



**State Energy Group International
Assets Holdings Limited**
國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

股份代號 Stock Code : 918

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**
環境、社會及管治報告

2020/21

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2021

ABOUT THE REPORT

State Energy Group International Assets Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is delighted to present the Environmental, Social and Governance (“**ESG**”) Report. The Group focuses on the business of sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products (the “**Garment Business**”), property investment (“**Property Investment Business**”) and provision of marketing services (“**Provision of Marketing Services**”).

This report aims at enhancing stakeholders’ recognition of the Group’s performance in terms of environment and society and understanding of the Group’s strategy of sustainable development.

ESG is wide-ranging with a great impact not only on a company’s long-term business development but also on the general society. A good ESG performance is indispensable for a company’s long-term success and sustainable development. The Directors of the Group had examined the Group’s corporate governance practices and hereby confirmed that the Group had complied with all the provisions set forth in Appendix 27 to the Listing Rules throughout the financial year ended 31 March 2021.

The Group’s sustainable development governance focuses on compliance with the applicable environmental and social laws/regulations in the regions where it operates. The Group’s policies of sustainable development governance are formulated by its relevant departments according to actual needs and applicable laws and their implementation is subject to the supervision and guidance from the Group’s management.

The Group is grateful for the support from stakeholders including shareholders, employees, suppliers, customers, environment and community. Looking forward, the Group will continue to review and strengthen its ESG performance conscientiously for sustainable business development.

This report is prepared in Chinese and English, both versions have already been uploaded to the Group’s website at www.seiah.com.

SCOPE OF THIS REPORT

This report covers the Garment Business, the Property Investment Business and the Provision of Marketing Services of the Group. The Directors has evaluated the development prospects of the existing business, and will shift its focus towards actively exploring new business opportunities with greater potential going forward.

MATERIALITY ASSESSMENT

The Group regularly reviews the results of materiality assessment, to more truly reflect the environmental/social issues to stakeholders. Based on the records of materiality analysis, the Group reviews the priority of ESG issues by benchmarking the sustainability reporting standards. The specific process is as follows:

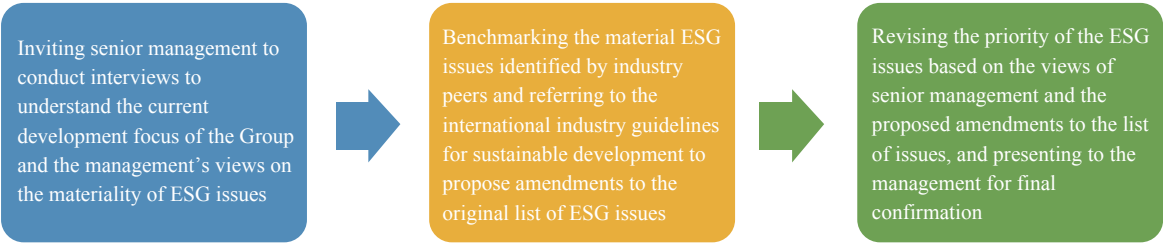


Chart 1: Review process of material ESG issues

There was no major change in the principal business during the period and the materiality matrix of ESG issues for the previous year is still applicable.

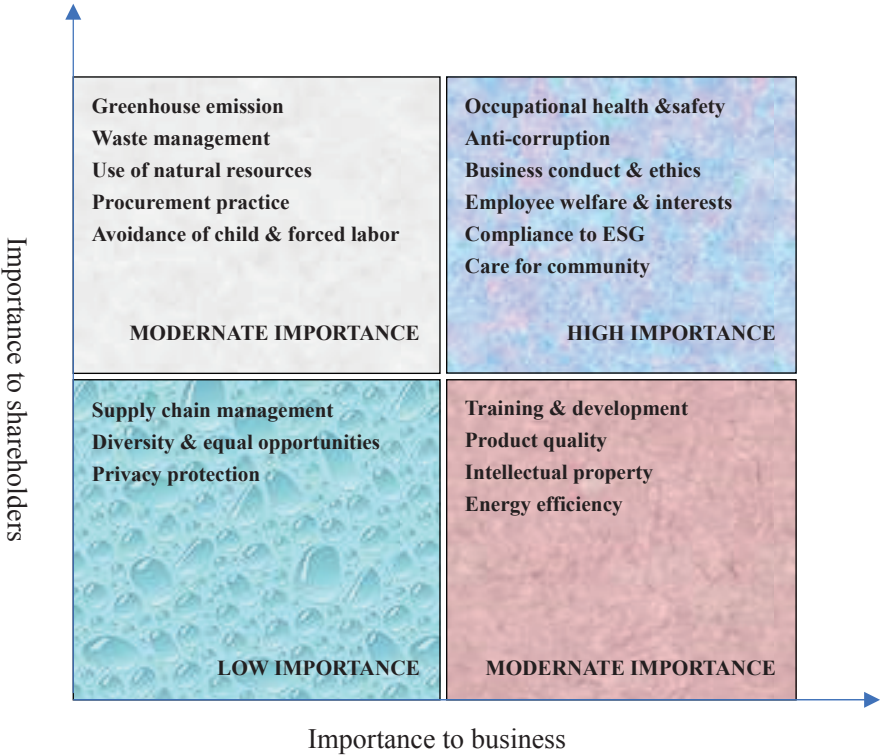


Chart 2: Materiality matrix of ESG issues

ENVIRONMENTAL POLICY AND RESOURCES MANAGEMENT MEASURES

The Group is committed to uphold high environmental standards to fulfil relevant requirements under applicable laws or regulations during the operation of the business, including but not limited to by reducing energy consumption and pollutant discharge, responsibly using natural resources, and improving waste management. The Group’s operations do not create any air pollutant or greenhouse gas emissions directly or generate any hazardous waste and their main source of energy consumption is electricity. The Group has striven to reduce the direct and indirect impact of its operations on the environment by reducing unnecessary energy consumption in its offices and adopting environmentally friendly policies. For the year ended 31 March 2021, the Group strictly complied with all the applicable environmental laws and regulations and was not subject to any environmental regulatory sanction.

Communication with stakeholders

The Group values the opinions of stakeholders and is committed to responding to their concerns and improving the Group’s performance in sustainable development by optimizing communication strategies and taking concrete actions. The Group has launched various measures in continuous efforts to improve communication with stakeholders. Below are the communication channels between the Group and stakeholders and their concerned topics.

Stakeholders	Concerned Topics	Communication Channels	Frequency
Investors and shareholders	Corporate governance, financial performance	Shareholders’ meeting, financial reports and ESG report	Annually
Suppliers and customers	Product quality and customer service	Company website, E-mails, feedback from employees	Irregular
Employees	Compensation, health and safety, training and development	Regular internal meetings, internal complaint mechanism, training	Irregular
Government	Tax compliance, occupational safety	Proactive liaison with relevant government departments	Irregular
Community	Involvement in cultural and social development	Proactive liaison with the relevant bodies	Irregular

Promotion of Environmental Awareness

It is Group’s policy to reduce generation of waste and use electricity economically. To raise employees’ environmental awareness, the Group has pasted environmental stickers and posters on the walls of its offices. The Group also encourages waste recycling and management. Measures include, for example, promoting paperless office and document digitalization. Electrical appliances are turned off when not in use to save energy and electricity.

It is Group’s policy to urge energy and water resources conservation and to reduce waste generation. The Group has always advanced the implementation of various environmental policies and utilized a series of recovery measures to minimize wastes, including various sorted collections and waste management before delivery of waste to the property management company of buildings for uniform recovery and treatment.

Resources Consumption and Greenhouse Gas Emissions

The Group targets to cut resources consumption, wastes and greenhouse gas emission per person by at least 3% per year. To achieve this target, the Group:

- i) employs an independent ESG consultant to review and monitor the relevant performance;
- ii) promotes employees to reduce resources consumption through regular trainings.

For the year ended 31 March 2021, the total electricity and water consumption was tabled as below:

Category of resources	Unit	2021	2020
Electricity	kWh	22,236	12,843
	kWh/person	695	292
Water	m ³	2.2	3.2
	m ³ /person	0.07	0.07
Paper	ton	1.5	2.8
	ton/person	0.05	0.06

The Group's carbon emissions come from emissions indirectly related to electricity consumption.

Gas emission	Unit	2021	2020
Carbon	ton	14.0	11.7
	ton/person	0.44	0.27

As the Group does not have vehicles, there is no emissions of SO_x,cNO_x and PM (2020:Nil).

For the year ended 31 March 2021, there is no hazardous wastes produced and the production of non-hazardous wastes (except paper) is analysed as below:

Wastes produced	Unit	2021	2020
Non-hazardous	kg	290	400
	kg/person	9	9

EMPLOYEE MANAGEMENT

Employment Policy and Labour Standards

The Group strictly complies with all applicable labour laws/regulations and provides equal opportunity for applicants and employees regardless of their age, race, religion, disability, gender, sexual orientation, marital status, social stratum or political background. The Group will investigate into any complaints of discrimination or harassment and take necessary actions. Anti-discrimination is an important part of our recruitment, promotion and dismissal processes. The Group has covered all employees with the applicable retirement scheme according to relevant laws/regulations and provides them with other benefits including medical benefits. The Group's management reviews the Group's internal management systems on a regular basis and updates its employee compensation and benefit policies according to changes in labour laws. The Group continues to strengthen its HR management strategy and provides its employees with career development opportunities, appropriate incentives and a good working environment.

The Group is committed to create an anti-discrimination and anti-harassment workplace for employees. The Group will conduct earnest investigation and take appropriate actions in relation to cases of discrimination and harassment at its discretion. The Group respects human rights and the personal freedoms of its employees. For the year ended 31 March 2021, the Group reviewed all employment records and strictly complied with employment laws/regulations in the jurisdictions we operated and did not use any child or forced labour.

Employees' Background

As at 31 March 2021, the Group had a total of 32 full-time employees and 31% of them possess a bachelor's degree or above. The analysis by age, gender, position and geographic distribution of the Group's employees are as follows:

	Number	Percentage
By Region		
Hong Kong SAR, China	20	63%
Mainland China	12	37%
By Gender		
Male	9	28%
Female	23	72%
By Type		
Management	11	34%
Non-management	21	66%
By Age		
Below 31 years old	6	19%
31–50 years old	18	56%
Over 50 years old	8	25%

The analysis of staff turnover rate by different categories are as follows:

	Number	Percentage
By Region		
Hong Kong SAR, China	22	63%
Mainland China	13	37%
By Gender		
Male	17	49%
Female	18	51%
By Type		
Management	12	34%
Non-management	23	66%
By Age		
Below 31 years old	7	20%
31–50 years old	23	66%
Over 50 years old	5	14%

Development and Training

In order to promote employees' career development and solidify the foundation of the Group's sustainable development, the Group encourages employees to take part in relevant courses offered by professional organizations and, through these courses, improve their professional knowledge, skills, techniques and competitiveness and broaden their horizons. The Group invites various outside parties regularly to provide training on various aspects.

For the year ended 31 March 2021, all employees of the Group attended training on various topics, including occupational safety and health, and the coverage of training reached 100%; the average training hour for each staff is one hour.

Health and Safety

The Group cares for its employees regarding their health and benefits and provides them with insurance plans to enhance their social security and reduce their medical costs. The Group reviews its workplace and safety policies regularly to ensure compliance with applicable laws. All accidents are required to be reported to the Group and subject to evaluation according to the Group's internal processes. The Group briefs new employees on occupational health and safety policy at induction, and communicates the latest occupational safety information on a regular basis. The Group did not experience any industrial accident or injury for the year ended 31 March 2021 and the past three years.

COMPLIANCE OPERATION

Supply Chain Management

The Group is committed to setting up of a long term supply and demand cooperation relationship, strictly selecting suppliers and prudently considering the certifications in relation to product quality and environmental protection. The Group also regularly assesses suppliers to establish a stable supply chain. In case of disqualified supplier, the Group, upon confirmation through inspection, will immediately terminate the contract and solve the problem to ensure product quality.

All new suppliers are subject to the approval by our senior management, the selection criteria takes into account of environmental and social risks. In order to encourage suppliers to continuously improve their performance of environmental and social responsibilities, we require each supplier to meet the necessary requirements on environmental protection and occupational health and safety. The Group reviews the suppliers list on an annual basis to ensure that they meet our requirements.

For the year ended 31 March 2021, there are total of 30 suppliers:

Hong Kong SAR, China	12	40%
Mainland China	18	60%
Total	30	100%

Privacy Protection and Product Responsibility

The Group protects confidentiality of personal information and customer privacy and complies with the Personal Data (PRIVACY) Ordinance (Chapter 486). The Group has formulated detailed codes of conduct for operation and service to protect customer privacy. The Group requires employees to comprehensively comply with instructions on customer data treatment and prohibits them from copying, communicating or disclosing confidential information without authorization to reduce the risk of information leakage.

The Group observes and protects intellectual property rights, and opposes any form of intellectual property infringement. The Group has included this provision in employee handbooks and ensured its strict implementation through corporate policies, systems and processes.

In addition, the Group has a quality control system in place for all the products sold. Product quality is in line with safety and health regulations and remains stable for a long time. The Group has set up a channel for prompt treatment of customers' query, feedback, complaints and relevant after-sales services. The Group values customers' complaints and conducts internal investigation through fair, open and just means. Provisions of investigation results and reasons will be provided to the customers affected and subsequent remedial measures will be taken. The Group also regularly conducts spot check of product quality and reviews the aspects for improvement according to customers' opinions and complaints, so as to improve the product and service level of the Group. For the year ended 31 March 2021, no non-compliance issues are discovered on the aspects of privacy protection and product responsibility.

Anti-corruption

The Group complies with all applicable anti-corruption laws/regulations and subjects the employees to internal code of conduct, requiring them to behave ethically, do things honestly, treat others fairly, respect diversity, comply with all laws, accept accountability and communicate openly. The Group encourages employees, customers, suppliers and other stakeholders to pay attention to and report on any misconduct relating to the Group. For the year ended 31 March 2021, we have conducted training on anti-corruption to all directors and staff and the Group did not receive any report regarding bribery, corruption, extortion, fraud or money laundering case relating to the Group.

Care for Community

The Group is committed to support community development in the areas where it operates and having a positive influence on the local communities. The Group supports community engagement, contribute to cultural and social development, and encourage employees to get involved in volunteer services and community activities to promote cultural diversity and community values. During the year, the employees of the Group made donations to various charitable organisations in Hong Kong.

ESG REPORTING GUIDE CONTENT INDEX

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Environmental Policy and Resources Management Measures
KPI A1.1	The types of emissions and respective emissions data.	Environmental Policy and Resources Management Measures
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Policy and Resources Management Measures
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Policy and Resources Management Measures
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Policy and Resources Management Measures
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Policy and Resources Management Measures
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Policy and Resources Management Measures

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Policy and Resources Management Measures
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Policy and Resources Management Measures
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Policy and Resources Management Measures
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Policy and Resources Management Measures
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Policy and Resources Management Measures
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's businesses.

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Policy and Resources Management Measures
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Policy and Resources Management Measures
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Management - Employment Policy and Labour Standards, Employees' Background
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Management - Employment Policy and Labour Standards, Employees' Background
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Management - Employment Policy and Labour Standards, Employees' Background

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Management - Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Employee Management - Health and Safety
KPI B2.2	Lost days due to work injury.	Employee Management - Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Management - 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.	Employee Management - Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Management - Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Management - Development and Training

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Management - Employment Policy and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Management - Employment Policy and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Management - Employment Policy and Labour Standards
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Compliance Operation - Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Compliance Operation - Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Compliance Operation - Supply Chain Management

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Compliance Operation - Privacy Protection and Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No relevant circumstances occurred.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Compliance Operation - Privacy Protection and Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Compliance Operation - Privacy Protection and Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Compliance Operation - Privacy Protection and Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Compliance Operation - Privacy Protection and Product Responsibility

Hong Kong Stock Exchange		
KPIs	ESG Report Index	Section/Remarks
B7 Anticorruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliance Operation - Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No relevant circumstances occurred.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Compliance Operation - Anti-corruption
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.	Care for community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care for community



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