



WINOX

WINOX HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 6838

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT 2019

# Environmental, Social and Governance Report

## COMPANY OVERVIEW

Winox Holdings Limited (the “Company”) and its subsidiaries (the “Group”) are principally engaged in the development and manufacturing of stainless steel products such as watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories on an OEM basis for our customers. Our customers include internationally renowned brands from Switzerland and various countries in Europe.

We are committed to offering a comprehensive and one-stop product development and manufacturing solution. We develop and maintain close working relationship with our customers, and cater to their needs with reliable quality standard, flexibility in design and manufacturing techniques, competitive pricing and on-time delivery.

The Group is headquartered in Hong Kong with two production facilities situated in the PRC.

## SUSTAINABLE DEVELOPMENT

The Group adopts a product diversification model which provides a significant platform for us to broaden our customer base and expand our market share in the industry. We utilise our resources strategically to advance our skills and technology so as to enrich our product variety and sophistication. We are committed to working closely with our customers to deliver quality and cost-effective products efficiently. This enables us to maintain long-term business relationship with our stakeholders. Our goal is to put continuous efforts to reinforce our operational efficiency so as to achieve long-term business sustainability and drive improvement.

We review our sustainable development policy annually, with an aim to reduce the adverse effect of our operations on the environment and natural resources, and ensure that our policies comply with relevant regulatory requirements while catering to business needs and keeping abreast with the times. The Company understands that to create long-term value for its stakeholders and local communities, it is necessary to mitigate the negative environmental impact caused by its business operations. Aside from emissions and resource consumption, the Company has no other material impact on the environment or natural resources.

## REPORTING PERIOD AND SCOPE

This report covers the year ended 31 December 2019 (the reporting period from 1 January 2019 to 31 December 2019). Unless otherwise stated, the scope of this report includes the data and activities from the office in Hong Kong, and the office and two production facilities of the Group in the PRC.

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and disclosed information on the sustainable development performance in respect of important relevant areas of the Group under the ESG Guide during the reporting period.

This ESG report has been reviewed and approved by the senior management of the Group.

## ENVIRONMENTAL POLICIES

As an environmentally oriented enterprise, the Group is committed to reducing the negative impact on the environment arising from operations and production processes, and fully takes various environmental factors into account to optimise the use of resources and reduce waste. The Group strictly complies with applicable environmental regulations and other statutory requirements, as well as actively encourages each of its stakeholders to contribute to environmental protection.

We have adopted the following principles to minimise the impact on the environment from our operations:

- Comply with relevant environmental regulations and other statutory requirements;
- Monitor and review the impact of the Group’s operations on the environment on a regular basis; and
- Require all staff to address environmental responsibilities, such as implementing green measures at offices to enhance their environmental awareness.

## GREEN ACTIONS

The environmental impacts from our operations mainly relate to energy consumption, and sewage and waste production. To alleviate the impact on the environment caused by our operations, we are committed to reducing pollution and carbon emission arising from our production processes to comply with all relevant environmental regulations and other statutory requirements, such as the atmospheric pollutant emission restriction stipulated by the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國大氣污染防治法》).

Vehicle emission is not the main source of air pollution for the Group, with no significant environmental impact caused by its emission of exhaust gas. Greenhouse gas (“GHG”) emissions reported by the Group exclude the emissions related to the office in Hong Kong, as such data have no material impact on the overall emission performance.

### Reduction of Greenhouse Gas Emissions

For reducing the exhaust gases and greenhouse gas emissions from our production process, we have adopted the following environmental measures. The Group has conducted regular checks, monitored the operation closely, submitted environmental assessment reports to the Environmental Protection Bureau regularly, and obtained relevant environmental approvals and pollutant discharge permits in relation to our operations.

Exhaust gases and greenhouse gases generated during the production process	Measures for reducing exhaust gases and greenhouse gases
Exhaust gas dusts generated during the grinding and polishing processes	Install fan systems for collecting exhaust gas dusts. Prior to emission of such dusts, recycled water is used for sprinkling and activated carbon absorption treatment is conducted for reaching the required standards.
Exhaust gases from generators	Establish exhaust gas collection towers. The method of lye sprinkling is adopted for reaching the required standards for emission at a high altitude.
Oily fumes and exhaust gases generated during cooking at kitchens	Install fan systems for collecting oily fumes and exhaust gases. Such gases go through exhaust gas collection towers, and undergo lye sprinkling and oily fume purification before reaching the required standards for emissions at a high altitude.

The exhaust gas treatment systems as mentioned above have been upgraded. Upon completion of upgrading, the emission of exhaust gas after treatment can reach the standards specified by the “Emission Limits of Air Pollutants” (《大氣污染物排放限值》) of Guangdong Province, thereby reducing the emissions of hazardous exhaust gases.

### Sewage Treatment

For reducing the sewage generated from our production processes, we have adopted the following sewage reduction measures for regular monitoring. We have submitted environmental assessment reports to the Environmental Protection Bureau on a regular basis and obtained relevant environmental approvals and pollutant discharge permits in relation to our operations, so as to comply with the environmental regulations and standards of the PRC such as the “Water Pollution Prevention Law of the People’s Republic of China” (《中華人民共和國水污染防治法》).

Sewage generated during the production process	Measures for reducing sewage discharges
Integrated wastewater <ul style="list-style-type: none"> <li>• Wastewater generated during the polishing and washing processes</li> <li>• Wastewater generated during the carbonization and water polishing processes</li> </ul>	Build our own sewage treatment station and pipe network to collect wastewater generated from various processes and workshops, with level-two dosing coagulating sedimentation treatment, quartz sand and activated carbon absorption and fiber high quality PP cotton filtration treatment conducted to reach the required standards. Upon meeting the standards, such treated wastewater would be recycled and reused for polishing and washing processes, while the rest would be discharged in accordance with the instructions of relevant environmental departments.

Upon completion of upgrading the sewage treatment system, the discharged wastewater is treated to meet the required standards before being recycled and reused in production facilities. In 2019, 37,779 tonnes of sewage were treated with 30,901 tonnes reused for production, which represented a reuse rate of 81.79%. This led to a reduction in both fresh water consumption and sewage discharge.

### Hazardous Waste Disposal

The Group’s hazardous wastes mainly comprise sludge. For the disposal of hazardous wastes, we have taken the following measures to comply with relevant laws, including the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes” (《中華人民共和國固體廢物污染環境防治法》):

- Establish secondary leak-proof facilities;
- Set up warehouses to store hazardous wastes with dedicated personnel to manage such collection and storage;
- Engage a chemical waste disposal company in the PRC with a business permit for handling hazardous wastes to collect, store and dispose of the chemical wastes produced during our production processes;
- Engage a recycling company to sell and recycle stainless steel residues and wastes produced during our production processes;
- Appoint an external agency approved by local environmental departments in the PRC to install waste treatment facilities;
- Classify chemical wastes and get them correctly packed and properly labeled for identification purpose before passing them to the entrusted entity; and
- Provide clear work guidelines to employees at the facilities in the PRC.

### Non-hazardous Waste Disposal

The companies of our Group in Mainland China have set up domestic waste units where dedicated personnel collect and manage domestic waste and then send such waste to Dalang Environmental Health Department for centralised disposal. Wastes with reuse value (such as paper, plastics and hardware) are classified and stored, and handed over to and disposed of by waste recycling companies. In addition, we have also adopted measures to reduce domestic waste, including the use of computer systems to replace handwritten lists in respect of equipment maintenance checklists and purchase requisitions. To record staff attendance, fingerprint punch clocks are used for replacement of paper records. Furthermore, an electronic recording system has been in use to monitor the usage of photocopiers. The above measures have effectively reduced the consumption of paper products and waste generation.

## Green Management

For the purpose of effectively managing the use of resources, we promote green practices at our offices to boost the environmental awareness among employees. We have introduced energy efficient equipment at our factories in the PRC. For instance, the lighting at the factories has been replaced with light-emitting diodes (“LED”) to raise energy efficiency.

Under the green office policy, we have set forth green rules at our offices, requiring employees to perform their responsibilities in environmental protection. For instance, they should turn off the power when electric appliances (such as computers or lights) are not in use, to optimise the effective use of energy.

The 500T hydraulic presses at the factories have been upgraded, with the original 500T hydraulic presses (11KW) replaced by 500T servo-controlled ones (31.4KW), increasing the power-saving efficiency by approximately 38% and enabling each machine to save approximately 12,540 kWh of electricity per year. The test for 5 machines were completed in April 2019, and the power saving efficiency was 35%. Based on 10 hours of daily operation (300 days a year), each machine saves 11,550 kWh of electricity each year. In December 2019, 7 machines were added and this amounted to 12 machines. We also allow production workshops to use hot water from the residual heat of air compressors. With approximately 3 tonnes of hot water produced per day, we can save approximately 8,136 kWh of electricity every year.

Furthermore, the original diesel boilers in staff dormitories have been replaced with a hot water system powered by heat pumps to produce hot water, and diesel stoves in our canteens have been replaced with induction cookers, thus achieving zero emission of exhaust fumes.

Besides, a more energy saving water curtain cooling system has been installed for reducing heat generated in the course of production and lowering room temperature at our factories in the PRC in which the principle of convection is adopted. It helps to keep the whole area well-ventilated. For the system, ventilation fans are installed at one end in which inside airs could be diverted to the outside area while at the other end, a water curtain system is placed for pulling outside cooler air into the inside area for the purpose of increasing room humidity and reducing room temperature.

In addition, various degrees of corrosion, perforation and leakage are found in the main water supply pipelines (galvanized pipes) and fire service pipelines at our factories in the PRC, after more than a decade of operation. Since 2013, we have planned to replace the water pipelines by section and area according to the degree of corrosion, without affecting production. So far, approximately 60% of the main water supply pipelines have been replaced.

As for the use of raw materials, the Group has established a special set of indicators and a dedicated reward system to encourage the employees to prevent human errors and wastage during our production processes. The system and indicators are designed to control the consumption of spare parts and prevent the overall cost of raw materials from exceeding our budget, thereby reducing wastage and achieving the objective of environmental protection and conservation.

Furthermore, the Group has rolled out the landscape greening scheme at its factories in the PRC, by continuously enlarging greenery areas in the factory area for the purpose of improving air quality and providing the employees with a quality green environment.

## EMPLOYEES

Our business is labour-intensive and we always strive to achieve superb product quality. We believe that employees are one of our most valued assets and motivated workforce could play a vital role in sustaining competitive advantage and providing the best service experience to our customers. We trust and respect our employees, and have established a clear remuneration and welfare policy based on the principles of equal opportunity and anti-discrimination that complies with statutory requirements in the PRC and Hong Kong, including the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labour Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》), the “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》) promulgated by the State Council and the “Employment Ordinance” in Hong Kong.

Furthermore, we provide social insurance for our employees in the PRC, including basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and basic medical insurance, in accordance with the “Regulation on Work-Related Injury Insurance” (《工傷保險條例》), “Regulations on Unemployment Insurance” (《失業保險條例》), “Pilot Measures for Childbirth Insurance for Enterprise Employees” (《企業職工生育保險試行辦法》) of the PRC.

### **Anti-Discrimination Policies**

The Group has adopted the principles of equal opportunity and anti-discrimination when formulating our recruitment, remuneration, training, promotion, termination and retirement policies and practices, while discrimination on the grounds of race, nationality, social class, religion, disability, age, gender, sexual orientation and marital status is not allowed.

In addition, we do not hinder the employees from observing their beliefs and customs, and we protect their basic human rights, for the purpose of fair and equal treatment. We have also undertaken a zero-tolerance policy towards physical, psychological or verbal harassment, intimidation, torture, insult, discrimination and exploitation at workplaces, dormitories and other facilities.

Moreover, the Group has established a grievance and complaint mechanism, allowing its employees to lodge complaints with the labour representative or a senior representative directly in the event that discrimination is found. A thorough investigation will be conducted by a designated person who does not have any conflicts of interest and remedial measures will be taken accordingly.

### **Prohibition on Employment of Child and Forced Labour**

The employment of child and forced labour is strictly prohibited. All of our employees are subject to the minimum working age requirement stated under relevant regulations of the PRC and Hong Kong. For recruitment in our PRC companies, effective measures are adopted to identify the real age of workers. Candidates are strictly forbidden to provide false documents on age, ensuring that our employees are at least 16 years old at the time of joining us. Such requirements regarding the prohibition on child and forced labour are also applied to our suppliers and subcontractors.

In 2019, the Company was not aware of any material breaches of employment and labour conventional laws and regulations related to compensation and termination, recruitment and promotion, working hours, resting time, equal opportunities, diversity, anti-discrimination and other benefits and welfares in terms of employing staff.

### **Continuously Improving the Working and Living Environment for the Staff**

The Group continues to improve the working and living environment for the staff in the PRC, by providing a wide range of recreational facilities, including sports grounds, large football pitches, basketball courts, table tennis courts, badminton courts, fitness trails, libraries, supermarkets, internet rooms, karaoke rooms and movie studios.

In addition, we respect and protect labour rights on freedom of association. Our PRC companies have established labour associations and committees to promote corporate culture and safeguard labour rights. Such associations and committees organize various cultural, sports and recreational activities with a view to strengthening the interaction and communication among employees.

During the year of 2019, relevant staff activities include spring dinner, Love Donations, fire drills, visit in relation to the founding of the Chinese Communist Party, visit in relation to the exhibition for 40th Anniversary of Reform and Opening in Guangdong, caring veterans, free blood donation, mutton feast and free gynecological examinations. We also distributed rice dumplings and moon cakes to employees during the Dragon Boat Festival and the Mid-Autumn Festival respectively, in order to create a strong traditional festive atmosphere. We also organised a number of volunteer activities, including activities with the theme of "Protecting water resources" and "Road repair work for easier access", "Promotion of waste sorting" and "Helping the employees in need".

In order to reinforce the sense of cohesion and team spirit among staff, all members of labour associations take turns in devising menus for the Spring dinner, the Mid-Autumn Festival dinner, the Winter Solstice gathering and the monthly birthday parties every year.

Besides, we have offered various interest classes, including social dance and square dance, to promote the work-life balance of employees.

## HEALTH AND SAFETY

The Group is committed to creating a healthy and safe working environment. We have established a comprehensive labour safety system to assess, avoid and remove all potential hazards at work on a systematic basis in order to achieve the goal of “Zero Accident” and comply with occupational health and safety laws in the PRC and Hong Kong.

In order to reduce the occurrence of accidents, we have formulated operational safety guidelines and manuals, such as fire safety manual and production safety manual, which set out the rules and procedures that must be complied with for prevention of accidents at our production facilities, to ensure that our production facilities meet applicable safety standards and minimise hazards and potential dangers at workplace.

For safety assurance, all production facilities are required to undergo comprehensive tests before commencement of operation. All operators shall receive trainings before operating equipment. Trainings cover dangerous chemicals storage and usage, fire safety, emergency medical and evacuation drills, occupational disease prevention, dangerous work education and emergency medical manuals.

In addition, the Group has appointed a senior management representative to be responsible for ensuring that the Group creates a safe working environment for all employees and fulfills the requirements set by the authorities. In particular, our companies in the PRC also set up a safety committee to monitor the overall performance of their safety system, conduct safety production inspections and convene safety production meetings periodically, supervise the safety management scheme regularly, and liaise with authorised units in the PRC in checking equipment and inspecting working environment, so as to ensure compliance with the relevant safety requirements of laws and regulations. In the event of work injury accident, the safety committee will conduct an in-depth investigation and hold meetings, compile a review report and give recommendations on the causes of the accident and effectiveness of rectification and preventive measures, and maintain written records of the work injury accident.

### Preemptive Protection

We provide appropriate and effective personal protective gears for employees engaging in high-risk work, place safety warning signs at factory premises, and carry out regular health checks and provide work-related injury insurance in accordance with the requirements of relevant laws and regulations.

Moreover, our PRC companies have established systems to detect, prevent or deal with potential hazards to health and safety of our employees, especially pregnant women, and appropriate measures are taken to eliminate the risks to their health and safety.

During the year, there were no material or prolonged production disruptions at our plants in the PRC as a result of the malfunction of the production facilities, and no major accidents occurred during our production process.

## DEVELOPMENT AND TRAINING

The Group believes that in order to maintain our competitiveness, we should focus on nurturing talents. We have established a training system in order to provide each employee with equal training opportunity for helping them to improve and develop their personal potential while promoting our business development.

Our products require sophistication and precision, therefore we have higher expectation on our staff. Our PRC companies have set up training centres to continuously review the training needs of the employees, organise training courses, supervise the training programs of different departments and conduct evaluation.

In addition, the Group provides induction training for every new employees, including company introduction and corporate culture, rules and regulations and daily codes of conduct, basic knowledge of ISO9000, knowledge of occupational health and safety, basic knowledge of RoHS and REACH, professional ethics and confidentiality obligations, social responsibility standards under SA8000 and basic knowledge of 6S management and so on.

On the other hand, the Group establishes a year-round training programme every year with different training themes. This covers various fields and is carried out at three levels, namely the company level, plant level and departmental level, to reinforce and update the employees' knowledge and professional skills.

The training themes for 2019 include management training for quality inspection, training for personal income tax, 6S management training, safety administrator training, IATF16949 training, audit skills enhancements for procedures and methods, first aid training, internal trainer training, SA8000 training, site management for team leader, ISO9001: 2015 internal auditor training, ArtCAM software, production site safety management, metrologist training, QAP-620-1, FMEA, high-voltage network access certificate review, supplier training, intellectual property management system training, product protection, sewage treatment system and operation, subordinate management, Plant B safety production training and Plant A safety training and so on.

We also constantly review the training needs of our employees to design appropriate talent development and training programmes, and conduct trainings by ourselves, assign personnel for external trainings or arrange in-house trainings by hiring mentors.

Moreover, we hold seminars and workshops on a regular basis and subsidizes our employees of all ranks for taking work-related courses.

## **CUSTOMERS, SUPPLIERS AND OTHER BUSINESS PARTNERS**

### **Supply Chain Management**

The Group believes that a sustainable supply chain can benefit all stakeholders, including customers and suppliers, the Group itself, and even the industry as a whole. The Group has established a stringent internal control system and implemented a quality management procedure to monitor the quality of suppliers, so as to reduce potential risks in terms of environmental and social risks. We have comprehensively adopted and carried out the most widely recognized quality management system – ISO9001. In 2008, 2010 and 2017, the Group was awarded ISO9001:2000 certification, ISO9001:2008 certification and ISO9001:2015 certification respectively in recognition of our established quality management system.

The Group has been prudent when assessing and selecting suppliers. It reviews new suppliers and has formulated a set of suppliers' guidelines with respect to the environmental protection, quality management, social responsibility, anti-corruption and anti-bribery and so on.

We require suppliers to sign a supplier code of conduct agreement, indicating their clear understanding of the content of the code and their compliance with the provisions of environmental protection, quality safety and confidentiality, and declaring whether there is a conflict of interest.

In addition, the Group strictly stipulates that all the raw materials or products provided by the suppliers should comply with the requirements of the European and US environmental ordinances and regulations on the use of hazardous substances, including the EU Amendment to Nickel Release Standards EN 1811, the European Union's Directive RoHS (Restriction on the Use of Certain Hazardous Substances), the requirements about the restriction on the use of toxic and hazardous substances provided under REACH (the EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), and the requirements about the protection of drinking water resources from carcinogenic and harmful chemical pollutions provided under CP65 (California's Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986, California, USA) to mitigate relevant risks of non-compliance. In this regard, we have requested suppliers to provide materials safety data sheets (MSDS) to verify that the products provided by the suppliers meet the safety standards set by the Group.

In order to give suppliers clearer guidelines, we have also prepared a list of hazardous substances test items, and required the suppliers to provide the related test reports, such as a report on the hazardous chemical test (including RoHS and REACH) from a third-party testing entity and a report on EN 1811 nickel release test from a third-party testing entity in respect of different product categories on a quarterly basis, to certify that the products and accessories supplied meet the requirements of regulations on management of hazardous chemicals and the testing standard of nickel release. Meanwhile, certain suppliers are required to sign the agreements on Conflict Minerals, i.e. tantalum, tungsten, tin, gold, etc., to ensure that the metals in the raw materials are not originated from conflict regions.



### **Product Liability**

The Group is committed to ensuring its product safety in compliance with regulations in relation to the health and safety standards, and regulatory tests.

To ensure high product quality standard, apart from various quality inspections and tests during the manufacturing process, we have set up a comprehensive audit framework to carry out periodic review on our suppliers and their upstream suppliers by on-site inspections at their factories, so as to monitor their quality management including sampling. Suppliers are required to propose corrective actions within a given time framework for any non-compliance. In case of continuous failures to meet the required standards, such suppliers would be disqualified. During the year ended 31 December 2019, no suppliers were removed due to their negative impact on the environment.

In addition, we would require our suppliers to implement effective quality management systems (such as ISO9001) to optimize the quality management systems by maintaining and continuously improving relevant management systems. Immediate notice must be given in case of changes in the certification status of their quality management systems. For suppliers that have not set up the quality management system with international standards, they are required to draw up a timetable to establish such quality management systems for the purpose of complying with the requirements of laws and regulations.

### **Protection of Data Privacy**

The Group collects information from various stakeholders, such as suppliers, for different purposes and takes appropriate procedures to ensure that the information collected are solely for lawful and relevant purposes. It also strictly complies with the relevant laws and regulations in relation to the handling of sensitive information.

In addition, the Group acts cautiously when handling proprietary information, such as business confidential information, clients' information and suppliers' information. The Group requires its employees to keep all business information accessed confidential during their employment and they are also required to sign confidentiality agreements.

During the year, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact on the Group.

## **ANTI-CORRUPTION POLICY**

The Group is committed to maintaining the highest standard of corporate governance, morality and integrity in all aspects. We have established a sound internal control system in order to prevent fraud and corruption from occurring, comply with the code of business conduct under the laws in Hong Kong, and other regions and countries, such as the "Prevention of Bribery Ordinance" in Hong Kong and the relevant anti-corruption laws of the PRC, and prohibit any senior officers, employees and suppliers of the Group from giving or offering to give benefits or anything of value to government officials, parties or organisations.

### **Encouraging Reports on Irregularities**

The Group aims to create and maintain an environment where employees can act appropriately, without fear of retaliation, thereby fulfilling our pledges and maintaining our integrity and high ethical standards. We conduct business based on principles of fairness, honesty, openness, decency, integrity and respect. We have set up a whistleblowing policy to support and encourage our employees to report and disclose any improper or illegal activities such as fraud, corruption or violation, in confidence. A full investigation would be conducted on such reports and disclosures to eradicate the occurrence of violations including corruption.

We also address any complaints that alleged acts or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against the employees who report and disclose improper or illegal activities and we protect those who come forward to report such activities. Our internal audit department conducts internal control review to ensure the effectiveness of the system.

### **Clear Guidelines for Employees**

In addition, the Group has adopted internal guidelines for employees with regard to the areas of conflicts of interest, corruption and internal management, and clearly informed all the employees of the Group's anti-corruption policies under which the employees are required to comply with relevant codes and contents.

In 2019, the Company was not aware of any matters concerning material breaches of laws and regulations regarding bribery, extortion, fraud or money laundering in the countries where its employees are engaged. Besides, there are no current or pending regulatory actions or other litigation that are anticipated to have a significant impact on the Group.

## CARE FOR COMMUNITY

As a responsible corporate citizen, the Group shows active concerns for the society and community, and encourages our employees to actively participate in different volunteer activities to care for the underprivileged, with the aim of contributing to the society and community.

The Group, as a member of the Dongguan City Association of Enterprises with Foreign Investment and one of the major renowned enterprises in Dalang Town, enthusiastically participates in all kinds of charitable fund-raising campaigns every year.

### Spirit of Mutual Support and Care

We endeavor to advocate mutual support and care in the community by organizing various voluntary activities and encouraging our employees to participate in volunteer services. Employees of our PRC companies visit the elderly at Xinmalian Village, Dalang Town, Dongguan City during the Chinese New Year every year, to spread love and care to the community in this joyful traditional festive season.

## ENVIRONMENTAL PERFORMANCE DATA

The following table presents the Company's environmental performance data during the reporting period:

Aspect	2019	2018	% change
<b>A. Environment</b>			
<b>A1 Emissions</b>			
KPI A1.2 Total GHG emissions (Scopes 1 and 2)	23,168 tCO <sub>2</sub> e	22,690 tCO <sub>2</sub> e	
Direct GHG emissions (Scope 1)	171 tCO <sub>2</sub> e	169 tCO <sub>2</sub> e	
GHG emissions reduction (Scope 1)	1 tCO <sub>2</sub> e	9 tCO <sub>2</sub> e	
Indirect GHG emissions (Scope 2)	22,998 tCO <sub>2</sub> e	22,530 tCO <sub>2</sub> e	
GHG emissions intensity	0.019 tCO <sub>2</sub> e/HKD'000*	0.020 tCO <sub>2</sub> e/HKD'000*	-5.0
KPI A1.3 Hazardous waste	14,370kg	12,540kg	
Hazardous waste intensity	0.012kg/HKD'000*	0.011kg/HKD'000*	9.1
KPI A1.4 Non-hazardous waste	605,550kg	602,250kg	
Non-hazardous waste intensity	0.500kg/HKD'000*	0.534kg/HKD'000*	-6.4
<b>A2 Use of Resources</b>			
KPI A2.1 Electricity consumption	27,486,477kWh	25,994,860kWh	
Intensity of electricity consumption	22.710kWh/HKD'000*	23.032kWh/HKD'000*	-1.4
KPI A2.2 Water consumption	302,207 tonnes	286,171 tonnes	
Intensity of water consumption	0.250 tonne/HKD'000*	0.254 tonne/HKD'000*	-1.6
KPI A2.5 Total packaging materials	254,686 kg	181,130 kg	
Intensity of packaging materials	0.210kg/HKD'000*	0.160kg/HKD'000*	31.2

\* Calculated on the basis of the turnover of the Group for the year ended 31 December 2019 amounting to HKD1,210,334,000 (2018: HKD1,128,653,000).

Note: The increase in total packaging materials was mainly due to the sales of a new product of smart wearable cases.

## SOCIAL PERFORMANCE DATA

The following table presents the Company's social performance data during the reporting period:

Employment Indicators	2019	2018
<b>Total number of employees</b>	<b>3,778</b>	<b>3,482</b>
By gender		
Male	2,042	2,003
Female	1,736	1,479
By age group		
Below 30	1,222	1,256
30 to 50	2,342	2,028
Over 50	214	198
By employee category		
Senior	74	68
Middle-level	290	225
General	3,414	3,189
By region		
Hong Kong	37	36
Mainland China	3,741	3,446
By employment contract and gender		
Permanent (male)	2,042	2,003
Permanent (female)	1,736	1,479
Temporary (male)	0	0
Temporary (female)	0	0

Employee Turnover Indicators	2019		2018	
<b>Number and rate (%) of employee turnover</b>	<b>143</b>	<b>3.8%</b>	<b>139</b>	<b>4.0%</b>
By gender				
Male	89	4.4%	77	3.9%
Female	54	3.1%	62	4.2%
By age group				
Below 30	71	5.8%	79	6.3%
30 to 50	70	3.0%	58	2.9%
Over 50	2	0.8%	2	1.2%
By region				
Hong Kong	0	0.0%	0	0.2%
Mainland China	143	3.8%	139	4.0%

Note: Number of employee turnover represents the monthly average.

Training and Development Indicators	2019	2018
Total cost of training (RMB)	214,595	no disclosure
Total training hours completed by employees	96,300	no disclosure
Percentage (%) of employees who received training		
By gender		
Male	59.0%	no disclosure
Female	41.0%	no disclosure
By employee category		
Senior	3.6%	no disclosure
Middle-level	9.3%	no disclosure
General	87.1%	no disclosure
Average training hours completed per employee	50	no disclosure
By gender		
Male	50	no disclosure
Female	50	no disclosure
By employee category		
Senior	1	no disclosure
Middle-level	5	no disclosure
General	57	no disclosure

Supply Chain Management Indicators	2019	2018
<b>Total number of key suppliers</b>	<b>110</b>	<b>83</b>
By region		
Asia	4	4
Europe	2	1
Hong Kong	6	6
Mainland China	98	72

Notes: The definition of "key suppliers" refer to suppliers of products and/or services to the Group whose contract sum exceeded HK\$2,000,000 or RMB2,000,000.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Subject Areas and Aspects	Key Performance Indicators of Stock Exchange	Description	Page
<b>A. Environmental</b> 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 exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 1 to 3
	KPI A1.1	The types of emissions and respective emissions data.	The Group's business operations do not have a significant impact on the environment with respect to exhaust emissions. Please refer to page 2 for the air pollution control measures of the Group.
	KPI A1.2	Greenhouse gas emissions in total and intensity.	Please refer to the Environmental Performance Data table
	KPI A1.3	Total hazardous waste produced and intensity.	Please refer to the Environmental Performance Data table
	KPI A1.4	Total non-hazardous waste produced and intensity.	Please refer to the Environmental Performance Data table
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Pages 2 to 3
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Page 3

Subject Areas and Aspects	Key Performance Indicators of Stock Exchange	Description	Page
A2: Use Of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.	Pages 3 to 4
	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).	Please refer to the Environmental Performance Data table
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Please refer to the Environmental Performance Data table
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Page 4
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 4
	KPI A2.5	Total packaging materials used for finished products.	Please refer to the Environmental Performance Data table
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 1 to 4
	KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Pages 1 to 4

Subject Areas and Aspects	Key Performance Indicators of Stock Exchange	Description	Page
<b>B. Social Employment and Labour Practices</b>			
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.	Pages 4 to 5
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.	Page 6
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 6 to 7
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Page 5



Subject Areas and Aspects	Key Performance Indicators of Stock Exchange	Description	Page
<b>Operating Practices</b>			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 7
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.	Page 8
B7: Anti-corruption	General Disclosure	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.	Page 8
<b>Community</b>			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities having taken into consideration the communities' interests.	Page 9