

百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668



2021

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



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INTRODUCTION

This environmental, social and governance report (the “**ESG Report**”) provides an overview of the related environmental, social and governance (“**ESG**”) initiatives, plans, performance and various measures of Pak Tak International Limited (the “**Company**”), together with its subsidiaries (the “**Group**” or “**we**”), and demonstrate our commitment towards sustainable development. We are aware that our ESG policies have a significant impact on our sustainable development, and therefore this ESG Report will elaborate on our ESG philosophy, initiatives and performance as well as plans.

ABOUT PAK TAK

OUR BUSINESS

Pak Tak is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEx**”). For the year ended 31 December 2021, the Group’s principal business activities are (i) supply chain business, (ii) leasing business, (iii) property investment, (iv) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and (v) securities investment.

OUR VISION

Provide maximum value for our customers whilst maintaining a competitive advantage in the market.

OUR GOALS

Put the best effort to expand our supply chain business and leasing business in the People’s Republic of China (the “**PRC**”), and create values for our shareholders and investors.



SUSTAINABILITY APPROACH

The Group believes sustainability is one of the cornerstones for achieving continuous success, therefore we are continuously monitoring the risks and exploring potential opportunities. We have also adopted the following sustainability strategies at all levels of the Group in a top-down approach:

- To achieve environmental sustainability;
- To establish long-term partnerships with suppliers and customers;
- To provide solutions and quality product to end-users;
- To respect human rights and social culture for all level of staff;
- To engage with stakeholders through open dialogue; and
- To sustain local communities.

With the aim of striking a balance between business needs, social demands and environmental impacts, we are committed to working with our stakeholders so as to develop a mutually beneficial relationships to enhance our ESG performance, and to deliver greater value for the wider community.

THE ESG MANAGEMENT STRUCTURE

The Group has adopted a top-down management approach to its ESG issues. The Board oversees, monitors and formulates the ESG strategy for the Group and is responsible for ensuring the effectiveness of the Group's risk management and internal controls. The Group has arranged designated personnel from various departments as a working group to manage the ESG issues of the Group so as to develop an effective and systematic approach to ESG related matters. The working group is responsible for collecting relevant information on the ESG aspects for the preparation of the ESG Report. It periodically reports to the Board and subsequent implementation or revision of the Group's ESG strategies.



ABOUT THIS REPORT

REPORTING SCOPE

Unless stated otherwise, the scope of the ESG Report covers the Group's efforts and contributions to the environment and society, which include the Group's key business and operational activities in the PRC and Hong Kong. The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report is prepared in accordance with the environmental, social and governance reporting guide (the "**ESG Reporting Guide**") as set out in Appendix 27 of the Rules Governing the Listing Securities on the Main Board of HKEx.

Information relating to the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" on pages 26 to 36 of the 2021 annual report of the Company.

Data and information used for preparing this ESG Report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group's audited annual financial statements for the year ended 31 December 2021.

REPORTING PRINCIPLES

The Group has prepared this Report in accordance with the following reporting principles:

Materiality: Important and relevant information to stakeholders on different ESG aspects is covered in the ESG Report. A materiality assessment was conducted to determine material ESG issues with results approved by the Board.

Quantitative: The relevant standards, methodologies and assumptions used to prepare the quantitative information is disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.

Consistency: Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges faced and measures taken during the financial year from 1 January 2021 to 31 December 2021 (the "**Reporting Period**" or "**2021**").



STAKEHOLDER ENGAGEMENT

The Group values communication with stakeholders and their opinions on our business and ESG matters and is committed to balancing the interests of all parties so as to draw a blueprint for long-term prosperity. The Group actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market. To fully understand, respond to and address core concerns of different stakeholders, we continuously integrate their expectations into our operation and ESG strategies through the utilization of various communication channels to engage our stakeholders. Communication channels between the Group and stakeholders together with their expectations and concerns are as follows:

Types of stakeholders	Communication channels	Expectations and concerns
HKEx	<ul style="list-style-type: none"> Website updates Announcements 	<ul style="list-style-type: none"> Compliance with listing rules Timely and accurate announcements
Regulatory Authorities and Government bodies	<ul style="list-style-type: none"> Interaction and visits Government inspections Tax returns and other information Websites Meetings Email and telephone calls 	<ul style="list-style-type: none"> Compliance with laws and regulations Prevention of tax evasion Social welfare
Suppliers	<ul style="list-style-type: none"> Emails and telephone calls Site visits Surveys Appraisals 	<ul style="list-style-type: none"> Payment schedule Stable demand
Shareholders/Investors	<ul style="list-style-type: none"> Shareholders' meetings Financial reports 	<ul style="list-style-type: none"> Corporate governance system Business strategies and performance Investment returns
The community, NGO and Media	<ul style="list-style-type: none"> Issue of newsletters on the Company's website ESG Reports Press Releases and Announcements Financial reports 	<ul style="list-style-type: none"> Corporate governance Environmental protection Human right
Customers	<ul style="list-style-type: none"> Customer service hotline Emails and telephone calls Customer meetings Site visits 	<ul style="list-style-type: none"> Product quality Delivery times Reasonable prices Service value After-sales services
Employees	<ul style="list-style-type: none"> Staff Appraisals Regular meetings Emails and telephone calls Employee handbooks Customized trainings Anonymous communication channels 	<ul style="list-style-type: none"> Rights and benefits Employee compensation Training and development Work hours Working environment Labour protection Work Safety

The Group is committed to working with our stakeholders to improve the Group's ESG performance and to continue to create greater value for our community and society.



MATERIALITY ASSESSMENT

The Group's management and staff in major functions are responsible for the preparation of the ESG Report so as to assist the Group in reviewing its operations and identifying the relevant ESG issues and assess the importance of relevant matters to our business and stakeholders. A survey has been compiled in accordance with the identified material ESG issues to collect information from relevant departments, business units and stakeholders of the Group. The Group's material ESG matters are summarized as follows:

Low Priority	Mid Priority	High Priority
Waste Management Employment Practice Water Management Energy Management Emission Control	Employee Development and Training Corporate Social Responsibility Preventing Child or Forced Labour	Service Quality and Standards Anti-corruption Supplier Management

During the Reporting Period, the Group confirms that it has established appropriate and effective management policies and monitoring systems relating to ESG issues, and that contents disclosed in the ESG Report comply with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes comments and suggestions from stakeholders. You can provide any opinions in respect of the ESG Report or the Group's performance in sustainable development by emailing to: info@paktakintl.com.



A. ENVIRONMENTAL

A1. EMISSIONS

The Group attaches great importance to ensuring long-term sustainability in the environment and community where the Group operates. We recognize our responsibilities towards the potential environmental impacts associated with our business operations and integrate environmental consideration into our decision-making processes. The Group aims at providing our customers the best non-ferrous metals and construction materials, as well as providing value-added services including logistics support while contributing to environmental protection and community development.

As one of our guiding principles, we strive to minimize the environmental impacts brought by our operations. The culture of environmental protection is widely adopted throughout the Group, especially in pollution alleviation. Due to our business nature, we recognize that our business operations will either directly or indirectly affect the environment. Therefore, we have formulated related environmental protection policies to protect and improve the environment and to promote the sustainability of our business. We continue to maintain environmental protection and emissions reduction as our top priority, we have adopted related environmental policies and delivered the contents to our employees. Within our policy framework, we continually look for different opportunities to pursue environmentally friendly initiatives and to enhance our environmental performance by reducing energy and the use of other resources.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to exhaust gas and greenhouse gas (“GHG”) emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Environmental Protection Law of the PRC and Waste Disposal Ordinance of Hong Kong.

Emissions Control

Exhaust Gas Emissions

The Group’s emissions of air pollutants, which include nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and particulate matter (“PM”) are mainly generated from fuel consumption by vehicles. In respect of such sources of emissions, we have actively taken the following emission reduction measures to reduce the adverse impact of emissions on the environment and the risk of illnesses caused by air pollution in the community:

- Educate employees to turn off idling vehicle engines;
- Encourage the use of public transportation for business travel;
- Use electronic means of communication such as video conference to reduce the frequency of business trips; and
- Actively take other emission reduction measures, as described in the section headed “GHG Emissions” of this aspect.

During the Reporting Period, the total exhaust gas emissions of the Group amounted to approximately 0.21 kg (2020: 0.41 kg), declined approximately 49% year-on-year, mainly due to the decrease of fuel consumed by vehicles.

Looking ahead, we would continuously monitor our emission performance so that any deficiencies can be detected and remedial actions can be taken on a timely basis.



A. ENVIRONMENTAL

GHG Emissions

The Group's GHG emissions mainly consist of direct GHG emissions generated from fuel consumption by vehicles (Scope 1), energy indirect GHG emissions generated from purchased electricity (Scope 2), and other indirect GHG emissions generated from paper waste disposal to landfills (Scope 3). The Group actively adopts power-saving and energy-saving measures to reduce GHG emissions, including strict control on the use of electrical appliances. Specific measures will be further described in the section headed "Energy Management" in aspect A2. Furthermore, the Group will also prevent long-distance face-to-face meetings by means of utilizing electronic communication methods such as conference call or online meetings to reduce carbon emissions from business travel. During the Reporting Period, the Group's total GHG emissions increased by approximately 76.03% mainly due to the inclusion of electricity consumption of Shenzhen office starting from September 2021. It was excluded in 2020 and the period from January 2021 to August 2021 as such cost was included in rent which cannot be separate.

Summary of the Group's GHG emissions performances:

Indicators ¹	Unit	Emissions	
		2021	2020
Direct GHG emissions (Scope 1)	tCO ₂ e	1.24	2.31
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	13.10	3.75 ³
Other indirect GHG emissions (Scope 3)	tCO ₂ e	4.90	4.87
Total GHG emissions	tCO ₂ e	19.24	10.93
Intensity ²	tCO ₂ e/Revenue in million	0.009	0.004

Notes:

- GHG emissions data are presented in terms of CO₂ equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare on ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by HKEX, the latest published Baseline Emission Factors for Regional Power Grids in China, "Global Warming Potential Values" from the IPCC Fifth Assessment Report and the 2021 Sustainability Report published by HK Electric Investments.
- During the Reporting Period, the Group had recorded a revenue of approximately HKD2,125.2 million (2020: approximately HKD3,003.2 million). This data is also used for the calculation of other intensity data.
- The number has included Hong Kong office only as the electricity fee for Shenzhen office was included in the office rent.

Sewage Discharge

Since the Group's business activities do not consume a significant volume of water during its daily operation, it did not generate a material portion of sewage. As the sewage discharged by the Group will be discharged into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is therefore considered as sewage discharged.



Wastes Management

The Group adheres to the principles of wastes management, and is committed to proper handling and disposing of all wastes generated in its business activities. The Group strongly advocates the idea of reuse and recycle. In addition, we encourage our employees to use recycled paper or double-sided for printing and recycle used cans as well as plastic bottles in order to reduce the burden on wastes disposal. The Group has set up collection boxes, and designated personnel to dispose of wastes in a timely manner while maintaining the environmental sanitation around collection boxes. All our wastes management practices comply with relevant environmental laws and regulations.

Hazardous Wastes

Due to the Group's business nature, it did not generate a significant amount of hazardous wastes during the Reporting Period. However, the Group is committed to wastes reduction and has established guidelines on the regulation and disposal of hazardous wastes. In case any hazardous wastes were generated, we must engage qualified chemical wastes recyclers to dispose of the wastes in accordance with relevant environmental regulations and rules.

Non-hazardous Wastes

Non-hazardous wastes generated by the Group mainly composed of paper, general wastes and toner cartridges. To minimize the environmental impacts of non-hazardous wastes generated by our business operations, various measures have been implemented to handle relevant wastes. Furthermore, the Group is committed to educating employees on the importance of sustainable development to establish the concept of environmental protection, actively support employees to enhance their skills and knowledge in sustainable development, and expect to share the responsibility of office waste disposal with our employees.

To further control and reduce the amount of non-hazardous wastes generated, the Group has adopted the separation method in domestic waste management. Non-hazardous wastes were carefully sorted, so recyclable wastes could be reused. The Group also encourages employees to bring their lunch boxes instead of ordering takeaway food to avoid the generation of food waste and food packaging waste. In addition, the Group has adopted the following practices to reduce paper waste at source to reduce the production of non-hazardous wastes:

- Reuse envelopes, folders and carton in office;
- Utilize electronic means for office daily communication;
- Promote double-sided printing and photocopying;
- Separate the single-sided paper and double-sided paper neatly for better recycling;
- Use the back of old single-sided documents for printing or as draft paper; and
- Reduce printing of reports/circulars.



A. ENVIRONMENTAL

Summary of the Group's non-hazardous wastes disposal performances:

Types of non-hazardous wastes	Unit	Disposal	
		2021	2020
Total non-hazardous wastes			
• Paper disposal	tonnes	1.02	1.01
Intensity	tonnes/Revenue in million	0.0005	0.0003

A2. USE OF RESOURCES

The Group attaches great importance to the optimization of resource usage in its business operations and has adopted proactive measures to promote resource efficiency and implemented series of eco-friendly approaches in our operations. Due to the Group's office-based operations nature, major resource consumptions are attributable to energy consumption and paper consumption. The Group has implemented relevant policies and initiatives to govern energy consumption, which will be mentioned in the section headed "Energy Management" of this aspect. In addition, we have also noticed the potential environmental impacts brought by the consumption of other natural resources, such as water, relevant policies and initiatives are also implemented so as to minimize such impacts.

Energy Management

The Group actively implements the concept of energy-saving and emission reduction to fulfill its corporate responsibility for energy saving and to build a green and environmentally friendly office environment. In addition to reducing the use of unnecessary electricity, the Group also actively reduces electricity consumption by managing lighting facilities and office computers to further strengthen energy saving. To reduce electricity consumption and energy wastage, the Group has formulated clear management measures for electrical appliances, including but not limited to:

- Turn off all electrical equipment after work;
- Switch off unnecessary lightings and electrical appliances when not in use;
- Replace traditional lightbulbs with energy-saving light bulbs;
- Set air conditioners to maintain at around 25 degree Celsius; and
- Set office computers to power-saving mode at work.

Besides, the Group's responsible personnel performs daily checking over the air-conditioning system, lighting, and other appliances in offices to ensure energy consumption performance. Unexpected high consumption of energy will be investigated to find out the root cause and corresponding preventative measures will be taken. The Group's total energy consumption was increased by approximately 83.97% from approximately 13,690 kWh in 2020 to approximately 25,186 kWh in 2021, mainly due to the inclusion of electricity consumption of Shenzhen office starting from September 2021. It was excluded in 2020 and the period from January 2021 to August 2021 as such cost was included in rent which cannot be separate. Regardless, the Group strives to reduce unnecessary energy consumption in the forthcoming years.



Summary of the Group's energy consumption performances:

Types of energy	Unit	2021	2020
Direct energy consumption			
• Petrol	kWh	4,500.38	8,412.87
Indirect energy consumption			
• Purchased electricity	kWh	20,685.56	5,277.00 ⁴
Total energy consumption	kWh	25,185.94	13,689.87
Intensity	kWh/Revenue in million	11.85	4.57

Notes:

4. The number has included Hong Kong office only as the electricity fee for Shenzhen office was included in the office rent.

Water management

Water consumed by the Group is mainly used for the daily needs of employees and to fulfill basic business operations. The Group endeavors to drive behavioral change and encourages its employees to adopt the habit of water conservation. Furthermore, we have also implemented the following measures to encourage water conservation:

- Repair leaking appliances in time;
- Post water-saving reminders in the office; and
- Turn off the faucet in time when applying the hand sanitizer.

Since the water usage was included in the management fee of both our headquarter office and Shenzhen office, the information on water consumption data was therefore not available. Due to the geographical location of the Group's operation, we do not have any problems in sourcing water that is fit for purposes.

Use of Packaging Materials

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG aspect to the Group.

A3. ENVIRONMENT AND NATURAL RESOURCES

As a responsible and committed enterprise, the Group is aware of the potential environmental risks of its business and therefore attaches great importance to the impact of the Group's business on the environment and natural resources. The Group believes that the organization should strike a balance between economic development and social and environmental development. To achieve sustainability, all aspects should be considered thoroughly without compromising each other, and that all parties, including suppliers, customers, and different stakeholders should work hand in hand towards this long-term goal.

The Group attaches great importance to adopting industry best practices and regularly assesses the environmental risks of our business, adopts preventive measures to reduce potential risks, and ensures compliance with relevant laws and regulations. Looking forward, the Group will continue to motivate itself to dedicate further effort to protect the environment. We will continue to monitor our impacts on the environment so that any meaningful acts can be taken to sustain not only our operations but also our beautiful environment.



A. ENVIRONMENTAL

A4. CLIMATE CHANGE

Physical Risks

The increasing frequency and severity of extreme weather events such as extreme cold or extreme heat, storms, rainstorms and typhoons, could lead to an increased risk of power shortages, interrupt the operation chain and damage the Group's assets. Taking into account the risk of business interruption related to extreme weather events, the Group will remain alert of significant policy changes, and is committed to reducing its environmental impact to minimize the impact of any potential tightening of environmental regulations on the Group's business operations.

Transition Risks

The Group keeps on monitoring changes in regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules. The Group has been taking comprehensive measures to deal with changing situation.



B1. EMPLOYMENT

The Group firmly believes that its success lies in the devotion of its passionate professional teams and committed employees and that talents are not only the core of the Group's important assets and competitive advantages but also the cornerstone of constant innovation and development. We value our employees' contribution and dedication to our business development, and respect and protect the legitimate interests of every employee. In order to retain and attract employees, we created a harmonious and joyous working environment and offered competitive packages and fringe benefits to employees. Furthermore, we have formulated the Employee Handbook to regulate labour employment, protect the occupational health and safety of employees and safeguard the vital interests of employees.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Contract Law of the PRC, the Labour Law of the PRC and the Employment Ordinance of Hong Kong.

Employment practices

Recruitment, Promotion and Dismissal

The Group abides by an open, fair and just principle and adopts a robust recruitment process based on merits selection against the job criteria, potentials and performance and without regard to age, race, nationality, marital status, or ethnic background during recruitment. The recruitment process is supported by the Recruitment Management Policy that details the recruitment process and sets out the responsibilities of respective personnel in ensuring that the selection process is just and standardized.

To motivate employees to continuously enhance personal growth and strive for excellence, the management regularly conducted assessments and discussions with employees on their work performance. Outstanding employees are eligible for promotion upon satisfactory performance.

Besides, the Group does not tolerate the dismissal of employees on any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds supported by internal policies of the Group.

Diversity, Equal Opportunities, and Anti-discrimination

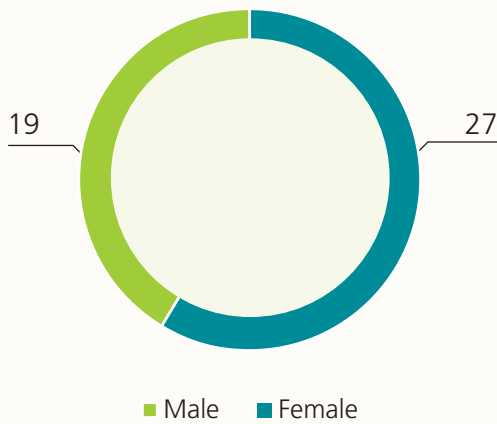
The Group attaches great importance to the promotion of non-discrimination in the workplace. For any discrimination faced or discovered, our employees are welcome to report the issue to the officers, department heads, or even the management directly. The management will investigate the issue immediately and follow-up actions will be taken if necessary. The identity of the whistle-blower will be protected, and anonymous reporting is also encouraged.



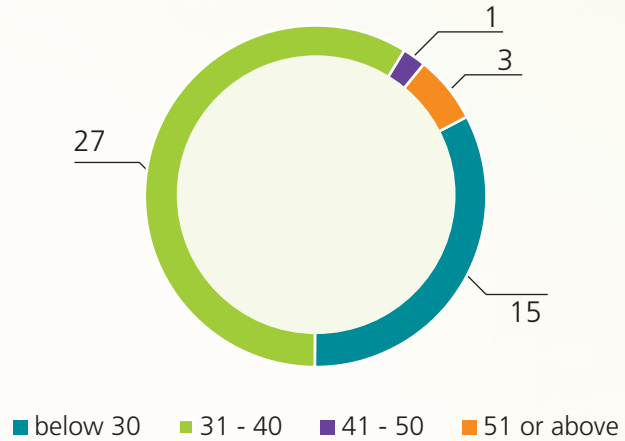
B. SOCIAL

As at 31 December 2021, the Group had 46 employees in total, of which all of them are full-time employees. The distribution of employees according to age group, gender, employment type, and geographical region are as follows:

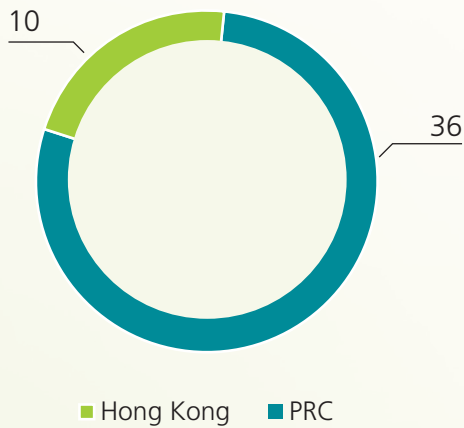
Employee by Gender



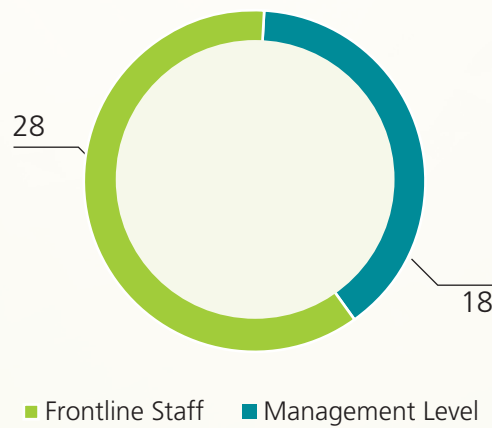
Employee by Age Group



Employee by Geographic Region



Employee by Employment Type



Remuneration and Benefits

The Group understands that a competitive remuneration package together with good benefits and welfare encourage retention and foster a sense of belonging. The Group has adopted a Remuneration Policy which is documented in the Employee Handbook and has established a fair, reasonable, and competitive compensation system for salary payments to employees based on competitiveness, incentives, fairness, economy, post value, personal ability and individual performance. The Group's employees' compensation included but are not limited to basic salary, on-the-job training, year-end bonus, medical insurance and employees' compensation insurance.

In the Hong Kong office, we abided closely with the Labour Department and bought employees' compensation insurance with sufficient coverage for all employees and pay for their mandatory provident fund ("MPF"). In the Shenzhen office, we monitored the number of headcounts regularly and made contributions to social insurance and housing provident fund for all employees. In addition, the Group provided a wide range of leaves other than statutory holidays, such as marital leave, maternity leave, paternity leave, breastfeeding leave, and compassionate leave to its employees for satisfying their family and social needs.

Through the systematic approach to effective talent management practices, we recorded approximately 21.98% turnover rate during the Reporting Period. The employee turnover rate by gender, age group and geographical region are as follows:

Gender	Turnover Rate
Male	21.05%
Female	22.64%

Age Group	Turnover Rate
Below 30	29.41%
31-40	12.24%
41-50	66.67%
51 or above	40.00%

Geographic Region	Turnover Rate
PRC	25.00%
Hong Kong	10.53%

Employees' Communication

We believed that connectedness is one of the most important elements to have in the workplace. By organizing gathering events, we hoped to help employees to achieve work-life balance and develop a sense of belonging to the Group. Most importantly, it was about bonding with all levels of employees. During the Reporting Period, we organized various events, such as Spring Festival Gala Dinner and cash or coupons as birthday gifts for our PRC employees, creating a more harmonious working environment.



B. SOCIAL

B2. HEALTH AND SAFETY

Employee Health and Safety

The Group attaches great importance to employees' health and safety and understands that preventive measures are way more essential than reactive measures. We are committed to providing employees with a healthy, safe, and comfortable working environment, and have formulated relevant safety management systems and procedures to regulate potential health and safety hazards in the workplace to protect the safety and health of the employees. In addition, a detailed escape route and layout of the office were posted in a noticeable area to train for employees' preparedness towards hazardous situations. Our office was also equipped with adequate fire-fighting equipment and first-aid boxes, which were checked regularly to prevent malfunction.

During the Reporting Period, the Group has not recorded any work-related fatalities nor lost days due to work injury. Furthermore, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Occupational Safety and Health Act of the PRC and the Occupational Safety and Health Ordinance of Hong Kong.

COVID-19 Precautionary Measures

In response to the outbreak of COVID-19, the Group strictly adheres to and implements the guidelines and announcements of the Chinese Center for Disease Control and Prevention as well as the Center for Health Protection of the Department of Health in Hong Kong for epidemic prevention. To minimize the risk of cross-infection and to ensure the safety and health of all employees of the Group, we have closely monitored the situation of the epidemic to ensure the safe and orderly prevention of the epidemic. The Group specially arranges staff to strengthen the health and safety prevention measures of the office, including storing anti-epidemic materials and disinfecting the office building, etc., and is committed to providing a safe and healthy office environment for employees. The Group also strictly requires employees to check their body temperature every morning and afternoon, and wear medical surgical masks during travel and work. In addition, the Group offers work-from-home arrangement to employees when necessary.

B3. DEVELOPMENT AND TRAINING

Employee Development and Training

The Group's success is largely dependent on the skills, ability, and dedication of its employees, and therefore the Group attaches great importance to the professional development of its employees. For the sake of standardizing management on employee training, the Group has included a training-related section in the Employee Handbook to regulate the training management of employees.

The Group provides a wide range of training to its employees to equip themselves with work-related skills. Induction training is provided to all newly recruited employees, while regular on-job training is provided to all employees of the Group. The Group also encourages its employees to attend external vocational training and enrich themselves through acquiring higher professional skills and qualifications.



During the Reporting Period, there were approximately 34.78% of employees were trained. The breakdown of employees trained by gender and employee category are as follows:

Breakdown of Trained Employees

By gender	
Male	42.11%
Female	29.63%
By employee category	
Management level (Composed of senior and middle management)	38.89%
Front-line staff	32.14%

The average training hours per employee of the Group during the Reporting Period were approximately 1.65 hours. The breakdown of the average training hours completed per employee by gender and employee category are as follows:

Average training hours

By gender	
Male	1.68
Female	1.63
By employee category	
Management level (Composed of senior and middle management)	1.22
Front-line staff	1.93

B4. LABOUR STANDARDS

Preventing Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's human resources department (the "**Human Resources Department**") is responsible to monitor and ensure compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour.

We have developed and implemented relevant policies to regulate and ensure the control procedures for recruitment processes are sufficient for preventing the recruitment of child labor and forced labour. The Human Resources Department is responsible for checking the applicants' identification documents and other supporting documents such as academic certificates and reference letters from previous employers to prevent potential forced labor and child labor. In cases where child labour or forced labour is discovered, our employees are encouraged to voice out the issue immediately, the management will take prompt investigations of the suspected cases and follow-up actions will be carried out immediately.

Furthermore, the Group encourages employees to complete their work duties within the working hours, and discourages overtime work unless it is absolutely necessary. In case where the employees need to work overtime, the Group will provide overtime meal and disbursement on travel and relevant expenses. The Group also prohibits any punitive measures, management methods, and behaviors including but not limited to verbal abuse, physical punishment, violence, mental oppression, or sexual harassment against its employees for any reason. At the same time, the Group also refrains from appointing sellers and contractors who are aware of employing child labor or forced labor in their operations to provide administrative supplies and services for the Group.



B. SOCIAL

During the Reporting Period, the Group was not aware of any material non-compliance with labour-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Law of the PRC, the Underage Workers Special Protection Provisions and the Provisions on the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong.

B5. SUPPLY CHAIN MANAGEMENT

The Group strives to establish and maintain a close business relationship with our suppliers and business partners. Our suppliers are mainly composed of non-ferrous metals suppliers and construction materials suppliers. During the Reporting Period, we have engaged a total of 140 suppliers and all of the suppliers were located in the PRC.

Supply Chain Management

The Group is aware that the selection of suppliers can have a significant impact on its business operation. The Group has therefore established a comprehensive supply chain management system to strictly select suppliers. We select our suppliers based on a number of factors, including product quality, ability to deliver on time, and price. The Group has also formulated relevant policies and procedures to ensure that the quotation process is conducted in a transparent, fair and just manner, and shall not differentiate or discriminate any certain suppliers.

We also take measures to prevent all kinds of business bribery and conflict of interest, such as avoiding the use of suppliers which are owned by employees directly or in-directly or avoiding suppliers to favor employees' personal interest directly or indirectly. We will only select suppliers and partners who have a good track record in the past and those who do not have any material violations or breaches on compliance with relevant laws and regulations and business ethics.

The Group has delegated its Purchase Department to strictly monitor the performance of suppliers and the management is responsible for reviewing the supplier's performance based on their product quality, ability to deliver on time, price, etc., periodically. Underperforming suppliers would be excluded from our approved vendor list instantly.

B6. PRODUCT RESPONSIBILITY

Achieving and maintaining a high-quality standard is of utmost importance for the sustainable growth of the Group. The Group believes that meeting or exceeding our client's requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the process of operation to ensure that it delivers high-quality services and sustainable projects.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labeling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Law of the PRC on the Protection of Consumer Rights and Interests, the Law of the PRC on Product Quality, the Trademark Law of the PRC, the Patent Law of the PRC, the Copyright Law of the PRC and the Personal Data (Privacy) Ordinance of Hong Kong.



Product Quality and Safety

The Group is committed to providing services and products with high standards of quality and reliability. All our products strictly comply with the requirements stipulated in the relevant laws and regulations in the PRC, such as the State Environmental Protection Administration of China. The Group has also established a Product Quality Inspection Procedure to govern and standardize the quality assurance process so as to ensure products delivered to clients are of the highest standards. Any identified defective goods or products would be sent back to suppliers. Moreover, we strongly forbade pirated goods and counterfeits to serve the best interests of our customers. During the Reporting Period, there was no product recall for safety and health reasons.

Service Quality and Standards

Customer Services

The Group believes that support from its customers is a very important element for supporting the growth and success of business and we are committed to providing efficient and excellent services to maximize customer value. To understand customer needs and provide services that meet their expectations and standards, the Group maintains ongoing communication with its customers by utilizing various channels including but not limited to online platforms, emails and hotlines are provided for customers to express their opinions and feedbacks. Besides, the operation department is responsible for responding to inquiries and compliant and carry out follow-up actions on received complaint cases if necessary. During the Reporting Period, there were no complaints related to products and services being received by the Group.

Privacy Protection

The Group spares no effort in protecting our customers' data and privacy. The Group strives to protect confidential data by controlling the number of need-to-know employees to the smallest practical amount. In addition, our employees were required to sign a non-disclosure agreement and would be strictly penalized if they disclosed confidential information directly or indirectly to any third parties without proper authorization from the owner of the information. During the Reporting Period, the Group was not aware of any cases of unauthorized use or access to confidential information.

Advertising and Labelling

As the Group's operational process does not involve advertising and labeling practices, the disclosure of information relating to advertising and labeling does not apply to the Group.

B7. ANTI-CORRUPTION

The Group stands firmly against corruption, fraud and all other unethical violations. We continue to uphold integrity, honesty, and fairness in the way we conduct business while expecting all employees to comply with relevant laws and regulations.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any non-compliance with the relevant laws and regulations concerning bribery, extortion, fraud and money laundering that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Criminal Law of the PRC, the Company Law of the PRC, the Tendering and Bidding Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Banning Commercial Bribery of the PRC and the Prevention of Bribery Ordinance of Hong Kong.



B. SOCIAL

Anti-Corruption

The Group has zero-tolerance for any forms of bribery, extortion, fraud and money laundering. Bribery and corruption are strictly prohibited as stated in the Group's Anti-Bribery and Corruption and Anti-money Laundry Policies, for which it applies to all employees at all levels. The Group has also clearly stated the circumstances in which the employee may accept said courtesies and gratuities.

Besides, our employees and directors are required to declare any conflicts of interest if necessary. A Whistleblowing Policy is also in place to encourage our employees to report suspected misconduct of colleagues, subordinates, senior management, or even suppliers. Our employees are welcomed to express their concerns through meetings, emails, or hotline. Our management would investigate every single possible misconduct case and carry out follow-up actions if necessary. For any employees being ascertained to be involved in the misconduct, depending on the seriousness, they may face the punishment of termination of employment or being reported to local legal authorities.

B8. COMMUNITY INVESTMENT

Corporate Social Responsibility

The Group believes that taking part in social activities and making a contribution to society is a form of corporate citizenship. Therefore, as part of its strategic development, the Group is committed to encouraging and supporting its employees through social participation and contribution and upholding the belief that it should shoulder the responsibility to contribute to society while developing the economy. We believe that participation in activities that contribute to communities will increase civic awareness and establish correct values for our employees and assist in setting up correct values for them.



CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect 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 gas and GHG emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Exhaust Gas Emissions, GHG Emissions
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Hazardous Waste (Not applicable – explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Non-hazardous Waste
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Exhaust Gas Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Management
KPI A2.2	Water consumption in total and intensity.	Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Packaging Material (Not applicable – explained)



CONTENT INDEX OF THE ESG REPORTING GUIDE OF
THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The 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.	The Environment and Natural Resources
Aspect 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	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 on manage them.	Climate Change
Aspect 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.	Employment Practices
KPI B1.1	Total workforce by gender, employment type (e. g. full-time or part-time), age group and geographical region.	Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Practices



Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect 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 Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Employee Health and Safety
KPI B2.2	Lost days due to work injury.	Employee Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e. g. senior management, middle management).	Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development and Training
Aspect 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 labor.	Preventing Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Preventing Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Preventing Child and Forced Labour



CONTENT INDEX OF THE ESG REPORTING GUIDE OF
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Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	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.	Supply Chain Management
Aspect 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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility



Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B7: Anti-corruption		
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.	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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect 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.	Corporate Social Responsibility

