

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

2021

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CHINA FORDOO HOLDINGS LIMITED  
中國虎都控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 2399

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## ABOUT **FORDOO**

Fordoo is one of the leading menswear enterprises in the PRC. We focus on the design, sourcing and sales of our own branded menswear apparel products and brand licensing.

# Environmental, Social and Governance Report

## A. About the ESG Report

The board of Directors (the “Board”) of China Fordoo Holdings Limited (the “Company” together with its subsidiaries, the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”) which has been prepared in accordance with the ESG Reporting Guide (the “ESG Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Board has reviewed and approved the report and is pleased to publish the 2021 ESG policies of the Group and the key performance indicators (“KPIs”) required to be disclosed.

This Report highlights the Group’s management and strategic approach, priorities and commitment to environmental and social aspects. During the period from 1 January 2021 to 31 December 2021 (the “Year”), the Group has outsourced the manufacturing process completely, hence the environmental performance shall not be comparable with prior years, which we adopted a mixed approach of self-manufacturing and outsourcing. Unless otherwise stated, the Report focuses on the ESG performance of the Group during the Year in respect of its three major subsidiaries in the People’s Republic of China (the “PRC”) engaging menswear apparel business, namely Fordoo (China) Industrial Ltd., Co (虎都(中國)實業有限公司), Quanzhou Fordoo Commercial and Trading Company Limited (泉州虎都商貿有限公司) and Beijing Haoyin Clothing Co., Ltd. (北京浩垠服飾有限公司).

### A1: Reporting Standard

The Report complies with the disclosure requirements set out in the ESG Guide. An assessment of the applicability and materiality of the relevant KPIs under the ESG Guide was conducted.

### A2: Reporting Principles

The following principles are adopted in the Report:

- **Materiality:** Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues, with results approved by the Board.
- **Quantitative:** The relevant standards, methodologies and assumptions used to prepare the quantitative information are disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.
- **Consistency:** Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.
- **Balance:** The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

# Environmental, Social and Governance Report

## **A3: Governance On ESG Aspects**

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management has delegated the responsibility of coordinating the implementation of the Group's environment, employment and service quality assurance policies.

The Board leads and provides direction to management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board continues to explore ways to further strengthen the ESG governance of the Group. The Board reviews ESG affairs regularly, including environmental protection, employment and labour practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group. ESG-related goals and targets and all identified sustainability risks and opportunities which may impact the Group are reported to the Board at least on an annual basis.

## **A4: Stakeholder Engagement**

Stakeholder engagement is the core element of the Group's sustainable development. Focusing on the establishment of a regular communication mechanism for stakeholders, the Group has set up online and offline communication channels to demonstrate to the stakeholders the strategic planning and performance of sustainable development and to consult their opinions and needs in a timely manner so that the Group's business practices would align with stakeholders' expectations.

The Group's stakeholders include its shareholders, staff, government and regulatory authorities, customers, suppliers, communities, shareholders/institutional and individual investors, etc. The Group will engage in discussions with its stakeholders on relevant issues through various channels. Set out below are the communication channels between its stakeholders and the Group, as well as the expectations and demands of its stakeholders:

# Environmental, Social and Governance Report

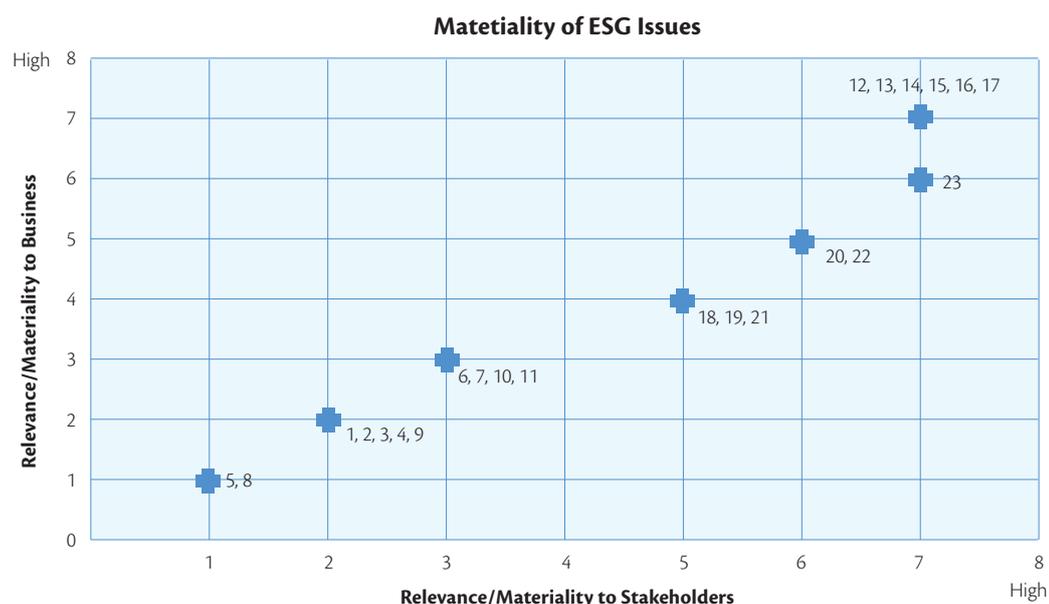
Stakeholders	Expectations	Communication and feedback
Shareholders	Financial results Corporate transparency Sound risk control	Growth in profitability Regular disclosure of information Optimisation of risk management and internal control
Staff	Platform for career development Salaries and benefits Safe working environment	Promotion mechanism Competitive salaries and employee benefits Provision of employee training and improvement in safety awareness
Government and regulatory authorities	Compliance with rules and regulations Paying tax according to the law	Operational compliance Full payment of tax when due
Customers product	Standards of logistics and delivery	Monitoring of delivery status with the tracking system
Operational compliance	Security of customer information Protection of customers' rights and interests	Protection of customer privacy Marketing compliance
Suppliers and subcontractors	Cooperation with integrity Business ethics and creditworthiness	Establishment of a responsible supply chain Performance of contracts according to the law
Communities	Environmental protection  Job opportunities	Use of environmentally friendly and energy-saving equipment Provision of job opportunities
Shareholders/institutional and individual investors	Annual general meetings and notices with shareholders Regular corporate publications Issue of circulars and announcements	Establishment of a platforms for communications Results announcements Increase in transparency of corporate development in due course

# Environmental, Social and Governance Report

## A5: Materiality Assessment

In the Year, the Group conducted a comprehensive materiality assessment to identify the environmental, social and operational issues which have the most significant impacts on the Group's business and the relevant issues concerned by stakeholders.

With reference to the scope of the disclosure as required under the ESG Guide, as well as taking into consideration of its business features, the Group had identified and determined 23 issues covering greenhouse gas ("GHG") emission, energy consumption, employee welfare, occupational health and safety, training and development, supply chain management, customer privacy, anti-corruption, and community investment and other aspects with respect to business operation.



Environmental Aspect	Social Aspect	Operational Aspect
1. GHG emission	10. Engagement of local community	18. Economic value generated
2. Energy consumption	11. Community investment	19. Corporate governance
3. Water consumption	12. Occupational health and safety	20. Anti-corruption
4. Waste	13. Labour standards in supply chain	21. Supply chain management
5. Environmental impact of business operation	14. Training and development	22. Customer satisfaction
6. Use of natural resources and packaging materials	15. Employee welfare	23. Customer privacy
7. Customer engagement in environmental issues	16. Inclusion and equal opportunities	
8. Use of chemicals	17. Talent attraction and retention	
9. Climate change		

# Environmental, Social and Governance Report

## A6: Reporting Access

The Report is prepared in both English and Chinese languages. In case of any inconsistency, the English text of the Report shall prevail over the Chinese text.

The electronic version of this Report is available at the following websites:

- (1) [www.hkex.com.hk](http://www.hkex.com.hk)
- (2) [www.fordoo.cn](http://www.fordoo.cn)

## B. Environment and Resources

The Group recognises its responsibility to protect the planet and preserve its beauty and resources for the next generation. The Group stands by the commitment of using resources wisely and efficiently, reducing waste and minimising GHG emission.

### B1: Emissions Management

#### Air and GHG emissions

Pollution factors such as nitrogen oxides (“NO<sub>x</sub>”), sulphur oxides (“SO<sub>x</sub>”) and particulate matter (“PM”) are mainly generated from the company’s vehicles. The main sources of the Group’s GHG emissions were directed emissions from the mobile combustion sources (“Scope 1”) and indirect emissions arising from the emissions related to acquired electricity (“Scope 2”).

Type of emission	Unit	Target	Emission	
			2021	2020
<b>Air emissions</b>				
Nitrogen oxides	kg	5.0	<b>5.2</b>	5.2
Sulphur oxides	kg	0.1	<b>0.2</b>	0.2
Respiratory suspended particles	kg	0.3	<b>0.4</b>	0.4
<b>GHG emissions</b>				
Scope 1 — fuel combustion	kgCO <sub>2</sub> e	30,000	<b>35,315</b>	34,368
Scope 2 — electricity consumption (note (i))	kgCO <sub>2</sub> e	1,200,000	<b>1,365,858</b>	1,342,228
Total emissions	kgCO <sub>2</sub> e	1,230,000	<b>1,401,153</b>	1,376,596
Revenue from menswear apparel business	RMB million		<b>275</b>	270
Emission intensity (Total emissions/Revenue)	kgCO <sub>2</sub> e per million RMB revenue		<b>5,095</b>	5,099

Note:

- (i) restatement of data for the year 2020 was based on improved ways of measuring data

Electricity consumption is the major source of our GHG emissions which has included the consumption of communal electricity of our headquarter in Quanzhou. Given electricity consumption contributes to a significant portion of the Group’s GHG footprint, we are committed to using energy in a more efficiently manner so as to manage our impacts. Parts of our headquarter in Quanzhou are currently undergoing renovation works, upon the completion of renovation works, the consumption of electricity is expected to decrease.

# Environmental, Social and Governance Report

The Group is aware of the emissions generated from its operations. Since the Group's operations involve distribution of products and visiting various sales locations, which result in air and GHG emissions from mobile combustion, the Group strives to plan and adjust transportation routes to maximise the cost effectiveness while preventing emissions. The Group plans to increase overall portfolio energy efficiency from existing levels whenever possible and reduce the Group's energy consumption. The Group will minimise emissions from vehicles by optimising the transportation route.

## Solid waste management

The operations of the Group no longer involve any production and manufacturing process, hence, there is no production of hazardous waste. The major types of non-hazardous waste were generated at our offices, which included paper, carton boxes and domestic waste.

In order to reduce the consumption of carton boxes, all carton boxes are recycled only after repeated uses. The non-hazardous waste and non-hazardous waste intensity of the Year had decreased approximately 32% and 33%, respectively. The Group encourages its employees to separate and recycle the waste generated as much as possible. With recycling measures implemented, the Group believes that it can effectively reduce the amount of waste being sent to the landfill.

The non-hazardous waste produced was as follows:

	Unit	Target	2021	2020
Non-hazardous waste	kg	3,500	3,980	5,870
Non-hazardous waste intensity (Non-hazardous waste/ Revenue)	kg per million RMB revenue		14.5	21.7

The Group has constantly kept up-to-date the local legislations and standards for environmental protection. During the Year, the Group was not aware of any incidents of non-compliance with applicable environmental laws and regulations mentioned above.

## B2: Use of Resources

In our daily operation activities, various types of resources such as energy, water, paper and packaging materials were consumed. Reducing the consumption of resources does not only conserve the environment, but also lowers the operation cost and creates values to stakeholders. Therefore, we always make sure the use of resources to be as efficient as possible to help sustain the natural environment. Examples of control on our resources usages in our office are highlighted below:

- |        |  |
|--------|--|
| Energy | <ul style="list-style-type: none"><li>• Switch off lights when not in use and idle electrical appliances</li><li>• Encourage energy saving behaviour</li></ul>                                       |
| Water  | <ul style="list-style-type: none"><li>• Promote water-saving behaviour</li></ul>   |
| Paper  | <ul style="list-style-type: none"><li>• Encourage duplex printing</li><li>• Encourage the use of e-communication channels</li><li>• Re-use single-sided used papers, envelopes and folders</li></ul> |

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The consumption data recorded are listed as below:

Resources	Unit	Target	Consumption	
			2021	2020
Electricity consumption (note (i))	kWh	2,000,000	<b>2,238,415</b>	2,200,013
Electricity consumption intensity (Electricity consumption/revenue)	kWh per million RMB revenue		<b>8,140</b>	8,148
Water consumption	m <sup>3</sup>	70,000	<b>77,693</b>	157,468
Water consumption intensity (Water consumption/revenue)	m <sup>3</sup> per million RMB revenue		<b>283</b>	583
Petrol consumption	L	12,000	<b>13,042</b>	12,382
Petrol consumption intensity (Petrol consumption/revenue)	L per million RMB revenue		<b>47</b>	46
Diesel consumption (note (ii))	L		–	156
Diesel consumption intensity (Diesel consumption/revenue)	L per million RMB revenue		–	1

Note:

- (i) Restatement of data for the year 2020 was based on improved ways of measuring data
- (ii) The Group has replaced all diesel vehicles by environmental friendly petrol vehicles.

## Packaging materials

The packaging materials used by the Group are primarily plastic wrapping films and carton boxes, of which the sizes are determined according to the requirements of different customers. Despite the use of packaging materials for the Group's products, the Group makes every effort to minimise the wastage of resources.

	Unit	Target	2021	2020
Total packaging material used	kg	90,000	<b>92,543</b>	124,186
Intensity of packaging material used (Total packaging material used/revenue)	kg per million RMB revenue		<b>337</b>	460

## Electricity management

The Group implements green lighting in the workplace to reduce the usage of electricity. This involves installing energy-saving lights and using energy-saving light bulbs in the Group's office. The Group also encourages the employees to switch off the lights in the areas of the workplace that are not being used and to use natural light whenever possible as well as switch off their office equipment such as computers and printers at the end of the workday.

The plan of the Group is to increase overall energy efficiency from existing levels and reduce its energy consumption by adopting the above measures mentioned above.

## Water consumption

The daily water usage of the Group is mainly from cleaning routines and usage by staff at offices. The Group has no issue in sourcing water that is fit for purpose. To lower the water consumption level, we aim to take actions to enhance water consumption efficiency. For example, posing reminders about water saving near water facilities to encourage our employees to reduce the consumption of water. The Group will remind its employees to be conscious of their water consumption. When a water leakage is found, it will be repaired immediately to prevent water loss.

# Environmental, Social and Governance Report

## Solid waste separation and recycling program

The operations of the Group no longer involved any manufacturing and production. Production of waste was mainly attributed to the discarded packaging materials and domestic wastes of office. Therefore, the waste disposed is non-hazardous. During the Year, the Group did not notice any non-compliance issue about waste disposal. Measures for reducing and recycling the waste were put in place.



### Solid waste recycling station

Recyclable materials are temporarily stored in this recycling station, pending for recycling by authorised recyclers.

## Compliance with laws and regulations

The Group complies with the following laws and regulations in the PRC to guarantee the protection of environment during operation:

- Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》);
- Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》); and
- Law of the 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》).

# Environmental, Social and Governance Report

## **B3: The Environment and Natural Resources**

Due to the nature of the business, no significant environmental issue was noted in the business activities during the Year. However, the Group is well aware that its daily operational activities still generate emissions and consume resources. The Group is working on various sustainable development activities to ensure that the resources are used effectively in the ordinary course of business.

To minimise its impact on the environment, the Group is committed to carrying out environmental protection measures. The Group pays attention to relevant laws and regulations and continues reviewing its policies and practices to eliminate any risks involved.

The Group highly encourages the use of electronic means to replace paper for communication. The Group has also promoted double-sided printing and the recycling of used toner cartridges by a third party in order to minimise the effects of printing and paper usage on the environment.

The Group emphasises sustainable development and incorporates the environmental protection concept throughout the daily operational activities. The Group believes that our effort on environmental protection will become a part of our competitiveness, leading the Group to greater success in the future.

Due to the nature of the business, the Group does not have any direct and significant impacts on the environment and natural resources during its operation. By taking the green initiatives mentioned above, the Group is committed to mitigate the environmental impact and act in a manner that is both environmentally and socially responsible.

In order to strictly abide by laws and regulations, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other related regulations, the Group has established an environmental management system that conforms to the ISO 14001 standard, which effectively reduces pollutant emissions and resource consumption during operations.

# Environmental, Social and Governance Report



**Fordoo (China) Industrial Ltd., Co. has obtained ISO 14001 Environmental Management Systems Certificate, which is valid from 13 November 2021 to 16 February 2025.**

## B4: Climate change

We take a holistic view on the impact, risk and associated potentials associated with climate change and sustainability. In our industry, we regard ourselves as a participant in these issues with due regard to our scale of operation and the degree of participation in the product design, usage and climate appropriateness. Due diligence in terms of adhering to the ideals and principles of sustainability had been embedded in our sourcing process. We have to be mindful of the preceding climate changes, such as longer seasons and sharper rise and fall in average temperate. Through constant communications, regular negotiations and reviews with our business counterparts and customers, our teams strive to meet the objectives set forth by our Board. Our products are required to meet the emerging fashion trends, and our design teams stay robust and responsive to the current weather pattern. These requirements were subject to both national and internal trends and tastes. Abide these limitations, we believe our effort positively contributes to sustainability and is efficient in the overall management of climate risks.

### Environmental Targets Setting

FY 2021	Reviewed the Group's environmental performance
FY 2022	Explore improvement methods and resources available
	Develop measures and set targets
FY 2023 Onwards	Evaluate and monitor performance against baseline and targets regularly

# Environmental, Social and Governance Report

## C. Employees' Rights

The Group believes that a motivated and balanced workforce is crucial for developing a sustainable business model and driving long-term returns.

### C1: Employment Policy

The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies that contribute to the Group's success. The Group employs workers in strict compliance with the Group's human resources policies and the requirements of the relevant local laws and regulations of employment, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), including the following:

1. Working hours, holidays and statutory paid leaves are compliant with the requirements of the relevant local jurisdiction;
2. Salaries and related benefits are made in accordance with the local minimum wage (or above). Salaries are paid in full amount and on time each month;
3. Contributions to social insurance funds are made for regular employees; and
4. The Group has established an anti-discrimination policy and complied with the requirements of relevant laws.

There has been no occurrence of discrimination in the Group against race, region, nationality, age, pregnancy or disability in respect to employee recruitment, training, salary and promotion for the Year.

As at 31 December 2021, the Group had a total of 138 full time employees (2020: 166). The table below shows of the Group's workforce as at 31 December 2021.

		Staff distribution	Staff turnover rate (%)
Gender	Male	57	16%
	Female	81	36%
Age group	18–30	0	9%
	31–50	109	31%
	51 or above	29	35%
Rank	Senior management	7	0%
	Middle management	9	7%
	General staff	122	32%

# Environmental, Social and Governance Report

The remuneration of our employees includes basic salary and performance-based bonus. The Group makes contributions for the employees in relation to the mandatory social security funds, including pension, work-related injury insurance, maternity insurance, medical and unemployment insurance in accordance with applicable laws and regulations of the PRC.

The Group offers competitive remuneration to attract and retain talented staff members and welcomes any age range of people to join the Group as long as they are keen to learn and participate. Our remuneration packages are reviewed periodically to ensure consistency with the employment market. For the Year, the employee turnover rate was approximately 28.3% which was mainly contributed to resignation and retirement.

## **Compliance with relevant laws and regulations**

The Group was not aware of any material violation of the relevant laws and regulations having a significant impact on the Group's compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in the Year.

The Group strictly complies with relevant local laws and regulations relating to employment, including but not limited to 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》) and the Regulations on Wage Payment of Guangdong Province (《廣東省工資支付條例》). In addition, no significant fines or sanctions were imposed on the Group due to non-compliance with the relevant laws and regulations in the Year.

# Environmental, Social and Governance Report

## C2: Health and Safety

Our employees are provided with occupational safety education and training to enhance their safety awareness. The Group has also employed qualified assessors to carry out equipment maintenance and assess occupational hazards at the workplace on a regular basis.

Although the operations of the Group no longer involve production, Fordoo (China) Industry Co. Ltd, one of the major operating subsidiaries, still achieved the OHSAS 45001 certification, Occupational Health and Safety Management Systems Certificate, which is an international standard for occupational health and safety management systems and is valid from 13 November 2021 to 16 February 2025.



Smoking is prohibited at office areas of the Group. All office areas are equipped with fire extinguishers and fire alarms, and escape routes are available for employees.

# Environmental, Social and Governance Report

In view of the global spread of the COVID-19 pandemic, the Group has adopted a series of measures to protect the health of employees, including the establishment of Fordoo pandemic prevention and control team (“虎都疫情防控制小組”), and the release of the “Guidelines for Returning to Work Protection after Holidays” (“節後返崗防護指南”) to employees, which requires all employees to pay high attention to personal hygiene, wear masks and conduct temperature checks every day when they go to work, and we clean our offices every day.

Occupational health and safety statistics	2021	2020	2019
Number of lost days due to work injury	Nil	Nil	Nil
Number of work-related fatalities	Nil	Nil	Nil
Number of work injuries	Nil	Nil	Nil

## Compliance with relevant laws and regulations

In the Year, the Group was not aware of any material violation of relevant laws and regulations having a significant impact on the provision of a safe working environment and the protection of employees from the Group’s occupational hazards. The Group strictly complies with relevant local laws and regulations relating to health and safety, including but not limited to the Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and Industrial Injury Insurance Regulations of the People’s Republic of China (《中華人民共和國工傷保險條例》).

# Environmental, Social and Governance Report

## C3: Development and Training

The Group strongly believes that experienced and skilled staff plays an important role to success. The Group supports our employees to develop and enhance their knowledge, skills and work capability. Various training courses are regularly conducted to promote loyalty, occupational safety, sales fairs planning, quality control, customer servicing skills and product knowledge.

The Group not only arranges orientation programs for all new employees to adopt the corporate culture of the Group and self-development program for all employees to develop their soft skills but also provide training for staff at different employment grades.

- |                                       |   |
|---------------------------------------|---|
| Directors and Senior Management       | <ul style="list-style-type: none"><li>• corporate governance and updates on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements</li></ul> |
| Middle Management                     | <ul style="list-style-type: none"><li>• management and leadership skills</li><li>• Data analysis on customer satisfaction</li><li>• problem-solving skills</li></ul>                            |
| Workers and Quality Control Employees | <ul style="list-style-type: none"><li>• technical skill and knowledge</li><li>• safety guidelines and production procedures</li><li>• product quality control assurances</li></ul>              |

The training details of the staff for the Year are stated as follows:

	No. of staff attended training	Percentage of staff attended training	Average training hours completed
<b>By gender</b>			
Male	57	100%	5
Female	81	100%	7
<b>By rank</b>			
Senior management	7	100%	6
Middle management	9	100%	15
General staff	122	100%	15

# Environmental, Social and Governance Report

## C4: Labour Standards

The Group is committed to support its corporate value by complying with laws and regulations. The Group adopts a series of comprehensive policies and procedures regarding recruitment and labour use. We strictly prohibit child labour and forced labour from our employment.

An identity cards identification system has been installed and connected with Quanzhou Public Security Bureau (泉州市公安局). To ensure all newly recruited employees are over 18 years old, during the recruitment process, all applicants have to provide identity card for inspection and verification purpose. In addition, we also ensure all of our staff work consensually and are free from any form of forced labouring. All employment contracts are formulated based on relevant laws and regulations and all employees are required to sign the legally-binding employment contracts before the commencement of work.

### Compliance with relevant laws and regulations

The Group complies with the employment of the laws and regulations prohibiting child labour and forced labour, which mainly includes the following:

- Labour Law of the People's Republic of China (《中華人民共和國勞動法》);
- Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》);
- Law of the PRC on Protection of Minors of the People's Republic of China (《中華人民共和國未成年人保護法》); and
- Provisions on the Prohibition of Using Child Labour of the People's Republic of China (《中華人民共和國禁止使用童工規定》).

In addition, there was no material penalty or sanction due to non-compliance with the relevant laws and regulations in the Year.

## D. Operating Practices

The Group believes that a good reputation and sound operation management are integral parts of the long-term sustainable development of a company. The Group has always been committed to serving the industry in a responsible manner and contributing to the customers and society.

### D1: Supply Chain Management

The Group has established a set of stringent criteria to ensure that our suppliers and sub-contractors are up to the Group's standards so as to minimise the environmental and social risks of the Group's supply chain. The following criteria are considered in the selection of suppliers and sub-contractors.

On-time delivery and transportation — The products we ordered are delivered to our warehouses or our designated places on time.

Others — Other considerations include qualifications, business scale, production capacity, product quality, environmental measures, ethical standards and industry reputation of the suppliers.

In addition, the Group evaluates its suppliers' and sub-contractors' performance annually, which includes an assessment of product quality, production costs and product delivery time. The regular evaluation of their performance helps to maximise the value-for-money of our products. The Group seeks to constantly improve the evaluation process and evaluate suppliers and sub-contractors in a structured and systematic way. The Group expects our sub-contractors to meet the standards not only in terms of product quality and business ethics, but also in terms of the impacts on environment, society and corporate governance. The Group maintains close communications with suppliers and sub-contractors and shares the latest knowledge about products quality and safety, good employment and environmental practices. By conducting the evaluation and maintaining close communication with suppliers and subcontractors as mentioned, the Group closely monitors their business behaviour, and the management is responsible for recording any non-compliance. In turn, it enables the competitiveness of its products and improves the brand image. Suppliers and subcontractor who are not up to standard would be subject to re-evaluation before making further business dealings. During the Year, the Group had a total of 76 suppliers and subcontractors, which are mainly located in PRC.

# Environmental, Social and Governance Report

## D2: Product Responsibility

### Quality assurance

The Group takes pride in the delivery of high-quality products to our customers, not only because it is crucial to the health and safety of its customers and clients, but also the potential of attracting future business opportunities. The Group conducts quality control inspections upon receiving the products from the subcontractor to ensure the products comply with our specifications and are free from major defects.

In order to improve and maintain the quality of products provided, the Group pays attention to all complaints received via established communication channels, and reviews customers' opinions and comments regarding the products sold. Once a complaint is received, investigation and evaluation would be carried out. We would also take necessary corrective measures to ensure that the quality of our products is top-notch.

During the Year, no product was returned due to safety or quality problems nor complaint was received from customers.

### Privacy protection

In order to protect consumer data and privacy, client information is kept confidential by the sales department, and only authorised staff can access the information. The Group collects information from suppliers and customers for different purposes and takes appropriate procedures to ensure that the information collected is solely for lawful and relevant purposes. The Group sets out data privacy requirements in the company policies, under which customers' and suppliers' data would be used exclusively for matters relating to the Group's operation only. The Group strives to ensure that all collected data is refrained from unauthorised or accidental access, processing, erasure or other use.

### Intellectual properties

Intellectual property protection is requisite for innovation-driven development. The Group has established intellectual property management mechanisms continuously to strengthen intellectual property protection. During the Year, we strictly complied with the laws and regulations related to customer health and safety, advertising, labelling, intellectual property rights and privacy matters in all locations where we operate.

### Compliance with relevant laws and regulations

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning health and safety, labelling and privacy matters relating to products, including but not limited to Product Quality Law of the People's Republic of China《中華人民共和國產品質量法》, Law of the People's Republic of China on the Protection of Consumer Rights and Interests《中華人民共和國消費者權益保護法》, Advertising Law of the People's Republic of China《中華人民共和國廣告法》, Trademark Law of the People's Republic of China《中華人民共和國商標法》 and Personal Information Protection Law of the People's Republic of China ("PIPL")《中華人民共和國個人信息保護法》.

# Environmental, Social and Governance Report

## D3: Anti-Corruption

The Group has established its “Self-Discipline Regulations” to combat corruption and provided clear guidelines for our employees to prevent corruption. The Group also communicated with our employees and ensure that they are aware of our strong stance against corruption.

In order to raise the awareness of anti-corruption, the senior management of the Group has attended training held by legal professional in relation to the enforcement actions taken by HKEx due to misbehaviors of the senior management of listed company. To demonstrate our commitment to the highest standards of openness, accountability and probity, the Group has established a written whistle-blowing policy and reporting procedures under which any suspected misconduct or malpractice can be directly reported to our independent directors. These reporting procedures are designed to ensure a fair and independent investigation of each case. During the Year, there is no concluded legal cases regarding corrupts practices brought against the Group and our employees.

### Compliance with relevant laws and regulations

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud, and money laundering, including, but not limited to, the Company Law of the People’s Republic of China《中華人民共和國公司法》and the 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》; that would have a significant impact on the Group.

## E. Community Investment

The Group regards urban greenery as one of our core community concern initiatives. In the past few years, the Group has strived to greening and beautifying the urban living environment through various urban greenery activities. These included planting street trees around the community we located, enhancing existing greened areas, fertilisation, soil remediation and regular maintenance and preservation of trees and shrubs.

It is crucial that we continue to contribute to the sustainability and livability of our city. The Group are dedicated to nurturing and protecting the “green space” in the city by enhancing the sense of place and urban ecosystems.

Hong Kong, 10 May 2022