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APPROACH

The report starts with our mission and values to determine the focus of our resources, i.e. To become the leading manufacturing and trading of knit-to-shape garment company trusted by premium brands in value creation and innovation, and to partner with leading brands in making the best lifestyle products to meet and create consumer demand in knitting garments & related products.

With integrity and purpose, Pak Tak delivers a unified voice on key legislative and regulatory issues. Pak Tak enables a collaborative forum to promote best practices and innovation. We look at issues that may have a reputational impact or may pose a risk to the Group in the short, medium or long term. Issues that are important to our stakeholders, such as consumers, non-governmental organizations (NGOs) and employees, are also crucial to us. We actively develop opportunities with a focus on comprehensive work ethic to ensure the continued success and growth that will benefit our suppliers, consumers and the environment.

The ESG report emphasizes the balance between business needs, social demand and environmental concerns. The integration of sustainability into our business strategy as well as daily operations is a must. To deal with issues effectively, the understanding and interaction with our employees, consumers and stakeholders are of the highest priority. We believe that the thoughtful management of ESG issues is an essential part of long-term success in a rapidly changing world. With careful and better understanding of ESG risks and opportunity, Pak Tak will be better positioned in diminishing waste, allocating resources and changing consumer demands, even though increased regulation is expected to pose greater challenges. In addition, we believe that our expertise, capital, capabilities, and ownership model can be part of the solution to some of the challenges that communities around the world are already facing, such as the need for waste management and develop an effective workforce. We believe the key to success is to make informed decisions by thoroughly and carefully considering ESG issues.

Finally, the following sustainability strategy is applied to all the work streams:

- 1. To achieve environmental sustainability
- 2. To respect human rights and social culture
- 3. To engage with stakeholders
- 4. To support our employees
- 5. To sustain local communities

ABOUT THIS REPORT

Report Profile

This Report communicates Pak Tak's significant environmental, social and managerial performances during the financial year of 2016/2017 as well as its long-term commitment to ESG. This year's ESG report is Pak Tak's first step and mainly focuses on the Dongguan plant, the main operation of the Group. It describes Pak Tak's progress in its way towards creating sustainable value for its shareholders and other stakeholders.

Report Scope and Boundary

This Report contains information that is material to understand Pak Tak's ESG practices and assess Pak Tak's ESG performance in its daily operations in Hong Kong as well as the business activities conducted by its representatives and factories in Dongguan.

In addition to interior factors such as our organizational values, strategy and core competency that contribute to our sustainable development, Pak Tak has communicated with interior and exterior stakeholders and considered the ESG challenges reported by other competitors to decide and prioritize material topics within this Report. The material ESG issues are those which have or may have a significant impact on:

- Dongguan's manufacturing industry;
- the global garment market;
- the environment or society now or in the future;
- our financial performance or operations; or
- our stakeholders' assessments, decisions and actions.

In preparing this Report, we used selected global, local and industry standards or best practices including the Hong Kong Stock Exchange's ESG Reporting Guide and applicable accounting and financial reporting standards in Hong Kong. Financial data is extracted from or calculated based on Pak Tak's audited annual accounts for the year ended 31 March 2017.

A feedback form is published online to enable readers of our CSR reports to provide their comments on our CSR reporting or recommend ESG improvements. Although there were no specific programmes to engage stakeholders outside of the Group when this Report was being prepared, we have included the key issues which are of concern to different stakeholder groups based on our continual engagement with them. Comments and suggestions regarding our ESG performance are always welcome and can be sent to Pak Tak's email at info@paktakintl.com.

ABOUT PAK TAK

Our Business

Pak Tak stands out from its competitors through its expertise in producing high quality clothing and specialisation in creating crocheted, hand embroidered and beaded work of exquisite detail. Pak Tak produces a broad selection of quality clothing including men's wear, ladies' wear and children's wear. While Pak Tak's main focus is on hand-knitted and machine-knitted garment. We also make a range of non-knitwear clothing such as sportswear.

Vision

To become the leading manufacturer of knitted garments.

Mission

To partner with leading brands in making the best garments products to meet and create consumer demand

Goals

Best product/quality/delivery/service/cost.

Board of Directors

As of the date of this report, the Board consists of:

Chairman & Chief Executive Officer	Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
Mr. Wang Jian	Mr. Qian Pu	Mr. Law Fei Shing	Mr. Liu Kam Lung
		Mr. Shin Yick Fabian	Mr. Xie Xiaobiao
			Mr. Zheng Suijun

OUR STAKEHOLDERS

Pak Tak actively seeks every opportunity to understand and engage our stakeholders to ensure improvement can be implemented to our products and services. We strongly believe our stakeholders play a crucial role for sustaining the success of our business.

Stakeholders	Possible concerned issues	Communication and responses
HKEx	Compliance of listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements
Government	Compliance of laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, stable demand.	Site visits
Investors	Corporate governance system, business strategies and performance, investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, financial reports or operation reports for investors, media and analysts
Media & Public	Corporate governance, environmental protection, human right	Company's web site updates
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, after-sales services
Employees	Rights and benefits, employee compensation, training and development, work hours, working environment.	Conducting union activities, trainings, interviews for employees, internal memos, employee suggestion boxes
Community	Community environment, employment and community development, social welfare.	Developing community activities, employee voluntary activities and community welfare subsidies and donations.

ENVIRONMENTAL

Overview

At Pak Tak, we understand that a healthy environment is the foundation for economic progress and well-being for the society. As a leading garment manufacturer, our commitments to the environmental sustainability encompass each of our business units and we are committed to uphold high environmental standards to fulfil relevant requirements under applicable laws or ordinances during the manufacturing and material disposal process.

Our company is actively updating our "Green Policies" to ensure there is a balance between sustainable corporate development and environmental protection. To ensure the balance is achieved, Pak Tak is constantly monitoring the emission and resource consumption rate to minimize our impact on the environment and natural resources.

Compliance and Grievance

During the year, there were no confirmed non-compliance incidents or grievances in relation to environmental aspect that have a significant impact on us.

Energy Efficiency

We fully understand the importance of conserving energy and reducing greenhouse gas emission. In the financial year 2015/2016, we have stopped using the industrial generators which burns crude oil. Instead, all of our electricity was purchased from the local power station.



Renewable Energy

Starting from 2012, we have been using biofuel to generate heat for clothes ironing. The remaining heat produced is used for heating water in the bath. We believe the use of renewable energy produces significantly less carbon output and fewer toxins, making it a better alternative to preserve atmospheric quality and lower air pollution.

Solid Waste

The solid waste produced in our manufacturing process is mainly the wasted fibres. We are proactively controlling the production process to reduce wastage, hoping to minimize our impact on the environment and create a better future for our next generations.

Pak Tak has a canteen that provides food for our employees. In order to minimize food wastage, the quantity of food prepared is based on headcount.

Hazardous Material

Chemical dyes are widely used in the garment industry. To reduce the impact on the environment, we have built a sewage treatment system to purify the water before discharging. All the water discharged meets the quality standard set by the State Environmental Protection Administration of China.





Sewage Treatment

Due to the nature of our industry, chemical dyes are used in the production cycle. Hence, sewage treatment becomes an important part of our pollution control. In 1999, the sewage treatment system was first installed and we have continuously upgraded the system to meet the standards and requirements of State Environmental Protection Administration of China. In 2009 and 2012, there was a major upgrade of the system to ensure water treatment meets the stringent emission standard.





Sludge Treatment

The sludge left behind after sewage treatment was handled with care. We have been collaborating with a certified waste management service provider to collect and process the sludge.

Water Recycle

In order to reduce water consumption and ensure water use efficiency, our employees are encouraged to use recycling or re-using water. The clean water after sewage treatment is used for clothes ironing and the daily consumption of the industrial park. We believe Pak Tak's water management offers great potential for resource conservation and helps to recycle water for alternative uses in different operation.



Gas Emission

The greenhouse gas (GHG) emitted during our production and operation includes mainly carbon dioxide, nitrogen oxides and sulphur dioxide. Suspended particulars are also produced. We are proud to announce that Pak Tak has met the emission standard and pass through the annual inspection of the Environmental Bureau since the instalment of boiler.

Packaging

Pak Tak offers a wide range of product selection. To reduce carbon footprint, majority of the packaging material is carton, which is recyclable and bi-degradable.

Tree Planting

In order to provide a better working environment and landscape greening, Pak Tak has been planting trees in the industrial park since 1996.







Noise Management

Due to the nature of industry and the use of small scale machine, the noise emitted in our production is limited. Our control shows that the noise level in the factory is only around 60dB, which equals to normal business office noise level.

Awards

We have been elected as the 《原地保留企業》and 《環境友好企業獎》in Dongguan. As a socially responsible company in the industry, we are proud of taking a leading role in the area of environmental conservation.

WORKPLACE OUALITY

Workplace

The success of business depends on a vibrant, strong and engaged team of people thus we adopt a people-oriented approach in attracting, developing and retaining the best talent to support the continuous growth of our business. This year, we develop significant efforts and resources to expanding the scope and enhancing the quality of learning and development opportunities at the Group, empowering the team to develop rewarding careers across our business.

The code of practice on employment are dedicated to promoting equal opportunities for all of our employees in different areas, including recruitment, compensation and benefits, holidays, training, staff promotion, transfer and dismissal. We do not tolerate any form of gender, sexual orientation, disability, age, race national or ethnic origin, family status or other personal characteristics that are protected by law. We are keen to provide a non-discrimination environment and assess employees based on their ability, skills, qualification and performance.



Work-life Balance

We offer a range of facilities and programmes to ensure our employees lead balanced and health lifestyle. Basketball court and performance stage, tuck shop, canteen with discounted price, nursery, library, and living quarter were offered in the Dongguan Factory. We also invite guest speaker to present the talks to our staff in different areas, including the Spring Festival Travel Information Seminar (春運返鄉知識講座), bakery class (面點培訓班). Moreover, we also provided events for the staffs to enhance their loyalty to the Company and unity between the staffs. In the meanwhile, we also offered medical benefit for the employee in the Hong Kong Office. The Hong Kong office also organized Christmas Party as well as the Annual Dinner in 2016. The Management also participated in the celebration and had a joyful moment with the employees.

In the Financial Year 2016/2017, we provided nearly 14 training provided from 1.4.2016 to 31.3.2017 development and training programmes with over 1,000 staffs joint the training programme from 1.4.2016 to 31.3.2017 staff attendance.









Health and Safety

We strive to provide a health and safety environment for the employees. We pledged full compliance in all occupational health and safety legislations and we have implemented an effective and safe working environment for our employees.

All of the employees were required to comply with our Environmental and Occupational Health Handbooks. In the 2016, we invited outside speaker to deliver the education seminar. Driving safety and fire precaution courses were delivered for employees. Meanwhile, fire drill was also conducted on regular time basis to ensure all of the employees were familiar with the procedure when fire alarm was on.

In the Financial Year 2016/2017, we recorded zero fatality or permanent disablement cases. Lost days due to work injury was 279 days which the workers cannot work due to work injury from 1.4.2016 to 31.3.2017 for the Group. There were 3 cases which the workers cannot work due to work injury and from 1.4.2016 to 31.3.2017.









Career Development

We aim to provide a wide range of training from the apprenticeship to the management level. Our trainings were designed to meet the organization's long term requirement for skills and management succession. We encourage our employees to join any training held by both internally and externally so that they can keep pace with changes in their professions and respond to constant evolution in our business environment.

Apprentice Training

We offered the job opportunities to all of the workers including who have no experience in the textile industry. Apprentice training provided an excellent way to gain their respective knowledge in the industry. The apprentice receive systematic on-the job training, each of the apprentice have their own mentor. The apprentice would be provided the technical knowledge and guidance.

Labour Standard

We have strictly abided by the national laws regulations to ensure zero child labour or forced labour in our business. We have signed labour contracts with employees to clearly designate the treatment for violation and responsibilities. Our internal regulations clearly express that the management shall not detain personal documents or belonging of employees. Meanwhile, our employees have been guaranteed to be paid the full salary. No violent measures, such as deliberately creating difficulties, threatening and physical punishment, shall be taken by anyone to force to employee to work.

Our managers are entrusted to observe and practice in full compliance in matters related to avoid child and forced labour these two areas. On-going monitoring and regular auditing are also in place.

In the Financial year 2016/2017, there has not been any single record of malpractice on child and forced labour across our operating locations due to strict compliance in these two areas.

SUPPLY CHAIN MANAGEMENT

We have a transparent and independent procurement process based on our good corporate governance practice. The objectives of this process are to serve the interests of our shareholders and other stakeholders by promoting competition.

We have our own contract suppliers list in Mainland China. Our in-house experts have kept abreast of knitting material practice. We expect our suppliers to follow the CSR Code of Practice. Suppliers are encouraged to promote CSR activities and follow the CSR Code of Practice with regard to their business ethics, workplace operations, marketplace activities, community contact and environment undertakings. A high standard of ethics should be maintained including total integrity is expected in all business transactions; bribes or other improper advantages are not to be offered or accepted; Information regarding business activities, structure, financial status and performance should only be disclosed in accordance with applicable regulations and laws; Fair trade and competition should be upheld.

In the workplace operations, an equal opportunity policy should be in place and adhere to. This means providing a working environment that is free from gender, religious and racial discrimination. A mechanism to handle complaints concerning equal opportunity grievances should be exist; Good training and development practices should be followed to enhance staff competence; Compensation paid to workers should comply with all applicable wage laws and legally mandated benefits. Staff welfare should be provided; Legislation pertaining to working hours and rest days should be strictly adhered to; Child labour and forced labour are not acceptable regardless of whether in a factor, office or other company locations; Occupational health and safety policies should be in place to ensure the good health and safety of employees and these should be complied with by all parties. Training on health and safety should also be provided; Employees should have the legal right to participate in labour unions. The suppliers should comply with both local and international laws on human rights. Compliance with local statutory requirements is expected or, if there are no applicable laws in the country, international guidelines should be followed.

PRODUCT RESPONSIBILITY

The Group has complied with all the provisions of the Personal Data (Privacy) Ordinance. The Statements sets out the obligations and policies of the Group under the Ordinance.

The Group keeps personal details of our customers on file such as names, addresses, ID numbers, telephone numbers, account numbers and other information which may be necessary for the provision of the services. Customers are required to supply the Company with this kind of data in connection with the Company business. We are committed to abide by the national policies, laws and regulations in relation to intellectual property protection. In the Financial Year 2016/2017, we have not received any significant cases of violation on intellectual property rights.

We care about every design that belongs to customer. All of the garment prototypes were kept and locked in the prototype store room. Permission has to be granted before entering into the store room. The store room was locked in the normal office hour and the door was opened only after the permission was granted.





In terms of quality examination, we ensure product safety, monitor and enforce safety standards in the process of early development, manufacturing process; examination in the process of early development, manufacturing process, examination of finished products and periodic sample examination on the quality do not contain any hazardous chemical remains. We make our best efforts to comply with the existing regulations, standards and quidance in every production phase.

In the Financial Year 2016/2017, we received 12 complaint in relation to the products and services and approximately HK\$1,360,000 of product recalled. Save as disclosed, the Group is not aware of any significant complaints related to products and services. The Group regularly reviews its internal policies and system to ensure the intellectual property rights are observed and protected.

The Group regularly reviews its internal policies and systems to ensure that consumer data privacy is protected and that our existing infrastructures remain robust.



ANTI-CORRUPTION

The Group prohibits bribery and corruption practices. All the employees including the Directors and employees must follow Company policy on the acceptance of benefits. The Group is highly cautious about misconduct related to bribery and conflict of interest. We clearly explained to our employees that they must not request any advantage from and/or offer any advantage to people who have a stake in our business such as customers, suppliers, contractors, authorities, or any other stakeholder.

In the Financial Year 2016/2017, the Group is not aware of any significant corruption case.

Communication Channel and Whistleblowing Policy

We reach out through a variety of other staff communication channels. For example, in the Dongguan Factory, they can either share their opinion through the direct supervisor or by-pass their direct supervisor and can express their opinion with the head of department. Different channels were also acceptable including face to face interview, telephone and in black and white. Two suggestion boxes, which were directly handled by the General Manager and Head of Factory, were placed in the canteen and the guard post respectively, which can let the General Manager and Head of Factory understand the workers opinion.

The Group has our own whistleblowing policy in which an employee to report serious concerns about any suspected misconduct, malpractice or irregularity within the Group. The policy is intended to encourage an assist the Whistleblowers to disclose information relevant to suspected misconduct, malpractice or irregularity through a confidential reporting channel.

The Group will keep the whistleblower's identity confidential. The reporting channels can report to the General Manager or to the Head of Factory. The Whistleblower will be informed of the final results of the investigation, whenever reasonably practicable.

COMMUNITY INVESTMENT

We are committed to support those in need thus we focus our efforts and resources on the low income families and the minority group. We manage the social impact of our operations on the marketplace to create a positive value on the development of sustainable communities in Hong Kong, the Mainland and the USA. Apart from daily business operation and shareholders' interest, we work on community development and provide support to local charities by organizing regular charitable events.

Volunteer Work

We focus on the elderly and to the group who needed. On 12.8.2016, we invited China Red Cross to hold a blood donation event in our Dongguan Factory. 65 employees join the blood donation employees were invited for the donation. In the events, our Group have donated 12 liters of Blood to the China Red Cross and shared their love to others who are in needed.

On 12.9.2016, our staffs have organized a volunteer group and corporate with the 鄧屋村工會 to visit the home of the elderly. More than 30 employees from the Dongguan Factory have attended voluntary work. The voluntary work was a success as it made a positive impact on the elderly lives.



Blood Donation by our employee



Elderly home visit by our employees

Community Contribution

We care about the community we surrounded. In the Financial Year of 2016/2017, we donated HK\$30,000 to Fanling Chill Kiu Yulan Shingwui Association Limited which is committed to contribute the prosperity of Hong Kong and motivate the corporation between the Hong Kong and the Mainland China.

Establishment of Green Environment

We concern the planet that we are living. Since 1996, in the Dongguan Factory, we developed the vegetation area and planted different species of trees in the factory area. In the Financial Year 2016/2017, there was more than 6,700 square meters of area have been covered by vegetation and more than 600 trees have been planted in the factory area. Different type of trees including 25 types of trees have been planted in the Factory area. We strive to contribute on improving the air quality of our planet.



