



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

MS GROUP HOLDINGS LIMITED
萬成集團股份有限公司

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

CONTENTS

02	About this report
02	Reporting scope
02	Mission and vision
03	Governance structure
03	Reporting principles
04	Communication with stakeholders
05	Materiality assessment
05	Environmental
06	Emissions
08	Use of resources
10	Environment and natural resources
10	Climate change
10	Social
10	Employment and labour practices
13	Health and safety
14	Development and training
15	Labour standards
15	Operating practices
15	Supply chain management
16	Product responsibility
17	Anti-corruption
18	Community
18	Community investment

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

This is the environmental, social and governance report (the “**ESG Report**”) of MS Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (stock code: 1451). This ESG Report covers the financial year ended 31 December 2021 (the “**Reporting Period**”) and discloses information on the environmental, social and governance management approach, strategy, priorities and objectives of the Group.

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

REPORTING SCOPE

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

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

For details about the corporate governance of the Group, please refer the Corporate Governance Report section in the annual report of the Company for the year ended 31 December 2021.

MISSION AND VISION

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

GOVERNANCE STRUCTURE

The Board oversees the Environmental, Social and Governance (“**ESG**”) issues and recognises that it has an overall responsibility for the ESG strategy and reporting of the Group.

The scope of this ESG report covers the operations of the Group in the production of plastic bottles and baby feeding accessories. It provides an overview of our key ESG performance in environmental protection, employment and labour practices, operating practices and community investment for the year ended 31 December 2021. Apart from the incorporation of information in this ESG Report to comply with the latest Listing Rules, there is no material change in the scope and reporting boundaries of this ESG Report from that for the preceding year. This ESG report was prepared in accordance with the ESG Reporting Guide under Appendix 27 to the Listing Rules.

In respect of the Board’s ESG management approach and strategy, the Board has delegated the day-to-day responsibility of ESG implementation to the ESG Working Group (the “**Working Group**”). The Working Group is composed of senior management and core members from different departments of the Group and is responsible for facilitating the adoption of ESG strategies and policies throughout the Group, including implementation of processes to evaluate, prioritise and manage material ESG-related issues through, among other things, the communication with stakeholders as further elaborated in this ESG Report. The Group engaged its stakeholders on an on-going basis to collect their views and expectations on its ESG performance and reporting. The Working Group reports to the Board on the implementation of ESG initiatives and the corresponding performance. The Board regularly reviews the Group’s ESG performance, including the review of progress made against ESG-related goals and targets through meetings and discussions with the Working Group, with a view to improve the ESG standards of the Group along with the business development of the Group. The Board also examines and approves the Group’s annual ESG report.

REPORTING PRINCIPLES

This report is prepared according to the following principles:

- (1) **Materiality** — The Group identifies and determines material ESG factors mainly through stakeholder engagement and materiality assessment, details of which are set out in the following sections.
- (2) **Quantitative** — Information on the standards, methodologies and criteria used for the reporting of the environmental and social key performance indicators (“**KPIs**”) have been disclosed in this ESG Report.
- (3) **Consistency** — Unless it is stated in the ESG report, otherwise the methodologies used in this ESG Report are consistent with those in the report for the preceding year. Apart from the incorporation of information in this ESG Report to comply with the latest Listing Rules, there is no material change in this ESG Report when compared with that for the preceding year.
- (4) **Balance** — This ESG Report is prepared with a view to provide an unbiased picture of the Group’s performance, with the avoidance of selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Environmental, Social & Governance Report

COMMUNICATION WITH STAKEHOLDERS

For the year ended 31 December 2021, the Group communicated with key stakeholders through various channels in order to understand their different expectations and identify the most material aspects which require comparatively higher emphasis for reporting in this ESG Report. While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in its ESG Report in order to enhance corporate transparency.

The table below presents the communication methods between the Group and the key stakeholders:

Stakeholders	Issues of concern	Primary engagement channels
Government	— Compliance with laws and regulations	— Monitor and review latest laws and regulations — Communicating with local officials
Shareholders and investors	— Return on investment — Business and financial performance — Corporate strategy and governances — Risk mitigation and management	— Annual general meeting — Interim and annual reports — Corporate and marketing websites — Announcements, notice of meetings and circulars
Employees	— Compensation and benefits — Occupational health and safety — Career development and opportunities — Corporate culture and well-being	— Training, seminars and briefing sessions — Performance reviews and appraisals — Intranet and emails — Formal meetings and informal gatherings
Customers	— Information transparency — Business ethics and integrity — Conformant and high-quality products — Stable relationship	— Group websites, brochures and annual reports — Email and customer service hotline — Regular meetings
Suppliers	— Long-term partnership — Ethical business practices — Supplier assessment criteria	— Procurement processes — Audits and assessments

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

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

MATERIALITY ASSESSMENT

The Group emphasises the participation of its stakeholders, including shareholders of the Company, staff, customers, suppliers, etc. All of them have a substantial impact on the success of the Group's business activities.

During the Reporting Period, the Group has assessed a number of environmental, social and operational related issues and continuously assessed the importance that stakeholders and the Group attached to such issues through various channels. These assessments help the Group ensure that business development meets the expectations and requirements of stakeholders. The matters of concern to the Group and stakeholders are set out in the following materiality matrix:

Materiality Matrix

Importance to stakeholders	High	<ul style="list-style-type: none"> — Anti-discrimination — Child labour and forced labour — Climate Change — Community investments 	<ul style="list-style-type: none"> — Diversity and equal opportunities — Employment Practices 	<ul style="list-style-type: none"> — Product safety and quality — Advertisement and labelling — Customer's information and privacy protection — Customer satisfaction — Anti-corruption — Intellectual Property
	Medium	<ul style="list-style-type: none"> — Air Emissions — Wasterwater and wastes — Energy efficiency 	<ul style="list-style-type: none"> — Water efficiency — Raw material consumption — Development and training — Supply Chain Management 	<ul style="list-style-type: none"> — Environment and natural resources — Occupational Health and safety
	Low			
		Low	Medium	High
		Importance to the Group		

ENVIRONMENTAL

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

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

Environmental, Social & Governance Report

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

Emissions

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

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

Exhaust gas and greenhouse gas emissions

The Group monitors the volume of its exhaust gas and greenhouse gas emissions from time to time. During the Reporting Period, the Group upheld its environmental standards for emissions in accordance with the relevant national and local laws. Exhaust emissions are mainly produced by injection moulding process, silk screen printing, heat transfer printing and spray painting process. The emissions were mainly volatile organic compounds (“VOCs”) and the annual emissions of organic waste gas of the Group could meet the emission standards stipulated by local laws.

Wastewater

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

Hazardous and non-hazardous waste

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

Environmental, Social & Governance Report

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

Table 1

Type of emission	For the year ended 31 December		Unit
	2021 Amount	2020 Amount	
Scope 1 Greenhouse gas emission ⁽¹⁾	96	91 ⁽⁶⁾	Tonnes of carbon dioxide equivalent
Scope 2 Greenhouse gas emission ⁽²⁾	5,795	4,797	Tonnes of carbon dioxide equivalent
Scope 3 Greenhouse gas emission ⁽³⁾	418	383	Tonnes of carbon dioxide equivalent
Total greenhouse gas emission	6,309	5,271 ⁽⁶⁾	Tonnes of carbon dioxide equivalent
Total greenhouse gas emission per unit of production	0.29	0.26 ⁽⁶⁾	Kilograms of carbon dioxide equivalent/unit of production
Nitrogen oxides (NOx)	187.41	177.16	Kilograms
Sulphur oxides (SOx)	0.79	0.75	Kilograms
Particulate matter (PM)	10.21	9.48	Kilograms
Exhaust gas	1.08	0.79	Million cubic metres
Wastewater	46,754	66,828	Tonnes
Wastewater per unit of production	0.0021	0.0033	Tonnes/unit of production
Hazardous waste and non-hazardous waste			
Non-hazardous waste ⁽⁴⁾	402,073	390,876	Kilograms
Non-hazardous waste generated per unit of production	0.018	0.019	Kilograms/unit of production
Hazardous waste ⁽⁵⁾	16,710	11,563	Kilograms
Hazardous waste generated per unit of production	0.00076	0.00057	Kilograms/unit of production

Notes:

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain, covering both upstream and downstream emissions, including usage of plastic bags for packing and commercial travel.
- Non-hazardous waste includes waste offcuts and used cartons.
- Hazardous waste includes waste empty barrels, waste rags, waste inks, waste developer, waste activated carbon and waste solvent.
- The figure in the table for the year ended 31 December 2020 has been restated. The Group enhanced its derivation basis for greenhouse gas emission in this report to better reflect the overall emission of the Group.

Environmental, Social & Governance Report

Use of resources

The Group considers environmental protection as an essential component of a sustainable and responsible corporation. The Group is committed to formulate and implement energy saving policies to achieve its environmental protection targets. In particular, the Group (i) regularly reviews its various energy consumption targets and the energy saving indicators of the industries; (ii) promotes energy and resource saving, and emission and waste reduction at the same time, with a view to improve the efficiency of energy and resource usage.

The production base of the Group adopts the “7S” management framework. In order to save energy costs, the Group has adopted policies and measures to deal with the usage of electricity, water, liquefied gas and paper in day-to-day production.

The Group advocates energy saving by requiring its staff to switch off electricity and water tap when they are not in use. The Group carries out measures to categorise and recycle wastes and, before recycling, the Group considers the reuse value of the wastes and take appropriate measures to reduce the amount of the wastes to be discharged. Meanwhile, the Group has also, among other measures, switched to the use of LED lights at workshops and adopted the use of low-consumption motor in injection moulding machine. Measures have been posted on the staff notice board to enhance employees’ environmental awareness.

In May 2022, the subsidiary of the Company operating the production base of the Group was granted a certificate under the International Sustainability and Carbon Certification (“ISCC”), which is a globally applicable sustainability certification system, covering a variety of sustainable raw materials, including: recycled and bio-based materials and renewable materials, etc.

Apart from the production base, the Group has implemented “Environmental Protection Office Management” at its office, including the use of electronic files to reduce paper usage, the use of natural lighting design or LED lighting and the use of air energy heat pump which are more environmental friendly.

During the Reporting Period, the Group did not encounter any issue in sourcing water that is fit for purpose. The Group considers its water consumption level to be at a reasonable level. The pandemic eased slightly in year 2021, thus the volume of water used for cleaning had correspondingly reduced in year 2021 as compared with last year.

A series of environmental friendly policies has been developed by the Group, and at the same time, the Group endeavours to make all out efforts to energy conservation and emission reduction in order to control and reduce the discharge of pollutants. The measures adopted by the Group mainly cover the following areas:

- (1) installing new environmental protection and energy-saving equipment for various workplaces, including but not limited to office and production floor, in order to reduce effectively the electricity consumption caused by the use of such equipment;
- (2) cooperating with customers to select environmentally friendly raw materials and packaging, and uses environmentally friendly raw materials and components in the bill of materials, thereby reducing the environmental impact in the production process;
- (3) raising awareness among staff of the need to save water and conserve electricity by turning off lights, computers and air conditioners during non-office hours in order to reduce consumption;
- (4) using double-sided printing and double-sided copying to reduce paper consumption;

Environmental, Social & Governance Report

- (5) using video or telephone conferencing system to communicate with customers/overseas colleague so as to minimise use of public/private transport systems;
- (6) appointing qualified recycling companies to handle all of the Group's hazardous and non-hazardous wastes; and
- (7) upholding the ESG standards required under the ISCC.

Table 2

Type	For the year ended 31 December		Unit
	2021 Amount	2020 Amount	
Resources consumption			
Consumption of water	58,443	83,535	Tonnes
Consumption of water per unit of production	2.64	4.12	Kilogram/unit of production
Energy consumption			
Direct energy consumption			
Consumption of gasoline	341,540	361,755	Kilowatt-hour
Consumption of diesel	86,704	45,728	Kilowatt-hour
Total direct energy consumption ⁽¹⁾	428,244	407,483	Kilowatt-hour
Direct energy consumption per unit of production ⁽¹⁾	0.0194	0.0201	Kilowatt-hour/unit of production
Indirect energy consumption (Purchased electricity)			
Indirect energy consumption per unit of production	9,505,714	8,884,044	Kilowatt-hour
	0.43	0.44	Kilowatt-hour/unit of production
Total energy consumption ⁽¹⁾			
Total energy consumption per unit of production ⁽¹⁾	9,933,958	9,291,525	Kilowatt-hour
	0.45	0.46	Kilowatt-hour/unit of production
Packaging material			
Packaging material used	1,562	1,263	Tonnes
Packaging material per unit of production	0.07	0.06	Kilogram/unit of production

Note:

1. The Group enhanced its derivation basis for direct energy consumption in this report to better reflect the overall energy consumption of the Group.

Environmental, Social & Governance Report

Environment and natural resources

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

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

Climate change

Climate change is the most pressing global challenge. Against the backdrop of global climate actions, the Group has implemented measures to conserve energy and reduce greenhouse gas emissions. The Group is conscious that the frequency of extreme weather is increasing, which could impact its business operations.

Managing the possible impact of extreme weather on human security and infrastructure, precautionary measures have been taken by the Group, including work arrangements in the case of adverse weather conditions such as the Black Rainstorm Warning and Typhoon Signal No. 8, as well as insurance coverage for fire, flood and typhoon damages to equipment and assets.

SOCIAL

Employment and labour practices

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

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

As at 31 December 2021, the Group had 740 (2020: 740) employees. The Group has entered into employment contracts with the staff in accordance with (where applicable) the Employment Ordinance (《僱傭條例》) (Chapter 57 of the Laws of Hong Kong), the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the International Toy Industry Council Code of Business Conduct (ICTI care).

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

Environmental, Social & Governance Report

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

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

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

During the Reporting Period, the employee turnover of the Group was primarily attributable to the reduction in the number of production workers in the PRC, which was mainly due to the continued automation and streamlining of production processes of the production base to minimise labour demand and costs, for the enhancement of the profitability of the Group. The Directors consider the employee turnover of the Group to be normal for this industry. Reasonable and appropriate arrangement has been made for all the resigning employees in accordance with relevant laws and regulations. The Group provides employment opportunities to women and majority of the employees working at the factory of the Group are female.

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

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

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

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

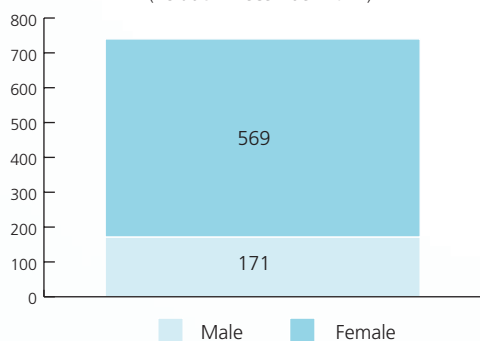
During the Reporting Period, there was no (2020: nil) incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Environmental, Social & Governance Report

Workforce statistics

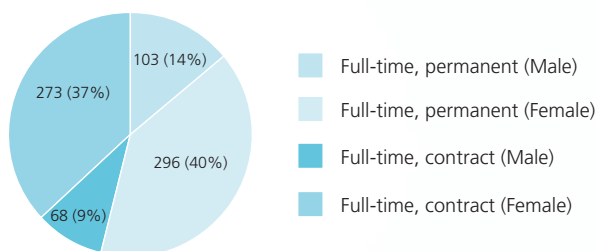
Total Number of Employees

(As at 31 December 2021)



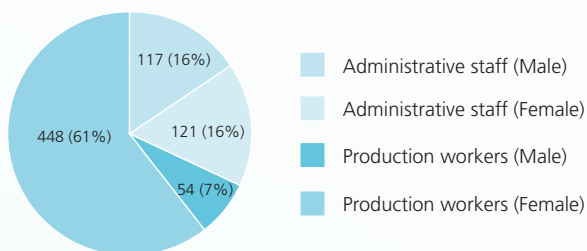
By Employment Type

(As at 31 December 2021)



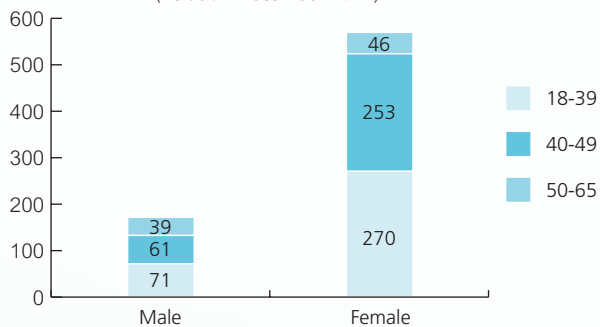
By Position

(As at 31 December 2021)



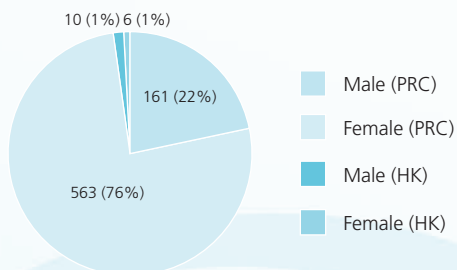
By Age

(As at 31 December 2021)



By Geographical Location

(As at 31 December 2021)



Turnover rate

The Group promotes the personal development, health and safety of each employee, and is committed to creating a harmonious, warm and united working atmosphere for employees. The turnover rate of the Group was approximately 24.5% for the year ended 31 December 2021.

Turnover rate

By gender

Male	17%
Female	27%

By age group

18–39	34%
40–49	15%
50–65	4%

By region

The PRC	25%
Hong Kong	6%

Health and safety

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

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

The Group has adopted the "Safety Production Standardisation Operation Guidelines 《安全生產標準化操作指引》", the "Manufacturing Safety Accident Emergency Plan" and the "Emergency Plan for Environmental Emergencies". For special process, operators are equipped with safety protection supplies. All new employees shall undergo safety training and pass a test before onboarding. Staff must be qualified after training and before officially commencing works. Meanwhile, the Group arranges health and safety training for and provide relevant information to its employees, including fire prevention seminars, first-aid and firefighting equipment in order to raise their safety awareness. Moreover, the Group (i) has first-aid and fire prevention equipment in place; (ii) arranges fire drill; and (iii) provides annual body check for certain employees. In case of significant work safety risks and accidents, the staff should report to the management for necessary improvement measures.

Environmental, Social & Governance Report

For each of the years ended 31 December 2019, 2020 and 2021, three, two and three employees of the Group were injured (non-fatal) during work and these employees had a total of 184, 231 and 58 lost working days due to the injuries, respectively. There was no fatality case for each of the years ended 31 December 2019, 2020 and 2021. During the Reporting Period, apart from the aforementioned non-fatal injuries, there was no major safety incident or work-related injury, nor did the Group violate the relevant laws and regulations relating to the provision of a safe working environment and the protection of employees against occupational hazards and having a significant impact on the Group. The Group will continue to improve the safety management system in order to better protect employee's health and safety in workplace.

Development and training

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

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

The percentage of employees that received training and the average number of training hours completed for the year ended 31 December 2021 have been recorded as below:

2021

Training and development

Percentage of employees received training

Male	81%
Female	92%
Senior management	100%
General staff	89%

Average number of training hours completed

Male	13.2
Female	24.8
Senior management	20.1
General staff	22.1

Labour standards

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

All recruitment processes and promotion activities are strictly monitored in accordance with the Group's human resources management system. The Group reviews its employment practices (such as ensuring the enforcement of the checking of the age of the candidates) to avoid child and forced labour.

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

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

OPERATING PRACTICES

Supply chain management

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

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

In addition, the Group offers its suppliers with fair and reasonable terms and does not exploit its suppliers in any form. The procurement department of the Group selects qualified suppliers through comparing the suppliers' quality performance, after-sales service, shipping and delivery and price. For the supply of important materials, the procurement department selects several qualified suppliers to choose from. In respect of the practices used to identify environmental and social risks along the supply chain and to promote environmentally preferable products and services, the Group assesses its suppliers and examines if they have fulfilled the relevant product responsibilities, including environmental and social aspects, and the product nature, such as the types of plastic resin and the environmental impacts of them.

Environmental, Social & Governance Report

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

During the Reporting Period, the Group had a total of 256 suppliers and did not find any significant risks or problems related to supply chain management.

Region	Number of Suppliers
The PRC	170
Hong Kong	86

Product responsibility

Health and safety

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

In respect of quality assurance, the Group has quality control staff and its own in house testing laboratory to perform various physical tests, such as drop tests, bite tests, dishwasher tests, sterilisation tests, paint adhesiveness tests and aging tests, to ensure the quality of products. The Group also engages external laboratories to conduct chemical tests. The products of the Group meet the quality and safety requirements of local and international standards.

Customer feedback

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

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

In addition, the Group reviews the whole service process according to customers' opinion and investigates customers' complaints in a timely manner, so as to improve customer service and quality production. During the Reporting Period, the Group did not receive any significant products and service related complaints.

Intellectual property rights

From time to time, the business operations of the Group, particularly for the OEM Business, would involve confidential information (such as intellectual properties related to design and manufacturing details) of customers, therefore the Group requires its employees to carefully handle information provided by the customers to protect their privacy and intellectual properties from unnecessary losses. The Group requires relevant employees to sign "Employee Confidentiality Agreement" and also requires relevant suppliers and subcontractors to sign "Business Partner Confidentiality Agreement".

During the Reporting Period, the Group did not encounter any problem with intellectual property rights.

The Group also carefully handle personal data and ensure such data are kept confidential.

During the Reporting Period, the Group did not encounter any problem with data privacy.

Advertising and labelling

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

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

Anti-corruption

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

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

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

To promote probity culture within the Group, some seminars and trainings related to anti-corruption were held regularly for employees and enhance their awareness against corruption and bribery as well any unfair competition activities.

During the Reporting Period, there was no legal cases regarding corrupt practices that were brought against the Group or its employees. During the Reporting Period, the Group was not aware of any non-compliance in relation to corruption, bribery, extortion, fraud and money laundering, which had a significant impact on the Group. The Group regularly reviews its internal anti-corruption system and improves it when necessary.

Environmental, Social & Governance Report

COMMUNITY

Community investment

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

The Group hopes to develop a sense of social responsibility of its employees while encourages them to make a greater contribution to the community during their work and in their private time. By giving back to the community through relevant activities, the community awareness of the employees of the Group can be enhanced, thereby motivating them to care about and help people in need, and establish the right value set. The Group aims to increase its community investment as much as possible to create a more favourable environment for its community and business. The Group also considers making donations to charities from time to time when the Group records profits and has sufficient funds. The focus area of contribution of the Group is general community needs and, during the Reporting Period, the Group donated RMB10,000 to a relevant charitable organisation.

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

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

Subject areas	Content	Section in this ESG Report
A. Environmental		
A1 Emissions		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental — Emissions
KPI A1.1	The types of emissions and respective emissions data	Environmental — Emissions
KPI A1.2	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).	Environmental — Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental — Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental — Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental — Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental — Emissions

Environmental, Social & Governance Report

Subject areas	Content	Section in this ESG Report
A2 Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental — Use of resources
KPI A2.1	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 — Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Environmental — Use of resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental — Use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental — Use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental — Use of resources
A3 Environment and natural resources		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental — Environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental — Environment and natural resources
A4 Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental — Climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental — Climate change
B. Social		
B1 Employment and labour practices		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social — Employment and labour practices
KPI B1.1	Total workforce by gender, employment type (for example, full or part time), age group and geographical region.	Social — Employment and labour practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social — Employment and labour practices

Environmental, Social & Governance Report

Subject areas	Content	Section in this ESG Report
B2 Health and safety		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social — Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social — Health and safety
KPI B2.2	Lost days due to work injury.	Social — Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social — Health and safety
B3 Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social — Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social — Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category	Social — Development and training
B4 Labour standards		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social — Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social — Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social — Labour standards
Operating practices		
B5 Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Operating practices — Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Operating practices — 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.	Operating practices — Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating practices — Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating practices — Supply chain management

Environmental, Social & Governance Report

Subject areas	Content	Section in this ESG Report
B6 Product responsibility		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating practices — Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating practices — Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating practices — Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating practices — Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Operating practices — Product responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating practices — Product responsibility
B7 Anti-corruption		
General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating practices — Anti-corruption
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	Operating practices — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating practices — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating practices — Anti-corruption
Community		
B8 Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community — Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community — Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community — Community investment