



鷹美(國際)控股有限公司

EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

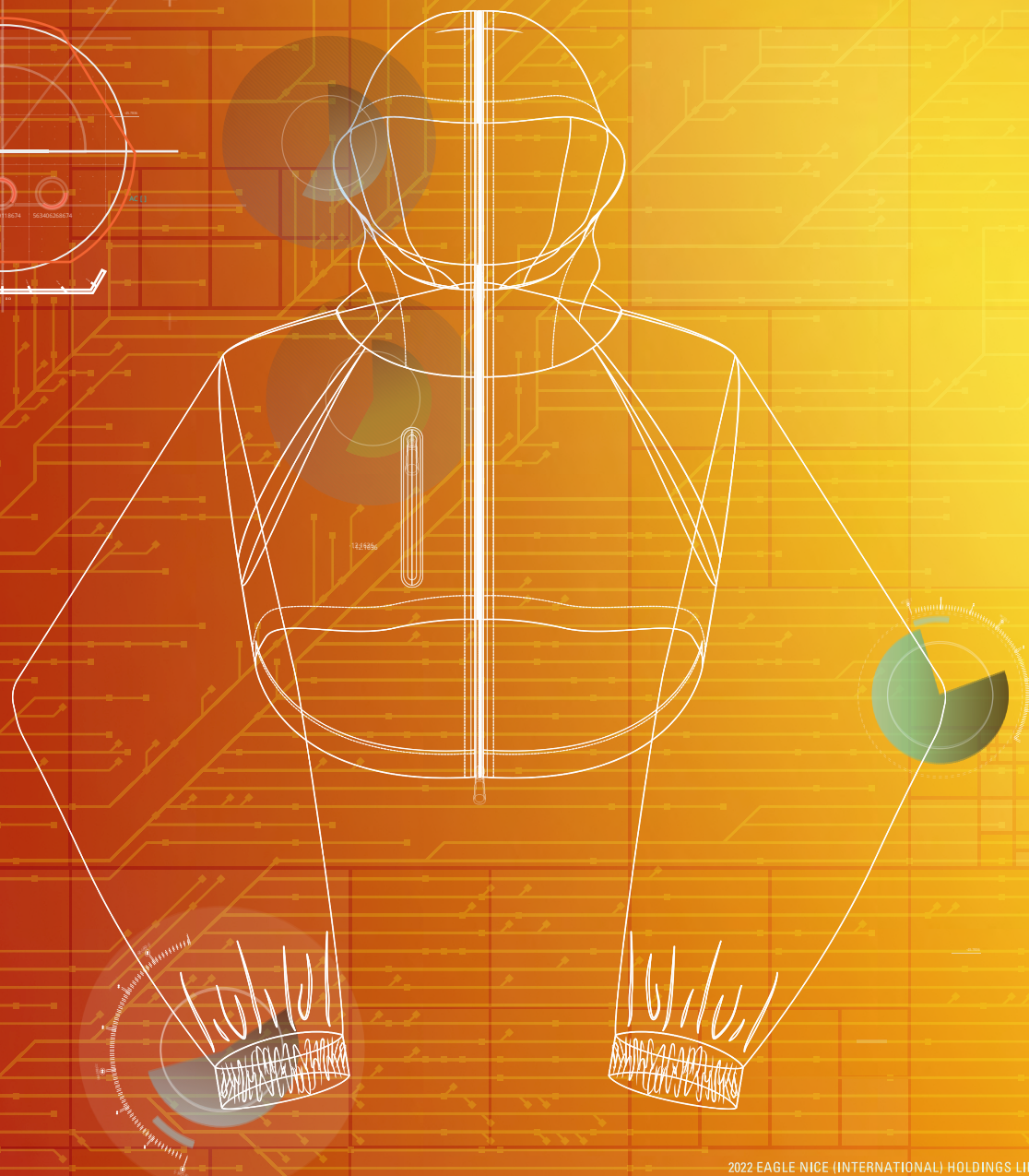
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 02368)

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EAG



2022



環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Section 1 About this Report

1.1 Foreword

Established in 1993, Eagle Nice (International) Holdings Limited (the “Company”) and its subsidiaries (collectively as the “Group”) have gone a long way growing into a pioneering force in the international garment manufacturing industry during the past 29 years, working closely with progressive global sports brands to make vigorous plans for sustainable corporate development.

Committed to the mission of “pioneer innovation, benefit to customers, empower staff and reward shareholders”, the Group has not only attained international standards in products, services and technologies, but has also placed a strong emphasis on environmental protection and community involvement and engagement, underpinned by “sustainability and contribution society” as the new direction for ongoing development.

During the year, the Group deepened its human resources policy, occupational health and safety (“OHS”) policy and environmental policy to foster a safety culture and enhance environmental awareness, while active efforts have been made to commence green procurement. A Green Team has also been established to promote environmental accreditation initiatives at the headquarters and the factories in fulfilment of its mission in sustainability.

1.2 Basis for the Compilation of the Report

The contents of this Environmental, Social and Governance report (the “Report”) is compiled in accordance with The Environmental, Social and Governance Reporting Guide of Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), taking into account the conditions of the Company as applicable. The Report is published annually for each financial year.

1.3 Period and Scope of Reporting

This Report covers the Group’s environmental, social and governance performance for the period commencing on 1 April 2021 and ending on 31 March 2022 (the “Reporting Period” or the “Year”). The Group is principally

engaged in sportswear manufacturing. The scope of reporting of this report covers seven locations of operation set out below which accounted for the majority of the Group’s operating income during the Reporting Period and were materially related to the environment:

- i. Hong Kong headquarter
- ii. Yumei (Shantou) Garments Co., Ltd. (“Shantou”)
- iii. Maitex Co., Ltd of Huilai (“Huilai”)
- iv. Eagle Nice (Yifeng) Garments Co., Ltd. (“Yifeng”)
- v. P.T. Eagle Nice Indonesia (“Indonesia”)
- vi. Pro Kingtex Vietnam Company Limited (“Vietnam”)
- vii. Hubei LPV Sports Co., Ltd. (“Hubei”)

1.4 Reporting Principles

• **Materiality:** The Group regularly draws reference from the sustainability standards of local and international industry peers and strives to match such standards. Meanwhile, the Group communicates with the stakeholders on a regular basis to identify the most concerned and material sustainability issues for the Group. Such sustainability issues will be incorporated into the Group’s development objectives subject to the general operating principles. During the year, the Group also started a stakeholders’ survey to identify their expectations for the Group and formulate appropriate strategy to address their views and needs.

• **Quantitative:** The Group is committed to quantifying and disclosing its key performance indicators and data in the environmental and social aspects and, where appropriate and practicable, explaining the methods of data collection and computation to enhance data transparency.

• **Balance:** To maintain the balance of the content, the sustainability performances and challenges that the Group and its stakeholders are concerned with are disclosed in a fair manner, so as to provide the public with impartial information.

• **Consistency:** Disclosures are made by the Group in accordance with The Environmental, Social and Governance Reporting Guide of the Stock Exchange. Under the same framework, the Company can make meaningful year-on-year comparisons of past performances and disclose the updated computational methods for relevant data where necessary.



Shantou Factory: Shantou City, Guangdong Province, China. (3D rendering picture)



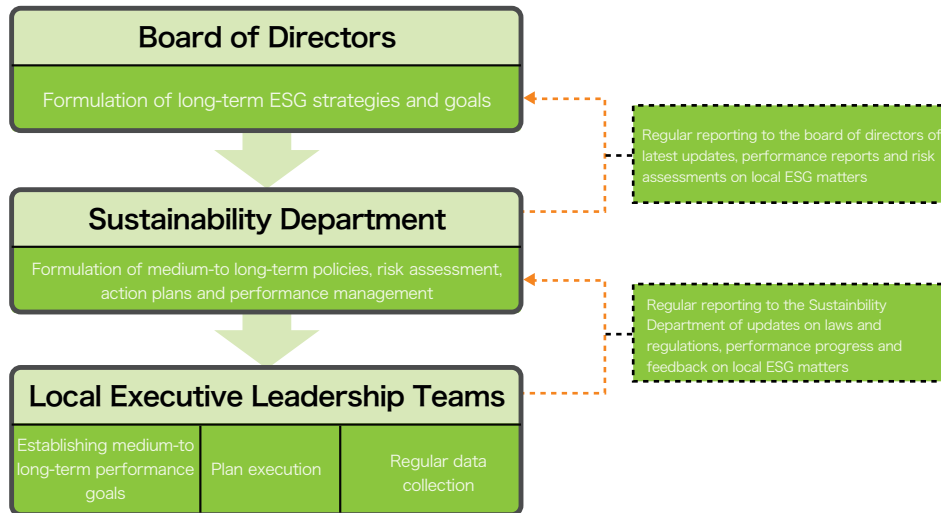
1.5 Board Supervision of Environmental, Social and Governance Matters

Under the framework of our current business development, The board of directors of the Group (“we”, “us”) actively monitors relevant environmental, social and governance (“ESG”) matters and articulates long-term strategies and goals to ensure compliance with pertinent local laws and regulations of places where the Group operates and rigorous protection of the Group’s and its stakeholders’ interests, so as to achieve the Group’s sustainability goals.

Through the Sustainability Department, we work closely with the executive leadership teams of various local operations to implement performance goals and action plans for the respective locations, track performance progress and review outcomes on a regular basis. Risk assessments are regularly conducted by the Sustainability Department and outcomes are reported to the board of directors so that response strategies could be formulated.

The board of directors convenes meetings each year to review the performance and compliance status disclosed in the ESG report and effectively identifies material sustainability issues that concern the stakeholders based on the poll questionnaire and feedback collected by the Sustainability Department, on the basis of which policies will be adjusted or formulated as appropriate.

ESG Governance Structure



The Group has prioritised the management of material ESG issues and formulated effective preventive measures to ensure its sustainable development. The scope of such measures includes but is not limited to:

- Developing budgets for new environmental-related facilities (such as: exhaust / dust filtration facilities, sewage treatment plant)
- Increasing application of renewable energy (such as solar energy) through the purchase of new equipment
- Building sustainable production lines (such as: adoption of technologies for conservation of energy / resources)
- Developing new products and switching to green procurement or the use of relatively eco-friendly materials
- Reviewing and approving sustainability goals (such as: actions against greenhouse gases (GHG) emissions, energy conservation / water conservation)

The board of directors reviews ESG measures that require improvements each year based on the business challenges faced in the current year. In its assessment for the current year, the board of directors confirms that the Group has fulfilled the compliance requirements in all relevant ESG aspects, and has formulated and implemented directional goals for emission reduction and use of resources, as well as effective mitigation of ESG risks in relevant operations.

At the same time, we further adopted the HIGG Facility Environment Module under the HIGG INDEX, an innovative self-assessment tool developed by the Sustainable Apparel Coalition (SAC), during the year to gauge the impact of the Group’s various location operations on environmental performance against internationally recognised standards, thereby helping the Group to swiftly identify opportunities for improvement and enhancing the Group’s joint pledge with its global supply-chain partners in reduction of sewage discharge and emission .

The Group has always prioritised staff health and safety in adherence to a people-oriented principle. During the year, its factories commenced a number of proactive safety culture projects, enhancing the environmental safety work groups while promoting health and safety management. Despite the persisting COVID-19 pandemic, the Group successfully protected staff health by encouraging them staff to receive vaccination and enhancing hygiene management and education.

In the coming year, we will aim at increasing the use of clean energy or renewable energy, as we seek to optimise our internal environmental management regime. Moreover, in connection with human resources, we will maintain gender diversity to increase our competitive edge and enhance the inclusivity of our workplace, grooming high-calibre staff to address the challenging international business environment in the future.

Meanwhile, the board of directors is of the view that ongoing geopolitical disputes, global economic decline and tight supply chain caused by the COVID-19 pandemic will remain some of the primary factors affecting the Group’s ESG performance in the coming year. It is therefore imperative that we enhance the competitiveness of our products and services. In particular, we must cater to market demands that put an increasing emphasis on eco-friendly features and further reduce the carbon footprints in our manufacturing processes and product specifications; we must also enhance cooperation with the suppliers of core materials in an effort to build a reliable and stable supply chain for raw materials.

Regarding the Group’s prospects, in view of environmental and other compliance risks resulting from global actions addressing climate change, the board of directors firmly believe that sustainability is the cornerstone to future success. It will therefore formulate relevant policies and goals and review progress and performance on a regular basis to enhance the corporate brand image and unveil a new chapter for the positive social environment.





Section 2 Engagement with Stakeholders

2.1 Engagement with Stakeholders

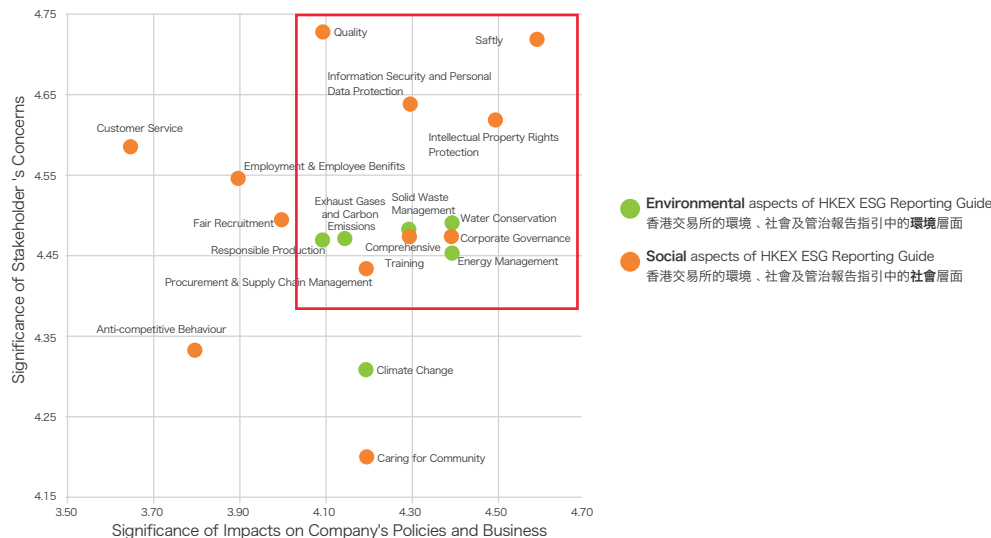
We have fostered an engaging environment focused on transparent and open communications with stakeholders. Shareholders' meetings are convened by our board of directors to report on the Group's business and actively exchange views with shareholders. All investors are furnished with periodic reports on the business performance of the Group. We maintain close relations with customers, suppliers and other stakeholders through visits, proactive dialogue, social media and customer service.

2.2 Materiality Assessment

To gain more understanding of our stakeholders' knowledge and expectations in ESG matters, the Group started a stakeholders' survey during the year, in addition to the aforesaid channels for communication with stakeholders, and adopted a three-step approach as follows to prepare for and conduct materiality assessment:

Step one Identifying the ESG topics	In accordance with the "Environmental, Social and Governance Reporting Guide" published by The Stock Exchange of Hong Kong as the framework for materiality assessment and taking into account factors such as the Company's development strategy, industry development trends, regulatory and market requirements, stakeholders' survey questionnaires were formulated comprising questions in the four major areas of environmental protection, employment and labour management, operational practices and community investment, and 18 sustainability topics were identified.
Step two Ascertaining stakeholders and setting survey questionnaire	Our customers, suppliers and employees were ascertained as stakeholders who are extremely important to the Group; specific questions relating to the topics were set in the survey questionnaires according to their respective perceptions and expectations; after the questionnaires were set, they were sent to randomly selected stakeholders, and their feedback was collected within a stipulated period.
Step three Assessing and confirming material topics	Through statistics and analysis of stakeholders feedback to the survey, as well as management review on the Group's ESG strategy and its impact on business, a "ESG materiality analysis matrix" was formulated by consolidating data on the said external and internal demands. Out of the initially identified 18 ESG topics described above, material topics relevant to the Group were confirmed (shown by red bold in the table below and delineated by the red frame at the upper right corner of the matrix).

ESG Materiality Analysis Matrix



Environmental Protection	Employment and Labour Management	Operational Practices	Community Investment
Exhaust gases and carbon emissions	Safety	Quality	Caring for Community
Energy Management	Comprehensive training	Protection of intellectual property rights	
Solid waste management	Employment & staff benefits	Information security and protection of personal data	
Water Conservation	Fair recruitment	Corporate governance	
Climate Change		Procurement and supply chain management	
		Responsible production	
		Customer service	
		Anti-competitive behaviour	

Section 3 Environmental, Social and Governance Performance

3.1 Environmental Aspects

3.1.1 The Environment and Natural Resources

In addition to the aforesaid emission reduction and resource conservation measures, the Group also monitors the environmental impact of its operations on a continuous basis, enhances staff awareness and skills in environmental matters to ensure that they have the ability to implement such measures, and addresses the environmental concerns of the community and its customers.

3.1.1.1 Management of the Environment and Natural Resources

Other than wastewater generated by a minority of its operations, such as the printing process, which would have a relatively material impact on the environment, wastewater discharged from the Group's factories mainly consists of domestic wastewater. Industrial wastewater from the printing process is recycled and processed and only discharged when relevant standards are met. Hence, it will not have any negative impact on the environment.

Paper represents another form of natural resources which the Group's business is more frequently associated with. Therefore, the feasibility of recycling and reuse in the production process has been sought, and methods for the separation and collection for related solid waste have been determined. Current measures include the recycling and reuse of old paper boxes and the recycling of paper tubes for suppliers to reuse. In addition, the use of electronic files in office operations has been enhanced to replace printed documents wherever possible; staff are also required to reuse paper which has been printed on a single side where appropriate, in a bid to reduce the consumption of paper resources.

3.1.1.2 Directional Targets in Environmental Protection

To fulfil the social responsibility of an enterprise, the Group actively incorporates environmental principles into its day-to-day operation to ensure that the process of its operations is environmentally accountable and to prevent pollution and reduce consumption of resources. The following targets have been formulated with the aim of mitigating the impact of factory operations on the environment.



Environmental targets	Directional statements	Measures taken during the year
Emission reduction	<ol style="list-style-type: none"> 1. Use of equipment that reduce emission of exhaust gases / greenhouse gases ("GHG") 2. Use of appropriate filtration equipment to reduce the environmental impact of exhaust gas emission during the production process 3. Formulation of emission reduction plans with suppliers in relation to shipment of products, such as reducing the number of shipments through combined procurement whenever possible 	<ol style="list-style-type: none"> 1. Use of inverter equipment at Hubei Factory in replacement of all natural gas boilers (4 boilers at production and 5 boilers at dormitory). 2. At Yifeng Factory and Huilai Factory, additional active carbon filtration equipment and smoke purifiers have been installed to filter exhaust gas before discharge out of the factories. 3. At Yifeng Factory, there was continual liaison with the shuttle bus contractor for the replacement to electric vehicles. During the year, 8 diesel shuttle buses were replaced with electric buses.
Waste reduction	<ol style="list-style-type: none"> 1. Use of automated equipment to reduce the generation of scrap materials 2. Recycling and reuse of relevant tools and instruments 3. Reduction of paper waste 	<ol style="list-style-type: none"> 1. Use of automated cutting table / automated cutting machine to reduce the generation of scrap materials (leftover fabric). 2. Recycled use of cores for the wiring of yarn at the auxiliary store of the production department 3. Reuse of paper boxes as turnover boxes; teaching staff ways to optimise paper use, such as two-sided printing and use of recycled paper for printing.
Efficiency in energy consumption	<ol style="list-style-type: none"> 1. Use of equipment that requires a lower level of energy consumption 2. External purchase of renewable energy, such as electricity supply with renewable energy certificate (REC) 3. Installation of solar photovoltaic power generation system 	<ol style="list-style-type: none"> 1. Indonesia Factory has installed evaporative cooling pads which consumed less electricity relatively as compared to traditional air-conditioner. 2. Indonesia Factory has purchased energy supply with REC from local power company PLN since February 2022 (please refer to the REC certificate shown in Section 3.1.3.1.2 of this report for details). 3. Shantou Factory started to install a solar photovoltaic power generation system since March 2022 (scheduled to become operational in May 2022).
Efficiency in water consumption	<ol style="list-style-type: none"> 1. Reuse of duly processed wastewater for non-production purposes after sewage treatment 	<ol style="list-style-type: none"> 1. Processed wastewater from production processes could be used in gardening or as bathroom flushing water at dormitory for conservation of fresh water.

3.1.1.3 Monitoring of Environmental Requirements

When capacity expansion or equipment procurement is required by production operations, the Group's factories will conduct internal environmental assessment. The Group will also conduct external environmental assessment on a regular basis in accordance with applicable laws on criteria such as boundary noise level and discharge of wastewater, exhaust gas, dust and specified pollutants. Such tests can monitor the environmental impact of the Group's business to facilitate implementation of necessary improvements in a timely manner.

Moreover, the Group is also concerned with stakeholders' monitoring of environmental matters: this includes regular monitoring of environmental compliance of the Group and stakeholder enterprises through viable information collection (for example: the IPE website); in respect of products to be delivered to customers, requirements on the restriction of use of substances hazardous to the human body and the environment (for example: the Restricted Substances List (RSL) requirements) are strictly implemented in accordance with customers' standards to ensure that our products are in compliance with required health and environmental specifications.

In 2021, the Group passed the evaluation under the Higg Facility Environmental Module (Higg Index FEM) formulated by the Sustainable Apparel Coalition (SAC) in a solid manifestation of its competence and performance in controlling the environmental impact of its operations.



3.1.1.4 Environmental Training

Staff training sessions and activities relating to environmental protection are organised by the factories to raise the environmental awareness of staff. Environmental training held by the Group's factories during the reporting year covered topics such as general environmental protection knowledge, waste classification, hazardous waste management, energy conservation measures and handling of leakage and drills, among others.



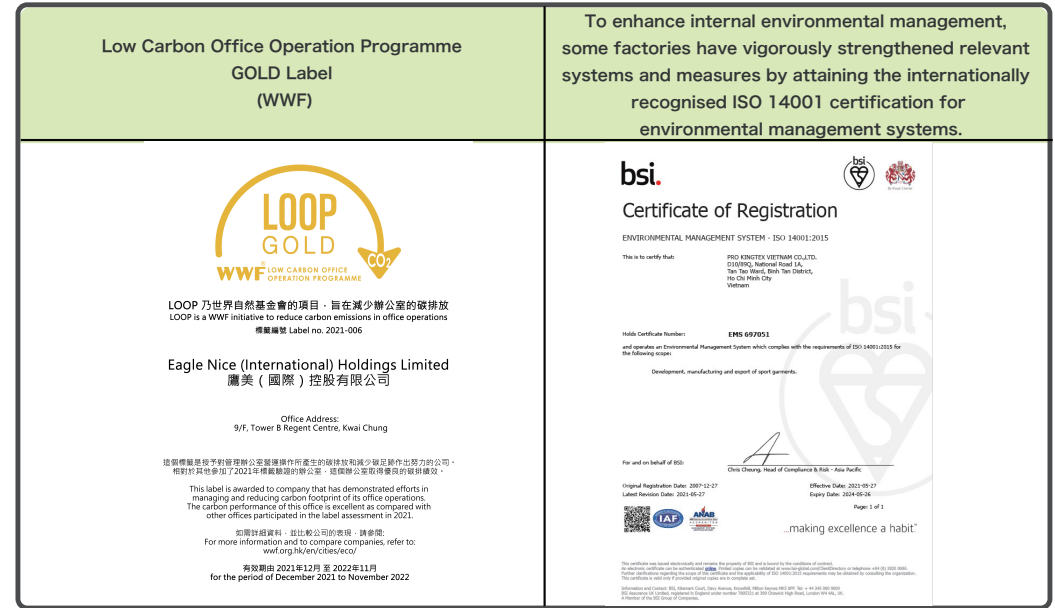


3.1.1.5 Environmental Awards and Recognition

The Group is committed to reducing carbon emission and fulfilling its corporate environmental responsibilities. Three of its factories (Jingmen, Shantou and Yifeng) have been awarded certificates by World Wide Fund for Nature, well-known environmental organisation, in recognition of their fulfilment of relevant environmental requirements for manufacturing processes.



In addition, Hong Kong headquarter continued to attain the Low Carbon Office Operation Programme (LOOP) certificate from World Wide Fund for Nature for the year, and was upgraded to the GOLD Label for the current year from the SILVER Label for the previous year in recognition of its effort in enhancing office environmental management.



3.1.2 Emissions

The Group's objective is to accelerate the mitigation of climate change impacts and gradually attain the goal of carbon-neutral operation.

3.1.2.1 Solid Waste Management

The Group aims to minimise waste and convert waste into resources through active efforts in waste recycling and sorting to reduce our impact on the environment. Whilst achieving cost reduction, we also adopt the recycling and reuse of waste for conversion into energy or return to nature in a safe way.

Solid waste generated in the manufacturing process, including waste papers and plastics, as well as production scrap such as unused fabrics and cotton wastes, are sorted for recycling.

The Group has established and implemented internal management procedures for the handling of hazardous waste. Wastes are centrally stored in an isolated location before they are delivered to qualified recycling agencies for processing. To lower the risk of incidents occurring, waste management awareness training has been provided to employees.

In the product development stage, the Group is committed to the adoption of automated and advanced technologies to increase the level of precision for reduction of production scraps. During the year, the Group's manufacturing facilities implemented waste reduction measures using different equipment according to their individual conditions:

- Automated computerised cutting table
- Automated cutting machine
- Cotton template cutting machine



During the year, the Group carried out waste sorting in each factory and collected data via online platforms to systematically manage and dispose of waste.

In terms of weight, hazardous wastes generated by the Group's operations comprise mainly discarded chemical containers, machine oil and scrap light tubes. Non-hazardous wastes include scrap fabric, cotton waste, paper waste, plastic waste (including plastic bags, plastic cores and plastic plates) as well as domestic waste (including kitchen waste). Statistics on the weight and emission intensity of waste generated during the reporting year are shown in the table below:

Type of Waste	Annual emission volume	
	2022	2021
Hazardous waste (tonne)	6.53	8.54
Non-hazardous waste (tonne)	1,544.96	1,596.27
Annual production volume (piece)	24,958,284	23,111,115
Emission intensity of hazardous waste (per production unit) (gram/piece)	0.26	0.37
Emission intensity of non-hazardous waste (per production unit) (gram/piece)	61.90	69.07

3.1.2.2 Wastewater Management

Industrial wastewater discharged by the Group originates mainly from Hubei Factory, where wastewater generated by printing processes is processed through the internal treatment and purification facilities and thereafter subject to monitoring and test to ensure that legally permissible limits are not exceeded before such wastewater could be discharged externally. The Group's other factories do not operate highly polluting processes or discharge industrial wastewater and discharged wastewater was comprising of mainly domestic sewage, which undergoes pre-processing at the Company's facilities and is subject to monitoring and test to ensure wastewater discharge does not exceed stipulated limits. Wastewater is discharged to sewage treatment plants only after samples pass relevant tests.

3.1.2.3 Exhaust Air Management

The Group manages emissions of air pollutants in accordance with government regulations. Filtration devices are installed on ventilation ducts and compliance tests on such ventilation ducts are conducted regularly to ensure that the filtered exhaust gas is in compliance with relevant emission standards. During the year, the Group's factories used different types of equipment as follows to avoid air pollution according to their individual conditions:

- Filtration devices using active carbons and negative ionic high-pressure technologies
- Photocatalytic oxidation equipment for decomposing volatile organic compound (VOC)
- Electrostatic exhaust purifier installed at the ventilation duct of the cafeteria
- Ultraviolet laser photolysis of exhaust

Moreover, at appropriate venues, electricity is used to substitute natural gas to provide energy for relevant equipment in order to reduce direct exhaust emission from natural gas consumption.

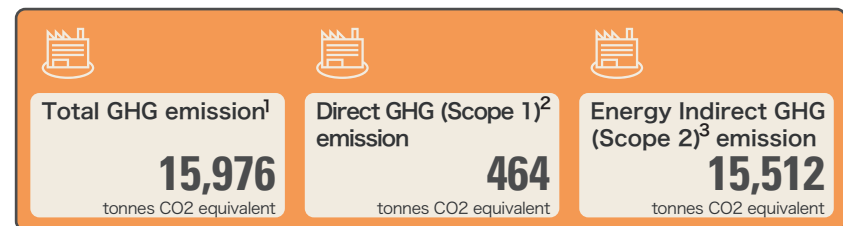
3.1.2.4 Strategy for Reducing Greenhouse Gases (GHG) Emission

Apart from exhaust emission generated in the production process, GHG is also generated in the consumption of transport fuel and municipal electricity supply in the Group's operations. Hence, the Group adopted the following measures during the year to reduce GHG emission in addition to formulation of the aforesaid environmental targets:

- Reducing the deployment of corporate vehicles and encouraging the use of public transport to control fuel consumption
- Enhancing management of lighting by prohibiting the switching on of lights in areas where work has not yet started
- Enhancing control of air-conditioning temperature
- Increasing the efficiency of machinery utilisation
- Increasing the use of video conferences and reducing business trips

The Group did not identify any emission incident in violation of pertinent environmental laws and regulations during the Reporting Period. Major GHG sources and their emission volumes for the period are summarised in the following table:

Major source of GHG emission	Total annual consumption	
	2022	2021
Diesel consumption (litre)	40,928	30,242
Gasoline consumption (litre)	60,584	51,367
Natural gas consumption (cubic metre)	97,391	565,470
Electricity consumption (kWh)	25,648,064	24,992,798
Annual production volume (piece)	24,958,284	23,111,115
Total GHG emission (tonne CO2 equivalent)	15,976	22,409
GHG emission intensity (gram CO2 equivalent / piece)	640.12	969.62



1.Global warming potential (GWP) adopted in GHG calculation is based on data set out in the Sixth Assessment Report (AR6) published by The Intergovernmental Panel on Climate Change (IPCC).

2.Direct GHG was mainly generated from gasoline / diesel consumption of vehicles and natural gas consumption of plant facilities; the computational method was based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

3.Energy Indirect GHG was mainly generated from indirect emissions of externally purchased electricity; electricity indirect emission in Mainland China was computed by reference to the "Baseline Emission Factors for Regional Power Grids" published by the National Development and Reform Commission of the People's Republic of China (NDRC); emissions in Hong Kong was computed by reference to emission factors published by the power company in its sustainability report; emissions in Vietnam and Indonesia was computed by reference to the average emission factors for the region published by the Institute for Global Environmental Strategies (IGES).



3.1.3 Use of Resources

The Group is aware of limitation on the Earth's resources and has adopted appropriate policies to procure the conservation of resources.

3.1.3.1 Energy Management

Employees must assume responsibility in energy conservation and emission reduction. The Group requires them to switch off equipment not in use and ensure that all energy-consuming equipment are disconnected from power supply by the time of off-duty. Energy conservation and environmental protection are advocated among employees to foster eco-friendly practices in their daily work habits.

3.1.3.1.1 Energy-saving Equipment

Energy conservation and emission reduction represent an approach with which the Group seeks to achieve sustainability and enhance competitiveness. When procuring new equipment, the Group will give priority to equipment with energy-saving features. In particular, when purchasing the latest models of automated production equipment, the procurement department will first and foremost consider their energy-saving features. During equipment maintenance, if it is found that some components or wear-and-tear conditions are causing an increase in energy consumption, the department in-charge will repair or replace such components in a timely manner. Moreover, the Group regularly monitors the duration of use of energy-consuming equipment and the deployment of any equipment that requires excessive energy (including lightings), in order to increase the efficiency of energy use.

During the year, the Group's factories implemented different energy conservation projects according to their respective conditions:

- The application of equipment with energy-saving features, such as inverter equipment
- Air-source heat pump for water heating
- LED lights replacement

3.1.3.1.2 Use of Renewable Energy

Even though the aforesaid energy-saving equipment have been used, the Group understands that the consumption of municipal electricity supply will inevitably generate a considerable amount of GHG. Therefore, the use of solar energy and other forms of renewable energy will be considered in due course.

- Solar streetlamps
- Solar heaters for provision of domestic water
- Energy supply with renewable energy certification (such as the REC purchased by the Indonesia Factory shown in the following photo)



3.1.3.2 Water Conservation

The use of water-consuming equipment is under the supervision of dedicated personnel of the Group, who are responsible for the regular cleaning, maintenance and inspection of such equipment. Water supply facilities and parts with leaks or wear-and-tear identified during inspection are repaired or replaced in a timely manner to reduce water wastage. In addition, the Group emphasises water-saving features in the procurement of facilities and has made improvements to its production process and upgraded its facilities where appropriate to reduce the consumption of fresh water.

The Group's factories implemented different water conservation measures according to their respective conditions to reduce fresh water supply:

- Reuse of reclaimed water
- Air-conditioning with evaporative cooling pads designed for use of recycled water
- Enhancing maintenance and inspection of water pipes

3.1.3.3 Statistics on the consumption of resources

Following the implementation of conservation measures described above, the major resources consumed by the Group's factories during the Reporting Period are summarised in the table below:

Resources	Total Annual Consumption	
	2022	2021
Electricity (kWh)	25,648,064	24,992,798
Water (cubic metre)	477,928	445,642
Natural gas (cubic metre)	97,391	565,470
Packaging materials (paper) (tonne)	1,567	1,685
Packaging materials (plastic) (tonne)	309	294
Annual production (piece)	24,958,284	23,111,115

Resources	Intensity of consumption per unit of production	
	2022	2021
Electricity (kWh/piece)	1.03	1.08
Water (litre/piece)	19.15	19.28
Natural gas (litre/piece)	3.90	24.47
Packaging materials (paper) (gram/piece)	62.80	72.91
Packaging materials (plastic) (gram/piece)	12.38	12.72

3.1.4 Addressing Climate Change

To address the challenge of global climate change with a united effort, the Group has implemented relevant measures for the reduction of emissions, and conducted regular assessments of risks associated with climate change, on the basis of which effective contingency plans and response strategies have been formulated.



3.1.4.1 Risk Assessment

In relation to extreme weather and related disaster caused by climate change, the Group conducts regular assessment on the following risks which may affect its factories, infrastructure facilities and production processes:

- Whether factories and infrastructure facilities are located in areas threatened by typhoon and rainstorm caused by climate change;
- The impact of potential heat wave caused by climate change on production processes (such as the operation of air-conditioners and automated machines);
- Whether the impact of climate change on the disruption of supply chains of individual materials has affected the procurement of raw materials (such as prices and volume);
- Whether plans with modified composition of materials are required to be formulated as a result of the tight supply caused by climate change;
- Proactive consideration is given to budgets for the improvement of facilities or technologies to reduce GHG emission or pollution;
- Endeavouring to enhance the feasibility in use of clean energy (such as natural gas) and renewable energy (such as solar energy) where appropriate.

3.1.4.2 Contingency plan for disaster management

To address emergencies caused by extreme weather (such as: floods caused by rainstorm) that have been identified, the Group has developed documentation on disaster risk management strategies and measures to manage the risk of floods nearby its production and warehouse facilities, formulate contingency plans and prevent damage caused by extreme weather, which include the following facilities and measures:

- Installation of anti-flood barriers that could withstand flood water with higher levels;
- Reinforcing plant structure to withstand super typhoons;
- Replacing windows with those made of ultra-strong wind-resistant glass for operating facilities located in areas susceptible to typhoons;
- Securing outdoor equipment or machinery (such as by using ropes) prior to the hoisting of super typhoon signals;
- Introducing protective measures (such as the construction of concrete walls) at factories close to natural or artificial slopes to mitigate the damage caused by landslide.

3.1.4.3 Other Responsive Measures

In addition to the formulation of preventive measures, the Group has also formulated responsive plan to address climate-prone disasters, including the purchase of insurance to transfer the possible loss caused by natural disasters. Business continuation plans have also been formulated, whereby pre-formulated plans are executed to resume production and ensure ongoing operation in case of disruption caused by extreme weather.

Moreover, to ensure staff understanding of relevant knowledge in prevention and response, the Group provides training on disaster preparedness knowledge and emergency measures, for example, they are instructed to ensure all windows are closed prior to a typhoon and inspect windows regularly for preparing against impacts of extreme weather conditions.

3.2 Social Aspects and Governance

3.2.1 Employment

On top of compliance with applicable employment laws, the Group has also established policies to ensure that each employee is treated on an equal basis and that his/her choices and rights are duly respected. During the Reporting Period, the Group did not identify any incidents of non-compliance or cases of complaint regarding discrimination or recruitment.

3.2.1.1 Recruitment and Promotion

The Group does not require a job applicant to disclose personal information irrelevant to the job position or not legally required, such as his/her religious belief, in the course of recruitment. The Group assures that no discrimination is held against any applicant because of his or her gender, ethnic origin, race, background,

religious belief, marital status, sexual orientation, nationality or political views, among others, when a decision to hire an employee is made.

All employees are treated on an equal basis. Matters concerning recruitment, wages, benefits, rewards, promotion and termination are considered solely on the basis of the employee's educational background, professional qualifications and competence. Male and female employees are treated equally. We pledge to comply with relevant standards of the International Labour Organisation (ILO) (except for those standards that are contradictory to local laws and regulations).

3.2.1.2 Remuneration and Benefits

The Group ensures that an employee would be entitled to reasonable remuneration commensurate with his or her competence and be subject to the regime of wages and benefits in a manner irrespective of his or her gender.

In accordance with local employment regulations, the Group pays to each employee a salary not less than the minimum wage prescribed under applicable local laws. Overtime wages are calculated and paid, and paid holidays, such as statutory festive holidays, annual leaves and work-related injury leaves, are granted in accordance with relevant regulations. The Group also provides employees with appropriate insurance coverage, such as social insurance and labour protection insurance, in accordance with local regulations.

The Group's care for employees is also highlighted by extra benefits on top of statutory requirements. Different types of benefits are designated to employees according to their needs. These include additional paid leaves, employee insurance, incentive bonus (such as full attendance bonus), free accommodation, free lunch on work days, free company shuttle bus, training allowance and other relevant non-statutory holidays. At some factories, such as Yifeng, monthly birthday parties for staff are held where gifts are presented and food is served in celebration. Our Vietnam Factory provides a 24-hour accident insurance to every employee as employee benefit in addition to the legally required insurance coverage to offer more comprehensive protection for employees. It also prepared Spring Festival gift packs for all members and employees during the year in response to an announcement published by the "Labour Federation of Vietnam" (please refer to the photo below).



The Group's endeavour of caring employees extends to their families. At Huilai Factory, a family sports gala was organised during the year, during which in-kind contributions were distributed to participating staff; at Yifeng Factory, the annual prize-giving ceremony for honouring outstanding staff and officers was held, and the family members of awardees were invited to attend and were presented with gifts as a token for appreciation of their support and dedication to the staff members.



3.2.1.3 Staff Employment Statistics

The Group's staff headcount and breakdown by various categories as at 31 March, 2022 is as below:

	Headcount of Employees	
	2022	2021
Gender		
Male	2,489	2,398
Female	10,564	10,292
Employment Type		
Full-time	13,053	12,690
Part-time	0	0
Age Group		
18 - 30	3,122	3,381
31 - 45	7,436	7,149
46 - 60	2,482	2,150
> 60	13	10
Location		
Hong Kong	67	62
Mainland China	7,593	7,368
Indonesia	3,030	2,936
Vietnam	2,363	2,324
Total	13,053	12,690

The overall employee turnover rate for the year, categorised by gender and age group, is summarised in the table below:

	Average Monthly Employee Turnover Rate (%)	
	2022	2021
Gender		
Male	2.58	2.79
Female	2.24	2.07
Age Group		
18 - 30	4.43	4.25
31 - 45	2.16	2.12
46 - 60	1.75	1.76
> 60	0.11	0.00
Location		
Hong Kong	1.40	0.82
Mainland China	3.08	3.32
Indonesia	0.25	0.33
Vietnam	2.23	1.45
Overall average	2.31	2.27

3.2.2 Health and Safety

The Group has established a health and safety system for the interests of staff to supervise and effectively prevent the occurrence of danger during work. The system covers management in various aspects, such as fire equipment and fire drills, maintenance and repair of electrical machinery, management of hazardous materials and waste, safety education, use of protective equipment and contingency plan management. Meanwhile, at Shantou Factory, we teamed up with qualified medical clinics to organise health consultation activities, during which medical professionals gave health talks at the company and provided health consultation and body check for the staff.

To cope with the novel coronavirus ("COVID-19") pandemic, each factory adopted vigorous prevention and control measures during critical periods according to local epidemic conditions, such as the distribution of face masks to all staff and the arrangement of rapid COVID-19 tests for staff subject to high infection risks, among others. In view of the severe COVID-19 pandemic conditions in Hong Kong, the Company introduced home office arrangements. For certain staff who were required to work in the office, the Company provided them with rapid antigen test kits for daily self-tests and only those who tested negative were allowed to come in the office, so as to identify infection cases as soon as possible and reduce the risk of the virus spreading in the Company, such that the staff could feel at ease while coming in to work.

Elsewhere, the Indonesia Factory was honoured "The Silver Category of COVID-19 Prevention and Control at The Workplace" award by the Ministry of Manpower Republic of Indonesia and "The Best Occupational Health and Safety Committee 2021" award by the Governor of Banten Province, Indonesia, indicating the Group's dedication of resources to staff health and safety and stakeholders' recognition.



In addition to Indonesia, the Group's factory in Vietnam also attained an award for its anti-epidemic work presented jointly by customers and stakeholders in the industry.

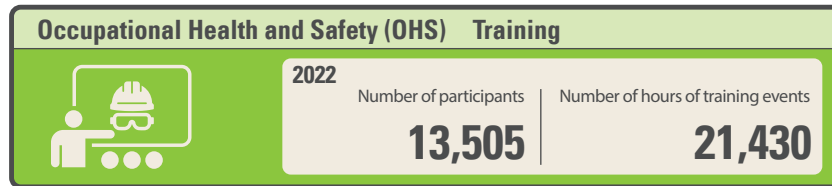




3.2.2.1 Health and Safety Training

During the year, the factories organised training activities under a broad array of health and safety themes, ranging from general health and safety awareness to COVID-19 prevention and control:

- General safety and health knowledge
- Hazard analysis and evaluation of work injuries and accidents
- Information on the use of personal protective equipment
- Waste management and safety knowledge relating to the hazardous waste
- Safety knowledge relating to management of chemicals and storage safety requirements for dangerous chemicals
- Skills in safe operation of machinery and equipment, such as operation of the cutting machine, laser machine and special equipment, the use of elevated equipment and technology for welding safety
- Safety knowledge relating to electrical equipment
- Safety in transportation, such as safety in forklift operation and safety knowledge for operators
- Fire prevention measures and fire drills
- COVID-19 prevention and control measures
- System for the management of bloodborne pathogens
- Other emergency measures



3.2.2.2 OHS Management at Workplace

The Group regularly conducts comprehensive risk assessments for factory operations, on the basis of which improvement plans are proposed and goals for health and safety supervision are determined.

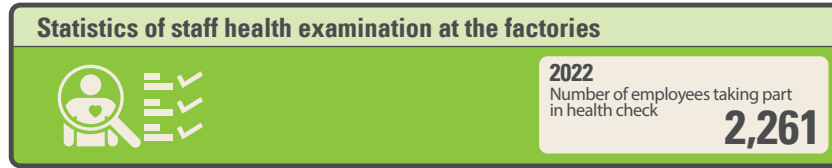
Efforts have been made to ensure compliance of our waste storage sites with relevant health and safety requirements. Incompatible wastes are stored separately. The sites are equipped with essential fire-fighting facilities complemented by the proper display of warning signs.

Directions for use of personal protective equipment (PPE) have been formulated. Employees have been provided with individual PPE free of charge and duly instructed as to the proper use of such equipment, so as to minimise any impact on their health. Such protective equipment include: dust masks (in the cutting area), metal gloves (for cutting operations), finger guards (installed in special sewing machines), goggles (protection against splashes during operation) and ear plugs (in high noise areas, such as the embroidery workshop). Some manufacturing sites also provide protective belts for workers moving heavy objects to offer protection against waist or back injuries.

The Group regularly inspects or seeks reliable sources of water supply to ensure that all drinking water supplied in the factories is compliant with relevant hygiene standards. We also ensure regular cleaning, maintenance and inspection of all water-related equipment.

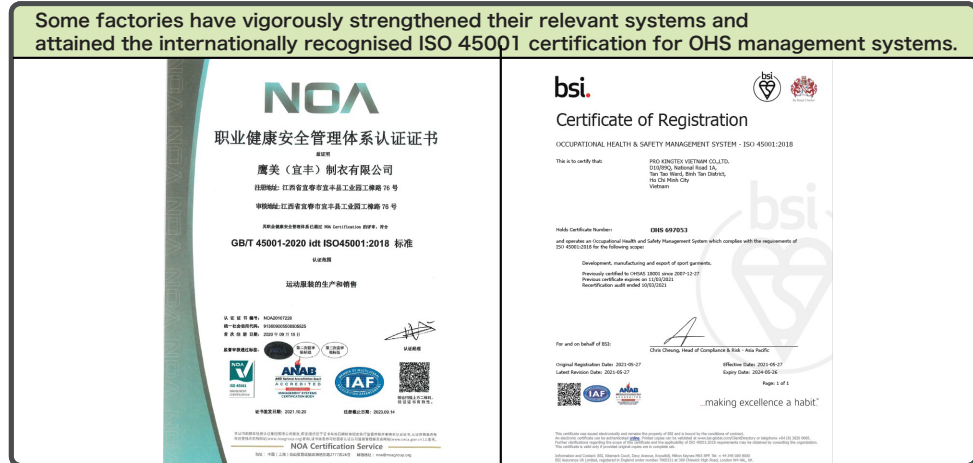
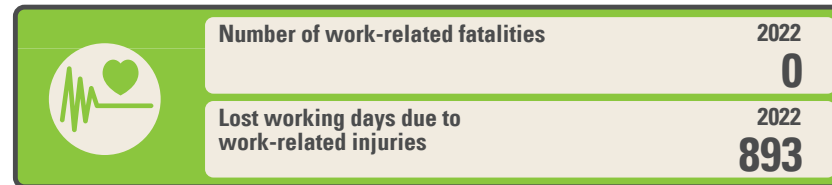
To identify any health risk of employees working in potentially hazardous positions, the Group has arranged health examinations for them. In the meantime, the Group assesses the job-specific occupational risks of staff on a regular basis. Positions presenting potential hazards are mainly those requiring exposures to high noise levels, dusty environments or laser operations, typically involving production departments for processes such

as velvet filling, cutting, embroidering and templates (operation of laser templates), among others. Apart from the potentially hazardous positions, some factories implemented universal health examination for all staff in accordance with relevant local laws and regulations. No cases of occupational illness were identified in any of the factories during the annual health examination exercises.



In addition, Hulai Factory arranged the Red Cross of the county to provide first-aid training for its staff, so that they could master first-aid skills and serve in the event of emergencies in the factory as well as in community health initiatives.

The Group did not identify any violation of the local OHS laws and regulations during the Reporting Period and it has not reported any work-related fatality of staff during the past three years, including the reporting year. Statistics on the Group's working days lost due to work injuries of employees are set out as follows:



3.2.2.3 Staff Communication and Counseling

The Group cares about how its staff are doing in daily life, hence a channel for communication has been established, through which employees could seek advice on issues encountered in everyday life and at work. Employees may file complaints or request counselling via phone calls or in writing to voice their discontent regarding work allocation, management measures and reward system, among others, as well as any psychological distress resulting therefrom.



3.2.3 Development and Training

The Group has established procedures for the development of staff training programmes, as well as measures for supervising the implementation and assessing staff competence and the effectiveness of training.

The Group organises appropriate training courses for various job positions, such as:

- For management personnel: laws and regulations on quality management theories and methodologies
- For technical personnel: technical knowledge and operational procedures
- For quality control personnel: quality control techniques and inspection methods

Induction training for new employees is subject to flexible adjustment depending on the ability and level of experience of the new recruits, who will undergo evaluation upon conclusion of the probation period. If it is determined that a new recruit does not meet the required level of competence, additional training or a job transfer would be arranged in a timely manner to ensure compatibility of his / her abilities with the position.

Training may take the form of one or more of the following: internal training sessions, mentoring by veteran staff, external training, and internal training delivered by externally engaged experts. Candidates for specialised positions (such as electricians, pattern makers and quality control staff) must have obtained relevant certifications or passed relevant professional assessments before they are officially appointed.

The Group develops annual training plans based on training requirements identified through the evaluation of training conducted during the past year and the appraisal results of such training, as well as operational changes anticipated for the next financial year (such as the introduction of technological changes, and new equipment, and new quality requirements from customers), aiming to facilitate career advancement for the employees and drive sustainable business development for the Group.

Statistics of the total annual enrolment in staff training and total number of training hours for the Reporting Period categorised by gender and employee category, as well as the average monthly proportion of employees trained as a percentage of the total employee headcount and the monthly average of training hours per employee are summarised in the table below:

	Total enrolment in staff training	
	2022	2021
Gender		
Male	7,221	9,025
Female	34,079	48,669
Employee Category		
Senior Management	309	419
Middle Management	5,005	4,788
Junior Employees	35,986	52,487
Total enrolment	41,300	57,694

	Average monthly proportion of employees trained (%)	
	2022	2021
Gender		
Male	30.73	36.15
Female	27.18	34.36
Employee Category		
Senior Management	27.01	29.82
Middle Management	43.29	46.72
Junior Employees	26.21	33.69
Overall average	27.67	34.51

	Total hours of employee training (hour)	
	2022	2021
Gender		
Male	8,976.50	5,962.30
Female	41,724.15	22,979.70
Employee Category		
Senior Management	301.83	201.20
Middle Management	4,111.61	3,639.05
Junior Employees	46,107.21	25,101.75
Total hours	50,520.65	28,942.00

	Monthly average of training hours per employee	
	2022	2021
Gender		
Male	0.35	0.22
Female	0.30	0.17
Employee Category		
Senior Management	0.30	0.21
Middle Management	0.30	0.28
Junior Employees	0.30	0.16
Overall average	0.30	0.17

3.2.4 Labour Standards

The Group does not hire child labour aged below the relevant legal threshold. The furnishing of documentation proving the age of a job applicant is a mandatory requirement and the Group will verify such documentation in the course of recruitment.

The Group prohibits the use of forced labour in any form (including prison labour, indentured labour, bonded labour, etc.). Under no circumstances will the Group withhold the original identity card of an employee or require an employee to pay deposits or deduct an employee's wages against employment related costs and expenses, such as work visa, medical examination, work permit and fees charged by agents / recruitment agencies.

Employees may be engaged in overtime work if they want. Any overtime work beyond the normal working hours shall be requested by the employees on a voluntary basis subject to the daily overtime limits imposed by local regulations. In the event of any violations, the Group would conduct investigation immediately. Moreover, the Group ensures that employees have the right to move freely within the work premises during working hours and to leave the premises during meal breaks and after work.

In the event of any child labour or forced labour incidents identified, the Group will deal with such incidents and rectify violations in accordance with the local laws of the regions where the incidents occur.

The Group did not identify any cases of legal violation relating to the employment of child labour or forced labour during the Reporting Period.



3.2.5 Supply Chain Management

The Group requires suppliers to comply with its code of conduct for suppliers, which sets out its requirements for their service performance and the safety and quality standards of their products.

3.2.5.1 Distribution of Suppliers

During the year ended 31 March 2022, the Group had engaged 485 suppliers distributed in the following geographical regions:

Geographical Region	Number of Suppliers	
	2022	2021
Mainland China	278	272
Hong Kong	45	44
Taiwan	44	29
Other Asian regions	95	77
Europe	14	9
United States	9	9
Total	485	440

3.2.5.2 Assessment of Suppliers

The Group monitors its existing suppliers on an ongoing basis in terms of their product quality, timeliness of delivery, problem solving ability, responsiveness to feedback and service quality, among others. The Group assesses the performance of suppliers, other than those designated as sole supplier by customers, generally by way of product sample testing, review of quality inspection records, and other methods deemed suitable for supervising their compliance.

During the reporting year, we have engaged 115 new suppliers. Other than those designated by customers, approximately 90% have passed our evaluation to ensure their compliance with the Company's stated requirements. The Group has coordinated procedures with the new suppliers and monitored relevant raw materials and semi-finished products in accordance with the quality and technical requirements of customers. In the reporting year, the Group has assessed the performance of existing suppliers based on the same assessment mechanism. Likewise, other than those designated by our customers, arrangements were made to assess all suppliers which had a significant impact on the products. The number and distribution of suppliers which have passed the assessment and been retained by the Group is disclosed in Section 3.2.5.1 of this report. Suppliers which do not meet the assessment requirements will be terminated by the Group until they have carried out required rectifications and met the relevant assessment requirements; or, under exceptional circumstances, the Group would discuss with customers the performances of suppliers and adjust the criteria for the selection and supervision of suppliers.

3.2.5.3 Environmental and Social Risk Control for the Supply Chain

The Group gives priority to suppliers that do not create significant hazards for the environment, as suppliers are assessed for their emission, pollution and other negative impact on the external environment. In the meantime, the operational compliance of business partners in the supply chain is considered and assessment is made on their relevant social risks, including staff employment compliance and safety compliance, among others. During the Reporting Period, the Group adopted the following methods to control supply-chain risks:

- Testing for verifying compliance of materials provided by suppliers with relevant environmental or safety standards (such as OEKO-TEX relating to the ecological safety of products and the EU regulations for the registration, assessment, permission and restriction of chemicals (REACH))
- Investigating suppliers' environmental compliance on the Internet (such as the IPE website)
- Giving priority to suppliers who have attained environmental management certification (such as ISO14001)
- Giving priority to suppliers who have attained certification relating to social responsibility (such as SA8000 and ISO45001)
- Conducting questionnaire survey or on-site assessment on the environmental performance and social responsibility of engaged suppliers.

3.2.5.4 Green Procurement

Other than production materials and equipment designated by customers, subject to operational requirements, the Group gives preference to materials and equipment with environmentally-friendly features. Materials are considered environmentally friendly if they are natural, non-hazardous, environmentally certified, or made of environmentally-friendly materials. Currently, green procurement covers fabric and accessories, example of one accessory like the fabric part of an environmentally-friendly zipper which was 100% made of recycled yarn, and a style of stuffing cotton composed of a minimum of 50% recycled polyester. Moreover, all solvents used by Hubei Factory in its printing process are environmentally friendly materials that have passed tests on hazardous substances, including tests on the level of formaldehyde, heavy metals, octylphenol ethoxylate (OPEO), octylphenol (OP) and organotin compound contained.

Some production contracts signed with customers include terms stipulating the use of suppliers and materials that are in compliance with the GRS / Global Recycled Standard and the Bluesign environmental standard for textile products, among others.

When choosing energy-consuming equipment, priority is given to products which have attained energy-saving certification or high-efficiency energy labels, such as energy-saving machinery and LED lightings. Moreover, at factories, eco-friendly models of refrigerants are used in the air-conditioning systems, such as the use of R410A eco-friendly refrigerants in replacement of the previous R22 refrigerants at Huilai Factory and Yifeng Factory.

Moreover, the Group has formulated a local procurement policy as a part of its green procurement. On the condition that the same quality is offered, priority is given to products and services provided by local suppliers, with a view to reducing the generation and emission of GHG in the process of procurement and transportation. For the Reporting Period, the average proportion of local supply to the Group's factories was approximately 50%, with individual factories attaining a rate as high as 90%.

3.2.6 Product Responsibility

Through the employment of state-of-the-art technologies and effective quality control techniques, the Group ensures that every product manufactured fulfills the functional requirements of its customers and relevant product safety / quality standards, such as AATCC158, AATCC135, AATCC179, AATCC8, and ISO1308. Finished products are kept in a securely guarded location to prevent theft or smuggling.

Control Union Certifications B.V.
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The Netherlands
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certification@controlunion.com
Tel.: +31(0)58-428100

SCOPE CERTIFICATE
CERTIFICATE NO. CU 88277RDS-01-2022
REGISTRATION NO. CU 88277

Control Union Certifications
declares that
PRO KINGTEX VIETNAM CO., LTD
License Number : CU 88277
Dien hoi/Contact telephone : +84 28 758 9888,
Binh Tan Dist., HCMC, Vietnam
HUE CHI HOAN
VIETNAM
has been inspected and assessed according to the
**Responsible Down Standard
Version 3.0**
CHAIN OF CUSTODY
and that products of the categories as mentioned below (and further specified in the product appendix) conform with this
standard:
Product categories:
Men's apparel (P0001), Women's apparel (P0002), Children's apparel (P0003), Unisex apparel (P0004)
Processing steps / activities carried out under responsibility of the above mentioned company for the certified product:
Packing (P0020), Trading (P0030), Manufacturing (P0010), Warehousing, distribution (P0010)

This certificate is valid until: 01 March 2023

Place and date of issue:
JABARA, 02 March 2022

Stamp of the issuing body: [Control Union Logo] Standard's Logo: [BBS Logo]

Name of authorized person:
[Signature]

On behalf of the managing director:
[Signature] [Signature]

The Scope Certificate provides no proof that any goods delivered by its holder are RDS certified. Proof of RDS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering these.

The issuing body may withdraw this certificate before its expiry if the declared conformity is no longer guaranteed.
Unauthorized use of the TC is prohibited. © BSC/CCDC

Scope Certificate CU 88277RDS-01-2022 and License number CU 88277, 02 Mar 2022, page 1 / 4

Apart from ensuring compliance of products with relevant safety and quality standards, the Group is also committed to conducting procurement and production management in a responsible manner and stringent compliance with environmental and ethical operational codes; for example, the Vietnam Factory recorded animal well-being information and ensured the traceability of down products in accordance with the certification requirements of the Responsible Down Standards (RDS), aiming to reduce the pain suffered by ducks and goose when they have their feathers removed, for contributing to animal protection.



Furthermore, the Group is committed to obtaining certification relevant to its products and processes for recognition of its status of practices and compliance. Examples of our certifications include the sustained maintenance of the status of "AEO Advanced Certificated Enterprise" awarded by the Customs of the People's Republic of China to our Shantou Factory, Yifeng Factory and Maitex Factory.



A comprehensive mechanism for handling complaints has been established. Upon receipt of a customer's complaint or request to return defective products, the case would be passed on to the department in-charge for investigation and analysis. Upon verification, rectifications would be devised and implemented within a stipulated time frame. Customer would be notified of the relevant outcomes and solutions.

The Group did not identify any violation of regulations of product responsibility or customer complaints during the Reporting Period. No cases of product recall initiated by product safety or health reasons have been identified out of the total number of products sold.

3.2.6.1 Quality Control for Raw Materials

Inspections of raw materials are carried out based on approved samples and in accordance with the sampling standards of customers. Only materials endorsed with third-party's pass result documentation will be purchased. Raw materials with metal contents will undergo testing for verification of such contents. Raw materials meeting required standards would be dispatched for use in production, while non-conforming materials would be processed and handled according to designated procedures.

3.2.6.2 Quality Control for Semi-finished Products

All semi-finished products are subject to quality control procedures and all cut pieces are required to undergo 100% inspection. Non-conforming cut pieces are forthwith replaced with colour-matched pieces. All outsourced semi-finished products are subject to 100% inspection and needle detection. Sub-contractors producing sub-standard output will be required to improve their quality.

3.2.6.3 Quality Control for Finished Products

Prototype samples are being developed for all products prior to mass production. A meeting would be held for all production lines prior to mass production to confirm the manufacturing requirements. The first prototype sample of a product should be approved by both the quality manager and the production manager before mass production. Every finished product from mass production process is subject to inspection by quality control personnel and remedies are promptly made in case of any defects. After rectification, the products would be inspected by the quality control personnel again. Data of non-conforming products are analysed and improvements to product quality are consistently made through the use of reliable quality control tools.

Upon completion of the manufacturing process, finished products are being sent to testing agencies or customer-approved internal laboratories for verification of their safety and quality. After thorough inspection, finished products are packed and stored in the warehouse. Prior to shipment, products are inspected in accordance with the sampling standards specified by customers. Products would only be dispatched for delivery after their quality has been confirmed by test results.

3.2.6.4 Monitoring of Product Safety

To prevent the leftover of any residual sharp metallic elements in the products, a metal restricted area where the use of unauthorised metal tools are prohibited has been set up for each of the major production processes. Metal tools are registered and kept under lock. The use and delivery of such tools in daily operations is managed by designated personnel and the replacement of broken needles are recorded. The products stored in warehouse must go through metal detection tests before packaging.

3.2.6.5 Protection of Intellectual Property Rights

The Group ensures that customer information would only be internally circulated within the Group. The disclosure of customers' design information and product specifications to external parties by the staff is prohibited. The following measures have been adopted by the Group to prevent the external disclosure of customer information.

Restrictions have been set for e-mail accounts to allow correspondence with designated customers and suppliers only. Access is granted, to the extent appropriate, to personnel of specialised departments on an as-needed basis. The transmission of information between the Group's computers and devices such as universal serial bus ("USB") drives or mobile phones / laptops are prohibited, as external data transmission through computers, USB drives and e-mail correspondence are under stringent control. Devices not registered with the Group are not allowed to be connected to its internal network.

An authorisation mechanism has been established to ensure the viewing of relevant information by authorised personnel only. Access to customers' drawings is centrally authorised and managed by the Information Technology Department. Information of customers' products is centrally managed through the ERP system and accessible only by authorized personnel. The receipt of customer information, such as the design information, approved fabric and samples of all customers are responsible by dedicated personnel of the Group, who will encrypt such information upon receipt.

Confidentiality agreements binding both the Group and its employees are in place. Training on information security is provided to personnel allocated with computers, and the topics included instructions on computer logins and change of login passwords, permission to access shared directories and related precautions, document management, and rules for sending and receipt of emails, among others. Unauthorised employees and visitors are not allowed to take photographs of the products while any relevant photographs taken must not be distributed to unauthorised personnel.

The Group respects the intellectual property rights of other parties and ensures that all commercial software are legally in use and properly licensed.

3.2.6.6 Privacy Protection of Consumers' Information

Given that the Group's products are not delivered to end consumers directly, the Group is not required to formulate any policy on protection of consumer privacy..





3.2.7 Anti-corruption

The Group has established an anti-corruption management system to regulate the conduct of all employees. They are prohibited from taking advantage of their positions to receive gifts, bribes or any payment in kind; embezzling properties or funds; soliciting gifts from suppliers; or taking advantage of the procurement process to seek personal gains. No gifts shall be accepted unless they have been authorised in accordance with the Group's policy and criteria.

3.2.7.1 Staff training on anti-corruption related topics

Upon recruitment, employees are requested to make a pledge to act with integrity and uphold ethical principles and reject corruption and bribery. The Group conducts education programmes to raise employees' awareness of anti-corruption. During the Reporting Period, the Group's factories organised a range of related training sessions, including induction training for new employees, regular training on factory regulations, training on anti-corruption policy and management for standards of business ethics, among others, to explain to staff on those principles that they should comply with and the prohibition against seeking improper interests and bribery, such that they would appreciate the importance of integrity and keep vigilance against corruption behaviour. In view of the importance of the directors' responsibility for supervising the Group's compliance, the directors were arranged to participate in training during the year for an in-depth understanding of laws relating to money laundering and their impact on the responsibility of the Company's directors.



Employees involved in the procurement process should avoid any conflict of interests that may compromise the fairness of their decisions. In particular, they are prohibited from taking advantage of their positions to narrow down the choices of suppliers and contractors. The selection process must resort to proper procedures, such as price comparisons and open tenders.

For items not designated by customers, procurement is generally conducted by comparing three suppliers against the evaluation criteria on product quality, price and other requirements of the Group.

For the approval procedure of service contracts, the Group has defined authorisation grades and determined different levels of reviewing and approving authorities based on the monetary amount involved.

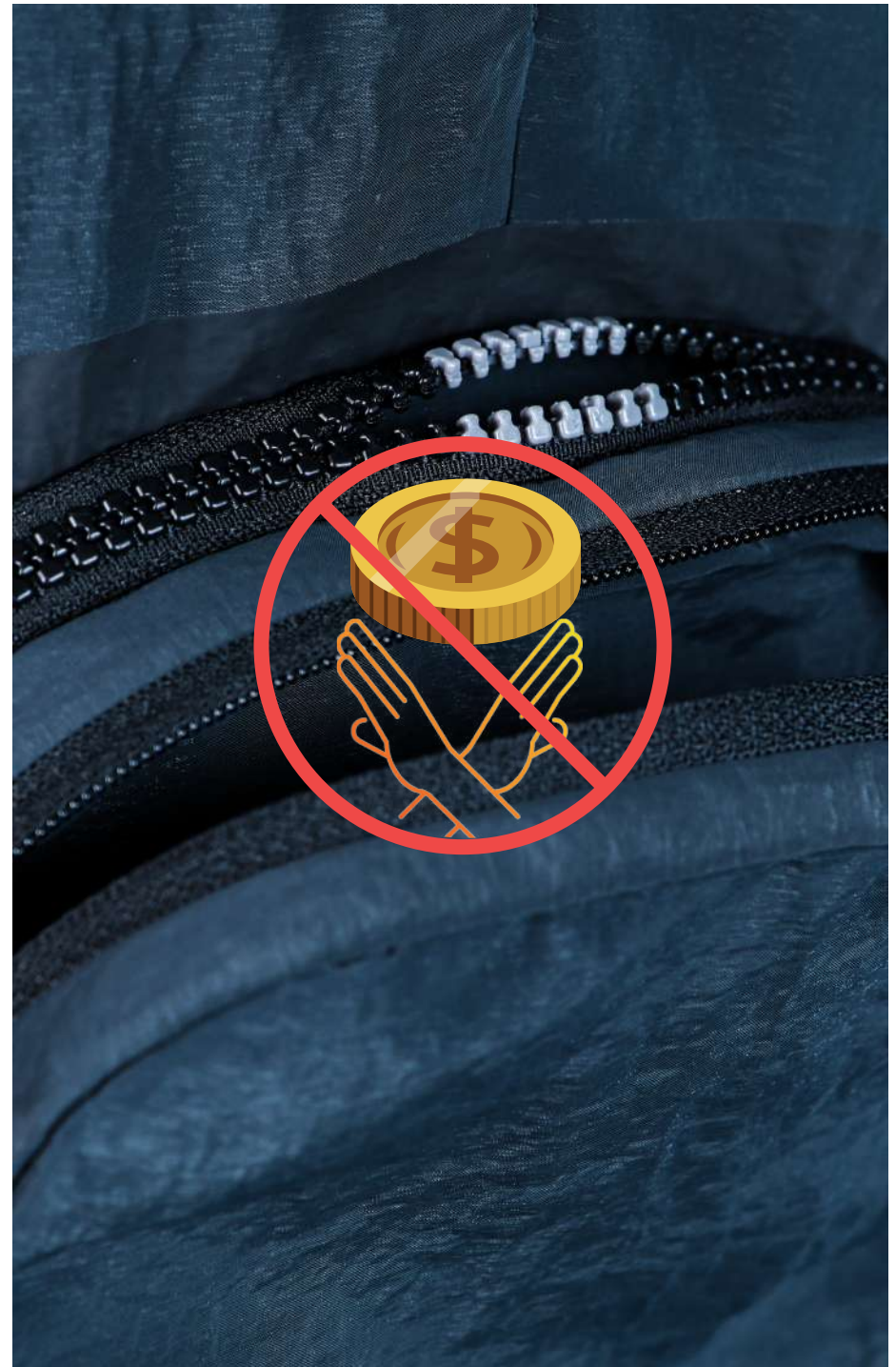
The Group also assesses its corporate governance / corruption risks, as well as other non-financial internal controls and risk management, on a regular basis.

To safeguard shareholders' interests, an independent third-party agency has been engaged to audit the Group's financial accounts to ensure that the accounts are subject to accurate and adequate financial supervision.

3.2.7.2 Whistle-blowing Procedure

The Group has established an internal communication mechanism to receive employees' opinions through e-mail, telephone, suggestion box and WeChat, among others. A complaint / reporting channel has also been set up. An employee who becomes aware of any suspicious matters relating to business ethics, corruption or bribery may lodge the case with management through e-mail, telephone hotline or the corporate WeChat account. The management team would investigate the case and rectify as appropriate if deficiency is identified.

During the Reporting Period, the Group did not identify any cases of legal non-compliance or complaints relating to corruption.





3.2.8 Contribution to the Community

The Group has always been upholding social responsibility, which is regarded an essential element underpinning its corporate value. Over the years, the Group has been engaged in partnerships with various stakeholders to support initiatives for the benefits of community organizations and the needy people therein. Local operations reach out to community stakeholders and identify appropriate forms of support based on their respective own strength and communication networks. Over the years, community initiatives supported by the Group have covered poverty alleviation, relief for disaster-stricken areas, education sponsorships and compassionate visits. During the year, the Group continued to undertake such responsibility and actively identified the needs of individuals and groups in the community to offer them support and care.

The table below indicates selected events in different areas organised by the Group during the year:

Region	Event	Organiser	Details	Cash Donation	In-kind Donation	Staff Participation
Hong Kong	Skip-a-meal	World Vision	Encourage staff to skip a meal and the company donated HKD 200 for each participant to help poor families in Africa			
Huilai	Compassionate visits to underprivileged groups	Maitex Co., Ltd of Huilai	Compassionate visits to underprivileged personnel at Pingtian Village and Guanlu Village			
Indonesia	Sponsorships for community festivals	PT. Eagle Nice Indonesia	Sponsorship for local festive celebrations - Eid al-Adha (Feast of The Sacrifice), including donations of supplies needed (e.g. sheep and beverage) to the local village chief			
Shantou	Supporting environmental protection	Longhu Bureau of Ecology and Environment	Sending staff to support a campaign under the theme of "Harmony for Humans and Nature - June 5th Environmental Day"			
Shantou	Supporting community health	Shantou City Centre Blood Donation Station	Sending staff to participate in voluntary blood donation			
Vietnam	Anti-epidemic support	Pingxin County People's Committee	Donation of anti-epidemic protective gear to government units during the novel coronavirus pandemic			
Yifeng	Compassionate visits in community	Eagle Nice (Yifeng) Garments Co., Ltd.	Compassionate visits to seniors at Tangpu Township Senior Home and Yifeng County Social Welfare House			





HONG KONG
World Vision
Skip-a-meal



Huilai
Pingtian Village
Compassionate visit to
the underprivileged



Huilai
Guanlu Village
Compassionate visit to
the underprivileged



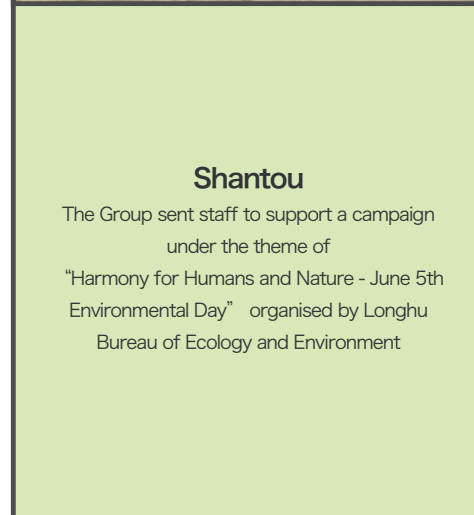
Yifeng
Tangpu Township Senior Home
Compassionate visits to seniors



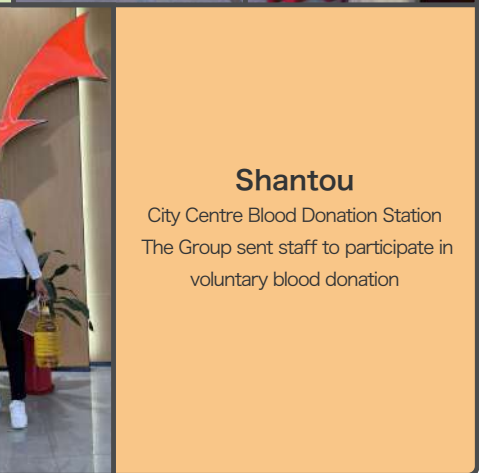
Shantou
City Centre Blood Donation Station
The Group sent staff to participate in
voluntary blood donation



Yifeng
Social Welfare House
Compassionate visits to seniors



Shantou
The Group sent staff to support a campaign
under the theme of
"Harmony for Humans and Nature - June 5th
Environmental Day" organised by Longhu
Bureau of Ecology and Environment





鷹美(國際)控股有限公司

EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 02368)



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