

2021

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**



TOMSON GROUP LIMITED

湯臣集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 258

INTRODUCTION

Tomson Group Limited (the “Company”), established in the late 1980’s, is a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 258). The Company and its subsidiaries (the “Group”) are principally engaged in property development and investment, hospitality and leisure business, securities trading, as well as operation of and investment in media and entertainment business.

This is the sixth Environmental, Social and Governance Report (“ESG Report”) issued by the Company. The content of this ESG Report has been prepared in compliance with the requirements of the Environmental, Social and Governance Reporting Guide, which was applicable to the Reporting Period (as defined below), set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REPORTING PERIOD AND SCOPE

This ESG Report reflects the Group’s practices in sustainable development and social responsibility for the year from 1st January, 2021 to 31st December, 2021 (the “Reporting Period”).

Based on the principle of materiality for disclosure and reporting, the Company has decided to include the property development and investment business as well as the hospitality and leisure business in the scope of this ESG Report. Below are the key operating subsidiaries engaged in the aforementioned business activities:

- (A) Property development/ investment/ management
 - (i) Grand View Property Management (Shanghai) Co., Ltd.
 - (ii) MHK (Penha Hill) Limited
 - (iii) Shanghai Cheng Qi Technology Limited
 - (iv) Shanghai Tomson Real Estate Investment & Development Co., Ltd.
 - (v) Tomson Group Garland (Shanghai) Housing & Estate Ltd.
 - (vi) Tomson Haijing Garden (Shanghai Pudong New Area) Co., Ltd.
 - (vii) Tomson International Trade Building (Shanghai) Co., Ltd.

- (B) Golf course, club operation and property development
 - (i) Tomson Golf (Shanghai) Limited

This ESG Report primarily covers the environmental, social and governance (“ESG”) information and aspects related to the Group’s operations in Shanghai, the Hong Kong Special Administrative Region (“Hong Kong”) and the Macao Special Administrative Region (“Macao”) of the People’s Republic of China (“China”).

ESG GOVERNANCE STRUCTURE

The Group acknowledges the need to have effective and strong governance of the ESG aspects in place. Good governance ensures accountability and a balance of authority by clearly defining the roles and responsibilities of different parties within the Group. The Board of Directors of the Company (the “Board”) has the overall responsibility for formulating and overseeing the Group’s ESG strategies, directions and reporting. A Board statement has been approved to guide the Group’s policies to achieve a better ESG performance in different areas of works, such as the process used to set targets, evaluate, prioritise and manage material ESG-related risks to the Group’s business.

An ESG working team (the “Working Team”) has been set up by the Board in the Reporting Period with specific written terms of reference. The Working Team comprises an Executive Director of the Company and five management/staff from various departments of the Group’s Hong Kong and Shanghai offices. The Board discusses and evaluates the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the Working Team. The Working Team facilitates the Board’s oversight of the ESG matters and also monitors and manages the Group’s strategic goals in terms of sustainable development, mitigating potential risks, and minimizing the negative impact on business operations of the Group. The Working Team will periodically report to the Board to assist it reviewing the key performance indicators (“KPIs”) in respect of the Group’s ESG-related issues and formulating strategies.

In the future, the Board will regularly review the latest developments in the ESG matters in order to create long-term value for the Group and the community.

STAKEHOLDER ENGAGEMENT

In order to better understand the preferences of stakeholders, an expanded stakeholder engagement exercise was performed in 2021. More than 30 major stakeholders of the Group were consulted about their priorities on the reporting items in this ESG Report. The stakeholders include suppliers, customers, tenants and different levels of employees of the Group, who were all selected to provide their comments by means of questionnaire survey. The questionnaires set out twelve aspects of the ESG scope and the stakeholders were asked to rank three aspects that concerned them most in terms of priorities and provide their reasoning. The rankings were assigned with designated scores for calculating and reflecting the pressing ESG issues those stakeholders were concerned with regard to the Group. The results show that “Health and Safety” remains the top priority and “Emissions” comes second. “Product Responsibility”, “Use of Resources”, “Employment” and “The Environment and Natural Resources” are also the main concerns for the stakeholders as these are the fundamental elements for sustainable business. The Company aims to continue improving these areas to satisfy stakeholders’ concerns.

In conclusion, the results of the survey clearly indicate that “Health and Safety” has been of utmost importance for all different stakeholders, especially during the COVID-19 pandemic. As both the global and the national environmental standards have been rising, various stakeholders put strong emphasis on reducing emissions and conserving the natural resources.

QUANTITATIVE ASSESSMENT

The Group’s assessment standards, methodologies, calculation tools and source of conversion factors used are mainly based on a publication issued by Hong Kong Exchanges and Clearing Limited, namely “How to prepare an ESG Report”. The environmental KPIs are calculated in accordance with Appendix 2 to the said publication, “Reporting Guidance on Environmental KPIs”, while the social KPIs are calculated in accordance with Appendix 3 to the said publication, “Reporting Guidance on Social KPIs”.

CONSISTENCY ASSESSMENT

In this ESG Report, except for the restated value of nitrogen oxides emission in 2020 to 14.57 kg due to computation error, there is no material change to the methods or KPIs used or any other relevant factors affecting a meaningful comparison of this ESG Report with the Company’s ESG Report for 2020.

ENVIRONMENTAL PROTECTION

As an experienced real estate developer of high-end residential properties and high-grade commercial buildings in China, the Group recognizes that the long-term viability of its businesses is closely linked with the well-being of the society. The Group strives to minimize the potential impacts of its businesses on the environment and society in which it operates. One of the goals of the Group is to create living, working and retail communities that are harmoniously integrated and value-adding to the environment of the neighbourhoods. To attain the goals, Tomson Riviera and Tomson Commercial Building adopt the latest version of ISO standards and now operate ISO 14001:2015 Environmental Management Systems and ISO 9001:2015 Quality Management Systems which were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2021. In addition, the code on risk management and internal control of the Group was revised to add new provisions regarding environmental protection in the operational control.

The Group has set its target to reduce 5% in terms of intensity per revenue on the non-hazardous wastes, the energy consumption and the water consumption over the five-year period from the year 2021. In addition, the Group has targeted to reduce 5% of the air emissions and the greenhouse gas emissions over the five-year period from the year 2021. The Group-wide environmental protection

measures will be implemented in all property projects and offices. The measures include not only increasing the reminders to the staff members to conserve the energy and water and to promote waste reduction and recycling concept but also increasing adoption of online meetings/visits instead of physical meetings/visits to reduce air emissions and greenhouse gas emissions generated from transportation.

A1. Emissions

The Group has complied with the Environmental Protection Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates.

In the property development business, the Group outsources construction works to general contractors which manage all operations in the construction sites. To mitigate the impact of construction on the environment, the Group requires its contractors to exercise controls over the emission of dust in building construction and the emission of waste gas generated from fuel combustion, in accordance with the Atmospheric Pollution Prevention and Control Law of the Mainland of China and other applicable laws and regulations related to air pollution in the cities in which the Group operates. The Group regularly checks on the performance of contractors via site visits to ensure compliance.

In addition, the Group provides 80 rechargeable battery-powered golf carts for use by the members in Tomson Shanghai Pudong Golf Club to minimize air pollution and noise generated from operating golf carts.

Air emissions

The air emissions were mainly from vehicles and gaseous fuel (town gas) consumption (approximately):

	Nitrogen oxides	Sulphur oxides	Particulate matter
2020	14.57 kg	0.26 kg	1.03 kg
2021	18.74 kg	0.33 kg	1.07 kg

The overall trend of air emissions remained stable. The increased emission of nitrogen oxides was mainly due to the increased consumption of town gas. The Group will continue to pay effort in reducing the use of energy.

Greenhouse gas emissions

Scope 1 direct emissions were mainly from vehicles and stationery combustion (approximately):

CO ₂ equivalent emissions	Carbon dioxide	Methane	Nitrous oxide
2020	310,182 kg	148 kg	6,097 kg
2021	495,784 kg	271 kg	6,203 kg

The increased Scope 1 direct emissions were mainly due to the increased use of diesel oil.

For Scope 2 energy indirect emissions, the CO₂ equivalent emissions mainly from purchased electricity were approximately 1,943,562 kg (2020: 6,122,325 kg) and the drop of electricity consumption in the operations in Shanghai was the main contributor. The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 2,446 tonnes (2020: 6,439 tonnes). The overall trend was generally improving. The Group does not report Scope 3 emissions because of lack of complete and accurate data.

The Group disposes of solid wastes in accordance with the provisions of the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates. Earthwork and construction waste generated from construction are collected in time and disposed of properly and legally.

Non-hazardous solid wastes from the operations amounted to 1,016 tonnes (2020: 911 tonnes) with the intensity of 1.31 tonnes per revenue of HK\$1 million during the Reporting Period, which were mainly the domestic and commercial wastes generated in the Group's offices in Hong Kong, Macau and Shanghai as well as the residential and commercial property projects and golf club operation in Shanghai (including construction waste). There was a decrease in wastes generated from certain offices and projects in Shanghai. 0.62 tonne of hazardous waste (2020: 0.64 tonne) was recorded, and it was properly handled by a licensed collector.

The Group recognizes the carbon footprint arising from travels to business meetings. Emails and phone calls are the preferred modes of communication. Furthermore, the Group has set up video-conferencing and audio-conferencing facilities in the offices to conduct most business meetings. Business travels are restricted, where possible, to where meetings in person are necessary.

A2. Use of Resources

For its operations in the Mainland of China, the Group strictly abides by the Energy Conservation Law of the Mainland of China. Elsewhere, the Group adheres to the principles of recycling and reduction, and implements green office practices where practical. The Group strives to increase awareness of its employees on energy saving and water saving, as well as encourages its employees to participate in the green office initiatives.

Below is the direct and indirect energy consumption of the Group in 2021:

Energy type	Energy consumption (kWh)
Petrol	190,500
Diesel	1,559,663
Town gas	128,877
Electricity	3,154,458
Total	5,033,498
Intensity (kWh per revenue of HK\$1 million)	6,497

Electricity is a major resource which the office operations consume every day and represents the principal energy consumption of the Group in 2021. The Group promotes reduction in energy consumption by using various efficiency measures, which include switching off idle lightings and electrical appliances, as well as using programmed energy-saving modes to control electric and electronic devices (including but not limited to computers, printers, photocopiers and air-conditioners). The Group has fully adopted LED lighting in its Shanghai head office. In addition, LED lighting has been gradually applied in the Group's Macau office and various projects in Shanghai, including Tomson Riviera, Tomson Commercial Building and the clubhouse of Tomson Shanghai Pudong Golf Club, in the range of 25% to 70% in their respective office or public areas. It is anticipated increasing use of LED lighting or other energy-saving alternatives in the Group's properties and offices when the time comes for lighting replacement.

Water is essential to all communities. The Group promotes water conservation to employees. Reminders of water-saving responsibilities and actions, in form of notices and signs, are posted near where the water resources are in the offices. Water-efficient flushing systems are installed in the majority of the public washrooms in Tomson Commercial Building. Moreover, standard procedures are put in place to ensure the efficient use of water based on operating needs and estimates. For instance, water from nearby rivers is used to irrigate the greenery of Tomson Shanghai Pudong Golf Club. There is regular cleaning of the falling leaves or plankton in the waterscape facilities in Tomson Riviera to make sure that the frequency of water change is minimized while keeping the water clean and clear.

Use of resources	Unit	2020 (approximately)	2021 (approximately)
Electricity	kWh	10,023,888	3,154,458
Electricity intensity	kWh per revenue of HK\$1 million	11,204	4,071.6
Water	Cubic meter	668,961	128,707
Water intensity	Cubic meter per revenue of HK\$1 million	748	166.1

As water consumed in the offices in Hong Kong and Macau is supplied by the landlord, so only information of the offices and projects in Shanghai is available. The overall trends of electricity intensity and water intensity kept improving, which reflect the Group's effort in enhancing the efficiency of using resources. Since the Group is mainly engaged in real estate industry and service industry, only 370 kg of plastic packaging materials were consumed in Tomson Shanghai Pudong Golf Club during the Reporting Period.

To reduce paper consumption, the Group encourages the use of digital documents and double-sided printing and copying. Recycling bins are provided in the offices to promote paper recycling and minimize paper wastes.

The Group has stringent planning and control management over the use of consumables and supplies for operations. Replacement is chosen where repair is not cost efficient or technically impractical. Consumables and supplies are budgeted annually, purchased monthly based on operating needs, and recorded for allocation and consumption. Inventories are kept to minimal levels, and logbooks are maintained and audited for purchase and control management.

A3. Managing Significant Impacts on the Environment and Natural Resources

The Group strictly abides by the Water Pollution Prevention and Control Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates and adopts corresponding measures and preventive control on emission of waste water.

The Group believes the daily operations of its businesses have no direct significant impact on the environment and natural resources. To maintain the green plantations within the Group's properties and golf course in a healthy condition, pesticides and fertilizers are selectively used. The Group understands the importance of minimizing the effects of these chemicals on the environment and water resources. Therefore, the Group has engaged qualified professionals to deal with the storage, usage, collection, recycling and disposal of pesticides and fertilizers, as well as their related packages, strictly in accordance with the relevant laws and regulations.

A4. Climate Change

Climate change may impact the core business of the Group when the property development and the golf club activities are disrupted due to adverse and extreme weather such as more frequent and intense heavy rainfall, flooding and typhoons. In addition, the facilities and equipment at the project sites may be damaged. The Group closely monitors the weather forecast to formulate contingency plans in advance for identification and mitigation of serious climate related issues which may have significant impact on the Group's business. To minimize the impact of climate change, regular checking and maintenance works are being carried out to prevent and reduce the damage due to extreme weather. In view of all these measures, the impact on the Group's revenue due to the risk of climate change is considered to be manageable.

Furthermore, adverse and extreme weather brought by climate change may hinder the public transportation and travelling means for the employees commuting to the offices. As a result, operation disruption may occur and the Group will contemplate proper arrangement to maintain a minimum level of operation through the aid of the technology.

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

Employees are valuable assets that contribute to the success of the Group. The Group strictly follows the requirements of the Labour Law, the Labour Contract Law, the Social Insurance Law and Regulation on Work-Related Injury Insurances of the Mainland of China, as well as the Employment Ordinance of Hong Kong and the relevant laws in Macau.

The Group has taken special care of its employees' health and well-being in view of the COVID-19 pandemic. Flexible working hours system has been set up in Hong Kong office to facilitate the staff to avoid travelling during peak traffic hours in order to lower the chance of infection. Employees are reminded to observe a high standard of hygiene and surgical masks and alcohol hand washes are provided to protect the staff against the virus. In addition, temperature check is taken by the property management office for everyone entering the buildings where the Group's offices are located and many of the Group's offices were regularly cleansed with disinfectant.

Recruitment, Compensation and Benefits

In order to respond to the stakeholders' concern on this aspect, the Group emphasizes the importance of a highly-efficient staff management and incentive structure. The Group recruits and promotes employees based on a number of factors, such as professional experience, educational background and capabilities. Remuneration and benefits packages are generally structured with reference to market terms and practice, as well as individual responsibilities, performance and qualifications. Discretionary bonus may be paid based on individual contribution. In addition, the Company has established a share option scheme pursuant to which options may be granted to directors and employees of the Group, when appropriate, to subscribe for shares of the Company as a performance incentive.

The Company also participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance of Hong Kong (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is funded by contributions from employer and employees pursuant to the provisions of the MPF Ordinance. Employees of the Group in the Mainland of China are members of respective state-managed defined contribution retirement benefits schemes operated by the local governments. The employers and the employees are obliged to make contributions at a certain percentage of the payroll under rules of the schemes. In addition, the Group and its employees in Macau shall make contributions of a fixed amount per quarter to the Social Security Fund under the obligatory system in accordance with the laws of Macau.

Employees are eligible for stipulated annual leave, sick leave and other types of leave in accordance with national and local laws applicable in the cities where the Group operates.

Anti-Discrimination, Equal Opportunity and Diversity

The Group promotes a diverse workplace where people of different backgrounds are valued and respected. The Group does not discriminate on the basis of race, colour, national or ethnic origin, gender, sexual orientation, religion, disability, age, cultural background, social group, marital status, family status or other factors.

The Group has complied with the applicable labour laws and regulations in all material aspects including, inter alia, dismissal and working hours.

Workforce and Turnover Rate

The staff members of the Group are all full-time. The detailed structure of the workforce of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau as at 31st December, 2021 is presented as below:

Gender	Male	Female
Number of employees	236	196
Total	432	

Age group	Under 30	30 - 50	Above 50
Number of employees	23	236	173

Geographical location	Hong Kong	Macau	Mainland of China
Number of employees	24	1	407

The analysis of the employee turnover rate of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau in 2021 is set out below:

Gender	Male	Female
Number of employees left (%)	43 (18.2%)	38 (19.4%)
Total (%)	81 (18.8%)	

Age group	Under 30	30 - 50	Above 50
Number of employees left (%)	10 (43.5%)	48 (20.3%)	23 (13.3%)

Geographical location	Hong Kong	Macau	Mainland of China
Number of employees left (%)	1 (4.2%)	0 (0%)	80 (19.7%)

B2. Health and Safety

Health and safety of the employees is the top priority for the Group and the stakeholders. One of the approaches is to create a strong culture of safety awareness by implementing high safety standards and providing appropriate training and education to the employees. The Group cares about its employees and their families, and therefore it strives to provide a safe and healthy working environment to them. Medical insurance is provided to the employees. Health check-ups are arranged annually for employees in various operations of the Group. Protective wears and kits are provided to employees according to the nature and requirements of the jobs. In summer, the Group also provides hardship allowance, beverages and cooling kits to its employees of Tomson Shanghai Pudong Golf Club and the property management staff of the Group's properties who carry out responsibilities or perform work outdoor under high temperature. The Group adopts international standards of occupational health and safety management system. For instance, Tomson Riviera and Tomson Commercial Building have complied with and operated ISO 45001:2018 Occupational Health and Safety Management Systems and the systems were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2021.

The Group strictly abides by the Production Safety Law of the Mainland of China and other relevant laws and regulations related to safety management in the cities where the Group operates.

For the properties held by the Group, property management companies are hired to manage the security operation and provide security personnel to safeguard the properties and the people therein. In addition, memoranda and notices are given to the employees of the Group regarding the protocols of office security during and after office hours and personal safety during emergency situations and extreme weather conditions.

During 2021, no severe injuries or fatalities of the Group's employees were reported. There were no work-related fatalities during the past three years. The number of the lost days due to work injury during 2021 is 457. The Group was not subject to any material claim or penalty in relation to health and work safety, and has been in compliance with the relevant laws and regulations in all material aspects in Hong Kong, Macau and the Mainland of China.

B3. Development and Training

To ensure the professionalism of employees at all levels, employees of the Group are encouraged and sponsored to attend training and development courses relevant to their jobs and responsibilities. Despite lacking a formally publicized policy in this area, the Group has been providing educational or training allowance to employees up to the full costs of the courses approved by the management and attended by the employees. The Company will formalize the policy on this subject in due course.

Besides, the Group not only offers new employees on-the-job training by experienced personnel but also provides continuous training to employees periodically, according to the nature of the jobs and the requirements of the respective industries. Specialty training and preparation courses are also arranged to support employees in applying for or renewing professional qualifications, including certificates, licences, and permits, relevant to their jobs and industries. To upgrade the quality management system of the Group's properties, training on the requirements and application of ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems has been provided to selected property managers of Tomson Riviera and Tomson Commercial Building and they successfully passed the required examinations. The standards of the latest version of these systems have been applied and these systems were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2021.

The following tables show the training records of the workforce of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau in 2021:

Percentage of total employees who took part in training	9.3%
Breakdown rate of male employees who took part in training	47.5%
Breakdown rate of female employees who took part in training	52.5%
Breakdown rate of management who took part in training	22.5%
Breakdown rate of general staff who took part in training	77.5%

Average training hours completed per employee	1.6 hours
Average training hours completed per male employee	1.0 hours
Average training hours completed per female employee	2.3 hours
Average training hours completed per management	1.8 hours
Average training hours completed per general staff	1.6 hours



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Director CPD

In addition, regular in-house seminars are arranged for the Directors of the Company annually and topics of these seminars may revolve around taxation, financial policies, corporate governance, as well as economic and business development in relation to the principal business of the Group. Three seminars on areas of money laundering, financing and financial risk management, and anti-corruption regulations were held in 2021 to help the Directors refresh their knowledge and skills.

B4. Labour Standards

The Group is well aware that child labour and forced labour violate fundamental human rights. The Group prohibits the use of child labour and validates the actual ages of job applicants in the recruitment process. Besides, the Group does not use unlawful or unfair means to restrict the employment relationship between the employees and the Group. Employees are free to leave employment upon giving reasonable notice as stipulated in their employment contracts.

The Group has been in compliance with relevant laws and regulations, and has not found any cases or been assessed any fines or penalties with regard to child labour and forced labour during 2021.

OPERATING PRACTICES

B5. Supply Chain Management

The Group has adopted green procurement policies in its general operation and property development and investment business. Internal guidelines are set up to prioritize the selection of environmentally preferable products and services.

In the property development and investment business, the Group hires design companies, construction contractors and property management companies to design, build and manage its property projects. The Group primarily selects suppliers through tenders. For contractors, the tender process is developed in accordance with relevant laws and regulations and the tender decision is made in a fair and equitable manner. In selecting contractors and equipment suppliers, the management takes into account various factors, such as (i) quality of services; (ii) contracting costs; (iii) safety management; (iv) industry qualifications/licenses; (v) environmental protection policies and (vi) relevant track records and reputation. The Group requires its contractors to maintain a high standard of quality for the services provided, and to put in place adequate occupational health and safety and environmental protection procedures in accordance with the applicable laws and regulations and safety requirements imposed by the relevant government authorities in Macau and the Mainland of China.

The Group's Construction Projects Department enters into contracts with suppliers awarded with tenders. The department is also responsible for monitoring the performance of the contractors by conducting on-site inspections and supervision and assessments on the contractors periodically.

The principal base of the Group's operations is in the Mainland of China, so the majority (over 90%) of suppliers for the Group are in the Mainland. They provide products and services to the Group for daily operations in property development, facilities management and running the golf club.

B6. Product Responsibility

The Group is an experienced real estate developer in China with well-established brand and reputation in the development of high-end residential properties and high-grade commercial buildings. The Group is proud of the portfolio of its completed projects, and believes that reliability and quality of its products and services are crucial to its success.

The Group is dedicated to delivering high-quality products and services to consistently meet the requirements of its customers. The Group and construction contractors enter into contracts, under which the contractors are obligated to carry out operational and quality assurance activities while ensuring regulatory compliance. In addition, the Group has established stringent quality control standards and followed testing and inspection procedures at the key stages of a property development project to ensure that construction and product quality are consistent with the designs and compliant with applicable laws and regulations. Contractors are required to rectify any defects or non-compliance incidents in a timely manner. Property checking and acceptance procedures are established to ensure properties are ready for delivery to the customers pursuant to the sales agreements.

To ensure its services quality, Tomson Riviera and Tomson Commercial Building adopted the latest version of ISO standards and now operate ISO 9001:2015 Quality Management Systems and the systems were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2021.

The Group is committed to a responsible approach to advertising and marketing. It strictly follows the Advertising Law of the Mainland of China and other laws and regulations related to advertising products and services in the relevant jurisdictions. The Group's advertising and promotional materials must be reviewed by relevant professionals to ensure accuracy and avoid misrepresentation of information for the prospective customers.

The Group treats customer information confidential in accordance with the Law on Protection of Consumer Rights and Interests of the Mainland of China, as well as other laws and regulations related to consumer privacy in the cities where the Group operates.

Customers are important to the Group. The Group makes every effort to understand its customers' needs and enhance their satisfaction and experience with its products and services. The Group highly values any feedback from its customers on its business operations. Proper guidelines are set up to handle and resolve customer complaints in a timely manner.

The Group has been in compliance with relevant laws and regulations and has not been assessed any fines or penalties which had a material and adverse impact on its business operations with regard to product safety, advertising, labelling and privacy matters. No complaints from the customers or recall of the products of the Group due to safety and health reason were recorded during the Reporting Period.

B7. Anti-Bribery and Corruption

The Group is committed to ethical conduct in doing business. All forms of bribery, extortion, fraud and money laundering are prohibited. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Prohibiting Commercial Bribery and the Anti-Money Laundering Law of the Mainland of China and other laws and regulations that call for integrity and ethical conduct in operating a business.

The Group makes clear its expectations on employees to ensure professional and ethical conduct of all staff. Employees are informed of the Group's expectations and guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds and money-laundering. During the Reporting Period, an anti-corruption training was arranged for the Board and staff of the Company and the Board has adopted an anti-corruption policy that has taken effect from 1st January, 2022, pursuant to which the Company aims at setting out the basic standard of conduct expected of all directors and employees of all levels of the Group, and the Company's policy on acceptance of advantage and handling of conflict of interest when dealing with the Group's business.

The Group has adopted a whistle-blowing policy, which was formulated and approved by the Board. The Company Secretary of the Company has been designated to handle any complaint received under the policy during the Reporting Period, and the Audit Committee of the Board (the "Audit Committee") is responsible for monitoring the implementation of the policy.

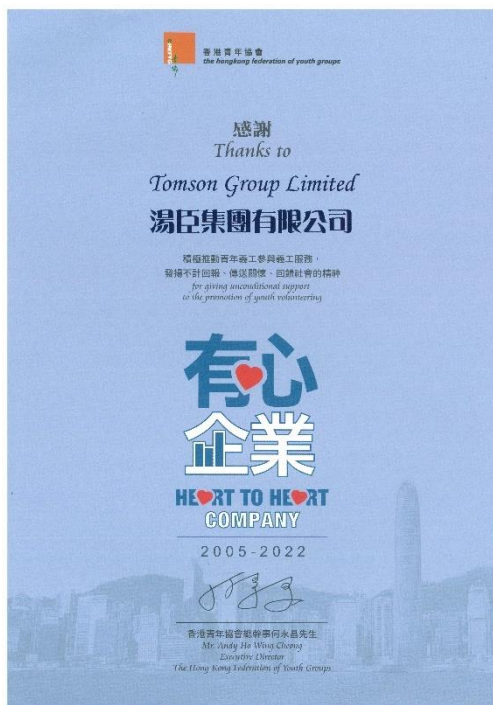
The whistle-blowing policy details the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasizes protection of whistle-blower's identity and confidentiality of reported cases and the information involved, and sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group's designated personnel.

The Audit Committee meets regularly to review the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, no corruption or bribery incidents and fraudulent practices, which have had or may result in a material adverse impact on the Group’s financial performance or condition, have been brought to the Company’s attention during the Reporting Period.

COMMUNITY RESPONSIBILITY

B8. Community Investment

It is the goal of the Group and its staff to act responsibly and contribute to the society with a vision of building strong, long-lasting relationships with different stakeholders in their communities. Although the Group has not formalized its continuing practice, it makes donations regularly to various international and local charitable organizations (e.g. World Vision and Orbis) in Hong Kong and the Mainland of China. The colleagues also write regularly to the sponsored children under World Vision program to keep in touch with them.



The Group has been a consistent sponsor for the “Heart to Heart Project” organized by The Hong Kong Federation of Youth Groups since its launch in 2005. The “Heart to Heart Project” links schools and companies who contribute resources so as to encourage youth volunteers to serve the community and to promote the concept of mutual help among neighbourhoods.

In 2021, the Group donated about HK\$1.43 million to various charitable bodies.