

FAMEGLOW HOLDINGS LIMITED

亮晴控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8603

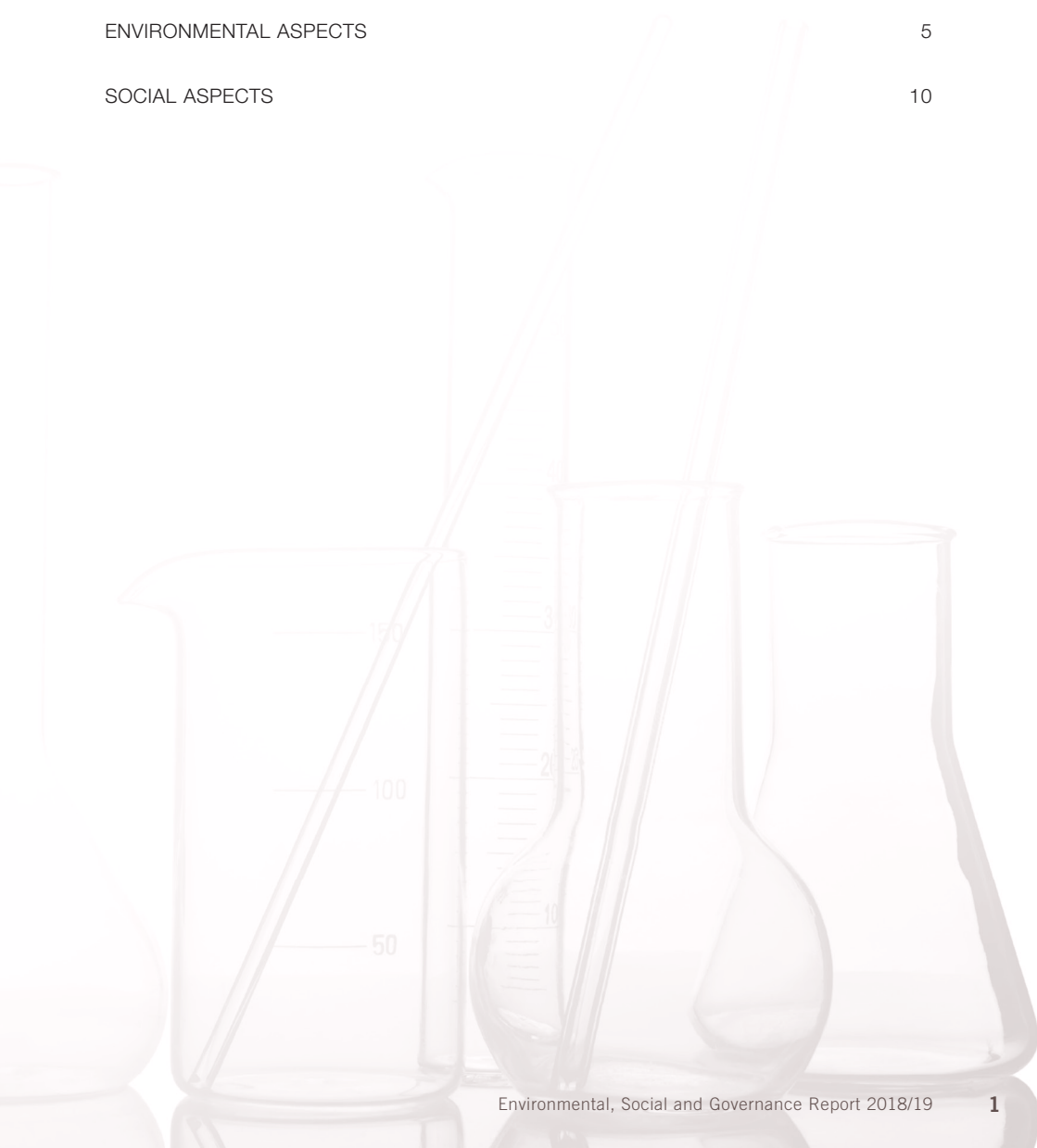


Environmental, Social
and Governance Report 2018/19

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ABOUT THIS REPORT

Fameglow Holdings Limited (the “Company” or “Fameglow” and its subsidiaries (collectively, the “Group”, “we”, “us” or “our”) are pleased to present its Environmental, Social and Governance report (“ESG report”) for the year ended 31 March 2019 (the “Reporting Period”).

We sincerely believe our continuous commitment to corporate and social responsibility to be crucial in pursuing our long-term core strategy of sustainable development. In addition to emphasizing the communication with key stakeholders, the Group commits to integrating business ethics and integrity in line with international standards into our corporate governance codes. We have established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community, and we strive to make efforts to care for the community during our business expansion.

Basis of Preparation

This ESG report describes our sustainability initiatives and performances during the Reporting Period, and addresses issues that we have identified as important to stakeholders and to the Group.

The report is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) contained in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

Scope and Reporting Period

The Group is a medical aesthetic service provider in Hong Kong and operates two medical aesthetic centres at prime locations in Causeway Bay and Tsim Sha Tsui under the brand “per Face” during the Reporting Period. The Group strives to provide holistic treatment solution to the clients through non-surgical medical aesthetic services, traditional beauty services and sale of skincare products to help the clients maintain and enhance their skin conditions and physical appearance.

The data presented in this report has been collected over the Reporting Period and includes all of our operations. Quantitative data in this report is from 1 April 2018 to 31 March 2019, unless otherwise specified. Details of our corporate governance and financial performances can be found in the 2018/19 Annual Report.

STAKEHOLDERS ENGAGEMENT

In order to understand the aspiration and concerns from the stakeholders in connection with the environmental and social activities of the Group, we have maintained interaction with them via various effective communication channels, with a view to perfecting our sustainability strategies in the interest of stakeholders and our ability to grow progressively. The Group's identified stakeholders and our main communication channels are listed in the following table:

Internal stakeholders

Types of stakeholders	Topics of concerns	Communication channels
Directors	<ul style="list-style-type: none">• Risk management• Enterprise reputation• Operation	<ul style="list-style-type: none">• Day to day operation• Meetings• Telephone or email
Employees	<ul style="list-style-type: none">• Vocational training and development• Remuneration and benefits• Health and safety• Working environment including equal opportunities	<ul style="list-style-type: none">• Meetings• Annual appraisal including promotion• Training• Day to day operation

STAKEHOLDERS ENGAGEMENT *(Continued)*

External stakeholders

Types of stakeholders	Topics of concerns	Communication channels
Government and regulatory authorities	<ul style="list-style-type: none">• Operational and corporate compliance• Commitment to social responsibility• Taxation	<ul style="list-style-type: none">• Published documents, including annual, interim and quarterly reports, announcements and circulars• Tax returns filing
Shareholders/Investors	<ul style="list-style-type: none">• Information disclosure and high transparency• Protection of shareholder's right and interest	<ul style="list-style-type: none">• Published documents, including annual, interim and quarterly reports, announcements and circulars• Shareholder meetings including annual general meeting• Company website
Customers	<ul style="list-style-type: none">• Safety and quality control on products and services• Aftersales services	<ul style="list-style-type: none">• Company website• Social media platform• Customer satisfaction survey
Suppliers	<ul style="list-style-type: none">• Supply chain management system and procurement process under regulation	<ul style="list-style-type: none">• Telephone or email• Meetings

ENVIRONMENTAL ASPECTS

EMISSIONS

The management of the Group retains the overall responsibility to ensure the Group's operation comply with the relevant local environmental protection laws, including the "Air Pollution Control Ordinance" (Chapter 311 of the Laws of Hong Kong), the "Waste Disposal Ordinance" (Chapter 354 of the Laws of Hong Kong), the "Water Pollution Control Ordinance" (Chapter 358 of the Laws of Hong Kong), the "Noise Control Ordinance" (Chapter 400 of the Laws of Hong Kong) and the "Product Eco-responsibility Ordinance" (Chapter 603 of the Laws of Hong Kong).

In order to ensure that the relevant business complies with the above-mentioned environmental regulations, we have implemented different measures in the following areas:

Air Emission

Emissions generated by the Group were mainly indirect Green House Gases ("GHG") emissions generated from the use of purchased electricity and business air travel by employees. Our employees are encouraged to use public transports to reduce the use of non-renewable energy resources, such as gasoline and diesel. During the Reporting Period, the Group has already been using electric motor vehicles to reduce the burden on the surrounding environment.

During the Reporting Period, the main air pollutant emissions generated by the Group's vehicles are as follows:

Vehicle exhaust emissions	Emissions	Unit
Nitrogen oxide (NOx) emissions	859.1	g
Particulate matter (PM) emissions	63.3	g

ENVIRONMENTAL ASPECTS *(Continued)*

EMISSIONS *(Continued)*

Air Emission (Continued)

During the Reporting Period, the GHG emissions generated by the Group's operations are as follows:

Total GHG emissions	Emissions	Unit
CO ₂ emissions of electric vehicles	1,891.3	kg
CO ₂ emissions generated by electricity consumption	117,846.8	kg
Other indirect GHG emissions	Emissions	Unit
CO ₂ emissions generated by air travel	12,706.1	kg
CO ₂ emissions generated by paper waste	4,644	kg
GHG emission intensity per capita	Emissions	Unit
CO ₂ emissions of electric vehicles	23.6	kg/capita
CO ₂ emissions generated by electricity consumption	1,473.1	kg/capita
CO ₂ emissions generated by air travel	158.8	kg/capita
CO ₂ emissions generated by paper waste	58.1	kg/capita

Note: The intensity is calculated based on the number of employees. At the end of the Reporting Period, 80 employees were employed by the Group.

ENVIRONMENTAL ASPECTS *(Continued)*

EMISSIONS *(Continued)*

Sewage

The sewage generated by the Group is mainly the water consumption in offices and medical aesthetic centres, which can be discharged and treated through sewage pipes.

Waste Management

Given the medical aesthetic services provided at our medical aesthetic centres may produce used or contaminated sharps such as syringes and needles as well as medical dressings, our Group is subject to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) and the Code of Practice for the Management of Clinical Waste-Clinical Waste Producers and Waste Collectors.

Each of Dermaglow Limited and Worldwide Beauty Limited, the subsidiaries of the Company, is registered under the Environmental Protection Department as a clinical waste producer. We are also in compliance with the requirements under the Waste Disposal (Clinical Waste) (General) Regulation by consigning the hazardous medical waste to a licensed clinical waste collector for delivery to a reception point or collection point and keeping such records for inspection upon request by the Director of Environmental Protection. During the Reporting Period, our medical wastes were approximately 59 kg.

The Group generates general non-hazardous wastes, which include paper, face masks, plastic gloves and plastic bottles. These non-hazardous wastes are collected and handled by the relevant property management companies of the buildings where our centres and offices are situated. During the Reporting Period, these non-hazardous wastes were approximately 2,193 kg. The Group's also ensures the safety of the disposal process of hazardous and non-hazardous wastes according to our internal policies.

ENVIRONMENTAL ASPECTS *(Continued)*

USE OF RESOURCES

The Group is committed to continue to monitor the use of resource and take the potential environmental impact into consideration when providing our non-surgical medical aesthetic services and selling skincare products, as well as to comply with relevant government policy and environmental regulations.

Energy consumption by the Group during the Reporting Period is set out below:

Type of energy	Energy consumed	Intensity (per capita)
Purchased electricity	167,433 kWh	2,092.9 kWh
Water consumption	110 m ³	1.4 m ³

Note: The intensity is calculated based on the number of employees. At the end of the Reporting Period, 80 employees were employed by the Group.

Paper Saving

In order to reduce the use of paper by staff, we encourage them to set the default printing as double-sided and use suitable font size/shrinkage mode to minimise pages, if possible. Also, we set waste paper recycling bins in office to manage paper resources properly and to reduce the burden laid on the environment by waste. During the Reporting Period, the total amount of recycled paper disposed at landfills is 967.5 kg.

Water Conservation

In order to encourage staff to save water, we have put up signs in offices and medical aesthetic centres to remind employees to reduce water consumption. During the Reporting Period, as the Group utilized the local water supply system, we did not find any problems in obtaining suitable water sources, the total consumption of the water is 110 m³.

ENVIRONMENTAL ASPECTS *(Continued)*

USE OF RESOURCES *(Continued)*

Electricity Conservation

The Group has replaced traditional light bulbs with energy saving bulbs, i.e. LED lights. Compared to traditional light bulbs, they are more energy-efficient and eco-friendly, thus reducing electricity consumption. We also maintain the temperature of air conditioners at an appropriate level and regular maintenance is scheduled to ensure proper temperature and energy efficiency. All electrical appliance should be set at energy saving mode where possible, whereas unnecessary lighting and power supply should be switched off when they are not in use.

Packaging Material Management

The major packaging material used in our business are mainly paper box and plastic bag. The consumption of those material during the reporting period is summarized below.

Packaging material	Quantity
Paper box	150
Plastic bag	120

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to environmental protection and has adopted and effectively implemented a number of measures to make efficient use of resources, reduce wastage and dispose of waste in an environmental-friendly manner. Unless otherwise stated, we believe we did not have a significant impact on the environment and natural resources in our daily operation during the Reporting Period.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group considers human resources is the key to success. Therefore, the Group strictly abides by the “Employment Ordinance”, the “Sex Discrimination Ordinance”, the “Disability Discrimination Ordinance”, the “Family Status Discrimination Ordinance” and the “Race Discrimination Ordinance”. In addition, the Group also makes and regularly updates relevant internal policies and regulations to ensure that each employee is treated equally and free from discrimination. During the Reporting Period, the Group did not notice any significant violations of the relevant laws and regulations listed above.

Employee recruitment and remuneration decisions are made on the basis of merits and working experience, including qualifications, industrial expertise, general aptitude and competence for the job the candidates are applying for. The Group commits to equal opportunity, and recruitment decisions are never based on gender, family position or ethnic background. There is no limit imposed on age other than the legal minimum age limit.

The Group has established and implemented “Staff Manual”, which contains the policies relating to human resources, covering areas such as compensation and dismissal, recruitment and promotion, salary, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare. Employees are also entitled to leave entitlements as set out in the “Employment Ordinance”, including annual leave, sick leave, volunteer work leave, maternity leave and paternity leave. We also fulfill our responsibilities as an employer in terms of making MPF contributions.

We endeavour to incentivise our staff for their contribution with an aim to improve our business performance. In particular, we have formulated an incentive scheme for certain front-line employees with their commission linked to the amount of sales of our treatment services. We offer the same commission rates which apply uniformly across all services we offer, including the sales of one-off treatment and prepaid packages.

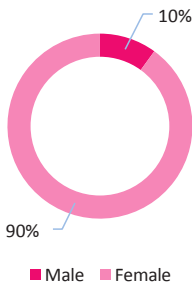
SOCIAL ASPECTS *(Continued)*

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

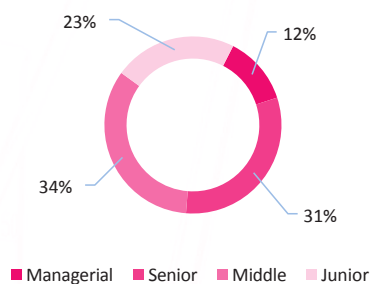
Employment (Continued)

As at 31 March 2019, the total number of employees of the Group was 80. The following figures are based on the total number of employees at the end of the Reporting Period.

Number of employee by Gender



Number of employee by Employee



Health and Safety

The Group is committed to provide a safe and healthy working environment for employees and visitors. Our offices and medical aesthetic centres implement safety procedures and good housekeeping practices in accordance with applicable regulations.

To raise our employees' awareness of health and safety issues, we provide training on topics related to occupational health and safety to all our employees and keeps them up-to-date with the latest knowledge on the mitigation of occupational hazards. Also, we have clear measures for our employees to follow in order to prevent infection, including how to ensure hand hygiene and requiring the staff not to wear accessories such as artificial nails or rings. We have implemented operational safety guidelines and manuals for performing treatment procedures and the use of treatment devices covering aspects including obtaining client consent, equipment requirements (such as safety goggles), explaining the sensation that the client may feel upon application of treatment devices on the skin, pre- and post-treatment examination of the client, emergency response protocols and the disposal of medical waste.

During the Reporting Period, there was no work injuries or fatalities reported, and no legal case regarding health and safety was brought against the Group.

SOCIAL ASPECTS *(Continued)*

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Development and Training

The Group places great importance on the continuing development of professional knowledge and skills for the employees. The Company believes that the continued growth and success of our business is built upon employee excellence and their ability to provide quality of services to our customers, and workforce retention.

The Group is committed to provide professional trainings to our trained therapists in order to provide quality services to our clients. Our trainings included both theoretical and practical trainings and our training program has been specifically formulated by our consultant doctors and training managers. We have also established our own training centre to strengthen the quality of our trainings offered to our staff. The Group believes that the ability to keep abreast of the latest trend in medical aesthetic services and to offer quality service will positively impact our client traffic, revenue growth and financial performance.

From time to time, our consultant doctors attend industry conferences, seminars and workshops as well as seminars organised by our suppliers on topics such as minimally invasive procedures and energy-based procedures to keep abreast of the latest developments in the medical aesthetic industry. To ensure our newly recruited doctor is well versed with our internal operating protocols and service standards, our chief executive officer would, together with the consultant doctors, go through our company policies and the orientation programme with such newly recruited doctor before such newly recruited doctor commences to serve our clients.

Labour Standards

According to “Employment of Children Regulation”, the Group has never hired any child labour or forced labour in compliance with the related Hong Kong laws and regulations. During our recruitment process, relevant staff from the human resources department would screen out candidates who fail to meet the age requirement for employment. In addition, the Group strictly complies with the “Employment Ordinance” (Chapter 57 of the Laws of Hong Kong), the “Mandatory Provident Fund Schemes Ordinance” (Chapter 485 of the Laws of Hong Kong), the “Occupational Safety and Health Ordinance” (Chapter 509 of the Laws of Hong Kong) and the “Minimum Wage Ordinance” (Chapter 608 of the Laws of Hong Kong) and their respective subsidiary legislations in Hong Kong.

SOCIAL ASPECTS *(Continued)*

OPERATION PRACTICES

Supply chain management

Reliable and quality suppliers are equally important in facilitating our provision of services with high standard of safety and professionalism.

Procurement of treatment devices/treatment consumables

We commit to delivering quality medical aesthetics services and endeavour to ensure treatment devices introduced for use in our medical aesthetic centres are reliable and capable of delivering desired results for our clients. We therefore have established policies and procedures to evaluate and assess treatment devices. We rely on our marketing and business development department to keep up with the prevailing technologies and conduct market research on the latest and prevailing treatment technologies and skincare product trends. In order to keep up with the latest industry trend and the prevailing technologies, our chief executive officer attends overseas industry expositions to get previews of the latest treatment devices. Periodic meetings are held among our executive directors, chief executive officer, consultant doctors and marketing and business development department to discuss the latest technologies and skincare products, during which our marketing and business development department may recommend the types of treatment devices to procure.

From time to time, suppliers of treatment devices visit us and demonstrate their treatment devices to us, which may also provide us with a trial period during which we can evaluate and assess the function and effectiveness of the treatment devices.

When deciding whether to procure a new treatment device, we take into account factors such as (i) whether it is approved by national government agencies such as the FDA and MFDS and/or whether such devices bear CE mark(s); (ii) whether there are similar devices on the market; (iii) whether it is complementary to our existing treatment offering; and (iv) our internal test results. The approval of our executive directors must be obtained before we procure a new treatment device and our executive directors will only make such procurement decision after consultation with our consultant doctors.

SOCIAL ASPECTS *(Continued)*

OPERATION PRACTICES *(Continued)*

Supply chain management *(Continued)*

Procurement of skincare products

The skincare products offered by us are supplied by distributors. The countries of origin of our skincare products include the Singapore, the United Kingdom, Korea, New Zealand and France. We select and source skincare products with due caution and with regard to factors such as the suppliers' background, credentials and reputation, product quality and cost. The approval of our chief executive officer must be obtained before we bring in any new skincare product for sale.

The Group has stringent policies for selecting suppliers. We consider factors including but not limited to, suppliers' reputation, safety records, past performance records, supply quality, price competitiveness, delivery punctuality, relationship with the Group, service quality and types of products supplied, when selecting suppliers. We review and assess suppliers' performance and qualifications regularly and update the approved supplier list accordingly. New suppliers are added onto the list of approved suppliers only if they meet the new admission criteria, and upon the approval by our executive directors.

Product responsibility

Quality Assurance

The Group is committed to delivering quality non-surgical medical aesthetic services. We have therefore adopted comprehensive and stringent quality assurance and control measures throughout our business processes which cover staff recruitment and training; performance of consultation and treatments; procurement of treatment devices, treatment consumables and skincare products; standardised operation procedures; and operational safety guidelines.

SOCIAL ASPECTS *(Continued)*

OPERATION PRACTICES *(Continued)*

Product responsibility *(Continued)*

Quality Assurance *(Continued)*

Recruitment of professional staff

We assess, among others, the academic and professional qualifications, years of relevant experience as well as the character and integrity of registered medical practitioners and therapists during our selection process. We generally prefer to engage registered medical practitioners with at least five years of practising experience in the medical aesthetic service industry prior to joining our Group. For therapists, we generally prefer candidates who have obtained relevant beauty service qualifications or with at least three years of relevant experience in the medical aesthetic service industry.

Performance of consultation and treatments

The carrying out of consultation services that involve the practice of medicine, medical diagnosis, prescription of pharmaceutical products and medicines (each as defined under the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong)) and certain types of treatments (such as injection of botulinum toxin type A and dermal fillers) constitute the practice of medicine and therefore must be carried out by registered medical practitioners pursuant to the Medical Registration Ordinance (Chapter 151 of the Laws of Hong Kong). Our consultant doctors carry out such consultation services and high risk treatment procedures. Generally, all treatments with risk of severe complication or potential risk of irreversible damage to the eye or tissue damage including nerve injury, muscle burn, fat necrosis or skin necrosis will be considered as high risk treatment procedures under our generally adopted practice and must be performed by consultant doctors only.

Customer Data Information Protection

The Group is subject to, among others, the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), which limits the use of personal data of clients collected by us for such purposes for which they were collected or for a directly related purpose. During the Reporting Period, the Group did not receive any complain in relation to the relevant laws and regulations listed above.

SOCIAL ASPECTS *(Continued)*

OPERATION PRACTICES *(Continued)*

Anti-Corruption

The Group is committed to conducting all businesses without undue influence and has regarded honesty, integrity, and fairness as its core values that must be upheld by all directors and employees at all times. To formalise the commitments, a series of policies and handbooks are in place to set out the requirements expected of all directors and employees when dealing with its business. Some of the guiding documents include:

Code of Conduct Policy

- Neither directors nor employees shall obtain or provide benefit to clients, contractors, suppliers or people with business relationship with the Group;
- Employees should avoid any conflict of interest, and when actual or potential conflict of interest arises, the directors or employees shall make a declaration to the management; and
- Accepting gifts must be declared. All directors and employees are required to strictly follow the section headed “Acceptance of Advantages and Entertainment” in Code of Conduct and have to undergo the approval process as stipulated in that policy.

Whistleblowing Policy

- Providing the necessary mechanism for employees who report misconduct within the organisation.

During the Reporting Period, the Group was in compliance with the Prevention of Bribery Ordinance (Cap. 201) and no legal cases regarding corrupt practices was brought against the Group or its directors or employees.

SOCIAL ASPECTS *(Continued)*

COMMUNITY

Community Investment

The Group is committed to caring for our community. We hope that we can contribute and give back to the community during all areas of our business. We also promote the message of caring for community to our employees and encourage our employees to participate in community services. The Group has been honoured as a “Caring Company” by The Hong Kong Council of Social Service for the years from 2016 to 2019.

During the Reporting Period, the Group made charitable and other kinds of donations amounting to approximately HK\$8,100.