



FLYKE INTERNATIONAL HOLDINGS LTD.

飛克國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01998)



2019

Environmental, Social and
Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

The Board believes that a sound environmental, social and governance (“ESG”) structure is vital for continued sustainability and development of the Group’s activities. 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. Thus, the Board has been pursuing excellence in environmental protection, social responsibility, and governance areas. Although the major operating subsidiaries of the Group have ceased operation starting from 2013, the Group wishes to enhance its transparency to achieve and uplift the sense of social caring and responsibility amongst various stakeholders including shareholders and investors, employees, customers, suppliers, government and the community. The Group primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 to the Listing Rules as its standards, with an aim to establish a sound environment, social and governance structure. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide.

This ESG Report is a review of the Group’s initiatives and performance in environmental and social aspects. This report is designed to allow shareholders, investors (including potential investors) and the public to have a more comprehensive and profound understanding of the Group’s corporate governance and culture.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

This ESG report covers all subsidiaries of the Group in Hong Kong for activities solely in the headquarter. The reporting period of this ESG report is for the financial year 2019, from 1 January 2019 to 31 December 2019 (“reporting period”), unless specially stated otherwise.

III. STAKEHOLDERS ENGAGEMENT

The Group acknowledges the need and importance of the stakeholders engagement as one of the key elements in ESG reporting. We identified the key stakeholders of our business operations. We also interact with our stakeholders regularly through various communication channels. The Group is also committed to achieving a higher ESG standard that can properly promote the Group’s reputation as a caring and responsible company to enhance corporate value and accountability of the company.

To conduct the materiality assessment in identifying and understanding the main concerns and material interests to stakeholders in this ESG report, the Group has engaged with the stakeholders in a specific survey in past years. After assessing the feedback from internal and external stakeholders through an online survey, the Group has updated its sustainability strategies, practices and measures and highlighted material issues before preparing this ESG report so as to align with the stakeholders’ expectations.

IV. ENVIRONMENTAL ASPECTS

The Group attaches great importance to corporate environmental and social responsibility. It was brought to the attention of the Board in 2019 that the Group suspended and halted production. Therefore, there are no material generation of emissions (including greenhouse gas), hazardous and non-hazardous waste during the reporting period. Regarding activities in the headquarter, electricity charges and water rate charges do not form a separate item in the rent, yet the Group encourages to reduce usage of electricity and water. During the reporting period, there are no material consumption of energy, water and packaging material in headquarter. Still, in anticipation of the restructuring of the assets and business of the Group, the Group proactively shoulders environmental responsibility by exploring approaches featuring low consumption, low emission and high output in the future.

During the reporting period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

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V. SOCIAL ASPECTS

The Group persisted in the combination of a people oriented management philosophy and an innovation mechanism. Although the Group has ceased operation and has only 3 employees (2018: 4 employees), the Group still strives to adopt a diversified and humanistic management approach with a view to create a positive, healthy and motivated corporate culture and working environment for its employees.

EMPLOYMENT AND LABOUR PRACTICES

B1: Employment

The Group strictly adheres to the applicable employment laws and regulations in Hong Kong, including but not limited to the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Employees' Compensation Ordinance, and Minimum Wage Ordinance. Relevant department reviews and updates relevant internal policies constantly in accordance with the latest laws and regulations.

To carefully adhere to the relevant laws and regulations, the Group has set up the Remuneration Committee ("RC") for the directors and senior managements of the Group. RC is responsible for reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate. RC is also responsible for making recommendations to the Board on the internal policy and structure for all management remuneration. Also, RC should establish formal and transparent procedures of developing the remuneration policy and making recommendations before the Board based on the total remuneration and/or benefits granted to the directors and senior management from time to time.

The Group offers and maintains competitive and attractive overall benefits to recruit high-quality personnel at the Group level. The Group conducts annual review (if possible) to ensure that the employees are recognised by the Group appropriately with regard to their working efforts and contributions. Since the company has no operation in Hong Kong and the PRC, adjustment for director remuneration and company secretary have to be approved by the RC and shareholders' meeting at AGM.

The Group determines reasonable working hours and rest period for employees in line with the Employment Ordinance and other relevant laws in Hong Kong. In addition to statutory holidays stipulated by the region such as the basic paid annual leave, employees may also be entitled to sick leave, maternity leave and bereavement leave with compensations.

The Group is committed to creating a fair, respectful and diverse working environment by complying with Disability Discrimination Ordinance, Race Discrimination Ordinance, Sex Discrimination Ordinance and other relevant laws and regulations, to promote anti-discrimination and offer equal opportunities among all human resources and employment decisions, such as trainings and promotion opportunities. The dismissals and retirement policies are irrespective of the employees' gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs, nationality or any other non-profession related factors.

To maintain effective two-way communication, the Group has set e-mail and Wechat as the communication channel for directors and company secretary.

During the reporting period, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B2: Health and Safety

To provide good working conditions and maintain a safe and healthy working environment, the safety and health policies of the Group are in line with the Occupational Safety and Health Ordinance stipulated by the HKSAR.

During the reporting period, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

B3: Development and Training

The Group attaches great importance to the improvement of staff quality and their relevant expertise, and provides financial support for staff and directors to undertake relevant training courses. The Group has internal material cycling inside the Group for employees to study. The Group aims to foster a learning culture to strengthen its employees' professional knowledge.

B4: Labour Standards

The Group strictly abides by the Employment Ordinance and other related labour laws in Hong Kong to prohibit any child and forced labour employment. To combat against illegal employment on child labour and forced labour, prior the confirmation of employment, all employees should provide a valid identity documents (HKID or passport) to ensure that the applicants are lawfully employable. Moreover, the Group constantly monitors and ensures the compliance with the latest and relevant laws and regulations that prohibits child labour and forced labour. If there is any concealment of the facts or violation of any relevant laws, the Group has the right to terminate the employment and report to the Board of Directors in accordance with relevant laws and regulations.

During the reporting period, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B5: Supply Chain Management

As a socially responsible enterprise, the Group strives to maintain a sustainable and reliable supply chain by conducting comprehensive evaluations on potential suppliers and selecting suppliers according to the evaluations. The Group evaluates different aspects of suppliers such as price, service quality and law compliance. The Group not only focuses on the price and quality of the services provided by the suppliers, but scrutinises the legitimation of them as well.

To avoid risks, different service providers are requested to provide the service scope and quotation, then the Group will compare their proposals or quotations to decide which service provider would be chosen. The Group keeps good communication with the cooperative

suppliers so as to maintain a good and long-term relationship with suppliers.

Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the reporting period.

B6: Product Responsibility

Since the Group halted production starting from 2013, there are no disputes between our Group and our customers in respect of the quality of products produced by us and there were no cases of non-compliance against laws and regulations related to products responsibilities during the reporting period.

B7: Anti-corruption

To maintain a fair, integrate and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption and bribery as set out by the HKSAR including Prevention of Bribery Ordinance, Anti-Money Laundering and CounterTerrorist Financing (Financial Institutions) Ordinance. The Group has formulated detailed internal ordinance to deal with bribery, extortion, fraud and money laundering. Once such cases are discovered and confirmed, the Group will report to the ICAC or the police accordingly if necessary.

During the reporting period, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B8: Community Investment

As a global corporate citizen, the Group strives to improve the society through community investment. The Group complies with all the relevant laws and regulations in Hong Kong and strives for the resumption of trading for shareholders or potential investors so that the Group could help improve local economy and bring benefits to the community.

Some donation information was sent to directors and senior management for increasing the awareness of social responsibility and help the local community.