ii) the increased need of water for hygiene measures (such as implementing additional cleaning of the production base) to protect employees from COVID-19.

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**Table 2**

Type	For the year ended 31 December		Unit
	2020 Amount	2019 Amount	
<b>Resources consumption</b>			
Consumption of water	<b>83,535</b>	61,380	Tonnes
Consumption of water per unit of production	<b>4.12</b>	3.12	Kilogram/unit of production
Direct energy consumption in kilowatt-hour			
— Energy consumption (diesel) in kilowatt-hour	<b>45,728</b>	44,291	Kilowatt-hour
Direct energy consumption intensity in kilowatt-hour per unit of production	<b>0.0023</b>	0.0023	Kilowatt-hour/unit of production
Indirect energy consumption in kilowatt-hour			
— Energy consumption (purchased electricity) in kilowatt-hour	<b>8,884,044</b>	8,773,468	Kilowatt-hour
Indirect energy consumption intensity in kilowatt-hour per unit of production	<b>0.44</b>	0.45	Kilowatt-hour/unit of production
Total energy consumption in kilowatt-hour	<b>8,929,772</b>	8,817,759	Kilowatt-hour
Total energy consumption intensity in kilowatt-hour per unit of production	<b>0.44</b>	0.45	Kilowatt-hour/unit of production
<b>Packaging material</b>			
Packaging material used	<b>1,263</b>	1,354	Tonnes
Packaging material used per unit of production	<b>0.06</b>	0.07	Kilogram/unit of production

## Environment and natural resources

The Group strives to reduce its negative impact on the environment by improving operational efficiency and introducing automated equipment. The Group supervises the production process and reviews every single step, from injection moulding to packaging, where the Group continuously optimises the production process, reduce the consumption of water, electricity, fuel and other resources and limit or stop the use of materials that are harmful to the environment.

The Group's policy on emissions is in line with the environmental standards for emissions under national and local laws. Exhaust emissions are mainly produced during injection moulding, screen printing, heat transfer printing and tut oil production processes. The emissions are mainly VOCs, which would go through Ultraviolet photolysis and activated carbon suction treatment, in order to meet the emission regulations and standards



# Environmental, Social & Governance Report

## SOCIAL

### Employment and labour practices

The Group is committed to creating a fair and non-discriminatory working environment for its employees. The Group protects its employees from any discrimination in relation to gender, ethnic, religion, age, disability, marital and family status or any other factor or being deprived of any benefit.

The Group aims to attract, motivate or retain outstanding talents to support the long-term and stable development of the Group. To achieve this goal, the Group has enhanced, among others, the welfare and benefits of the employees including basic salary, discretionary bonus and other monetary and non-monetary incentive mechanism, mandatory provident fund, social insurance, housing provident fund and statutory leaves in accordance with the requirement of applicable laws and regulations. The Group also provides dormitory residence to employees from other provinces or countries.

As at 31 December 2020, the Group had 740 (2019: 643) employees. The Group has entered into employment contracts with the staff in accordance with (where applicable) the Employment Ordinance (《僱傭條例》) (Chapter 57 of the Laws of Hong Kong), the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the International Council of Toy Industries Ethical Toy Program (ICTI IETP).

The administration department and supervisors are responsible for overseeing the compliance with the relevant regulations and rules and, in the event of any misconduct, they will report to the senior management, who will then address them.

In general, the Group provides a market-competitive remuneration system. With regards to the nature of the work, seniority, operating conditions, market conditions, job performance and employees' career planning, the Group formulates reasonable remuneration and benefits for its employees and strictly abides by the laws and regulations relating to minimum wage and statutory benefits.

The Group adjusts the remuneration and benefits of its employees in accordance with their performance in a timely manner. The Group attaches importance to staff development, encourages employees to participate actively in training provided by the Group and arranges external training to enhance their professional knowledge and skills. The Group provides sufficient internal promotion opportunities to recognise outstanding staff.

The Group believes its employees should maintain healthy work life balance and takes into account the working hours and rest periods of its employees. In accordance with applicable laws and requirements, the Group has formulated policies for employee benefits and interests such as basic remuneration, discretionary bonuses and other monetary and non-pecuniary incentives, mandatory provident fund, social security, housing provident fund and statutory holidays.

During the Reporting Period, the employee turnover of the Group was primarily attributable to the reduction in the number of production workers in the PRC, which was mainly due to the continued automation and streamlining of production processes of the production base to minimise labour demand and costs, for the enhancement of the profitability of the Group. The Directors consider the employee turnover of the Group to be normal, after taking into account the historical trend and the labour demand at the production base. Reasonable and appropriate arrangement has been made for all resigning employees in accordance with relevant laws and regulations. The Group provides employment opportunities to women, where hiring is based on the candidates' skills and abilities rather than gender and a notable proportion of the employees working at the factory of the Group are female.

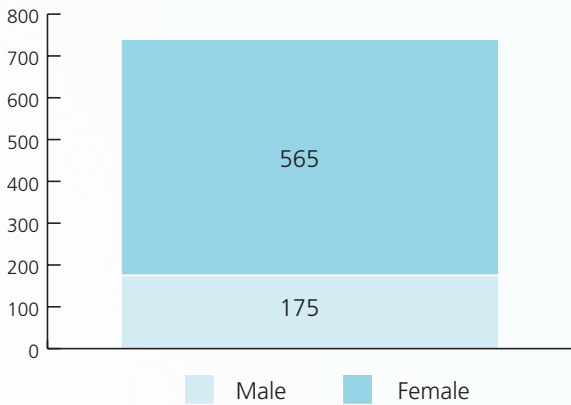
For specific work processes, the relevant employees of the Group, such as electricians, forklift workers and welders, hold the necessary professional qualifications.

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## Workforce statistics

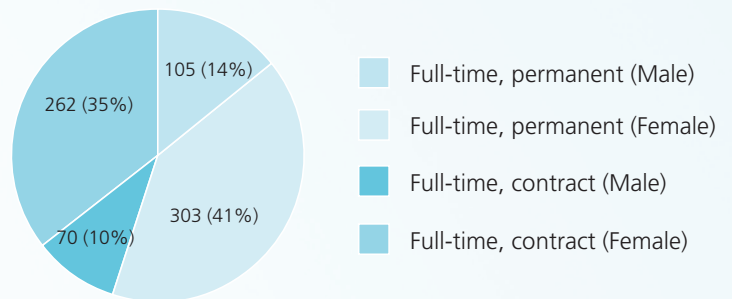
### Total Number of Employees

(As at 31 December 2020)



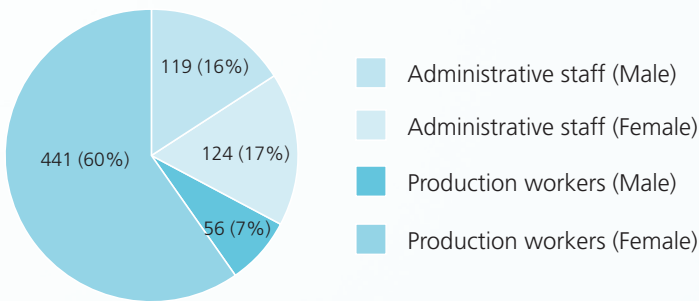
### By Employment Type

(As at 31 December 2020)



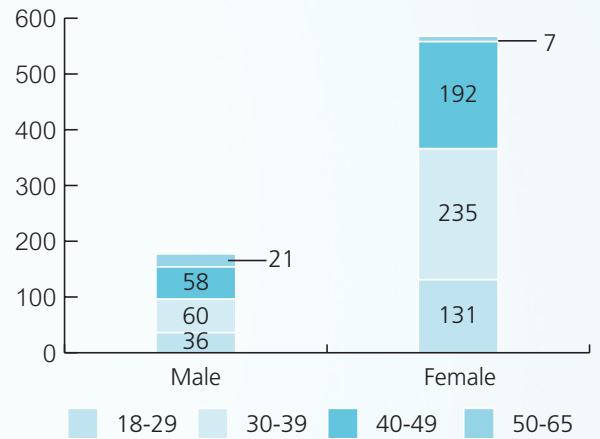
### By Position

(As at 31 December 2020)



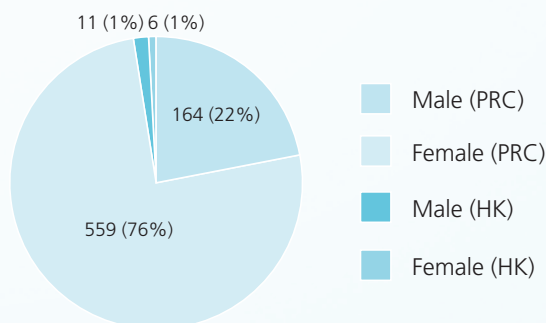
### By Age

(As at 31 December 2020)



### By Geographical Location

(As at 31 December 2020)



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In situations where an employee violates the Group's regulations or consistently perform his or her duties below an acceptable level, the administration department will, subject to the requirements of the local regulation, terminate his or her employment contract. Terms and conditions relating to dismissal are enumerated in the employment contract. The Group consults the management team and seeks legal advices, where necessary, to ensure such dismissal is in compliance with applicable labour laws.

The Group is dedicated to creating a fair, discrimination-free working environment for the employees. The Group embraces diversity and protects employees from any discrimination in relation to gender, disability, pregnancy, marital and family status, racial background, religious belief, age, sexual orientation or any other kind of discrimination, or being deprived of any benefits. If any employee of the Group encounters discrimination, such employee is encouraged to report to the management team of the Group immediately.

The Group organises, and encourages its employees to participate in, various activities to promote communication among employees to better understand their needs and improve their corporate values, sense of identity, code of practice and sense of belonging.

During the Reporting Period, there was zero (2019: zero) incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. The Group adopted a board diversity policy which sets out its approach to achieve diversity on the Group. Board diversity has been considered from a number of perspectives, including skills, regional and industry experience, background, race, gender and other qualities.

## Health and safety

The Group is always committed to providing a safe, efficient and comfortable working environment for its employees and strives to eliminate potential hazards. To protect the health of employees, the Group identifies potential safety risks and enhances safety monitoring in every production step.

Massive operations of machineries are involved in the Group's production base. Therefore, the Group endeavours to maintain sound safety management and to comply with all relevant laws and regulations. Laws and regulations governing manufacturing and fire safety mainly include the Law of the PRC on Work Safety (《中華人民共和國安全生產法》), the Fire Protection Law of the PRC (《中華人民共和國消防法》), the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and the Regulations on Safe Production in Guangdong Province (《廣東省安全生產條例》).

The Group has adopted the "Safety Production Management System", the "Manufacturing Safety Accident Emergency Plan" and the "Emergency Plan for Environmental Emergencies". All new employees shall undergo safety training and pass a test before onboarding. After training, staff must be qualified before officially commencing works. Meanwhile, the Group arranges health and safety training and provides relevant information to its employees, including fire prevention seminars, first-aid and firefighting equipment in order to raise their safety awareness. Moreover, the Group (i) has first-aid and fire prevention equipment in place; (ii) arranges fire drills; and (iii) provides annual body checks for certain employees. In case of significant work safety risks and accidents, the staff should report to the management for necessary improvement measures.

# Environmental, Social & Governance Report

In addition, for employees who may be at risks of being exposed to hazardous chemicals during work, the Group informs these employees of such potential occupational hazards through the "Occupational Hazards Notification" (職業危害因素告知書) before the commencement of relevant work duties. For special production processes, operators are equipped with personal protective equipment, to minimise the risks of work-related injuries during operation. The protective equipment and machineries are checked regularly for maintenance to prevent deterioration that may lead to incidents. Occupational hazards assessment is conducted regularly by qualified third party to detect and evaluate the occupational hazards in workplace.

During the Reporting Period, two (2019: three) employees of the Group were injured during work and these employees had a total of 231 (2019: 184) lost working days due to the injuries. There was no fatality case during the Reporting Period (2019: zero). During the Reporting Period, apart from the aforementioned non-fatal injuries, there was no major safety incident or work-related injury, nor did the Group violates the relevant laws and regulations relating to the provision of a safe working environment and the protection of employees against occupational hazards and having a significant impact on the Group. The Group will continue to improve the safety management system in order to better protect employees' health and safety in workplace.

## Development and training

The Group actively attracts and nurtures talent, introduces management talent and professionals, and optimises human resources structure in accordance with the business development needs and direction of the Group. Meanwhile, the Group places importance on the nurturing of its own talent and promotion of studying culture. The Group aspires to enhance quality of its employees through training programmes, with a view to help their career growth in the long run. The Group offers internal promotion opportunities to employees with outstanding work performance and potential. The Group also promotes open communication and encourages employees of different ranks to express their views and suggestions through various channels, where the Group can better understand their work condition, career development goal and the effectiveness of the development and training programmes, so that the Group can take necessary improvement measures and deploy employees to suitable positions, allowing them to deliver their best, gain satisfaction and grow with the Group.

During the Reporting Period, the Group had provided its employees with different types of training according to their job nature, including but not limited to machinery operation, professional seminar and training on work environment management. The Group coordinates annual examination for employees who are required to hold certain certificates or qualification according to the requirements from professional organisations or laws. The Group also arranges its directors to attend external seminars and training by legal advisor as well as providing online learning information to help them to keep up-to-date latest Listing Rules and relevant laws regularly, so as to increase their corporate governance knowledge.

## Labour standards

The Group strictly abides by the Employment Ordinance (《僱員條例》) (Chapter 57 of the Laws of Hong Kong), the Labour Protection Supervision Regulations of the State Council of the PRC (《勞動保障監察條例》), the Labour Law of the PRC (《中華人民共和國勞動法》) and the Prohibition of the Use of Child Labour (《禁止使用童工規定》).

All recruitment processes and promotion activities are strictly monitored in accordance with the Group's human resources management system.

All employment contracts have set out the rules for the personal conduct of employees and strictly supervise the behaviour of all directors, senior executives and employees at all levels. The Group encourages employees to report any misconduct. In case of any non-compliance, the Group would promptly conduct investigation, where the management would then review the investigation report and take appropriate actions, where necessary. In more serious cases, the Group would seek legal advice and take legal action.

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During the Reporting Period, the Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to labour and the prevention of child and forced labour.

## OPERATING PRACTICES

### Supply chain management

The Group is principally engaged in the production and sale of plastic bottles and baby feeding accessories. The Group maintains dozens of major suppliers and most of them are located in the PRC.

The Group endeavours to maintain an appropriate supply chain that takes into account the related environmental and social risks. The Group's major suppliers are from the PRC as its production base is located in the PRC, so the Group can reduce transportation costs by procuring from local suppliers. However, the Group also stresses the importance of integrity of its suppliers and business partners besides putting costs, product quality and track records into consideration. The Group only source from the suppliers and business partners with a proven business record and no serious law violation or violation of business ethics.

In addition, the Group offers its suppliers with fair and reasonable terms and does not exploit its suppliers in any form. The procurement department of the Group selects qualified suppliers through comparing the suppliers' quality performance, after-sales service, shipping and delivery and price. For the supply of important materials, the procurement department selects several qualified suppliers to choose from. The Group assesses its suppliers and examines if they have fulfilled the relevant product responsibilities, including environmental and social aspects, and ensure their products meet the needs of the Group.

The Group complies with the Disney manufacturer's code of conduct and selects subcontractors to manufacture Disney goods or their components only after the subcontractor has signed a written commitment to comply with the Disney manufacturer's code of conduct.

During the Reporting Period, the Group did not find any significant risks or problems related to supply chain management.

### Product responsibility

#### Product safety

The Group puts product quality in the first place. The Group's quality policy is "continuous improvement of product quality and pursue better quality to meet customer's needs". The Group always ensures that its products are safe and reliable especially a significant portion of the products of the Group targets toddlers and infants.

The products of the Group meet the quality and safety requirements of local and international standards.

#### Customer feedback

The Group uses a variety of channels to communicate with its customers in order to get feedback and understand what its customers need.

# Environmental, Social & Governance Report

The Group has policy and procedure for handling product recall. According to the severity and impact of the problems involved in unqualified products, product withdrawal is divided into three categories: (i) recalls related to product safety hazards that are likely to cause serious or long-term adverse health consequences or death. In this product recall, all suspected product must be recalled from all sales distribution; (ii) recalls related to unqualified products that may cause temporary or minor adverse effects on human health, and products need only be withdrawn from the sales market, not from consumers; and (iii) recalls related to unqualified products that do not cause adverse consequences on human health and the management team would decide on actions that have to be taken on a case by case basis.

In addition, the Group reviews the whole service process according to customers' opinion and investigates customers' complaints in a timely manner, so as to improve customer service and quality production.

## Intellectual property and data privacy

From time to time, the business operations of the Group, particularly in the business segment principally comprising the production and sales of plastic bottles and cups for infants and toddlers and plastic bottles on an original equipment manufacturing basis, would involve confidential information (such as intellectual properties related to design and manufacturing details) of customers. Therefore the Group requires its employees to carefully handle information provided by the customers to protect their privacy and intellectual properties from unnecessary losses. The Group requires relevant employees to sign "Employee Confidentiality Agreement" and also requires relevant suppliers and subcontractors to sign "Business Partner Confidentiality Agreement". The Group also carefully handles personal data and ensure such data are kept confidential.

During the Reporting Period, the Group did not encounter problems relating to intellectual property or data privacy.

## Advertising and labelling

The Group engages in marketing and promotional campaigns from time to time. The Group ensures that any description of services and products by its sales representatives are not misleading and are in compliance with all applicable laws and standards enacted by the government and industry associations.

During the Reporting Period, the Group complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in respect of the products and services of the Group.

## Anti-corruption

The Group upholds the highest standard of corporate governance and adheres to the values of honesty and integrity as it is committed to creating an anti-corruption workplace. The Group strictly complies with the Prevention of Bribery Ordinance (《防止賄賂條例》) (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the PRC (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other applicable anti-corruption laws and regulations.

Directors and all employees are required to maintain integrity and be law-abiding in both physical business and capital market operation levels. The Board does not tolerate any corruption, bribery, extortion, money-laundering and other forms of frauds.

The Group encourages employees to report misconduct. Adequate confidentiality measures are in place to protect the identities of the whistleblowers. Any acts of corruption, bribery, extortion, money-laundering or other frauds shall be promptly investigated and reported to the management and the government authorities upon discovery.

# Environmental, Social & Governance Report

During the Reporting Period, the Group was not aware of any non-compliance in relation to corruption, bribery, extortion, fraud and money laundering, which had a significant impact on the Group. The Group regularly reviews its internal anti-corruption system and improves it when necessary.

## COMMUNITY

### Community investment

As a corporate citizen, the Group places importance on community engagement, giving back to the society, promoting the spirit of corporate social responsibility within the Group and organising or participating in appropriate community activities. Moreover, the Group tends to employ local staff for its production facilities to promote local employment.

The Group hopes to develop a sense of social responsibility of its employees while encourages them to make a greater contribution to the community during their work and in their private time. By giving back to the community through relevant activities, the community awareness of the employees of the Group can be enhanced, thereby motivating them to care about and help people in need, and establish the right value set. The Group aims to increase its community investment as much as possible to create a more favourable environment for its community and business. The Group also considers making donations to charities from time to time when the Group records profits and has sufficient funds.

During the Reporting Period, the Group's staff actively participated in the safety talks and legal knowledge seminars held in the development zone.

## APPENDIX I: GUIDELINES ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject areas	Content	Section in this ESG Report
<b>A. Environmental</b>		
A1 Emissions		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental — Emissions
KPI A1.1	The types of emissions and respective emissions data	Environmental — Emissions
KPI A1.2	Emissions of greenhouse gases	Environmental — Emissions
KPI A1.3	Data of hazardous waste produced	Environmental — Emissions
KPI A1.4	Data of non-hazardous waste produced	Environmental — Emissions
KPI A1.5	Measures to mitigate emissions and results achieved	Environmental — Emissions
KPI A1.6	Further descriptions of hazardous and non-hazardous wastes	Environmental — Emissions

# Environmental, Social & Governance Report

Subject areas	Content	Section in this ESG Report
A2 Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental — Use of resources
KPI A2.1	Details of electricity consumption	Environmental — Use of resources
KPI A2.2	Details of water consumption	Environmental — Use of resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental — Use of resources
KPI A2.4	Description of sourcing water and water consumption	Environmental — Use of resources
KPI A2.5	Details of packaging material	Environmental — Use of resources
A3 Environment and natural resources		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental — Environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental — Environment and natural resources
<b>B. Social</b>		
B1 Employment		
General disclosure	Information on the policies; and 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.	Social — Employment and labour practices
B2 Health and safety		
General disclosure	Information on the policies; and 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.	Social — Health and safety
B3 Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social — Development and training
B4 Labour standards		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social — Labour standards



# Environmental, Social & Governance Report

Subject areas	Content	Section in this ESG Report
<b>Operating practices</b>		
B5 Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Operating practices — Supply chain management
B6 Product responsibility		
General disclosure	Information on the policies; and 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.	Operating practices — Product responsibility
B7 Anti-corruption		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating practices — Anti-corruption
<b>Community</b>		
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.	Community — Community investment