



(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)

Stock code : 396

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

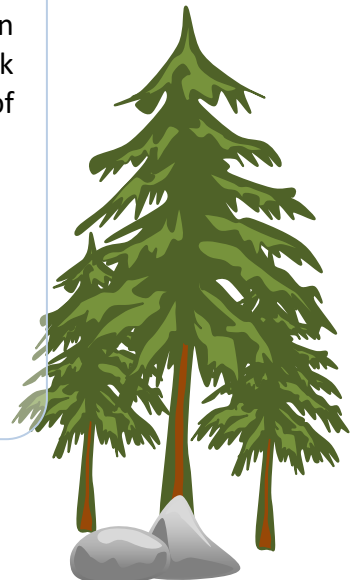
### INTRODUCTION

Hing Lee (HK) Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) is engaged in the design, manufacture, sale and marketing of home furniture products including mainly wood-based furniture, sofa, mattresses, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs.

The board of directors of the Company (the “Board”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (this “Report”) for the year ended 31 December 2021 (“Year 2021”). In this Report, we report our progress and performance in managing the ESG impact of our operations. This Report is an integral part of our annual reporting and should be read in conjunction with our Annual Report 2021, in particular Corporate Governance Report contained therein.

### REPORTING FRAMEWORK

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with the four reporting principles of Materiality, Quantitative, Balance and Consistency.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### REPORTING BOUNDARY

This Report covers the Group's the plants in furniture manufacturing in the People's Republic of China (the "PRC"), which represent the core operations of the Group. However, to make the contents of this Report more comprehensive, this Report covers all activities of the Group unless otherwise specified. During the Year 2021, there was no significant change to the reporting boundary.

### REPORTING PRINCIPLES

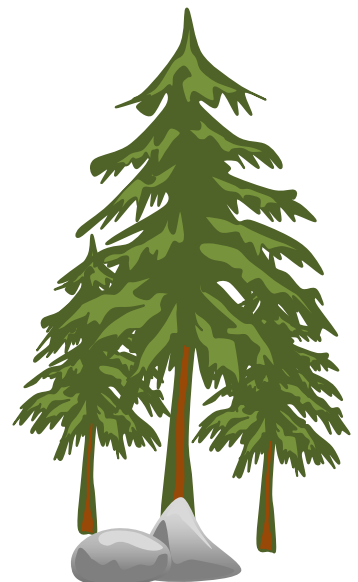
The Report adhered to the Reporting Guide and applied the four reporting principles of Materiality, Quantitative, Balance and Consistency.

#### **Materiality**

The content of this Report is determined through a systematic materiality assessment process, which include identifying ESG-related issues, assessing their materiality and relevance, preparing and validating the information reported and reviewing stakeholder feedback. Details of the key stakeholder engagement channels and materiality assessment are disclosed in the sections of "Stakeholder Engagement" and "Materiality Assessment".

#### **Quantitative**

In order to give a comprehensive understanding of the Group's ESG performance for the Year 2021, the Group's ESG performance in current year relative to various quantitative Key Performance Indicator(s) ("KPI(s)"), with comparison to previous year, are disclosed in this Report.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ***Balance***

This Report aims to provide a balanced representation of the Group's ESG performance. The selected content aims to reflect impartially the impacts of the identified material ESG-related issues on the Group as well as the Group's involvement in addressing these impacts.

### ***Consistency***

As far as reasonably practicable, consistent methodologies are adopted when calculating the KPIs disclosed in this Report or any changes that may affect a meaningful comparison would be stated particularly in this Report.

### **ESG GOVERNANCE STRUCTURE**

The Group is committed to the long-term development of its business in a sustainable manner. The Group seeks to embed sustainable practices in its everyday operations and align sustainability goals with the Group's overall strategic direction. The Group is committed to conducting business operations in an ethical and responsible manner. The Group's corporate culture urges the employees to act with integrity and accountability. Thus, the Group has established a comprehensive ESG governance structure to assist the Board in supervising the ESG-related matters. The Group believes that a sound ESG governance is critical to enhance the Group's performance in sustainability development and to ensure the effective assessment and management of the ESG-related matters.

### **BOARD STATEMENT**

The Board holds the ultimate responsibility in overseeing the management of the Group's sustainability issues. The Board considers sustainability issues as part of its strategic formulation and places strong emphasis in aligning the Group's business strategies to the Group's sustainability objectives.





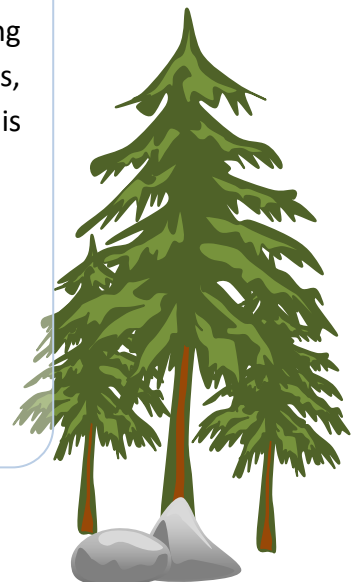
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is also responsible for the overall risk management and internal control systems of the Group and for reviewing its effectiveness, which also covers the ESG-related risks to the Group's business. Risk management framework is in place to provide a consistent approach on the risk management processes, including identification, assessment, treatment and reporting of the potential risks identified affecting the key business processes of the Group.

During the Year 2021, the senior management has assisted the Board in the evaluation of material ESG-related risks and opportunities to the Group's business. Appropriate ESG policies and strategies in dealing with the potential risks and opportunities have been formulated. The Board with the assistance from the senior management in fulfilling its oversight role in managing the Group's ESG matters.

### STAKEHOLDER ENGAGEMENT

The Group communicates with key stakeholders through various channels in order to understand their different expectations and identifies the most material aspects to be placed comparatively higher emphasis for reporting in this Report. While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in this Report in order to enhance the corporate transparency.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The table below presents the communication methods between the Group and the key stakeholders:

Stakeholders	Issues of concern	Engagement channels
Government	<ul style="list-style-type: none"> <li>– Compliance with laws and regulations</li> <li>– Proper tax payment</li> <li>– Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>– On-site inspections and checks</li> <li>– Research and discussion through work conferences, work reports preparation and submission for approval</li> <li>– Annual reports and other published information on website</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>– Return on the investment</li> <li>– Transparent disclosure of information</li> <li>– Protection of interests and fair treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>– Annual general meeting and other shareholder meetings</li> <li>– Annual report, announcements and other published information</li> <li>– Meeting with investors</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Safeguard the rights and interests of employees</li> <li>– Career development opportunities</li> <li>– Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Conference</li> <li>– Training, seminars and briefing sessions</li> <li>– Cultural and sport activities</li> <li>– Intranet and emails</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Safe and high-quality products</li> <li>– Stable relationship</li> <li>– Information transparency</li> <li>– Business ethics</li> <li>– After-sales services</li> </ul>	<ul style="list-style-type: none"> <li>– Website, brochures and annual reports</li> <li>– Email and customer service hotline</li> <li>– Customer feedback forms</li> <li>– Regular meetings</li> </ul>
Suppliers / Business Partners	<ul style="list-style-type: none"> <li>– Long-term partnership</li> <li>– Honest cooperation</li> <li>– Fair, public tendering process</li> <li>– Risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>– Business meetings, supplier conferences, phone calls and interviews</li> <li>– Regular meetings</li> <li>– Review and assessment</li> <li>– Tendering process</li> </ul>
Peers / Industry associations	<ul style="list-style-type: none"> <li>– Experience sharing and cooperation</li> <li>– Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>– Industry conference</li> <li>– Site visits</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>– Community involvement</li> <li>– Social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>– Volunteering</li> <li>– Charity and social investment</li> </ul>





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### MATERIALITY ASSESSMENT

Regarding the materiality assessment, the Group performs the following process to evaluate the materiality in ESG aspects:

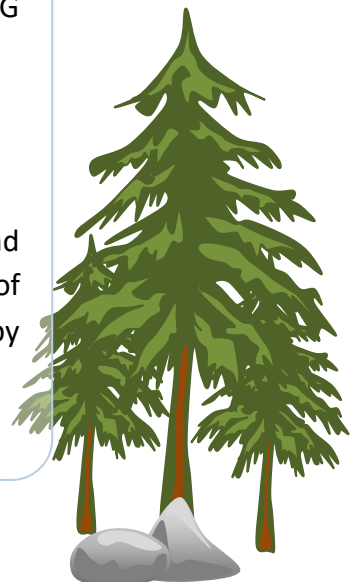
1. Identification: Identifies ESG topics by reference to the industry benchmarking and the Reporting Guide.
2. Prioritisation: Determines the materiality of each ESG topic based on the importance of each ESG topic to the Group through internal discussion of the senior management. The senior management who possesses a high-level view of all the aspects, is asked to score the importance of each ESG topic.
3. Validation: Ensures that the identified ESG topics are aligned with the sustainable development direction sought by the Group. Validates the results of materiality assessment and proper disclosures are made in this report.

Through the process for materiality assessment, the Board can have better understanding the degree of importance to each ESG topic and would enable the Group to plan its sustainable development direction more comprehensively.

As a result of this process carried out in Year 2021, those important ESG areas to the Group were discussed in this Report.

### STAKEHOLDER FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. You can provide valuable advice or comments in respect of this Report or the Group's performances in sustainable development by email ([info@hingleehk.com.hk](mailto:info@hingleehk.com.hk)).





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

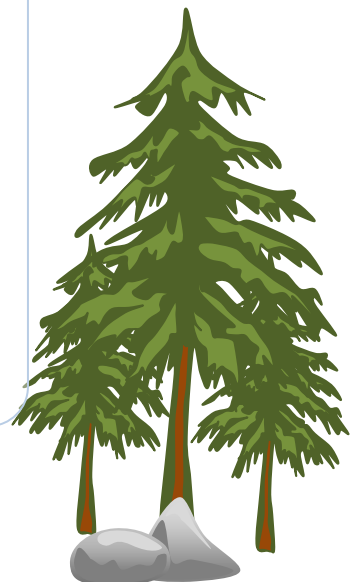
### A. ENVIRONMENTAL PROTECTION

The Group is committed to operating its businesses in an environmentally responsible manner through improving energy efficiency and minimising its environmental footprint.

#### A1: Emissions

The major environmental impacts arising from the Group's production of furniture products and upholstered include the discharge of waste water, gas emission, the emission of dusts into the air and the generation of noise pollution. In order to comply with relevant environmental protection laws, rules and regulations in the PRC, the Group:-

- (i) has constructed sewage treatment facilities that help to recycle the waste water discharged;
- (ii) has installed a centralised dust vacuum system that collects dust and wooden particles generated during the production process;
- (iii) has installed an anti-noise pollution device to reduce the noise level generated during the production process;
- (iv) has equipped itself with a fully automatic UV spray-coating processing line which helps to reduce the level of air pollution and waste water discharge in spraying process; and
- (v) has engaged a waste water treatment company to collect the residual waste water and has engaged a solid waste treatment company to daily remove the solid wastes collected from the Group's production facilities for further treatment.







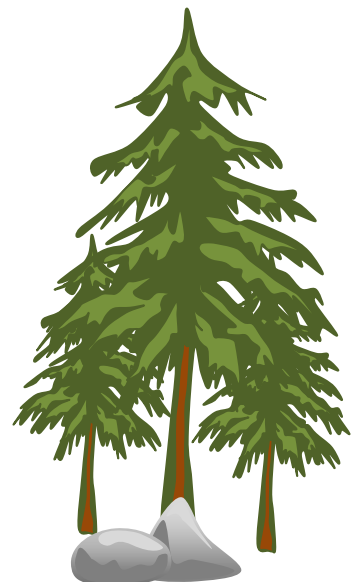
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We tackle our greenhouse gas (GHG) emissions by lowering our energy consumption. Policies and procedures to encourage energy saving have been incorporated throughout our operations.

For our operations, motion-activated lighting systems are installed in our factories and offices to reduce electricity consumption. These factories and offices are also designed to keep warm in winter and insulate heat in summer to reduce electricity consumption from air conditioning.

To bring down energy consumption caused by lighting in our operations, our factories and offices rely on natural light to the greatest extent during daytime and illuminated signs are only switched on at night. Some work stations have replaced conventional lighting with LED.

The Group's commitment to protect the environment is well reflected by its continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promote awareness towards Environmental protection to the employees. The Group adheres to the principle of Recycling and Reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

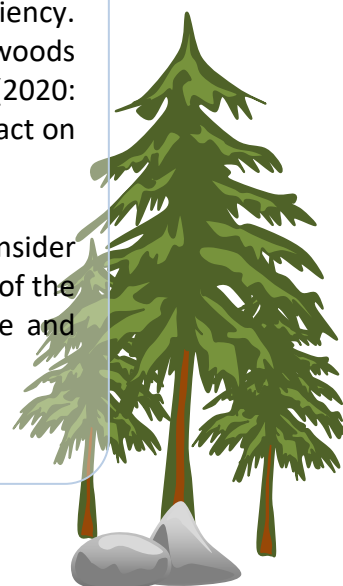
More importantly, the Group has put substantial effort in cleaner production. It has fulfilled the requirement and demonstrated a high commitment to cleaner production.

No substantial direct emission of greenhouse gas is generated from the Group's business activities. Electricity purchase was the main cause of Greenhouse gases emissions during the Year 2021. Indirect emissions other than electricity were minimal.

<b>Greenhouse gases emission</b>	<b>2021</b>	<b>2020</b>
Total Greenhouse gases emission (tonnes)	<b>447</b>	486
Total Greenhouse gases emission per employee (tonnes per employee)	<b>2.80</b>	3.04
Direct emissions (tonnes)	-	-
Indirect emissions (tonnes)	<b>447</b>	486
Quantity of purchased Electricity (MWh)	<b>471</b>	511
Intensity (tCO <sub>2</sub> e/thousand revenue (HKD))	<b>0.01</b>	0.01

The Group does not generate much waste paper and household garbage during its operation, all of which will be collected and disposed by cleaning personnel and afterwards, will be processed by the Local Sanitation Bureau. Such arrangement will not cause material impact on the environment. The solid wastes such as leftover woods, fabrics and leather, etc. will be recycled or reused by the Group in order to save material consumption costs and enhance the resources efficiency. The quantity of non-hazardous waste of the Group representing leftover woods fabrics and leather for the Year 2021 is approximately 893 tonnes (2020: approximately 695 tonnes) and the said waste did not exert significant impact on the environment.

The Group will review its environmental practices from time to time and consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse, as well as enhancing environmental sustainability.





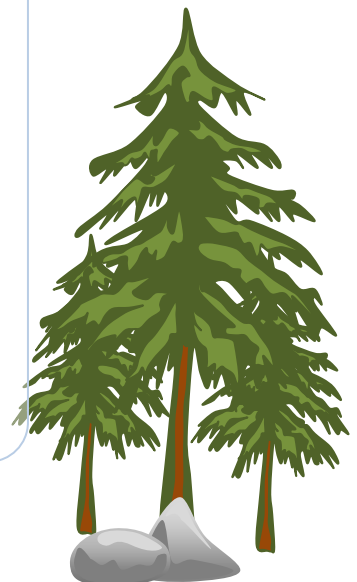
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2: Use of Resources

The Group strives to minimize its environmental impact by saving electricity and water, and encouraging recycle of office supplies and other materials. It helps save both money and natural resources. For waste that cannot be avoided, we strive to reuse and recycle the relevant supplies and materials as much as possible.

The Group has also implemented the following measures to foster a culture of resources conservation awareness:

- (i) The Group encourages paperless working procedures through intranet and use video-conference system to replace avoidable business trips and increase communication efficiency;
- (ii) The Group encourages its distributors to use LED lighting for retail outlets operated by them;
- (iii) We avoid using excessive packaging and aim at having packaging offering protection for our products and at the same time appealing to customers;
- (iv) We maintain our air-conditioners regularly for better performance and keep an average indoor temperature of 25°C in order to minimize electricity usage; and
- (v) At our offices, double-side printing is expected under most circumstances. We remind our employees to switch off idle electrical appliances to promote energy saving.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2: Use of Resources

During the Year 2021, the major resources consumption of the Group is as follows:-

Resource Consumption	Unit	Total Consumption	
		2021	2020
Total electricity consumption	MWh	471	511
Electricity consumption per capita	MWh/per person	2.94	3.19
Consumption of non-renewable fuels	L	17,568	22,758
Consumption per capita	L/per person	109.80	142.24
Total water consumption	m <sup>3</sup>	7,049	12,732
Water consumption per capita	m <sup>3</sup> / per person	44.06	79.58

The Group mainly uses paper boxes, plastic bags and sponge scraps as packaging materials for its products. The amount of various types of packaging materials used in Year 2021 was approximately 407 tonnes (2020: approximately 326 tonnes) in total and approximately 10.8 Kgs (2020: approximately 10.8 Kgs) packaging materials were used per set of product. The Group used the packaging materials reasonably and effectively to minimize its impact on the environment.

### A3: The Environment and Natural Resources

The major environmental impacts arising from the Group's production of furniture products and upholstered include the discharge of waste water, gas emission, the emission of dusts into the air and the generation of noise pollution. The Group recognizes its responsibility in minimising significant negative impacts on the environment and natural resources in its business operations and has therefore established a pollution control system and installed various equipment to process and dispose of its industrial wastes. As disclosed in sections A1 and A2 certain measures have already been taken to manage them. In addition, The Group remains conscious of its existing and potential impacts, and regularly assesses the environmental risks of its business model, adopts preventive measures and ensures compliance with relevant laws and regulations.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year 2021, there was no confirmed non-compliance incident or grievance in relation to the Group's business which had significant impact on the environment or natural resources.

### A4: CLIMATE CHANGE

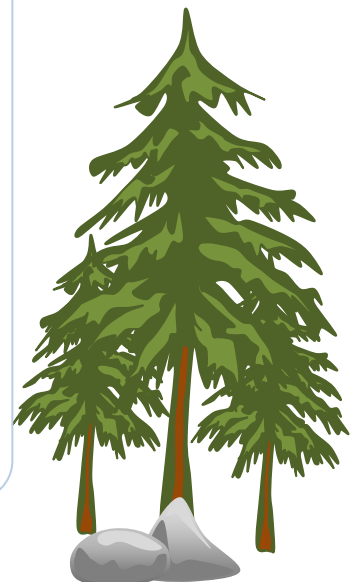
Recognizing the importance of identifying and mitigating significant climate-related issues, the Group closely monitor the potential impact of climate change on our business and operations and strive to manage potential climate related risks that may affect the Group's business activities. After assessment, we believe that climate change may cause relevant physical and transition risks to the Group, and we have also formulated relevant measures to mitigate the impact of such risks.

#### *Physical risks*

Extreme weather may have an impact on the safety of employees and facilities such as production bases and warehouses, resulting in a decrease in the Group's productivity. We will assess the impact of extreme weather on our production bases and develop protective measures in a timely manner. We will also strengthen the training of employees and develop emergency response plans to ensure the safety of employees.

#### *Transition risks*

As countries become more concerned about climate change, it is expected that there will be more stringent regulations to control the Group's emissions of greenhouse gases and other pollutants. The Group will continue to review the changes in regulations in different countries and install various emission control devices to reduce the emission of pollutants as appropriate. We will communicate with our customers and suppliers to enhance cooperation in exploring more energy-saving and carbon-reducing ways of operation.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B. SOCIAL

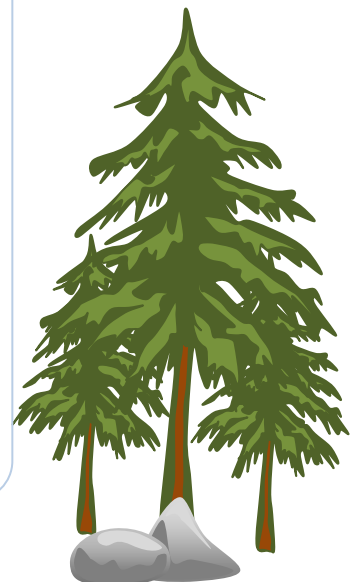
#### B1: Employment

The Group recognises that employee is the most important asset. We have established a set of human resources management policies in order to comply with relevant labour laws and regulations including Labour Law of the PRC and Hong Kong, and comply with them. As at 31 December 2021, the Group employed 156 employees (2020: approximately 160).

Salaries are reviewed annually and discretionary bonuses are paid on annual basis with reference to individual performance appraisals, inflation and prevailing market conditions. Other benefits available to eligible employees include retirement benefits and medical insurance schemes. Share options may also be granted to eligible employees of the Group and other eligible participants.

The Company ensures that all employees are entitled to paid annual leave, marriage leave, maternity leave and other statutory leaves and holidays in accordance with the law and safeguards employees' basic rights.

The Group is committed to constructing an inclusive workplace that embraces diversity and equal opportunity. The management sets a tone of zero tolerance to harassment and discrimination of any form. Employees are hired and selected based on their merits, regardless of their gender, age, nationality, religious belief, marital status, etc. To foster a harmonious working environment and encourage collaboration, we organised a series of teambuilding activities, including basketball competition and singing events during the Year 2021.





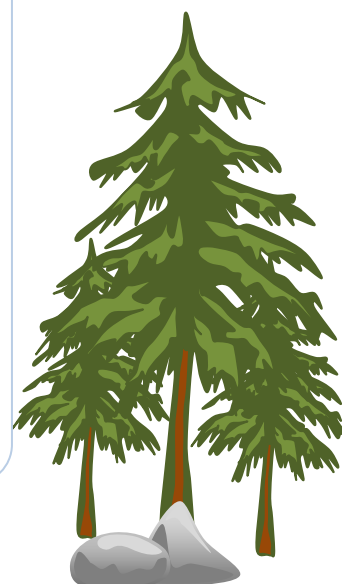
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 December 2021, the Group had a total of 156 employees, the workforce categorised by gender, age groups and geographical region are depicted below:

Total workforce by gender, age group and geographical region			
		Number of employees (person)	Percentage (%)
<b>By gender</b>	Female	128	82%
	Male	28	18%
<b>By age</b>	Below aged 30	38	24%
	Aged 31 - 50	85	54%
	Aged 51 and above	33	21%
<b>By location</b>	PRC	150	96%
	Hong Kong	6	4%

The employee turnover rate was 47.5% for the Year 2021. The employee turnover rates categorised by gender, age groups and location during the Year 2021 are depicted below:

Employee turnover rate by gender, age group and geographical region			
		Number of turnover employees (person)	Turnover rate (%)
<b>By gender</b>	Female	65	40.6%
	Male	11	6.9%
<b>By age</b>	Below aged 30	4	2.5%
	Aged 31 - 50	58	36.2%
	Aged 51 and above	14	8.8%
<b>By location</b>	PRC	76	47.5%
	Hong Kong	-	-





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B2: Health and Safety

During the Year 2021, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to Labour Law of the People's Republic of China, Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and Fire Protection Law of the People's Republic of China.

Protecting the health, safety and wellbeing of our employees is our key priority. For example, workplace hazards are identified by experienced safety personnel and mitigation measures are implemented to reduce occupational health and safety risks at our production sites. Safety performance is monitored and followed up to encourage continuous improvement. Our employees are reminded and trained to apply proper personal protective equipment. Regular safety talks and seminars are held to increase workplace safety awareness. In addition, we also promote the concept of healthy living by providing employees with a balanced diet.

During the outbreak of the Coronavirus Disease 2019 ("COVID-19") in early 2020, the Group has taken various precautionary measures to safeguard the employees' health and safety. Body temperature check was conducted on every person entering the workplaces and commonly touched areas in workplaces were disinfected regularly. Employees were requested to complete the declarations of personal health and travel history before resumption of work. Face masks and disinfectant were provided in the workplaces and employees were advised to maintain good personal hygiene by wearing face masks in their workplaces and washing hands frequently. Flexible working hours, shift duties and home office were implemented to reduce workplace density and to guarantee smooth business operations. The Group encouraged the use of video or conference calls in order to reduce internal and external business meetings and all business travels have been reduced to minimal to reduce the risk of infection.

No work-related fatalities occurred in each of the past three years including the Year 2021, and no lost days due to work injury in the Year 2021.







## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B3: Development and Training

The Group believes in empowering its employees through constant development and training. Training at all levels is available to meet the needs of our business growth. Induction and mentorship are given to new joiners to give them a better understand of the corporate culture and settle in their new positions.

Apart from regular on-the-job training, the Group also engages professional parties to provide training to its staff to ensure they can obtain updated job related knowledge and enhance the quality of work.

Percentage of employees trained and average training hours completed per employee by gender and by rank			
		Percentage of employee trained	Average training hours completed by employee
<b>By gender</b>	Female	100%	17
	Male	100%	17
<b>By rank</b>	Senior management	100%	14
	Middle management	100%	17
	Aged 51 and above	100%	17

### B4: Labour Standards

The Group implements its labour standards in strict compliance with the labour laws and regulations of the PRC and Hong Kong.

The Group maintains strict recruitment process to avoid cases of child labour and forced labour to be occurred. The Group implements the labour standards as well as the recruitment process in strict compliance with the rules and regulations where the Group operates.

For the Year 2021, there was no non-compliance case with relevant laws and regulations relating to child and forced labour.





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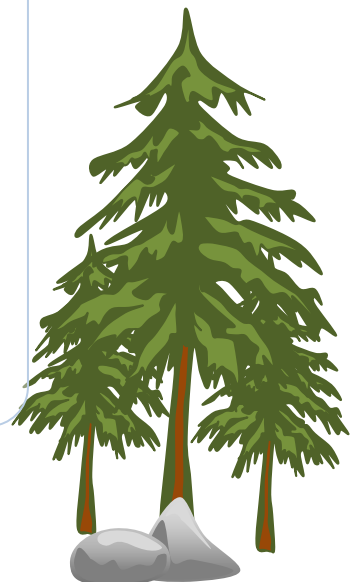
### OPERATING PRACTICES

#### B5: Supply Chain Management

We are keenly aware of the potential environmental and social risks associated with our supply chain and are committed to mitigating such risks in collaboration with our suppliers. We select suppliers that obtain source in a sustainable way, at the raw material procurement stage, the major suppliers of the Group are required to demonstrate that raw materials provided to the Group are in compliance with requirements under the relevant laws, rules and regulations. For example, using rubber wood and timber certified by the Forest Stewardship Council (FSC) for our wood furniture.

Choosing the right materials is the foundation of making high quality products that are durable and safe for our customers. We conduct assessments on the materials provided by our suppliers, ensuring that they do not contain any harmful substances or chemicals. For example, in selecting paint and powder for our furniture, we ask our suppliers to submit third party testing reports, so as to make sure the lead content for our products does not exceed the threshold limit, complying with the relevant Standards; we also do not use fire retardant chemicals that can be harmful to people and the environment, for all foam based components at our Furniture.

The Group has also formulated rules to ensure that suppliers could be selected in an open, fair and transparent manner. The Group will not differentiate or discriminate against any suppliers and any forms of corruption and bribery are also strictly prohibited. For the Year 2021, the Group had about 90 suppliers in the PRC.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B6: Product Responsibility

The Group endeavours to deliver quality products and services. In addition to selecting safe materials for production, the Group also applies strict safety standards based on compliance standard and customer requirements. Before starting production, we have internal testing standards for our products, such as structural tests, which are applied to finished products to make sure they are durable and safe for use, and coating adhesion tests. Only products that pass all necessary assessments are eligible for mass production and sold to our customers. Through these assessments and tests, the Group strives to maintain excellent quality in all our products.

While our assessments provide safety and quality assurance for our products, we also want to keep our customers informed of the potential risks or hazards that may occur if the products are used incorrectly. Hence, complying with the regulations of our operating countries, we attach safety labels on all applicable products, such as tip-over warning label, flammability warning label, etc. Information on the materials contained in the products is also attached, with detailed instructions on the usage of the products, e.g. cleaning procedures, maximizing the durability of our products.

During the Year 2021, no products were subjected to recall for safety and health reasons.

The Group's products are mainly sold to customers under the Group's

own trademarks  or . The logos of the Group had been registered as a trademark in the PRC.

We respect customer data privacy and are committed to preventing customer data leakage or loss. Collected customer personal data is accessible only by authorised personnel and handled with care. We also observe the significance of having correct labeling of our products to protect the interests of our customers.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B7: Anti-Corruption

The Group does not tolerate any forms of corruption, fraud and all other behaviors that severely damage the business integrity and reputation of the Group.

Bribery, fraud and corruption in any forms or in relation to any parties are all strictly prohibited in the Group. The Group has incorporated a section in the Employee Handbook regarding the procedures for employees to report any suspected fraudulent activities. Employees may report in writing to their department head regarding the suspected misconduct. Reports and complaints received will be handled in a prompt and fair manner. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

During the Year 2021, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including the Criminal Law of the PRC, Anti-Unfair Competition Law of the PRC and Anti-Money Laundering of the PRC. There was no legal case regarding corrupt practices brought against the Group or its employees for the Year 2021.

### B8: Community Investment

The Group is dedicated to improve the quality of life for and bring new lifestyles to the community through both its business operations and community involvement. Over the years, we supported charitable events and provided relief to natural disaster victims through donations.

