



KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

2020
**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**



COVID-19

* For identification purpose only

Table of Content

1. ABOUT THE REPORT	2
2. COMMUNITY INVESTMENT	4
3. ENVIRONMENTAL PROTECTION	6
3.1 ENERGY EFFICIENCY MANAGEMENT.....	7
3.2. NON-HAZARDOUS WASTE MANAGEMENT	7
3.3 ENVIRONMENTAL PERFORMANCE	8
4. EMPLOYMENT AND LABOUR PRACTICES.....	11
4.1 EMPLOYMENT AND LABOUR.....	11
4.2. TRAINING AND DEVELOPMENT	15
4.3 HEALTH AND WORK SAFETY	17
5. OPERATING PRACTICES.....	17
5.1 SUPPLY CHAIN MANAGEMENT	17
5.2 ANTI-CORRUPTION.....	19
6. HKEX ESG GUIDE CONTENT INDEX	20

ABOUT THE REPORT

Kaisun Holdings Limited and its subsidiaries (the “Group”) is pleased to present our Environmental, Social and Governance (“ESG”) Report (the “ESG Report”). The report involves environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment in ensuring that our activities, at all levels, are sustainable economically, socially and environmentally.

The board of directors of the Company (the “Board”) confirms that it bears the responsibility for integrity of the report. It has reviewed the report to ensure that all material ESG issues have been addressed and the report informs the Group’s stakeholders of the management approach and performance in management of ESG related matters.

REPORTING YEAR

The information in the ESG Report reflects the performance of the Group in the environmental and social aspects from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

REPORTING BOUNDARY

The scope of the ESG Report covers the environmental and social performances of the principal operating activities of the Group’s headquarters in Hong Kong and subsidiaries in the People’s Republic of China (the “PRC”), which include provision of supply chain management services for mineral business; and mining and metallurgical machineries production in Shangdong Province, the PRC. ESG work of our business operation conducted in other regions is planned to be discussed in future ESG Reports.

REPORTING GUIDELINES

The ESG Report is prepared according to the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) under Appendix 20 of the rules governing the list of securities on the Growth Enterprise Marketing (the “GEM Listing Rules) of The Hong Kong Exchanges and Clearing Limited. The information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by

the Group’s subsidiaries in accordance with the relevant rules of the Group. The Group complied with the “comply or explain” provisions set out in the ESG Guide during the Reporting Period. The Report is prepared in the Chinese and English languages and both versions are uploaded onto the Group’s website at www.kaisun.hk.

STAKEHOLDER ENGAGEMENT

With respect to relevant and material ESG matters regarding sustainability to our business, we identify the ESG issues that affects our stakeholders most in a continuous manner. We define our stakeholders as people who affect our business or who are affected by our business. Our stakeholders include the shareholders, employees, clients, suppliers, customers, environment and community. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. We are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions.

MATERIAL ESG ISSUES

With reference to the result of stakeholder engagement and the definition stated in the ESG Reporting Guide, the presentation of our ESG Report will divide those aspects and key performance indicators (“KPI”), which are considered to be relevant and material to the Group’s businesses and operations, into four subject areas: Environmental Protection, Employment and Labour Practices, Operational Practices and Community Contribution. A complete list of in compliance with the ESG Reporting Guide is also available at the end of this Report for reference.

FEEDBACK

If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group’s sustainability issues, please contact us via admin@kaisun.hk

2. COMMUNITY INVESTMENT

We are one of the few pioneers of the Belt and Road initiative in Hong Kong, we contribute to establish a strong bond between Hong Kong and the Belt and Road countries through a series of exchange and sharing activities.

In order to enhance people's understanding on the Belt and Road policy and some of the countries in these frontier markets, the Group, together with different respectable establishments collaboratively and regularly organize various conferences and seminars in relation to the Silk Road Strategy. Through these events, in addition to raising the awareness of the Belt and Road initiative to the public, we are also promoting cultural exchange between Belt and Road countries and Hong Kong.

Amid coronavirus, our effort to enhance Corporate Social Responsibility continued in 2020. We promoted cultural exchange between Hong Kong, Belt and Road Countries and Greater Bay Area in 2020 by supporting Silk Road Economic Development Research Centre. Major events in 2020 included co-organizing Belt and Road Events as follow:

April to August 2020 — Webinars

In 2020 amid coronavirus, webinars were co-organised instead of physical seminars so as to observe social distancing practice. Four seminars titled “The Silk Road Webinar Series” were organized as follow:

Date	Webinar Topic
24–29 April, 2020	Post pandemic development: Hong Kong and the world Session 1, 2, 3
19 June, 2020	Post pandemic business development potential in Belt and Road Malaysia (i) Trade and Investment Opportunities with Malaysia (ii) Starting your business in Malaysia (iii) Industrial and Commercial Properties in Malaysia

10 August, 2020

Risk of Crew Changes and Sustainability of Global Supply Chain during Covid-19 Pandemic

21 August, 2020

Why Hong Kong should be chosen as a venue for commercial dispute resolutions in the projects under the Greater Bay Area and Belt and Road Initiative



November 2020

“Greater Bay Area Conference: The way forward for Hong Kong” held on 18 November, 2020 was co-organized by Silk Road Economic Development Research Centre and China Daily.

Keynote address were delivered by Mr. Leung Chun-ying, Vice Chairman of the National Committee of the Chinese People’s Political Consultative Conference, and Chief Executive Mrs. Carrie Lam. Various distinguished speakers were invited.



When delivering the welcoming speech, Mr. Joseph Chan, Kaisun's Chairman, expressed his view that Hong Kong and cities in the Greater Bay Area can complement each other, and Hong Kong will not be replaced.

3. ENVIRONMENTAL PROTECTION

The Group considers that a healthy environment is crucial to the well-being of human beings and every one of our society, through providing the foundation of a sustainable economy. Because of this, we, as part of the planet Earth, believe our planet deserves our best thinking and investment.

In accordance with our environmental vision, the Group is committed to upholding high environmental standards to fulfil relevant requirements under applicable laws and regulations during the operation of our business. The Group continued to manage our environmental footprint via reducing our resource consumption and carbon emissions at all business levels throughout our operation.

3.1 Energy Efficiency Management

Electricity consumption is one of the major contributions to our greenhouse gas emission and energy footprints. The Group adopted a number of energy-saving initiatives and efficiency practices to reduce greenhouse gas emission and conserve energy usage, encompassing:

- indoor temperature is maintained at an optimal level for comfort;
- LED lighting system is set in the offices;
- employees are encouraged to turn off the computers, monitors and other personal electronic devices before they leave the office;
- office machines such as copiers and TV monitors are set to turn off automatically after office hours;
- telecommunication system is encouraged to avoid unnecessary travel arrangement;
- signages are put on at appropriate areas to raise the awareness of energy saving.

3.2. Non-Hazardous Waste Management

We are as committed as ever to conserving precious resources, believing that every small step will make a difference. Besides implementation of energy saving initiatives in the office, the Group also promotes other eco-friendly measures to reduce disposal of non-hazardous waste in our operation.

Contributing to our efforts to reduce paper usage, we have encouraged paperless solution for the operation. The electronic information system is encouraged for documents storage, material sharing or internal administrative documents. It considerably improves operational efficiency while helping create a paperless operation system, thereby contributing to waste reduction and resource conservation. When using paper, employees are encouraged to use double-sided paper, black and white or

recycled papers when printing or photocopying documents.



During the reporting period, the Group has generated approximately 25.73 tons of non-hazardous waste.

3.3 Environmental Performance

Throughout our operation, we consider environmental stewardship as an essential component of our corporate responsibility and are therefore exceptionally committed to promoting environmental protection activities in harmony with economic development.

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, our environmental performance of “Energy Use and Emissions” and “Resource Use” during the reporting period are tabulated as below.

Table 1 – Emissions and Resources

Energy Use and Emissions	Unit	2020
Electricity	kWh	157,059
Unleaded Petrol	L	32,606
Diesel	L	5,305
Greenhouse Gas Emissions	CO ₂ e (kg)	Scope 1 (Direct Emissions): 90,818 Scope 2 (Indirect Emissions from Purchased Electricity): 145,677
Nitrogen Oxides	g	94,088
Sulphur Oxides	g	565
Particulate Matter	g	16,144

Resource Use	Unit	2020
Paper	Piece (kg)	219,964 (1227)

In the future, the Group will continue to raise employees' awareness in environmental protection on an ongoing basis and perform our business with an environmentally conscious approach.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment and Labour

At the Group, we owe much of our success to a team of dedicated and talented workforce. We recognise that our people essentially form the foundation on which we fulfil goals and continuously drive our business to new levels of milestone. We are determined to provide a desirable workplace, continuous training and prospective career opportunities to our staff-members, focusing on getting the very best from the staff-members and helping them achieve their goals throughout their career path.

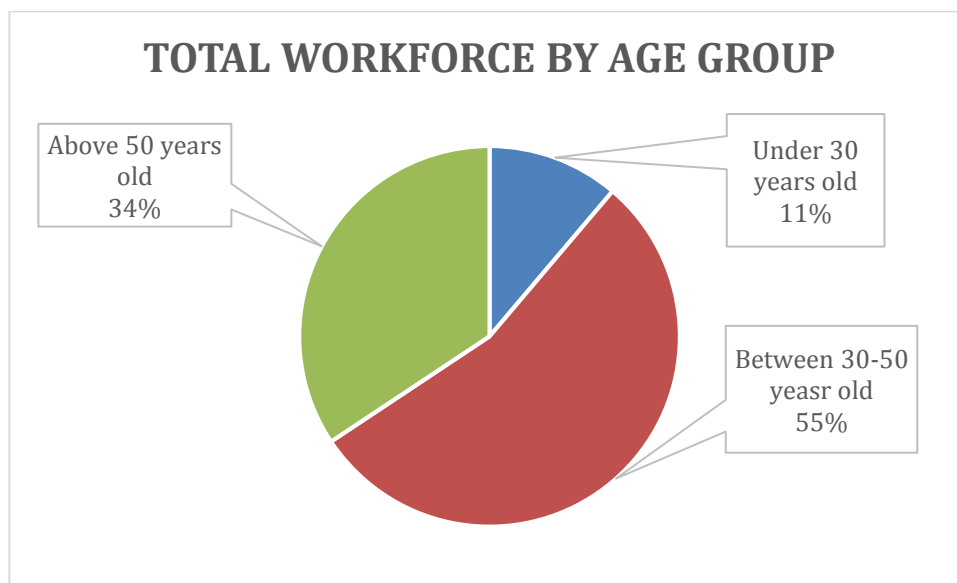
In our employee inclusion, we strictly follow the relevant laws and regulations and our employment policies to select candidates based on skillsets, experience and expertise. Equality and diversity is highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination.

Our employees are mainly located in Hong Kong and the PRC, we safeguard the rights of our employees by strictly complying with the requirements of the Labour Law of Hong Kong, Labour Law of the PRC and employment regulations related to compensation, welfare, working hours, rest periods, anti-child labour and anti-force labour. We continue to participate in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC. In Hong Kong, we provide medical insurance, disability and invalidity coverage, maternity leave, Mandatory Provident Fund (MPF) Scheme, incentive and bonus to all our applicable full-time employees. In addition, we strive to provide an inclusive work environment free from harassment and discrimination.

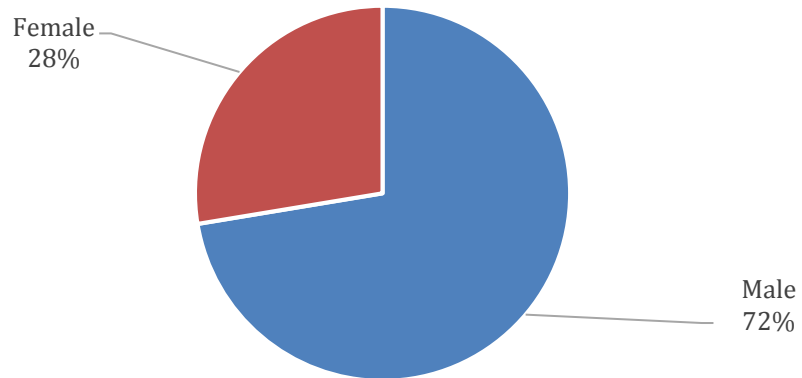
In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, the details of the workforce of the Group during the reporting period are tabulated as well as presented in graphs below.

Table 3 - Our Workforce

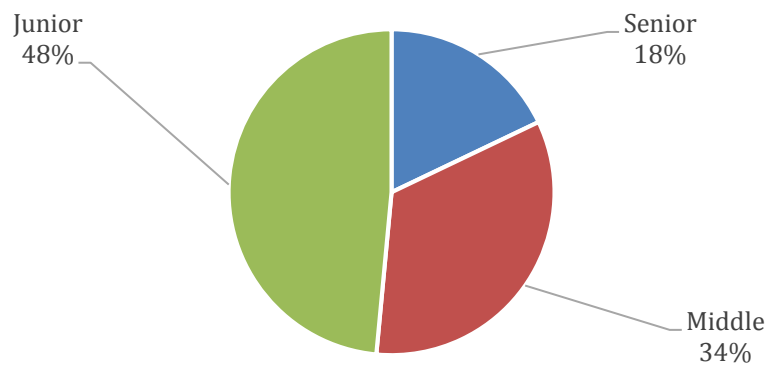
KPI B1.1	2020
Total Workforce	134

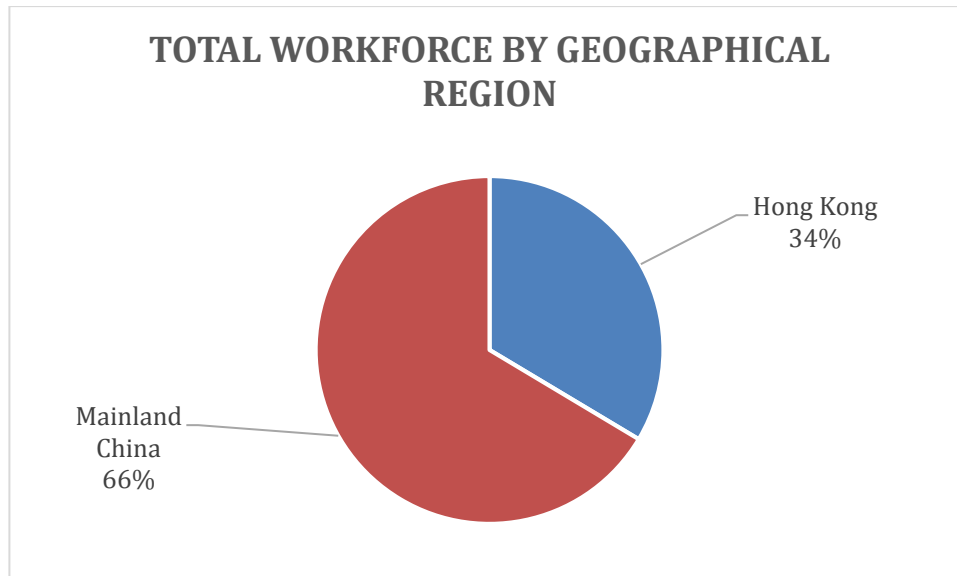


TOTAL WORKFORCE BY GENDER



TOTAL WORKFORCE BY EMPLOYMENT TYPE





KPI B1.2 Turnover Rate	
Overall	20.90%
By Gender	
Male	22.68%
Female	16.22%
By Age Group	
Below 30 Years Old	33.33%
Between 30 and 50 Years Old	20.55%
Over 50 Years Old	17.39%

KPI B2.1 Number and Rate of Work-related Fatalities	
Number of work-related fatalities	0
KPI B2.2 Lost Days due to Work injury	
Total no. of sick-leave days applied by employees due to work injury	0

4.2. Training and Development

The Group see each of the position is of unique professional and technical needs. Thus, we ensure that our professional training and development programs continuously evolve and create a listening culture through support and coaching.

For every new joiner, we provide a proper orientation training and mentoring in order to help them adapt to the new working environment quickly. Continuous internal training is committed by the Group in different ways including comprehensive training for specific skill developments and professional training for relevant employees.

Furthermore, the Group offers continuous training programs to the employees. Many on- and off-the-job training courses and programs are provided to help employees develop and maintain consistency, proficiency and professionalism. Structured training programs including courses, seminars and workshops available for staff at all levels with an objective of grooming and unleashing their full potential as well as facilitating organisational development and team synergies. Employees are encouraged to actively participate in these programs so as to equip themselves with updated skill-sets and knowledge for expanded career opportunities within the Group.

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, the details of the of training and development programs provided by the Group to employees during the reporting period of 2020 are tabulated.

KPI B3.1 Percentage of Employees who received Training	
Overall	52.24%
By Employment Level	
Senior	87.50%
Middle	75.56%
Junior	23.08%
By Gender	
Male	48.45%
Female	62.16%

KPI B3.2 Average Training Hours Received by All Employees	
Overall	15.24
By Employment Level	
Senior	28.77
Middle	18.42
Junior	8.05
By Gender	
Male	14.70
Female	16.66

Sense of belonging and morale of the employees drives the healthy growth of the Group. The Group constantly encourages open and direct communication between employees and management. The Group also organizes charitable and staff-friendly activities for employees, such as annual dinner and birthday gatherings, which are vital to strengthen staff relationship.

4.3 Health and Work Safety

Bearing in mind that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment for all employees are closely related, the Group has been attaching great importance to a comfortable and safe working environment for our employees which protect them from any potential occupational hazards.

The Group has offered various facilities to address the health and safety needs of our employees, encompassing:

- installing air purifiers in areas where are relatively crowded such as conference and meeting rooms;
- ensuring ample space between workstations and clean and tidy common space such as corridors and pantry;
- maintaining sufficient ventilation and lighting system in the offices;
- offering adjustable chairs and monitor screens for eye protection at each individual workstation.

During the reporting period, the Group has achieved zero work-related fatalities and lost days due to work injury.

4.4 Managing our work force to avoid outbreak of COVID-19 in our work place

To avoid the outbreak of COVID-19 in our work place, we provided sufficient supplies of personal protective equipment for our staff, and preventive measures were taken to ensure the health and safety of our employees, such as taking body temperature before staff are allowed into work premises including our offices and factories.

5 OPERATING PRACTICES

5.1 Supply Chain Management

As a responsible corporate citizen, one of our missions is to continuously integrate sustainability into our core business. In case we need to select our suppliers and contractors in the process of our business operation, we do not just consider economical and commercial factors in the tendering processes but whether they comply with all the applicable laws and regulations; safeguard workers' health and safety; and mitigate environmental impacts or not are also taken into account. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development.

As the core of our business, our trading and supply chain management service team not only considers commercial benefits during the tendering processes, but also assess their track records in relation to compliance with legal, ethical and social aspects such as use of child and forced labour, workplace health and safety, hours of work, compensation, benefits and wages, mitigation of environmental impacts, workplace and product safety, protocols against sexual and gender discrimination, protocols against harassment and abuse.

During the reporting period, due to the drop in business of the Group as a result of COVID-19, the number of suppliers of the Group dropped significantly to 11, of which, 5 of them are in Hong Kong and the remaining 6 of them are in regions other than Hong Kong and China.

We have developed a vendor and supplier selection mechanism in which we require our potential suppliers to comply with all the applicable laws and regulations and confirm their compliance with respect to safety, environment and social aspects. To maintain a good corporate control and governance, inspection and assessments may be conducted by the Group if deemed necessary.

5.2 Anti-corruption

The Group is committed to upholding a high standard of business ethics and to standards to prohibit bribery and corrupt practices. The Group strictly observes relevant legal and ethical requirements. Its staff handbook contains provisions regarding work conduct, discipline and anti-corruption, which are consistently implemented in daily operations and employee management, in order to protect and maintain the interests of the Group.

The Group conducts periodic and systematic fraud risk assessments and will effectively communicate its anti-fraud policy and procedures to all levels of employees. The Group will monitor the effectiveness of its control related to mitigating fraud risk and remedy any deficiencies identified internally and by any external parties such as auditors in a timely manner.

During the reporting period, there was no corruption cases involving the Group or its employees.

6. HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Protection	
KPI A1.1	Types of emissions and respective emissions data	Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	-	The Group has not identified any hazardous waste was produced in our core business

KPI A1.4	Total non-hazardous waste produced and intensity	-	No significant non-hazardous waste was produced by our core business
KPI A1.5	Description of measures to mitigate emissions and results achieved	Environmental Protection	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental Protection	
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental Protection	
KPI A2.2	Water consumption in total and intensity	-	The Group believes that our water consumption is mainly used for domestic purpose and no issues have been identified at this moment.
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental Protection	

KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	-	The Group believes that our water consumption is mainly for domestic use and no issues have been identified at this moment.
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	-	Use of packaging material is not applicable to our core business
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental Protection	
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on	Employment and Labour Practices	

	the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti – discrimination, and other benefits and welfare		
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices	
KPI B2.1	Number and rate of work-related fatalities	-	No work-related fatalities were recorded during the reporting period.

KPI B2.2	Lost days due to work injury	-	No lost days due to work injury were recorded during the reporting period
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices	
KPI B3.1	The percentage of employees trained by gender and employee category	Employment and Labour Practices	
KPI B3.2	The average training hours completed per employee by gender and employee category	Employment and Labour Practices	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on	Employment and Labour Practices	

	the issuer relating to preventing child and forced labour		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	-	No such incidents were reported during the reporting period.
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices	
KPI B5.1	Number of suppliers by geographical region	Operating Practices	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Practices	

Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	-	Not identified as material aspect
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	-	Not identified as material aspect
KPI B6.2	Number of products and service related complaints received and how they are dealt with	-	Not identified as material aspect
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	-	Not identified as material aspect
KPI B6.4	Description of quality assurance process and recall procedures	-	Not identified as material aspect

KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	-	Not identified as material aspect
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Practices	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	-	No concluded legal cases regarding corrupt practices were brought against the issuer or its employees during the reporting cases.
KPI B7.2	Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored		At this moment, the Group has no whistle-blowing procedure and is planning to review the feasibility and appropriateness of it in the coming years.

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Community Investment	
KPI B8.1	Focus areas of contribution	Community Investment	
KPI B8.2	Resources contributed to the focus areas	Community Investment	