



**Huajin International Holdings Limited**

華津國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2738)**

**2020**

**Environmental, Social and Governance Report**

## **Contents**

Section 1	About this report.....	3
1.1	Reporting principles .....	3
1.2	Reporting period and reporting scope .....	4
Section 2	Statement from the Board .....	5
Section 3	Awards and professional memberships.....	8
3.1	Awards and achievement .....	8
3.2	Professional memberships .....	10
Section 4	Stakeholder communication .....	11
Section 5	Anti-COVID-19 response .....	13
5.1	Establishment of an emergency team for prevention and control of COVID-19.....	13
Section 6	Environmental preservation .....	15
6.1	Pollution control.....	15
6.2	Making good use of resources.....	20
6.3	Green operations.....	27
6.4	Climate change.....	30
Section 7	Mutual growth .....	31
7.1	Our team.....	31
7.2	Employee fairness .....	33
7.3	Labour standards .....	37
7.4	Talent cultivation.....	37
7.5	Occupational safety and health management.....	39
Section 8	Operational commitment.....	42
8.1	Product responsibility .....	42
8.2	Supply chain management .....	45
8.3	Ethics and anti-corruption.....	47
Section 9	Giving back to society .....	48
9.1	Close connection .....	48
Section 10	Index of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules .....	49

## Section 1 About this report

This report was prepared in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide (“Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This report has complied with the "comply or explain" provisions of the Guide and contains all disclosures as recommended in the Guide.

### *1.1 Reporting principles*

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

- **Materiality:** We have identified all environmental, social and governance aspects of the Group's business. We will prioritize the identified material issues according to their impact on the environment, economy and society of the Group and stakeholders.
- **Quantitative:** With regard to the quantitative information reported in this report, we disclosed relevant environmental and social data in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange, which allows stakeholders to compare our performance.
- **Balance:** We endeavour to provide in this report an unbiased picture of our ESG performance.
- **Consistency:** We have been following the Environmental, Social and Governance Reporting Guide for reporting since 2015. Where there are any changes that may affect the comparison with previous reports, the Group has added notes to the corresponding content in this report.

## ***1.2 Reporting period and reporting scope***

This report mainly covers the Group's headquarters and our two major subsidiaries operating in the PRC, namely Jiangmen Huajin Metal Product Company Limited (“Jiangmen Huajin”) and Jiangmen Huamu Metals Company Limited (“Jiangmen Huamu”). The Group's headquarters in the PRC is located at Xinsha Industrial Park, Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC. Unless otherwise indicated, all numbers herein are absolute. Personnel from contractors are not considered as employees of the Group.

In order to be reader-friendly and increase transparency, a detailed content index of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange is included at the end of this report. Other ESG information, including financial data and corporate governance information, has been included in the Company's 2020 annual report.

### Reporting period:

The information published in the report covers the period from 1 January 2020 to 31 December 2020 (“2020”) which is the same as the financial year as reported in the Company's 2020 annual report.

## Section 2 Statement from the Board



### Corporate culture

#### Corporate spirit

Unity & loyalty, pursuing excellence, pragmatic innovation, and being enterprising.

#### Business philosophy

Working hard, giving back to society, and growing bigger and stronger.

#### Corporate objective

Create a first-class brand.

Huajin International Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group” or “us”) is a leading cold rolled steel processing enterprise in Guangdong Province, the PRC. The Group is principally engaged in processing hot rolled steel coils into cold rolled steel strip, steel sheets and welded steel pipes and galvanized steel products according to customer specifications, covering industries such as light industrial hardware, home appliances, furniture, motorcycle/bicycle accessories, LED and lighting. The Group provides processing, cutting, slitting, warehousing and delivery services for customized cold rolled steel products and galvanized steel products.

The board of directors of the Company (“Board”) understands that fulfilling our commitment to sustainable development is one of the important factors driving our business growth and expansion. As such, the Group upholds the "green" business philosophy to create positive impacts on the community and the environment, with a view to bringing long-term value to all stakeholders.

We always uphold our corporate spirit of "Unity & Loyalty, Pursuing Excellence, Pragmatic Innovation, and Being Enterprising". The Board cares about the economic, environmental and social impacts of our business operations and evaluates environmental, social and governance risks before making decisions, in an effort to build a beautiful and green society. Our chief executive officer and executive directors are responsible for sustainability management, and their management duties are delegated to various departments and units responsible for managing important sustainability issues and monitoring their trends, so as to seize all opportunities that can improve the Group's sustainable development performance.

The Group is also committed to providing customers with products and services that meet their needs and creating long-term value and potential growth for customers and partners. We also take care of our employees from different aspects, and provide them with a variety of learning opportunities and activities, in an effort to create a nice workplace for employees. In respect of working environment, we proactively promote green development. The Group has put its investment in technological transformation, energy conservation and environmental facilities, in an effort to build the Group into a first-class Chinese brand that is eco-friendly and innovative.

The Board has overall responsibility for the Environmental, Social and Governance strategy and reporting of the Group, and supervises and manages risks related to environmental, social and governance issues. This report has been approved and authorised by the Board on 30 June 2021.

## Section 3 Awards and professional memberships

### 3.1 Awards and achievements

Name of award/achievement	Issuing authority	Awarding date
Jiangmen Huamu Metals Company Limited obtained the title of Jiangmen Clean Production Enterprise	Jiangmen Bureau of Industry and Information Technology	1/12/2020
Jiangmen Huajin Metal Product Company Limited obtained the ROHS Certification on cold rolled steel sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	21/3/2020
Jiangmen Huajin Metal Product Company Limited obtained the ROHS certification on galvanized sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	21/3/2020
Jiangmen Huamu Metals Company Limited obtained the ROHS certification on cold rolled steel sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	24/3/2020
Jiangmen Huamu Metals Company Limited obtained the ROHS certification on galvanized sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	24/3/2020
Jiangmen Huajin Metal Product Company Limited obtained the REACH certification on cold rolled steel sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	24/3/2020
Jiangmen Huajin Metal Product Company Limited obtained the REACH certification on galvanized sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	24/3/2020


















Name of award/achievement	Issuing authority	Awarding date
Jiangmen Huamu Metals Company Limited obtained the REACH certification on cold rolled steel sheets	Shenzhen Hongcai Testing Technology Co., Ltd.	24/3/2020
Jiangmen Huamu Metals Company Limited obtained the REACH certification on galvanized sheets	Jiangmen Bureau of Industry and Information Technology	24/3/2020
Jiangmen Huajin Metal Product Company Limited and Jiangmen Huamu Metals Company Limited obtained the certification on beryllium content	Dongguan NTEK Testing Technology Co., Ltd.	13/4/2020
Jiangmen Huajin Metal Product Company Limited obtained the invention patent certificate of Spray Water Supply System and Control System of Degreasing Production Line	China National Intellectual Property Administration	8/7/2020
Jiangmen Huajin Metal Product Company Limited obtained title of Top 100 Jiangmen Enterprises in 2020	China National Intellectual Property Administration	1/12/2020
Jiangmen Huamu Metals Company Limited obtained title of Top 100 Jiangmen Enterprises in 2020	Jiangmen Enterprise Federation	1/12/2020

**3.2 Professional memberships**

<b>Position title</b>	<b>Organization name</b>	<b>Membership maturity</b>
Vice Chairman	Jiangmen Vocational Education Association	Not applicable
Standing corporate member (Huajin)	Jiangmen Enterprise Quality Development Association	4/1//2020
Standing corporate member (Huamu)	Jiangmen Enterprise Quality Development Association	4/1/2020
Vice president	Education Promotion Association of Gujing Town, Xinhui District, Jiangmen City	Long-term

## Section 4 Stakeholder communication

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

	Stakeholders	Focus areas of ESG	Major communication channels
<b>Internal</b>	Employees	<ul style="list-style-type: none"> <li> growth and win-win</li> <li> labour standards</li> <li> health and safety</li> </ul>	<ul style="list-style-type: none"> <li> occupational health and safety training</li> <li> regular meetings</li> <li> internal publications/bulletin boards</li> <li> suggestion box/mailbox/email</li> <li> performance appraisal</li> </ul>
	Management committees	<ul style="list-style-type: none"> <li> pollution control</li> <li> making good use of resources</li> <li> promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li> company website</li> <li> annual and interim reports</li> <li> annual general meeting and other shareholders' meetings</li> <li> press releases (if any), announcements, financial and other information about the Group and its business</li> </ul>

	Stakeholders	Focus Areas of ESG	Major communication channels
<b>External</b>	Investors	<ul style="list-style-type: none"> <li>✚ pollution control</li> <li>✚ making good use of resources</li> <li>✚ promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li>✚ announcements</li> <li>✚ annual and interim reports</li> <li>✚ company website</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>✚ product responsibility</li> <li>✚ supply chain management</li> <li>✚ promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li>✚ phone/email</li> <li>✚ customer quality evaluation form</li> <li>✚ customer visits or factory audits</li> <li>✚ trade shows</li> </ul>
	Suppliers	<ul style="list-style-type: none"> <li>✚ supply chain management</li> <li>✚ promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li>✚ phone/email</li> <li>✚ field survey</li> <li>✚ annual review of suppliers</li> </ul>
	Government	<ul style="list-style-type: none"> <li>✚ pollution control</li> <li>✚ making good use of resources</li> <li>✚ promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li>✚ government websites</li> <li>✚ official documents/meetings</li> <li>✚ correspondences/visits</li> <li>✚ supervision/inspection</li> </ul>
	Environmental organisations	<ul style="list-style-type: none"> <li>✚ Pollution control</li> <li>✚ making good use of resources</li> <li>✚ promoting green operations</li> </ul>	<ul style="list-style-type: none"> <li>✚ participation in community activities</li> <li>✚ donation/sponsorship</li> </ul>

## **Section 5 Anti-COVID-19 responses**

In 2020, the world was hit by the COVID-19 pandemic. The Group formulated the emergency plan for prevention and control of COVID-19, and promptly set up an emergency team for anti-COVID-19 efforts to ensure the normal production and operations of the Group and safeguard the health and safety of employees.

### ***5.1 Establishment of an emergency team for prevention and control of COVID-19***

At the early stage of the COVID-19 outbreak and before the resumption of work, the Group promptly required its factories to set up an emergency team for prevention and control of COVID-19 to scientifically develop and implement anti-COVID-19 measures, formulate a reasonable management structure and related measures, propose adjustments to relevant work of the Group when necessary, and ensure the smooth operation of factories during the epidemic.

The team is responsible for supervising the implementation of epidemic prevention and control measures in the factories, and constantly assessing and reviewing the effectiveness of such measures according to the situation on site and the feedback from employees; and for arranging anti-COVID-19 training, and guiding employees to take preventive measures and strengthen personal hygiene awareness.

Set out below are the epidemic prevention measures taken by the Group's factories:

#### **(1) Staff screening**

- Before entering a factory, any employee, outsider or visitor must wear a mask and have his/her body temperature measured by the gatekeeper using an infrared thermometer.

- All outsiders must register at the gate by filling in their names and phone numbers in the Health and Travel Record Declaration Form.

## (2) Epidemic prevention supplies and facilities

- The factories are equipped with epidemic prevention supplies including masks, thermometers, disinfectant, etc. Quarantine rooms have been set up. In particular, hand sanitizer, soap and alcohol cotton balls or disinfecting wet wipes are put in place in toilets, canteens, etc.
- Employees are required to wash their hands or wipe them with alcohol cotton balls and then rinse them with clean water before meals and after defecation. All gatekeepers, drivers and office workers must wear masks and rubber gloves, and such protective equipment should be replaced on a daily basis.

## (3) Setting up a COVID-19 quarantine zone

- Quarantine rooms have been set up in the factories to allow any suspected cases to self-quarantine and contact the relevant government departments to arrange for them to be taken by a dedicated vehicle to a designated hospital.

## (4) Anti-COVID-19 promotion

- The administrative department is responsible for publicizing any update about COVID-19 prevention and control on the bulletin boards.
- Training sessions on COVID-19 prevention and control have been organized for all employees.

## **Section 6 Environment preservation**

The Group has always strived to protect the environment while promoting sustainability, so as to fulfill its social responsibility as a corporate citizen. Environmental management has become a very important part for the Group when it formulates development strategy. During the operational decision-making processes, planning and procurement to production, we take into account a wide range of environmental factors by consolidating the inputs from all departments, units and business partners, and adopting a series of measures that mitigate environmental impact in order to comply with relevant laws and regulations. To improve the environmental protection performance, initiatives on preventing environmental pollution, controlling air emissions, greenhouse gas emissions and discharges to water and soil, and reducing the generation of both hazardous and non-hazardous wastes are implemented so as to minimize the environmental risk and impact of the Group's operations on the environment, and to achieve sustainability and to build a better living environment for our next generation.

### ***6.1 Pollution control***

Pollution is inevitable in the production process. However, as a responsible enterprise, we adopt a series of measures to minimize the environmental impact, including controlling air emissions, greenhouse gas emissions, discharges to water and soil and reducing hazardous and non-hazardous wastes, so as to honour our commitment to environmental protection. The environmental measures implemented by the Group are detailed in the following aspects:

During the reporting period, the Group had complied with all relevant environmental laws and regulations in the PRC. We were not subject to any punishment for violating the applicable laws and regulations during the reporting period.

**Air emissions management**

In our daily production and operation, we strictly abide by the “Air Pollution Prevention and Control Law of the People's Republic of China” (《中華人民共和國大氣污染防治法》) and the air emissions standards of Jiangmen City, so as to keep the air emissions within the limits prescribed in relevant laws and regulations and minimize the impact on neighboring areas. For better emissions reduction, we stop using biological particles and only use clean energy (natural gas) as fuel to minimize the impact on neighboring areas.

Air emissions from the production process mainly include sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters emitted from hot water furnaces and hot blast stoves burning natural gas, and traces of hydrogen chloride after treatment by acid mist towers. The Group consistently engages a third-party independent agency with valid qualifications to regularly monitor our air emissions to ensure that the regulatory requirements are met. In 2020, all our air emissions parameters met the requirements of the “Boiler Air Pollutant Emission Standard” (《鍋爐大氣污染物排放》) (DB44/765-2010) and the Class 2 standard limits and Period II Class 2 standard limits of the “Air Pollutant Emission Limits” (《大氣污染物排放限值》) (DB44/27-2001).

Air emissions from consumption of gaseous fuels and motor vehicles of the Group in 2020 are as follows:

**Emission of air pollutants**

<b>Pollutant</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Nitrogen oxides (NOx)	kg	1,090.58	1,219.99
Sulphur oxides (SOx)	kg	2.95	5.08
Particulate matters (PM)	kg	77.50	87.99



Emissions from greenhouse gases of the Group in 2020 are as follows:

**Emissions of  
greenhouse gases**

<b>Emissions category of greenhouse gases</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Total emissions of greenhouse gases	Carbon dioxide equivalent (tonnes)	120,959.33	93,971.68
Direct emissions ( <i>Scope 1</i> )	Carbon dioxide equivalent (tonnes)	20,426.86	12,901.08
Energy indirect emissions ( <i>Scope 2</i> )	Carbon dioxide equivalent (tonnes)	100,532.47	81,070.60
Emissions intensity of greenhouse gases	Carbon dioxide equivalent (tonnes) / production per kiloton	114.76	149.99
<i>Notes :</i>			
<i>Scope 1 includes emissions from fixed combustion of natural gas and direct combustion from vehicles of diesel and gasoline ;</i>			
<i>Scope 2 includes emissions of electricity consumed</i>			

**Waste water management**

Our production processes generate liquid waste, industrial wastewater and municipal sewage. We have a production wastewater treatment station within the factory area, which is divided into two systems: a unit for acidic wastewater treatment and a unit for alkaline wastewater treatment. A part of the treated wastewater flows into the recycling facility for advanced treatment and, after meeting the required criteria, is used for degreasing cleaning. We will apply for relevant discharge permits in accordance with the requirements of the “Discharge Standard of Water Pollutants for the Steel Industry” (《鋼鐵工業水污染物排放標準》)(GB13456-2012). In addition, we regularly inspect the discharged wastewater. In 2020, our wastewater parameters met the direct emission limits for cold rolling enterprises in Table 2 of the “Discharge Standard of Water Pollutants for the Steel Industry” (《鋼鐵工業水污染物排放標準》)(GB13456-2012).

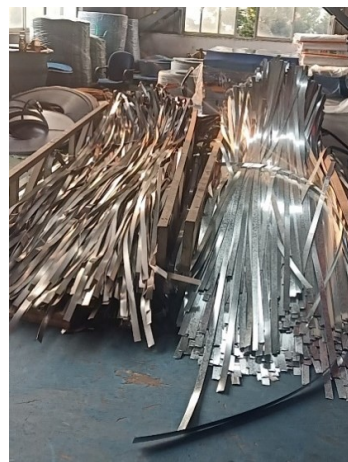
In 2020, in order to further improve the Group's clean production management, we installed surface sludge low-temperature drying equipment according to the “Opinions of Guangdong Province on Promoting Green Production in an All-round Way” (《廣東省關於全面推進綠色清潔生產工作的意見》) to dry the high-moisture surface treatment sludge produced in the production process, thereby reducing the amount of sludge for treatment. The results of trial operations in the first phase show that such drying equipment can meet the requirement of reducing surface treatment sludge by about 50-75% so as to achieve the goal of reducing sludge and improving cleaner production management.

## **Waste management**

The Group develops and implements strict management measures for waste generated in the production process. Pursuant to the “National Catalogue of Hazardous Waste” (《國家危險廢物名錄》), “the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢物污染環境防治法》), and “the Administrative Measures for Hazardous Waste Transfer Manifests” (《危險廢物轉移聯單管理辦法》), we systematically identify the environmental factors during the production process, and have issued detailed guidelines for waste management.

For the management of non-hazardous waste, the Group carries out classified management of non-hazardous waste in accordance with “the Law on Prevention and Control of Environmental Pollution by Solid Waste” (《固體廢物污染環境防治法》), “the Administrative Measures for Municipal Domestic Waste” (《城市生活垃圾管理辦法》) and other national laws and regulations, and have qualified manufacturers for recycling waste, for example, recycling waste paper, having suppliers to recycle oil drums, and recycling packaging materials.

As to hazardous waste, we identify hazardous waste from factories in accordance with “the National Catalogue of Hazardous Wastes (2017 edition)” (《國家危險名錄 2017 版》), and engage third-party qualified processors to rationally recycle and dispose of hazardous waste from our factories in accordance with regulations such as “the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes” (《中華人民共和國固體廢棄物環境污染防治法》) and “the Administrative Measures for Hazardous Waste Transfer Manifests” (《危險廢物轉移聯單管理辦法》). Meanwhile, the Group requires its factories to collect and temporarily store hazardous wastes in accordance with relevant laws and regulations to ensure compliance of the Group's hazardous waste treatment practices.



**Results achieved: waste recycling result**

The Group recycles the scrap materials trimmed from cold rolled products as packaging tapes and packaging buckles. During the year, the Group recycled about 22,000 tonnes of scrap materials and saved production cost.

The amounts of hazardous and non-hazardous wastes generated by the Group in 2020 are as follows:

<b>Waste generated</b>			
<b>Category of waste</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Hazardous waste	Tonnes	16,656.10	9,419.99
Hazardous waste intensity	Tonnes/production per kiloton	15.80	15.03
Non-hazardous waste	Tonnes	269.23	270.69
Non-hazardous waste intensity	Tonnes/production per kiloton	0.26	0.43

## **6.2 Making good use of resources**

Climate change, environmental degradation and depletion of natural resources are global challenges we are facing together. We need to take actions from all levels to cope with the relevant issues. As a responsible enterprise, we are committed to sustainable operations and upholds the business philosophy of "green production, energy saving and emissions reduction". We proactively adopt cleaner production technologies, reduce unnecessary use of resources, and implement new measures for energy conservation and emissions reduction. The Group's factories have been implementing various energy-saving and emissions-reduction projects, which have demonstrated our commitment to minimize pollution caused by our production and to reduce potential environmental risks.

The Group's total energy consumption in 2020 is as follows:

<b>Energy consumption</b>			
<b>Energy category</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Total energy consumption	'000 kWh	248,433.00	166,675.00
Total energy consumption intensity	'000 kWh/'000 ton production capacity	235.71	266.04
Diesel consumption	'000 kWh	90.60	N/A
Diesel consumption intensity	'000 kWh/'000 ton production capacity	0.09	N/A
Gasoline consumption	'000 kWh	1,051.37	N/A
Gasoline consumption intensity	'000 kWh/'000 ton production capacity	1.00	N/A
Natural gas consumption	'000 kWh	89,691.92	39,586.00
Natural gas consumption intensity	'000 kWh/'000 ton production capacity	85.10	63.19
Electricity energy consumption	'000 kWh	157,599.10	127,089.00
Electricity energy consumption intensity	'000 kWh/'000 ton production capacity	149.53	202.85

*Notes : The record of energy consumption in 2020 included natural gas, electricity, and diesel and gasoline used by vehicles. Only natural gas and electricity were included in 2019.*

## **Comprehensive management**

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

## **Energy conservation**

The Group has been actively reducing the consumption of natural resources in our production operations for many years. We continuously look for and adopt new methods. In 2020, in order to fully understand the Group's energy consumption and management, we commissioned environmental experts to conduct energy audits on some of our factories to help us finding more energy-saving opportunity, in the hope of screening out the existing problems and weaknesses on energy usage, exploring energy-saving potential, looking for energy-saving directions, reducing energy consumption and production costs. In doing so, we also aimed to meet the energy-saving targets prescribed in the National 13th Five-year Plan and improve our economic efficiency.

The Group proactively adopts clean production technology, reduces unnecessary resources utilization, and implements new energy-saving measures. We advocate the use of energy-saving, efficient and environmental-friendly construction equipment, machinery and tools and office appliances recommended by the state and the industry. Meanwhile, we also continuously update the latest environmental news to optimize the existing services, so as to reduce environmental pollution.

Below is a summary of the relevant measures and the results achieved in 2020 :

- Continue to use energy-saving technologies and have gradually replaced lighting in workshops, offices and warehouses with light-emitting diodes (“LEDs”) ;
- Reduce the number of bulbs and install automatic control systems at workshops and offices; require staff to turn off machinery and appliances (including toilet lights and exhaust fans) after work ;
- Control the air conditioning system to keep the indoor temperature of the office at approximately 26°C ;
- Clean and maintain all energy-consuming equipment regularly to enhance operational efficiency ;
- Check the status of all energy-consuming equipment regularly to ensure no idling of production equipment ; and
- Plan to replace traditional diesel cars with electric cars gradually and purchase a total of 19 electric cars currently.



**Results achieved: Solar energy generation**

In addition to the above energy-saving measures, the Group is also looking for opportunities to use renewable and clean energy. Since 2019, the Group has been cooperating with a Jiangmen-based energy supplier, and has built a solar energy system in the factory area connected to a large power grid. The power generated is mainly used in No.4 electric room, workshop lighting, offices, dormitories and slitting and cutting machine. During the year, we generated approximately 3.6 million kWh of solar power in total, equivalent to approximately 2,300 tonnes reduction of carbon dioxide emissions.



The Group's renewable energy consumption in 2020 is as follows :

**Energy consumption**

<b>Energy category</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Solar power	'000 kWh	3,627.98	3,194.52

**Water efficiency**

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

The Group's total water consumption in 2020 is as follows :

**Water consumption  
volume**

	<b>Unit</b>	<b>2020</b>	<b>2019</b>
Water consumption	m <sup>3</sup>	755,828.00	486,553.00
Water consumption intensity	m <sup>3</sup> /production per kiloton	717.11	776.62

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

The Group's consumption of packaging materials for finished products in 2020 is as follows :

Material	2020 Total (tonnes)	2019 Total (tonnes)	2020 Intensity (production per kiloton)	2019 Intensity (production per kiloton)
Paper	96.93	53.91	0.09	0.09
Plastic	107.17	120.42	0.10	0.19
Metal	50.00	40.25	0.05	0.06
Timber	296.15	251.59	0.28	0.40



## **6.3 Green operations**

To fulfill its corporate social responsibilities, the Group has formulated a green office policy and related management measures, and actively integrates environmental responsibilities into its daily operations, so as to reduce environmental impact and consumption of natural resources to promote the awareness of environmental protection in all aspects of the supply chain. During the year, the Group's factories were expanded and upgraded. In the expansion project, we deliberately referred to green building standards and put emphasis on soil and water conservation solutions to reduce the impact of the renovation on the surrounding environment. In addition, a total of 100,000 square metres of photovoltaic panels were installed on the roof of newly-built buildings, with a total designed installed capacity of about 8,500 kW.

### **Environmental management system**

To properly manage the factories and effectively implement environmental policies, we actively promote the construction of an environmental management system, in an effort to ensure compliance with relevant regulations, improve environmental performance, prevent environmental pollution, and realise the commitment to green development. In 2020, we obtained ISO 14001 environmental management system certification, proving the Group's efforts in green operations. In addition to regularly reviewing and adjusting existing measures to ensure their feasibility, we also engage external consultants to review our environmental issues to ensure that our environmental management strategies are up to standard. Moreover, we have set up the environmental management committee to monitor and manage environmental measures in factories and offices, so as to reduce safety risks and improve environmental protection.

## **Paperless office**

The Group has been committed to reducing the use of paper in the office. We have established an electronic enterprise resource planning (ERP) system which enables online operations spanning from raw material procurement and warehousing, sales, cold rolling and slitting to inventory management, pick-up and delivery of goods, thus greatly reducing manual records, manual review and paper approval procedure. The system enables the Group to operate more efficiently. Through the above control measures, we have reduced the use of paper.

## **Promoting environmental protection**



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

## **Ecological conservation**

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

## **Environmental-friendly production**

The Group proactively purchased environment-friendly materials, such as passivator in the production of galvanised sheets. Environment-friendly materials can reduce energy consumption and greenhouse gas emissions in the production process. At the same time, we use the packaging materials of different products in a planned manner by computerized analysis, and improve harmful product packaging design, so as to further protect the environment.

## **6.4 Climate change**

It is an indisputable fact that global warming is getting worse. The Group is always concerned about climate change issues. As such, the Group strives to take the best measures to reduce greenhouse gas emissions from business operations in order to combat climate change. The Group has also developed emergency response plans for extreme and severe weather, such as strengthening staff care and guidance in special weather condition, enhancing safety awareness and carrying out regular equipment maintenance, so as to ensure its capacity to cope with relevant special weather.

In case of severe weather such as typhoon, rainstorm and extreme heat, managers need to mobilise staff and take preventive measures, and schedule employees' commuting to and from work in accordance with relevant regulations, so as to ensure the safety of employees. The Group also takes advice from local government departments and develops relevant protective measures to avoid physical damage as much as possible. In addition, the Group maintains at least two or more suppliers for each type of raw material to ensure the stability of raw material supply. We also keep abreast of market dynamics, and take early precautionary measures and respond to relevant situations when needed.

## **Section 7 Mutual growth**

While developing its business, the Group unswervingly practices the employment philosophy of "putting virtue first, looking for talent, valuing diligence and prioritizing integrity". The Group understands that our business success depends on our ability to attract, retain and cultivate employees. Guided by the corporate belief of "unity and fraternity", we undertake to take good care of our employees and encourage suppliers to fulfill their corporate social responsibility.

### **7.1 Our team**

We always aim to be an "excellent employer" and strive to create a harmonious and safe working environment with mutual respect for our employees. Training sessions and career development opportunities are provided by courses to help employees pursue excellence in work. We also regularly review and improve relevant policies to ensure that we comply with local laws and industry standards. All of our human resources policies are formulated in strict compliance with relevant labour laws in Hong Kong and Mainland China, including the "Hong Kong Employment Ordinance" (《香港僱傭條例》) and "the Labour Law of the People's Republic of China" (《中華人民共和國勞動法》), where applicable.

During the reporting period, the Group had complied with applicable local laws and regulations. There was no major employee or labour dispute that caused disruption to our normal business operations, nor were we subject to any punishment for violating applicable laws and regulations.

Total number of employees of Jiangmen Huajin and Jiangmen Huamu as at 31 December 2020:-

	Total
Overall	981
Gender	
Male	803
Female	178
By employment type	
Full time	981
By age group	
18 – 24	147
25 – 34	414
35 – 44	242
45 – 54	149
55 – 64	29
Total	981
By region	
Mainland China	981



Employee turnover rate of Jiangmen Huajin and Jiangmen Huamu : -

	Percentage (%)
Overall	1.86
Gender	
Male	1.88
Female	1.81
By age group	
18 – 24	3.06
25 – 34	2.01
35 – 44	1.40
45 – 54	1.17
55 – 64	1.15
By region	
Mainland China	1.86

## 7.2 *Employee fairness*

The Group fully understands that the key to developing employee value is meeting employee’s needs for health, safety, development and work-life balance. Starting from recruitment, we continuously standardize and improve our employment measures based on local laws and regulations, and create a working environment with equal opportunity, employee diversity and compliance, thereby safeguarding the rights and interests of employees. We strictly abide by the “Labour Law of the People's Republic of China” (《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 “Hong Kong Employment Ordinance” (《僱傭條例》), where applicable, and treat every employee with respect and fairness.

## **Equal opportunity and diversity**

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

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

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

## **Protection of rights and interests**

The Group continually reforms and improves its employee compensation policy and system. We will enter into employment contract with employees in accordance with relevant laws and regulations to protect their legal rights and interests, formulate medical insurance policies and ensure minimum wages in compliance with stipulated standards. Employees are entitled to paid holiday, sick leave, work-related injury leave and maternal leave, etc. as required by the laws.

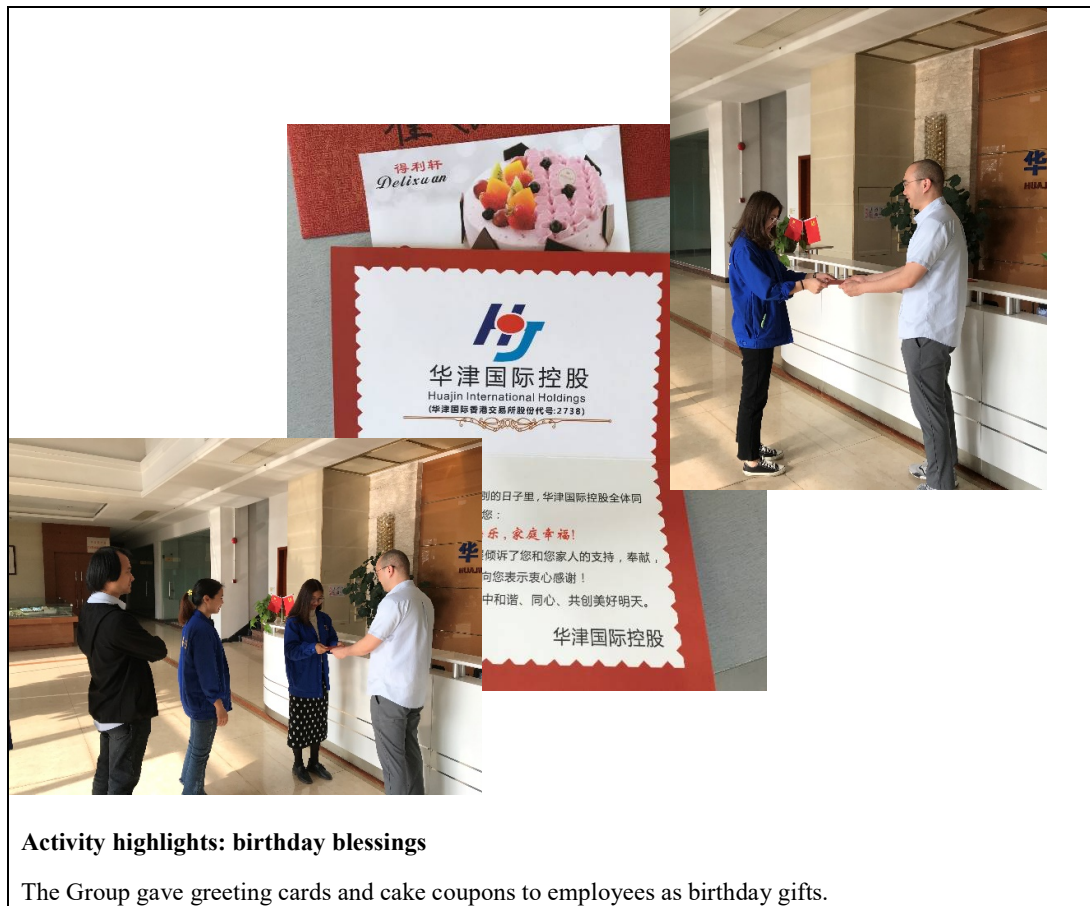
In addition, we also have a compensation adjustment system in place to consider that employee compensation should grow in tandem with the Group's performance, and fairly reward, compensation and benefits are provided to employees. We will assess and adjust the basic salary range and compensation adjustment range of different positions on a regular basis, with reference to market situation, performance of the Group, employee annual evaluation, social development level and other factors, ensuring that employees' contribution is rewarded accordingly and they are able to share the achievements of the Group.

Meanwhile, the Group has also established a rigorous and prudent dismissal process in accordance with relevant national laws and regulations. In case of serious dereliction of duty, serious violation of national laws and regulations or serious violation of rules and regulations of the Group by any employee, the Group may terminate the contract with him/her and deal with the matters concerned according to the Employee Handbook of the Group.

The Group makes social insurance contributions and purchases work-related injury insurance for employees in domestic factories in accordance with the "Social Insurance Law of the People's Republic of China" (《中華人民共和國社會保險法》) and the "Regulations on Work-related Injury Insurance" (《工傷保險條例》). We make contributions to social welfare scheme, which provides old-age insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance for our employees, based on the actual salaries of employees. We are also required to provide a social welfare scheme covering housing provident fund and housing benefits for our employees in the PRC based on their actual salaries in accordance with applicable Chinese laws and regulations. In addition, each employee may resign by giving a reasonable period of notice.

**Caring for employees**

The Group regards each employee as an important family member and is committed to providing employees with a work-life balance environment, in the hope that they can firmly stand with the Group to create the future together. In addition to providing basic rights and interest, the Group also plans complete employee benefits and warmly cares employees' clothing, food, housing and transportation. The Group regularly organizes recreational activities to help employees to relax from work pressure, including fun sports meets, basketball games, badminton games, table tennis games, singing contests, etc.



## **Employee communication**

The Group understands that cohesion among employees is a key driving force for corporate development, and good communication channels with employees serve as the cornerstone of the Group's operations. Accordingly, we set up channels to collect employees' views, and actively listen to their opinions and suggestions. Employees can also express their opinions on the Group through existing opinion box, email, phone, WeChat and other channels. We take timely measures in response to matters of high concern to employees to protect their interests.

### ***7.3 Labour standards***

The Group firmly prohibits the employment of child labour or forced labour. In order to avoid illegal employment of child labour or forced labour, we will check the identity documents of job applicants to ensure that the information on age and nationality provided by them is correct. We recruit workers in accordance with the “Hong Kong Employment Ordinance” (《香港僱傭條例》) and the “Labour Law of the People's Republic of China” (《中華人民共和國勞動法》), where applicable, and prohibit any form of forced labour and forced overtime work. During the reporting period, the Group found no case of child labour or forced labour.

### ***7.4 Talent cultivation***

In a society with rapid technological development, the Group believes that mastering new knowledge and technology can help maintain the Group's competitiveness. Therefore, we encourage employees to learn and grow with the Group, and cultivate a culture of continuous learning, so as to enhance the value and professionalism of employees and empower the Group to succeed consecutively. The Group offers comprehensive employee development and training programmes to increase employees' knowledge in operational and safety practices, provides promotion opportunities and fosters employee loyalty, thereby consolidating the foundation for the sustainable development of the Group. Specifically, we assign experienced technicians to train new employees, arrange training and certification for

personnel in positions requiring professional certificates, and fully reimburse the cost of external training programs for qualified employees.

## **Orientation training**

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

## **Vocational skills training**

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

The average training hours per employee and the percentages of full-time employees trained in 2020 were as follows :

	Average training hours per employee (hours)	Percentage of different category of employees trained (%)
Gender		
Male	8.47	78
Female	2.13	62
By employee category		
Senior management	2.70	10
Middle management	12.50	50
Supervisors	18.11	69
General staff	8.17	78

### 7.5 Occupational safety and health management

The Group values safety and takes effective measures to reduce safety risks. In accordance with laws and regulations including the “Safety Production Law of the People's Republic of China” (《中華人民共和國安全生產法》), the “Occupational Disease Prevention Law of the People's Republic of China” (《中華人民共和國職業病防治法》), the “Fire Prevention Law of the People's Republic of China” (《中華人民共和國消防法》), we have formulated a set of appropriate safety management programs, including hazard resource identification and risk assessment and control, in order to reduce and control potential occupational safety and health hazards in business operations. The Group strictly abides by the relevant safety laws and regulations. During the reporting period, there was no case or complaint of prosecution against the Group for violation of occupational safety-related laws.

During the reporting period, the Group had complied with the regulatory requirements for workplace safety in the PRC. We had not suffered any accident or complaint that had a material adverse effect on our operations, nor were we subject to any punishment for violating applicable laws and regulations.

## **Task force**

We have set up a dedicated safety management department (“Safety Office”) to take charge of the Group's occupational safety and production safety affairs. The Safety Office sets up procedures for occupational disease prevention by conducting regular inspections, educating and rectifying improper operation practices in time to prevent safety accidents, improving its own management standards, and strengthening communication with employees to form a sound atmosphere for safety production and cohesion, organizing physical examination of employees exposed to hazardous sources each year; and developing relevant improvement plans. Meanwhile, the Safety Office is also responsible for formulating and updating policies and procedures related to occupational safety and health, including the Occupational Disease Prevention Archives and Related Emergency Management Mechanism, the Measures for the Management of Safety Production Accountability and the Measures for the Management of Labor Protection Articles.

## **Risk assessment**

In order to minimize the accident rate, the Group carried out occupational health and safety assessment in advance for each project. The process supervisors observe and record the practices in daily operations and rectify any problems found in the operations to prevent unsafe behaviours and factors at work. The Group provides employees with personal protective equipment and devices as well as labour protection appliances in accordance with relevant laws and regulations.



**Occupational health and safety inspection**

In order to effectively review our occupational health and safety performance, we assign dedicated staff to take charge of the Group's occupational health and safety affairs, and regularly carry out safety inspections on the equipment and environment at the work sites. In 2020, we engaged a third-party testing agency to inspect our production workshops on noise, dust, radiation, air quality and other factors, and arrange physical examination for employees exposed to hazard sources. We also develop improvement plans accordingly, and provide protective gears for workers at production workshops.

**Raising safety awareness**

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

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

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Work-related death toll	0	0	0
Percentage (%)	0	0	0
Lost days due to work-related injury	2,718.15	2,694.80	1,863.00

## **Section 8 Operational commitment**

We are dedicated to becoming the most trusted and respected enterprise and a moral leader in the industry. We provide products and services in a fair and responsible manner, and expand our business on the basis of compliance with laws and regulations, being people-oriented, integrity and business ethics, and environmental protection. We observe the highest quality and safety standards to provide customers with high-quality and reliable products and services, and insist on innovation and customization, thus winning the long-term trust of customers to the Group. In addition, our suppliers uphold the Group's sustainability philosophy is also an integral part of the realization of our vision.

### ***8.1 Product responsibility***

We are committed to providing the highest-standard products and services in our operations. We always place great emphasis on quality control and adopt stringent quality standards to eliminate the possibility of any personal injury or property damage to consumers caused by defects in our metal products, so as to ensure that our products meet the product quality standards prescribed by PRC laws and regulations, including the “Quality Law of the People's Republic of China” (《中華人民共和國質量法》) and the “Consumer Protection Law of the People's Republic of China” (《中華人民共和國消費者權益保護法》).

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

## **Quality management**

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

## **Quality services**

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

	<b>Result</b>
Percentage of products subject to recalls for health and safety reasons	0%
Number of complaints about products and services received by the Group	0

## **Intellectual property protection**

The Group understands that registered trademarks are important intangible assets of the Group and are significant to our business operation. Jiangmen Huajin and Jiangmen Huamu have filed patent applications in respect of our business operations with the State Intellectual Property Office of the PRC, and the patents applied for were created by our employees. The Group has registered about 55 patents for production equipment and technology so far. We rely upon relevant laws and regulations, including but not limited to the Patent Law and the Trademark Law, as well as R&D agreements concluded between the Group and its employees, to protect our intellectual property (“IP”). Pursuant to these agreements, all IP rights of inventions, technologies and products created by our R&D personnel during the term of their employment belong to the Group, and such R&D personnel shall keep strictly confidential all materials on such products, technologies and IP rights during their employment and for a period of five years from the termination of their employment. Such obligations of our employees are mandatory and legally binding. We also lay emphasis on product promotion, and ensure that all product advertisements and promotional materials are reviewed and free of misstatement, so that our customers can make informed purchase decisions.

## **Fair business practices**

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

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

## **8.2 *Supply chain management***

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

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

### **Selection of suppliers**

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

## **Sustainable supply chain**

As a responsible corporate citizen, we work with our suppliers to minimize the environmental and social impacts of our business operations. The Group gives priority to the products and services of local suppliers when seeking high-quality raw materials. In 2020, the Group's suppliers were all sourced from the PRC. In addition, the Group gives preference to organizations with ISO 14001 environmental management system certification and ISO 9001 quality management system certification. To effectively monitor and evaluate the performance of suppliers in fulfilling their social responsibilities, we have established a comprehensive system to assess the quality of services and products, safety and environmental performance, labour standards and financial status of our approved suppliers/subcontractors each year.

Number of suppliers as at 31 December 2020

<b>Region</b>	<b>Number</b>
Mainland China	395

We provide delivery services to the majority of our customers. The risk and ownership of our products is transferred to our customer upon receipt of the products by the customer or delivery of the products to the customer. Our products are delivered: (i) to domestic customers mainly by road; and (ii) to overseas customers mainly by sea on a free on board basis. During the reporting period, we did not experience any major disruption or damage during the shipment of products.

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

## **8.3 Ethics and anti-corruption**

The Group effectively carries out good corporate governance by establishing and improving internal audit rules and internal control systems, strengthening internal supervision, risk control and anti-corruption management to ensure that its business procedures are in compliance with applicable local and international laws on prevention of bribery, extortion, fraud and money laundering. We also regularly review our operational procedures and guidelines to enhance internal controls and compliance review.

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

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

### **Whistle-blowing channels**

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

During the reporting period, the Group had complied all relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering in the place where it operated. Neither the Group nor any of its employees was prosecuted for or convicted of corruption.

## Section 9 Giving back to society

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

### *9.1 Close connection*

During the reporting period, the COVID-19 epidemic restricted us from carrying out charitable and environmental activities as usual. However, the Group maintained close communication with the government departments, Nan'an Village Committee and Nan'an Village Party and Mass Service Centre in Muzhou Town, Xinhui District, Jiangmen City, Caihong Social Work Service Centre (Volunteer Association) of Xiuhui District, Jiangmen City, Jiangmen Vocational Education Federation, Education Promotion Association of Gujing Town, Xinhui District, Jiangmen City and other community organizations. We engaged with them during holidays or any events, and provided appropriate assistance to them as needed.

During the reporting period, we had invested a lot of resources in education, health, environmental protection and labour rights to better fulfill our corporate social responsibility. We regularly make donations such as scholarships and grants (prescribed for special purpose only) to educational institutes through volunteer organizations and trade unions, participate in fund-raising activities organized by the local government such as "Walk for Thousands", and regularly hold fund-raising activities to encourage employees to donate money for charity. During the reporting period, our employees provided 120 hours of volunteer services and we donated RMB30,000 in total for community engagement.



## Section 10 Index of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules

ESG Reporting Guide	Subject areas, general disclosures and KPIs	Section
<b>A</b>	<b>Environmental</b>	
ASPECT A.1	Emissions	6.1 Pollution control
Indicator A.1.1	The types of emissions and respective emissions data	6.1 Pollution control
Indicator A.1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.1 Pollution control
Indicator A.1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.1 Pollution control
Indicator A.1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.1 Pollution control
Indicator A.1.5	Description of emission targets and measures adopted to achieve them	6.1 Pollution control
Indicator A.1.6	Description of how hazardous and non-hazardous wastes are handled, waste reduction targets and measures adopted to achieve them	6.1 Pollution control
ASPECT A.2	Use of resources	6.2 Making good use of resources

<b>ESG Reporting Guide</b>	<b>Subject areas, general disclosures and KPIs</b>	<b>Section</b>
Indicator A.2.1	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)	6.2 Making good use of resources
Indicator A.2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	6.2 Making good use of resources
Indicator A.2.3	Description of energy use efficiency targets and measures adopted to achieve them	6.2 Making good use of resources
Indicator A.2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water use efficiency targets and measures adopted to achieve them	6.2 Making good use of resources
Indicator A.2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	6.2 Making good use of resources
ASPECT A.3	Environment and natural resources	6.3 Green operations
Indicator A.3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	There was no accident that had significant impacts on the environment and natural resources during the period
ASPECT A.4	Climate change	6.4 Climate change
Indicator A.4.1	Description of major climate-related issues that have already affected and may affect the issuer and the actions taken to address them	6.4 Climate change

ESG Reporting Guide	Subject areas, general disclosures and KPIs	Section
<b>B</b>	<b>Social</b>	
ASPECT B.1	Employment	7.2 Employee fairness
Indicator B.1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region	7.1 Our team
Indicator B.1.2	Employee turnover rate by gender, age group and geographical region	7.1 Our team
ASPECT B.2	Health and safety	7.5 Occupational safety
Indicator B.2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year)	7.5 Occupational safety
Indicator B.2.2	Lost days due to work-related injury	7.5 Occupational safety
Indicator B.2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	7.5 Occupational safety and health management
ASPECT B.3	Development and training	7.4 Talent cultivation
Indicator B.3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	7.4 Talent cultivation
Indicator B.3.2	The average training hours completed per employee by gender and employee category	7.4 Talent cultivation
ASPECT B.4	Labour standards	7.3 Labour standards
Indicator B.4.1	Description of measures to review employment practices to avoid child and forced labour	7.3 Labour standards

<b>ESG Reporting Guide</b>	<b>Subject areas, general disclosures and KPIs</b>	<b>Section</b>
Indicator B.4.2	Description of steps taken to eliminate such violations when discovered	There was no violation during the period
ASPECT B.5	Supply chain management	8.2 Supply chain management
Indicator B.5.1	Number of suppliers by geographical region	8.2 Supply chain management
Indicator B.5.2	Description of practices relating to engaging suppliers, number of suppliers to which the practices are being implemented, how they are implemented and monitored	8.2 Supply chain management
Indicator B.5.3	Description of practices relating to identifying environmental and social risks at each link of the supply chain, how they are implemented and monitored	8.2 Supply chain management
Indicator B.5.4	Description of practices relating to promoting the use of environmentally friendly products and services when selecting suppliers, how they are implemented and monitored	8.2 Supply chain management
ASPECT B.6	Product responsibility	8.2 Supply chain management
Indicator B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	There were no products subject to recalls for safety and health reasons during the period.

<b>ESG Reporting Guide</b>	<b>Subject areas, general disclosures and KPIs</b>	<b>Section</b>
Indicator B.6.2	Number of products- and service-related complaints received and how they are dealt with	There were no products subject to recalls for safety and health reasons during the period.
Indicator B.6.3	Description of practices relating to observing and protecting intellectual property rights	8.1 Product responsibility
Indicator B.6.4	Description of quality assurance process and product recall procedures	8.1 Product responsibility
Indicator B.6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	8.1 Product responsibility
ASPECT B.7	Anti-corruption	8.3 Ethics and anti-corruption
Indicator B.7.1	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	There were no corruption cases during the period.
Indicator B.7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	8.3 Ethics and anti-corruption
Indicator B.7.3	Description of anti-corruption trainings provided to directors and employees	8.3 Ethics and anti-corruption
ASPECT B.8	Community investment	9.1 Close connection
Indicator B.8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	9.1 Close connection

<b>ESG Reporting Guide</b>	<b>Subject areas, general disclosures and KPIs</b>	<b>Section</b>
Indicator B.8.2	Resources contributed (e.g. money or time) to the focus area	9.1 Close connection