



2022

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT

KAM HING

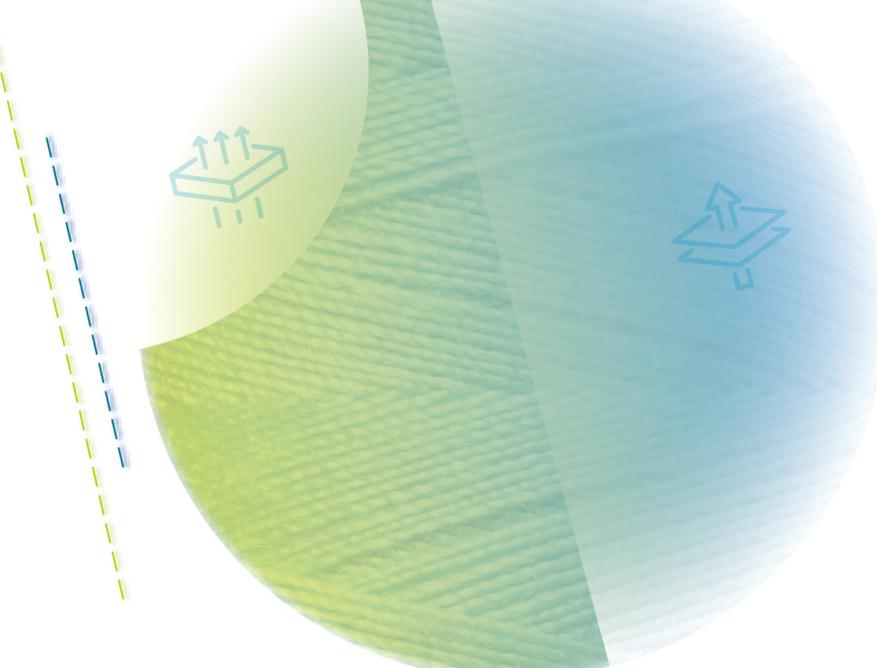


KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

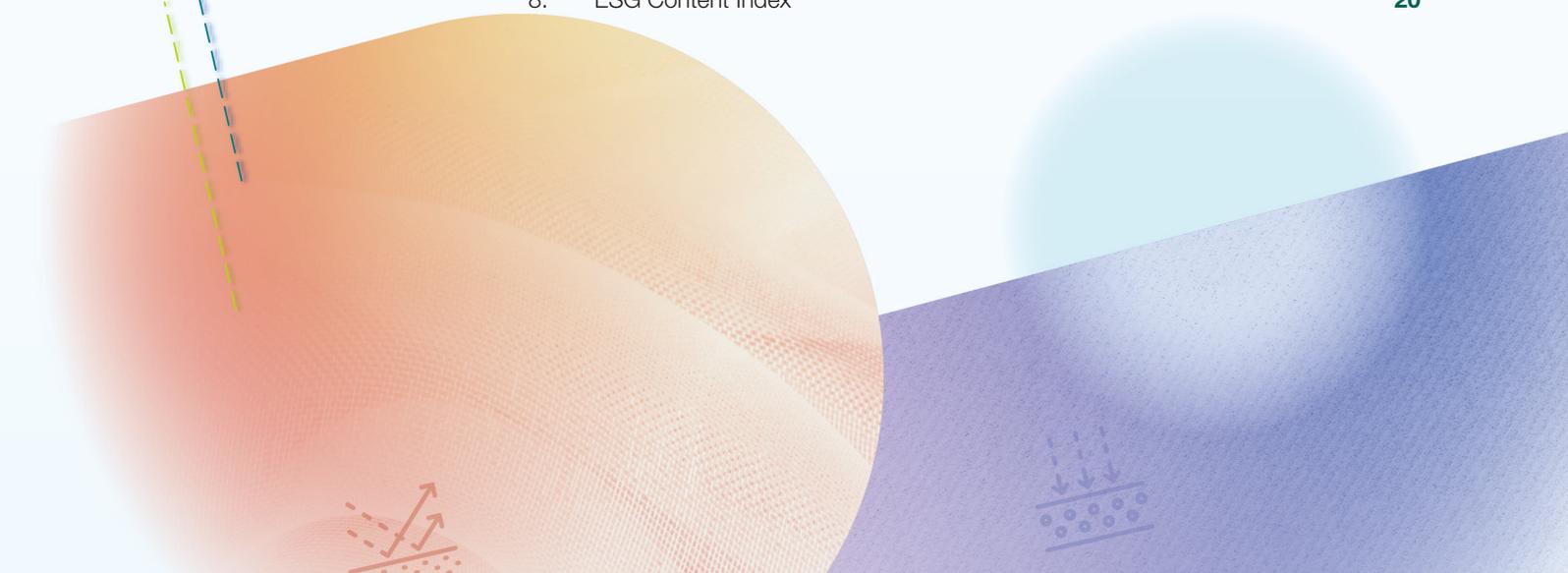
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 02307

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1. ABOUT THE COMPANY

Kam Hing International Holdings Limited (the “Company” together with its subsidiaries, collectively the “Group”) (Stock Code: 2307), is a corporation based in Hong Kong that established in 1996 which primary focuses on the production of assorted fabrics including knitting, fabric dyeing and fabric finishing. The Group has also launched a downstream business for garment industry.

The Group has two garment factories in Cambodia and two textile manufacturing plants in China. One of the textile manufacturing plants, located in Enping, Guangdong, is mainly focusing on fabric knitting, cotton and its blends, synthetic long filament and functional fabric dyeing and printing solutions. The other manufacturing plant, located in Nansha, Guangdong, is responsible for operations such as yarn dyeing, fabric knitting, cotton fabric dyeing, cotton and its blends and processing. To adapt to the persistent changing customer demand, the Group has established garment factories in Cambodia in order to provide a one-stop solution for the clients. The Group provides products and services to many reputable apparel brands internationally.

2. ABOUT THIS REPORT

2.1. REPORTING PERIOD AND SCOPE

This Environmental, Social and Governance (“ESG”) Report (the “Report”) covers the financial reporting period from 1 January 2022 to 31 December 2022 (the “Reporting Period”). The Report presents all ESG-related activities during the Reporting Period.

The scope of the Report covers the Group’s operations in its Headquarter in Hong Kong, 2 textile manufacturing plants in Enping and Nansha in China, and garment manufacturing factories in Phnom Penh, Cambodia.

2.2. REPORTING FRAMEWORK

This Report is prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group adheres to the principles of materiality, quantitative, balance and consistency to report on the measures and performances during the Reporting Period. The Report fulfils with the “comply or explain” provisions and “recommended disclosures” of the ESG Guide. To navigate readers to specific topics corresponding with the ESG Guide, the Report also attaches a content index at the end. Information regarding corporate governance is addressed separately in the annual report in pursuance of Appendix 14 of the Main Board Listing Rules.

2.3. STATEMENT OF THE BOARD

The Board is responsible for delegating the Group’s management to timely discuss environmental, social, and governance issues and review the governance codes to enable the Group to keep abreast of and comply with the latest regulatory requirements prior to the approval of this ESG Report. This system monitors the management to design, implement and continuously monitor risk management and internal control systems and to assure the suitability and effectiveness of the relevant systems and to assure timely implementation of the Group’s sustainable development measures, the accuracy and reliability of the data presented. To better manage the Group’s ESG performance and identify potential risks, the Group’s management conducts regular materiality assessment to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders. By setting ESG-related goals and targets to minimise the environmental impacts from the Group’s operation, the Group reaffirms its commitment in embedding sustainability into the business operation and fulfilling its corporate responsibility.

The Group has designated representatives from different business department to form a ESG Working Group. This ESG Working Group identifies and assesses sustainability-related risks, then consolidates the findings and advises the Board on strategic and financial risks which are significant. It guides the management and monitoring of ESG matters that have been identified as relevant to the Group. The Board regularly evaluate and determine our ESG related risks, and ensures that appropriate and effective ESG risk management and internal control systems are in place. The Board also meets and discusses the effectiveness of these systems as well as the progress made against relevant ESG-related goals and targets during the Reporting Period.

2. ABOUT THIS REPORT

2.4. STAKEHOLDER ENGAGEMENT

Stakeholders	Expectations and concerns	Management responses
Employees	<ul style="list-style-type: none"> • Employee compensation and benefits • Training and career development • Safe working environment 	<ul style="list-style-type: none"> • Offer attractive salary and incentives based on performance • Provide regular trainings for employees • Monitor work safety and make sure employees are familiar with the work safety handbook
Investors/Shareholders	<ul style="list-style-type: none"> • Act in the best interest of shareholders • Return on investment • Information disclosure • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Actively identify attractive business opportunities • Improve profitability • Regular information disclosure • Enhance risk management and internal controls
Customers	<ul style="list-style-type: none"> • Quality products and services • Protection of customers rights 	<ul style="list-style-type: none"> • Enhance quality control on the internet service • Perform the contract according to law
Suppliers	<ul style="list-style-type: none"> • Integrity cooperation • Business ethics and credibility 	<ul style="list-style-type: none"> • Build a long-term reliable supply chain • Perform the contract according to law
Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Business and economic development • Social contribution • Fulfilment of tax obligations • Environment protection 	<ul style="list-style-type: none"> • Enhance risk management and internal controls • Regular update on relevant laws and regulations • Pay tax in full and on time • Purchase/upgrade facilities to reduce emissions arising from the business operation
Communities/public	<ul style="list-style-type: none"> • Environmental protection • Employment opportunities 	<ul style="list-style-type: none"> • Reduce environmental pollutions • Purchase/upgrade facilities to reduce emissions arising from the business operation • Provide equal employment opportunities

2. ABOUT THIS REPORT

2.5. MATERIALITY ASSESSMENT

The Group has maintained close communication with the stakeholders since the Group listed in the Stock Exchange. Through ongoing discussions and direct communications with the stakeholders, the Group understands the main concerns and material issues that matter most to the stakeholders. During the reporting report, the Group is more concerned issues about sewage disposal and product responsibility. The Group strives to review these issues from time to time to achieve continuous improvement and sustainable business development. The main concerns and material issues are listed below:

ESG aspects as set out in ESG Reporting Guide		Material ESG issues for the Group
A. Environmental	A1 Emissions	1. Greenhouse gas emissions 2. Air emissions 3. Treatment of hazardous and non-hazardous wastes
	A2 Use of Resources	4. Energy and water conservation 5. Natural resources (includes water and energy) 6. Packaging material usage
	A3 The Environment and Natural Resources	7. Sewage disposal 8. Business continuity plan
	A4 Climate Change	9. Mitigation of significant climate-related issues
B. Social	B1 Employment	10. Employee diversity and equal opportunities 11. Turnover rate
	B2 Health and Safety	12. Occupational health and safety 13. Injury occurred
	B3 Development and Training	14. Training and development
	B4 Labour Standards	15. Child labour and forced labour 16. Employment relationship and communication 17. Employee remuneration and benefits
	B5 Supply Chain Management	18. Supplier selection process 19. Supplier environmental and social assessment
	B6 Product Responsibility	20. Product and service quality 21. Complaints handling 22. Intellectual property 23. Customer privacy
	B7 Anti-corruption	24. Anti-fraud and corruption
	B8 Community Investment	25. Community participation 26. Donations

2. ABOUT THIS REPORT

In preparing the Report, the Group has sent materiality assessment questionnaire to both internal and external parties, including employees, suppliers, customers and others to assess the importance of the above-mentioned ESG issues to the stakeholders and to the business. The average of their results is presented in the following matrix:

IMPORTANCE TO STAKEHOLDER	High	<ul style="list-style-type: none"> Air emissions Treatment of hazardous and non-hazardous wastes Occupational health and safety Injury occurred Supplier environmental and social assessment 	<ul style="list-style-type: none"> Energy and water conservation Sewage disposal Child labour and forced labour Employment relationship and communication Employee remuneration and benefits Supplier selection process Intellectual property
	Middle	<ul style="list-style-type: none"> Greenhouse gas emissions Natural resources (includes water and energy) Packaging material usage Mitigation of significant climate-related issues Training and development Customer privacy Anti-fraud and corruption 	<ul style="list-style-type: none"> Business continuity plan Employee diversity and equal opportunities Turnover rate Product and service quality Complaints handling
	Low	<ul style="list-style-type: none"> Community participation Donations 	
	Low	Middle	High
	IMPORTANCE TO BUSINESS		
	Less important	Important	Very Important

2. ABOUT THIS REPORT

2.6. REPORTING PRINCIPLES

The Group has prepared the ESG Report in accordance with the following reporting principles stated in the ESG Reporting Guide.

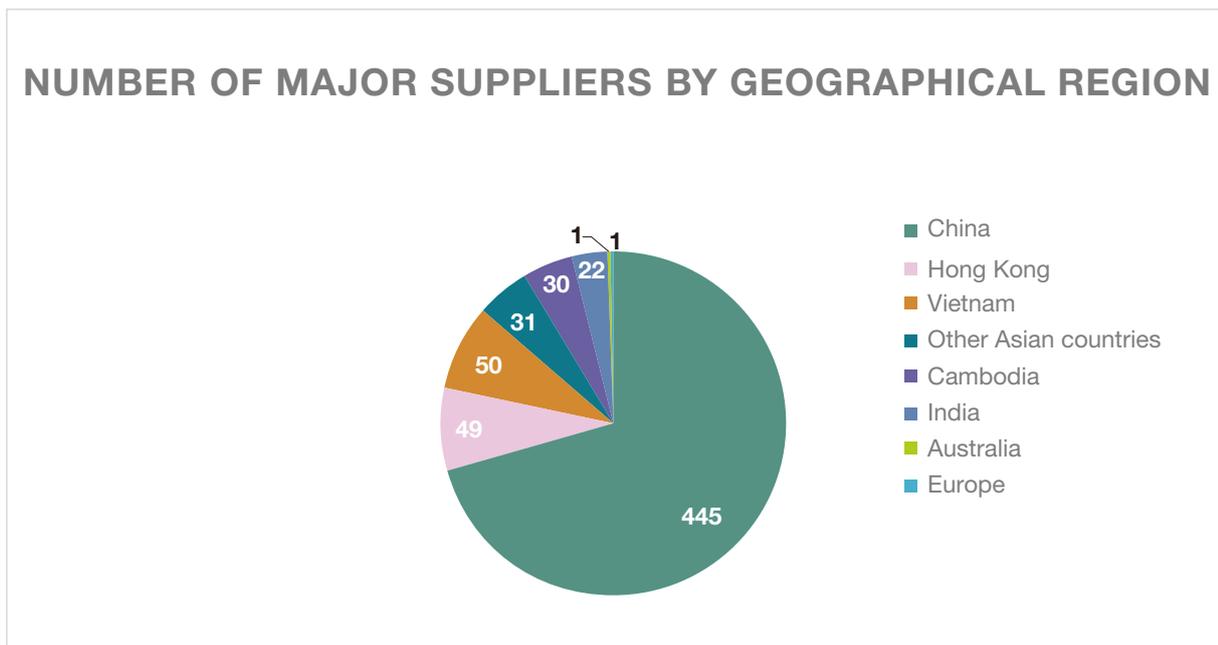
- **Materiality:** The ESG Report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.
- **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.
- **Balance:** The ESG Report should provide an unbiased picture of the issuer’s performance. The Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.
- **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

3. DEVELOPING QUALITY PRODUCTS

3.1. RELIABLE SUPPLY CHAIN MANAGEMENT

The Group selects suppliers based on product price, product environmental protection requirements, quality, and timely delivery of products. Meanwhile, we learn about the supplier's reputation from the Internet, using enterprises and other channels, including whether there are environmental and social complaints and lawsuits related reports, and take the investigation results as one of the reference factors of cooperation.

Below are the number of major suppliers by geographical region.



A stable and quality supply highly depends on sound supply chain management. Regards to that, the Group reviews existing suppliers regularly and employs strict environmental and social risk assessments along the supply chain through on-site visits and questionnaires etc. The actions mitigate the relevant risks in the supply chain, and ensure the selected suppliers that meet with the expectations of the customers and the Group's quality standards.

In addition to the quality of goods, the Group also focuses on whether there are negative reports on the environmental and social performance including chemical management, human rights of our suppliers. If any relevant reports are found, the Group will inquire relevant suppliers, submit request an improvement proposals from the supplier, and consider whether there is any need for replacement for new suppliers.

3.2. RESPONSIBLE PRODUCT QUALITY AND SAFETY

To maintain a satisfied quality of raw materials, semi-products and final products, the Group exercises the Quality Management System ("QMS") with the accreditation of ISO 9001:2015. In order to ensure the product safety and quality, all products are under quality check in accordance with relevant laws and regulations, such as Product Quality Law of the People's Republic of China ("PRC"), Law of the PRC on the Protection of Consumers' Rights and Interests and National General Safety Technical Code for Textile Products. During the Reporting Period, the Group did not recall any products due to health and safety issue.

3. DEVELOPING QUALITY PRODUCTS

The Group formulated the “Kam Hing Restricted Substances List” (the “List”) to avoid any misuse of restricted chemicals substances in production. The List is in line with the standard *Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) Substances of Very High Concern (“SVHC”) List* defined in the Article 57 of REACH Regulation of the European Union. All existing or potential suppliers are required to follow the List to prevent the use of forbidden chemicals in raw materials. Quality control department would conduct checking for the raw material samples to see if they meet the requirements and test for the concentration of banned substances.

3.3. BUSINESS INTEGRITY

Business integrity is deemed as the cornerstone of the success of companies. The Group values the spirit and rigorously requires its employees to adhere. As such, the Group encourages business activities that ground on fairness, equality, openness and transparency. Anti-competition behaviour and Cartel conduct, such as price-fixing with competitors are prohibited in the Group.

Upholding a reliable and ethical business image of the Group, the Group stipulated policies to protect intellectual property rights and the private data from customers, suppliers and contractors to protect their privacy. Management and related employees are required to enter into a confidentiality agreement, which mentioned that they will keep and handle the confidential information of customers with due care without disclosing confidential information to third parties.

In terms of intellectual property rights, the Group safeguards them by restricting the use of others’ trademarks in any unauthorised events or activities.

The Group holds a zero-tolerance attitude to any business misbehaviour, such as fraud, bribery or corruption.

During the Reporting Period, the Group complied with laws and regulations related to anti-competition and anti-corruption such as the “Prevention of Bribery Ordinance”, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) (Cap. 615) and the “Competition Ordinance” of Hong Kong. And the following anti-corruption laws and regulations of the PRC in its daily operations: Criminal Law of the People’s Republic of China (*中華人民共和國刑法*), Anti-Money Laundering Law of the People’s Republic of China (*中華人民共和國反洗錢法*), Anti-Unfair Competition Law of the People’s Republic of China (*中華人民共和國反不正當競爭法*), Interim Provisions on Prohibition of Commercial Bribery (*關於禁止商業賄賂行為的暫行規定*), The Bidding Law of the People’s Republic of China (*中華人民共和國招標投標法*), Company Law of the People’s Republic of China (*中華人民共和國公司法*), to ensure effective protection of legal interests of the Group and stakeholders including the employees, investors, creditors.

The Group has established corresponding standards to guide employees on preventing corruption behaviours. Any acceptance of benefits such as gifts, money and loan without the permission of the management when conducting business activities is deemed as violation of regulation, no matters the providers or receivers.

The Group has established a whistleblowing mechanism to maintain integrity and transparency of the Group. The Group also encourages employees and all business-related parties, including customers and suppliers, to proactively report any suspected misconduct issues (such as negligence, corruption and bribery, etc.) anonymously to the management of the Group by telephone or email. Management will handle the report promptly, fairly and confidentially. On the other hand, the whistleblowing mechanism also ensures that whistle-blowers will not be treated unfairly and will not be dismissed or disciplined without a proper reason.

In Reporting Period, the Board and different departments of the Group improve employees’ comprehensive understanding of the definition of corruption, consequences of conducting corruption and whistle-blowing mechanism and enhance their awareness through providing various online training and seminar related to anti-corruption.

The Group did not receive any corrupt complaint, nor record concluded cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period.

4. PROTECTING THE ENVIRONMENT

4.1. ENVIRONMENTAL MANAGEMENT

As a textile manufacturer, the Group believes that it is its responsibility to minimise the environmental impact of the operation, as the operation is naturally causing certain impact to the environment, such as the disposal of chemicals and wastewater. The Group focuses on maintaining sound environmental stewardship and has adopted the ISO 14001-certified Environmental Management System (“EMS”). The Group has prepared an emergency plan to provide the guidelines on handling environmental accidents. The Group complied with all relevant laws and regulations to air emission, greenhouse gas (“GHG”) emission, wastewater discharge, hazardous waste and non-hazardous waste disposal such as the “Air Pollution Prevention and Control Law” of the PRC and the “Water Law” of the PRC during the Reporting Period.

4.2. CLIMATE CHANGE

In response to the international community’s concerns about climate change, the Group has included climate change-related risks in one of the environmental, social and governance issues. The Group’s analysis and response strategy for the potential financial risks posed by climate change are as follows:

Risk Category	Potential Financial Impacts	Response Strategy
Physical Risk	The increase in electricity consumption due to weather changes such as persistent hot or cold weather, and its subsequent impact on operating costs	Adopting energy saving policies and green measures to avoid excessive consumption of natural resources
	As a result of climate change, extreme weather events, such as typhoons, seasonal storms and heavy rains, are likely to become more frequent in the future. It may lead to disruption and loss due to suspension of operations	The Group has formulated emergency plans to deal with extreme weathers, which aims to reduce disruption and loss due to suspension of operations.
Transitional risks	Policies and regulations More stringent climate policies and regulations (such as more stringent electricity restrictions) may increase compliance and operating costs	Strictly implementing emission reduction measures to maintain low emissions
	Market Consumers switching to products that more actively incorporate environmental concepts, resulting in lower income	The Group adheres to the concept of sustainable development and strictly controls its product manufacturing process, such as installing machines which are high energy efficiency.

Although the climate change risks identified by the Group will not have a significant impact on its business, the Group will also review the potential impact of climate change on its business annually and adopt appropriate measures to mitigate any potential risks.

4.3. SUSTAINABLE PRODUCTION

To reduce water and energy consumption, as well as to improve resource efficiency, the Group has implemented innovative manufacturing technologies. Also, the Group could minimise the environmental impacts of the resources use and the cost of labour by utilising the resource-efficient facilities.

4. PROTECTING THE ENVIRONMENT

In addition, the Group is dedicated to providing environmentally friendly products from raw materials procurement and product design to embed the concept of sustainability into the business operations. The Group prioritises the procurement of eco-friendly materials without compromising the quality such as organic cotton, Better Cotton Initiative (“BCI”) cotton, and recycled polyester and reuse of packaging materials during the procurement process and production process. For product design, potential environment impacts would be identified of the products by holistic life-cycle assessments.

4.4. WATER RESOURCES MANAGEMENT

Water is one of the crucial components of textile manufacturing and other operations of the Group. The Group has no issue on water sourcing. However, it strives to improve the conservation of water from the daily practices. Water is obtained from local municipal suppliers at both the Enping manufacturing facility and the Cambodia garment plant. The manufacturing factory in Nansha, on the other hand, uses both surface and municipal water. The Group complied with relevant laws and regulations regarding water usage and pollution, including the Water Pollution Control Ordinance, during the Reporting Period.

Water Conservation

To improve water efficiency and reduce the consumption of water, the Group has implemented several measures. The manufacturing plant in Nansha has upgraded the dyeing facilities, with the original dyeing tank being replaced by a smart water and energy efficient bleaching and washing range. Moreover, we also replaced high energy consumption and high-temperature overflow dyeing machine with high-efficiency, energy-saving and water-saving intelligent gas dyeing cylinders.

Water Pollution Control

The Group has set up its own water and sewage treatment plants in the manufacturing plants of Enping and Nansha. This does not only reduce the cost of sewage treatment but also mitigate the impact of wastewater discharge on the local aquatic environment. The treatment plants have included both primary and secondary water treatments with reverse osmosis and disinfection treatment to meet with the “Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry” (《紡織染整工業污染物排放標準》) (GB4287-2012) in China. To further reduce water usage and discharge, the Group reuses the water from textile dyeing process after treatment. In addition, the Group employs a centralised system to record and monitor the pollutant level of wastewater discharge, as well as to verify that all applicable regulations are met.

Target: Reduce water consumption intensity by 10% in 2030 compared to 2020.

Overview of Water Consumption and Wastewater Discharged			
	Unit	2022	2021
Total water consumption	m ³	4,841,258	5,850,965
Water consumption intensity in revenue ¹	m ³ /HKD'000 revenue	1.18	1.33
Total wastewater discharge	m ³	3,449,524	3,859,917
Wastewater discharge intensity in revenue ¹	m ³ /HKD'000 revenue	0.84	0.87

Note 1: The revenue in 2021 and 2022 were HK\$4,389.44 million and HK\$4,106.17 million respectively.

4. PROTECTING THE ENVIRONMENT

4.5. TARGETS FOR ENERGY EFFICIENCY AND GREENHOUSE GAS EMISSION MEASURES AND MEASURES TO ACHIEVE THEM

Owing to the Group's usage for printing and dye process of fabric, the demand for coal and electricity is high in the Group. In order to improve energy performances and lower consumption cost, the Group has applied different energy-saving measures and energy-efficient technologies. These measures include upgrading the water treatment plants, boilers and dyeing machines for efficiency improvements. In Nansha, new knit fabric manufacturing process, which is more energy saving, was adopted; High energy consumption and high-temperature overflow dyeing machines were replaced by high-efficiency, energy-saving and water-saving intelligent gas dyeing cylinders. In Enping, manufacturing factory replaced the old dyeing facilities, which help reducing energy and water consumption; heating system was improved by using boilers 15% – 25% higher efficiency than the former ones.

Target: Reduce the GHG emission intensity and total energy consumption intensity by 10% by 2030 as compared to 2020.

The Group realises the seriousness of climate change, so the Group is dedicated to controlling GHG emissions from its operations and helping to mitigate climate change. The primary source of GHG emission of the Group is diesel combustion, while the secondary source is electricity consumption.

Overview of Energy Consumption			
	Unit	2022	2021
Electricity ¹	kWh	127,827,154	125,413,941
Diesel ¹	L	175,507	307,377
Petrol ¹	L	71,570	108,077
Coal ¹	tonnes	168,593	206,067
Total Energy Consumption ²	kWh	1,315,234,352	1,457,515,616
Total Energy Intensity in revenue ³	kWh/HKD'000 revenue	320.31	332.05
Overview of Greenhouse Gas (GHG) Emission			
	Unit	2022	2021
Scope 1: Direct GHG emission ⁴	tonnes of CO ₂ equivalent (tCO ₂ e)	120,919	148,294
Scope 2: Indirect GHG emission ⁵	tCO ₂ e	77,859	49,661
Scope 3: Other indirect emissions ⁶	tCO ₂ e	2,615	–
Total GHG emission	tCO ₂ e	201,393	197,955
GHG emission intensity in revenue ³	tCO ₂ e/HKD'000 revenue	0.049	0.045

Note 1: During the Reporting Period, there were decrease in production quantity when compared to year 2021. Meanwhile, we relied more on electricity from power grid instead of using coal for electricity generation.

Note 2: 1 GJ = 277.778 kWh. Assume diesel energy intensity as 45.66 GJ/tonne, petrol energy intensity as 47.10 GJ/tonne and coal energy intensity as 25.30 GJ/tonne (Source: Energy Statistics Manual).

Note 3: The revenue in 2021 and 2022 were HK\$4,389.44 million and HK\$4,106.17 million respectively.

Note 4: Scope 1 GHG emissions refer to the direct emissions from sources owned or controlled by the Group, which include the combustion of coal and diesel for stationary machines and petrol and diesel for motor vehicles.

Note 5: Scope 2 GHG emissions refer to the indirect emissions resulting from the generation of the electricity which the Group purchased.

Note 6: Scope 3 GHG emissions refer to all indirect emissions (not included in Scope 2) that occur in the value chain of the Group, including both upstream (e.g. supply chain) and downstream (e.g. customers) emissions.

4. PROTECTING THE ENVIRONMENT

4.6. AIR POLLUTION CONTROL

The Group complied with relevant regulations and standards, including “Guangdong Province’s Emission Limits of Air Pollutants” (《大氣污染物排放限值》) (DB44/27-2011), “Emission Standards for Odour Pollutants” (《惡臭污染物排放標準》) (GB14554-1993), and “Emission Standard of Air Pollutants for Thermal Power Plants” (《火電廠大氣污染物排放標準》) (GB13223-2011) during the Reporting Period.

Air pollutants such as carbon nitrogen oxide (NO_x), sulphur oxides (SO_x), and particulate matter (PM) are produced during the dyeing process of textile manufacture. Designated staff are responsible for supervising the performance and conducting mitigations measures to ensure that air emissions reach the corresponding standards. The Group has applied Selective Non-Catalytic Reduction (SNCR) technology to remove the air pollutants from the exhaust and to reduce the air pollutants generated at the manufacturing plant. Apart from SNCR, the Group has installed monitoring devices at the chimneys to check for abnormalities and monitor the pollutants’ concentration levels.

Overview of Air Pollutant Emissions			
	Unit	2022	2021
SO _x	tonnes	31.99	19.27
NO _x	tonnes	87.48	79.23
PM	tonnes	20.92	9.88

4.7. WASTE MANAGEMENT

Hazardous waste

Hazardous waste that has not been processed would be extremely harmful to the environment. Sludge from sewage treatments, dyeing chemicals, dye containers, waste tarpaulins, and other chemical containers are the major hazardous waste generated by the Group. Also, the Group has formulated a rigorous waste storage management system and contingency plan to minimise the environmental impacts of hazardous waste and to avoid hazardous waste accidents. Designated staff are responsible to handle the hazardous waste following the “Hazardous Waste Management Guidelines”, where the staff label, sort, store, and deliver the hazardous waste to a qualified third-party waste management unit for treatment.

The Group complied with relevant laws and regulations, such as “Laws of People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢物污染環境防治法》) during the Reporting Period.

The Group has established a Hazardous Waste Management Team to supervise, coordinate, and conduct decision-making to manage the Group’s hazardous waste. To reduce the consumption of dyeing additives, the airflow dyeing machines has been installed to improve the first-time success rate of fabric dyeing. Besides, the Group prioritises the use of eco-friendly and non-toxic dyes to reduce hazardous waste at source.

4. PROTECTING THE ENVIRONMENT

Non-hazardous waste

The Group generates both hazardous and non-hazardous waste in the course of its regular operations. In terms of non-hazardous waste, this includes general waste at the office and packaging materials. The Group encourages employees to recycle, segregate, and reuse solid waste. Furthermore, the Group formed a Non-hazardous Waste Team to monitor the performance and disposal of non-hazardous waste. The Group generated 22,493 tonnes of non-hazardous waste during the Reporting Period, which was handled by qualified waste recycling companies.

Target: Reduce the emission intensity of hazardous waste by 10% in 2030 compared to 2020.

Overview of Generation of Waste ¹			
	Unit	2022	2021
Hazardous waste²	tonnes	75.7	234.4
Non-hazardous waste²	tonnes	22,493	30,576
Hazardous waste intensity in revenue³	Tonnes/HKD'000 revenue	1.84×10^{-5}	5.34×10^{-5}
Non-hazardous waste intensity in revenue³	Tonnes/HKD'000 revenue	0.005	0.007

Note 1: The waste data were only covered production plant in Nansha, Panyu.

Note 2: The decrease in hazardous and non-hazardous wastes were in line with the decrease in production during the Reporting Period.

Note 3: The revenue in 2021 and 2022 were HK\$4,389.44 million and HK\$4,106.17 million respectively.

5. CREATING A TIGHT-KNITTED WORKFORCE

5.1. ACQUIRING TALENTS

Adhering to the principle of people-oriented, the Group strongly believes that the employees are the valuable assets of its business. The Group strives to cultivate a harmonious workplace to all employees and protect their rights away from any forms of discrimination and harassment. Regardless of the gender, race, nationality, religion, age and other social attributes of the candidates, the Group provides a fair, open and transparent system to select the right candidates in the recruitment process. The Group would investigate and take prompt remediation in the case of misbehaviour. The Group also encourages employees to report on any unethical behaviour.

The Group sets up an age confirmation system strictly against forced and child labour. The system is implemented by the human resources department to verify the employee's age. The Group will immediately terminate the employment contract and assist the underaged labour to resume education once the case is discovered. For the forced labour, the Group would provide reasonable monetary compensations to them while terminating their contract. During the Reporting Period, no forced and child labour was found; the Group also complied with relevant laws and regulations, such as "Labour Contract Law of the PRC" and "Labour Law of the PRC" and "Hong Kong Employment Ordinance". The percentage of employees by gender, employment type, age group and geographical region is below:

		Employment Data		
		2022	2022(%)	2021(%)
By Gender	Male	3,348	49.7%	65.7%
	Female	3,395	50.3%	34.3%
By Ranking	Senior Management ¹	48	0.7%	0.7%
	Middle Management ²	76	1.1%	0.0%
	General Staff ³	6,619	98.2%	99.3%
By Age Group	30 or below	1,943	28.8%	28.1%
	31 – 50	3,733	55.4%	56.7%
	51 or above	1,067	15.8%	15.2%
By Geographical Region	Hong Kong	91	1.3%	1.2%
	China	3,919	58.1%	64.0%
	Cambodia	2,703	40.1%	34.8%
	Other Asian countries ⁴	30	0.5%	0.0%

Note 1: Senior Management refers to employees with grading above Manager

Note 2: Middle Management refers to employees with grading from Deputy Manager to Manager.

Note 3: General Staff refers to employees with grading below Deputy Manager.

Note 4: Other Asia countries include Singapore, Malaysia, South Korea, Macau, the Philippines, Fiji, Myanmar, and Thailand.

5. CREATING A TIGHT-KNITTED WORKFORCE

The following table shows the turnover rates of the Group's employees for the Reporting Period

Employment Data		
		2022(%)
By Gender	Male	44.2%
	Female	58.0%
By Ranking	Senior Management	6.1%
	Middle Management	6.5%
	General Staff	51.9%
By Age Group	30 or below	81.6%
	31 – 50	41.2%
	51 or above	30.5%
By Geographical Region	Hong Kong	5.6%
	China	32.8%
	Cambodia	82.4%
	Other Asian countries	11.6%
Overall Turnover Rate ¹		51.0%

Note 1: Turnover is defined as employees who leave the Group voluntarily or due to retirement, dismissal or other reasons. The turnover rate is calculated based on the following formula:

$$\text{Turnover \%} = \text{NELDY} / ((\text{NEBY} + \text{NEEY}) / 2)$$

Where:

NELDY = Number of Employees who Left During the Year

NEBY = Number of Employees at the Beginning of the Year

NEEY = Number of Employees at the End of the Year

5.2. CULTIVATING EMPLOYEES

A team of professional and talented employees is crucial to a company's business prosperity. As such, the Group is keen on investing and allocating resources to employees' training and development according to their roles and duties, as well as aligning with the future business development goals. For examples, the Group provides orientation training to new team members to help them understand their duties and company culture in order to be fit in their job place more quickly. Beyond the induction training, the Group provides a wide range of job-related skill training to enhance employees' professional skills, which includes dyeing quality control, quality enhancement and hazardous chemical use.

The following table shows the statistics in respect of development and training for the Reporting Period is set out below:

Statistics related on training		Employment Data		
		Training hours	2022(%)	Average training hours
Overall		67,572	84.9%	9.7
By Gender	Male	34,259	53.8%	9.8
	Female	33,313	46.2%	9.6
By Employment Type	Senior Management	1,003	1.7%	20.3
	Middle Management	6,028	9.2%	77.8
	General Staff	60,541	89.1%	8.9

5. CREATING A TIGHT-KNITTED WORKFORCE

The Group organised a wide range of staff activities to its employees to enhance their sense of belongings and unity. The activities include Tug of War Competition, Dragon Boat Festival and Mid-Autumn Festival Celebrations and Christmas Party.

Activities	Description
Tug of War Competition	Tug of War Competition was held to encourage employees to participate in sports event as well as to boost the cohesion between employees.
Dragon Boat Festival and Mid-Autumn Festival Celebrations	To celebrate Dragon Boat Festival and Mid-Autumn Festival, game booths were set, including Zongzi and traditional handcrafts workshops, guessing lantern riddles, paper lantern workshop and ring toss. These events aim to enrich the spiritual and cultural life of employees and help employees to relax from work stress.
Christmas Party	Christmas Party was organised to express gratitude to our employees for their hard work throughout the year and strengthen the communication between colleagues. Employees enjoyed festive meal and lucky draws were held to increase the attractiveness of the Party.

5.3. SAFEGUARDING EMPLOYEES

Health and safety of the employees concerned by the Group which committed to offering safe workplace to all staff. The Group implemented an occupational health and safety management system and review it regularly. The safety management procedures in the management system are as followed:

- Conduct at least one on-site inspections per year on each plant site to evaluate the effectiveness of accident preventive measures;
- Assess the safety condition of each plant by indicators such as “incidence rate for thousands of people” and “rate of accident loss for working hours per million”;
- Investigate the causes of any accidents, and implement mitigation and prevention measures; and
- Provide the support on laws, regulations, standards and professional knowledge

To minimize the impacts of COVID-19 to our employees, we implemented following COVID-19 preventive measures, which include preparing masks for all staff in the factories, not allowing people with abnormal temperature to enter the office and factories, launching PCR test for the whole factories, and cleaning and disinfecting the facilities more frequently.

For the purpose of minimizing the accident rate and injuries, the Group reviews and improved the safety facilities of the factory in a timely manner, such as providing industrial safety belts and harness to employees, maintain and repair equipment timely. Concerning the work-related fatalities, the number was zero in the past three years including the reporting year, while there was a total of 130 lost work days due to 16 occupational injuries in the Group during the Reporting Period. The Group will spare no effort to improve employees’ safety knowledge to prevent future injury. During the Reporting Period, the Group complied with all relevant labour laws and regulations, such as the “Production Safety Law of the PRC”.

6. INVESTING IN COMMUNITY

The Group proactively takes part in various community services to reveal its commitment on social responsibility, such as supporting local communities in the realm of environment and education. For example, the Group arouses the awareness of energy saving and emission reduction of the general public among the community.

During the Reporting Period, the Group has donated approximately HK\$671,000 to various local charity organizations. The Group will continue to support different charities and the building of community.

7. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

Environmental Performance	Unit	2022	2021
Gaseous Emissions			
SO _x	tonnes	31.99	19.27
NO _x	tonnes	87.48	79.23
PM	tonnes	20.92	9.88
GHG Emissions			
Scope 1: direct emission ¹	tCO ₂ e	120,919	148,294
Scope 2: indirect emission ²	tCO ₂ e	77,859	49,661
Scope 3: other emission ³	tCO ₂ e	2,615	–
Total GHG emissions	tCO ₂ e	201,393	197,955
GHG intensity in revenue ⁴	tCO ₂ e/HKD'000 revenue	0.049	0.045
Energy Usage			
Electricity ⁵	kWh	127,827,154	125,413,941
Diesel ⁵	L	175,507	307,377
Petrol ⁵	L	71,570	108,077
Coal ⁵	tonnes	168,593	206,067
Total energy consumption ⁶	kWh	1,315,234,352	1,457,515,616
Energy intensity in Revenue ⁴	kWh/HKD'000 revenue	320.31	332.05
Water Consumption			
Total	m ³	4,841,258	5,850,965
Water consumption intensity in revenue ⁴	m ³ /HKD'000 revenue	1.18	1.33
Wastewater Discharge			
Total	m ³	3,449,524	3,859,917
Discharged wastewater intensity in revenue ⁴	m ³ /HKD'000 revenue	0.84	0.87
Generated Waste			
Hazardous waste ⁷	tonnes	75.7	234.4
Non-hazardous waste ⁷	tonnes	22,493	30,576
Hazardous waste intensity in revenue ⁴	Tonnes/HKD'000 revenue	1.84x10 ⁻⁵	5.34x10 ⁻⁵
Non-hazardous waste intensity in revenue ⁴	Tonnes/HKD'000 revenue	0.005	0.007

Note 1: Scope 1 GHG emissions refer to the direct emissions from sources owned or controlled by the Group, which include the combustion of coal and diesel for stationary machines and petrol and diesel for motor vehicles.

Note 2: Scope 2 GHG emissions refer to the indirect emissions resulting from the generation of the electricity which the Group purchased.

Note 3: Scope 3 GHG emissions refer to all indirect emissions (not included in Scope 2) that occur in the value chain of the Group, including both upstream (e.g. supply chain) and downstream (e.g. customers) emissions.

Note 4: The revenue in 2021 and 2022 were HK\$4,389.44 million and HK\$4,106.17 million respectively.

Note 5: During the Reporting Period, there were decrease in production quantity when compare to year 2021. Meanwhile, we relied more on electricity from power grid instead of using coal for electricity generation.

Note 6: 1 GJ = 277.778 kWh. Assume diesel energy intensity as 45.66 GJ/tonne, petrol energy intensity as 47.10 GJ/tonne and coal energy intensity as 25.30 GJ/tonne (Source: Energy Statistics Manual).

Note 7: The decrease in hazardous and non-hazardous waste were in line with decrease in production during the Reporting Period.

8. ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section	Page No.
SUBJECT AREA (A) ENVIRONMENT				
A1: EMISSIONS				
A1	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	4.1 Environmental Management	9
	A1.1	The types of emissions and respective emissions data.	4.4 Water Resources Management 4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them 4.6 Air Pollution Control 4.7 Waste Management 7 Environmental Performance Data Summary	10-13, 18
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them	11
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.7 Waste Management	12
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.7 Waste Management	13
	A1.5	Description of emission target(s) set and steps taken to achieve them.	4.3 Sustainable Production 4.4 Water Resources Management 4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them 4.6 Air Pollution Control 4.7 Waste Management	9-13
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.7 Waste Management	12-13

8. ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section	Page No.
A2: USE OF RESOURCES				
A2	<i>General disclosure</i>	Policies	4.1 Environmental Management 4.3 Sustainable Production 4.4 Water Resources Management 4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them	9-11
	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).	4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them	11
	A2.2	Water consumption and intensity in total (e.g. per unit of production volume, per facility).	4.4 Water Resources Management	10
	A2.3	Description of energy use efficiency initiatives and results achieved.	4.5 Targets for Energy Efficiency and Greenhouse Gas Emission Measures and measures to achieve them	11
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.4 Water Resources Management	10
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group did not generate a significant amount of packaging material during the Reporting Period.	—
A3: THE ENVIRONMENT AND NATURAL RESOURCES				
A3	<i>General disclosure</i>	Policies	4 Protecting the Environment	9-13
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4 Protecting the Environment	9-13
A4: CLIMATE CHANGE				
A4	<i>General disclosure</i>	Policies	4.2 Climate Change	9
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.2 Climate Change	9

8. ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section	Page No.
SUBJECT AREA (B) SOCIAL				
B1: EMPLOYMENT				
B1	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	5.1 Acquiring Talents	14-15
	<i>B1.1</i>	Total workforce by gender, employment type, age group and geographical region.	5.1 Acquiring Talents	14
	<i>B1.2</i>	Employee turnover rate by gender, age group and geographical region.	5.1 Acquiring Talents	15
B2: HEALTH AND SAFETY				
B2	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	5.3 Safeguarding Employees	16
	<i>B2.1</i>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	The Group had no case of work-related fatalities recorded in the Reporting Period.	16
	<i>B2.2</i>	Lost days due to work injury.	The Group had 130 lost days due to work injury recorded in the Reporting Period.	16
	<i>B2.3</i>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Safeguarding Employees	16
B3: DEVELOPMENT AND TRAINING				
B3	<i>General disclosure</i>	Policies	5.2 Cultivating Employees	15-16
	<i>B3.1</i>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2 Cultivating Employees	15
	<i>B3.2</i>	The average training hours completed per employee by gender and employee category.	5.2 Cultivating Employees	15
B4: LABOUR STANDARDS				
B4	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	5.1 Acquiring Talents	14
	<i>B4.1</i>	Description of measures to review employment practices to avoid child and forced labour.	5.1 Acquiring Talents	14
	<i>B4.2</i>	Description of steps taken to eliminate such practices when discovered.	5.1 Acquiring Talents	14

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Aspect	KPI	Description	Statement/Section	Page No.
B5: SUPPLY CHAIN MANAGEMENT				
B5	<i>General disclosure</i>	Policies	3.1 Supply Chain Management	7
	<i>B5.1</i>	Number of major suppliers by geographical region.	3.1 Supply Chain Management	7
	<i>B5.2</i>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.1 Supply Chain Management	7
	<i>B5.3</i>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.1 Supply Chain Management	7
	<i>B5.4</i>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.1 Supply Chain Management	7
B6: PRODUCT RESPONSIBILITY				
B6	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	3.2 Responsible Textile Products	7-8
	<i>B6.1</i>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.2 Responsible Textile Products	7
	<i>B6.2</i>	Number of products and service-related complaints received and how they are dealt with.	During the Reporting Period, no significant products or services related complaints were received.	—
	<i>B6.3</i>	Description of practices relating to observing and protecting intellectual property rights.	3.3 Business Integrity	8
	<i>B6.4</i>	Description of quality assurance process and recall procedures.	3.3 Business Integrity	8
	<i>B6.5</i>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.3 Business Integrity	8

8. ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section	Page No.
B7: ANTI-CORRUPTION				
B7	<i>General disclosure</i>	Information on: (a) the policies; and (b) compliance	3.3 Business Integrity	8
	<i>B7.1</i>	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.	3.3 Business Integrity	8
	<i>B7.2</i>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	3.3 Business Integrity	8
	<i>B7.3</i>	Description of anti-corruption training provided to directors and staff.	3.3 Business Integrity	8
B8: COMMUNITY INVESTMENT				
B8	<i>General disclosure</i>	Policies	6 Investing in Community	17
	<i>B8.1</i>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Investing in Community	17
	<i>B8.2</i>	Resources contributed (e.g. money or time) to the focus area.	6 Investing in Community	17

