



# 美瑞健康国际产业集团

Meilleure Health International Industry Group

## Meilleure Health International Industry Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 2327)



一份專注

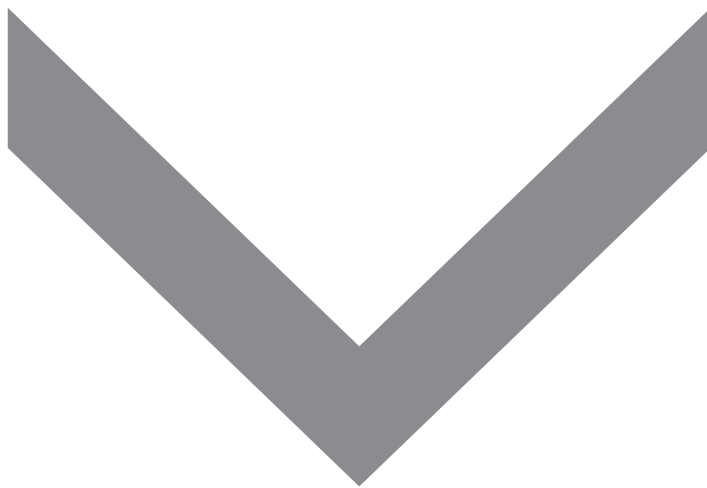
兩倍用心

三倍高效

十重保障

百倍體驗

終身受益



# 2022

Environmental, Social &  
Governance Report



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### Overview

This Environmental, Social and Governance (ESG) Report (the “**Report**”) of Meilleure Health International Industry Group Limited and its subsidiaries (“**the Group**”) for the year ended 31 December 2022 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) stated in Appendix 27 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”). Corporate governance is addressed separately in the Corporate Governance Report.

### Scope and boundary of the Report

The Report endeavours to present a balanced representation of the Group’s environmental and social performance and covers the entire operations of all entities in the Group. The content of the Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group’s operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and KPIs.

### Approved by the board of directors

The board has overall responsibility for the Group’s ESG strategy and reporting. The board is responsible for evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the board on 30 March 2023.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

### About the Group

The principal activities of the Group are operations of healthcare-related business, trading of construction materials and photovoltaic components, provision of real estate agency services, property investment and leasing, and development of residential properties. The Group mainly operates in Mainland China, Hong Kong, Japan, Switzerland and Australia. Particulars of the Group's principle entities are set out in note 23 to the consolidated financial statements for the year ended 31 December 2022 included in the 2022 annual report of the Group.

### Governance Structure

The Group's ESG governance structure is:

- The board of directors oversees ESG issues or risks, including climate-related risks and opportunities. The board is informed through internal reporting process about significant ESG issues or risks when they arise anytime during the reporting period. The board assesses the actual and potential impacts of ESG issues or risks respectively on the Group's overall strategy to manage ESG issues through short-term steps, medium-term targets, and long-term value enhancement.

The board has overall responsibility for the Group's ESG governance, which includes evaluating and determining ESG-related risks and opportunities, ensuring that appropriate and effective ESG risk management and internal control systems are in place, setting ESG management approach, strategy, priorities and objectives, reviewing the performance periodically against ESG-related goals and targets, and approving disclosure in the Report.

The board's ESG oversight includes establishing ESG governance to ensure a solid ESG governance structure in place, setting levels to agree on definition of ESG and its importance to the Group, determining which ESG risks and opportunities are of strategic importance and working with management to identify material ESG issues or risks, integrating important risks into business strategies and risk management processes, creating internal mechanisms to monitor and oversee the management of ESG issues or risks, ensuring proper disclosures on ESG risks, measures taken and progress toward targets, shaping key ESG messages, and improving continuously through review, refinement, and revamp as needed.

Chief executive officer, reporting to the board and supported by heads of operating units, is responsible for assessing, managing, and monitoring ESG issues or risks and opportunities on a daily basis. Heads of operating units are responsible to identify, assess, prioritize, and manage ESG issues or risks, and report to chief executive officer when significant issues or risks are identified. Company secretary acts as a coordinator and central hub for execution, implementation, communications and reporting of ESG initiatives and tasks.



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- The process used to evaluate, prioritize and manage material ESG-related issues or risks to our business is following:

The Group uses same criteria to assess and prioritize risks including ESG risks. The criteria include the determination of likelihood which is the probability of a risk occurring, and the determination of impact which is the result or effect of a risk. Risk criteria can be both qualitative and quantitative criteria to evaluate risks. The approach to prioritize risks is based on the assessment of severity, risk appetite, adaptability, complexity, velocity, persistence, and recovery. Significant ESG risks that impact business activities are determined as the result of ESG risk assessment and prioritization. ESG risks are managed to accept, transfer, avoid, or mitigate those risks. Heads of operating units are responsible to identify, assess, prioritize, and manage ESG issues or risks, and report to chief executive officer when significant issues or risks are identified with actual or potential impact to assess, prioritize, and manage.

- The board reviews progress made by management against ESG-related goals and targets relating to the Group's businesses regularly during the reporting period. Any inconsistency between goals or targets and the actual achievements identified by measurement systems is monitored by the board. The main challenges for the coming three to five years facing by the Group are rapid evolving of ESG requirements and expectation balancing with investment in resources and expertise in connection with ESG initiatives, therefore our goal is to match the level of internal resources with the growing expectation.

The objective or goals and targets stated below are relating to the Group's business based on the results of stakeholder engagement, their applicability and alignment to the Group's operation assessed by management and approved by the board.

## Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

## Objectives

We integrate environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Add environmentally-friendly elements to our daily sales and service activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management

Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation

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## Approach

Monitored by the board of directors, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

Environmental and social management system comprises:

- The direction from the board to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the board; and
- Reporting and disclosure of our performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the board for its overall ESG responsibility.



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## Reporting Principles

- Materiality – the threshold at which ESG issues are determined by the board to be sufficiently important to investors and other stakeholders that they should be disclosed. We identify material ESG factors through internal and external materiality assessment. Internal materiality assessment is conducted by senior managers and key employees to identify and prioritize material issues. External materiality assessment involves stakeholder engagement to identify, develop and achieve accountable and strategic responses to ESG issues so as to mitigate risks and maximize opportunities.

Criteria for the prioritizing and selection of material ESG factors concern strategies, regulations, sustainability, governance, corporate social responsibility, and financials. Material ESG issues are those governance, sustainability or societal factors likely to affect the financial condition or operating performance of the Group's business within our business sector, industry, and geographic locations.

In assessing what ESG issues are material, we take into account strategic and organizational framework factors including our values, policies, strategies, operational management systems, goals, medium-term targets, financial implications, level of impact the activities have on the environment and society, the interests or expectations of stakeholders, reputational risks and opportunities, short-term steps taken to mitigate risks, as well as external context including ESG interest or topics and indicators raised by stakeholders, stakeholder priorities, relevant laws, regulations with strategic significance to the Group and its stakeholders, ESG impacts, risks or opportunities. A stakeholder engagement is conducted as described below.

- Quantitative – the Report is prepared in accordance with the requirements of ESG Guide stated in Appendix 27 of the Listing Rules. This principle applies to all information in the Report. Methodologies, assumptions, calculation tools used, and source of conversion factors used for the reporting of emissions or energy consumption, as well as KPIs of social subject area, where applicable, are referred to Appendix 2 – Reporting Guidance on Environmental KPIs or Appendix 3 – Reporting Guidance on Social KPIs of How to prepare an ESG Report issued by The Stock Exchange of Hong Kong Limited.
- Consistency – There is no material change for applicable information from previous years in the way the Report is prepared which may affect meaningful comparison.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers or service providers, employees, management, and shareholders. We have conducted a survey, discussed or communicated with certain stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Based on the stakeholder engagement, we have identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, achievements and reporting. We present below the relevant and required disclosure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GENERAL DISCLOSURE AND KPIS

### A. Environmental

The Group recognises the value of a practice to protect the natural environment for the benefit of humans. We are committed to doing things we can to reduce the degrading of the biophysical environment.

#### Aspect A1: Emissions

Emissions refer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors. Since certain emission factors of Mainland China are not accessible or updated from official sources, we have applied relevant emission factors which are available from recognized or reputable sources. If certain emission factors of Mainland China are not available, available consumption data collected, waste produced, or emission measured is disclosed.

- **Air and Greenhouse Gas Emissions**

Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

- Air and Greenhouse Gas Emissions from Production

In view of the business nature of the Group's continued operation, there were no air and greenhouse gas emissions from production directly.

- Air and Greenhouse Gas Emissions from Vehicles

The Group believes that green transportation brings benefits, which include reduction of transportation costs and reduction of energy consumption and pollution.

The Group reminds employees to consider environmental impact in their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to take public transportation as often as possible, participate in a car pool, and avoid excessive idling of automobile.

KPI A1.1 Emissions from vehicles

There was no significant emissions from vehicles generated in view of the business nature of the Group's continued operation.





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### KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission ("GHG") and, where appropriate, intensity

GHG emissions in total are 49 tonnes for the year ended 31 December 2022 (2021: 50.50 tonnes), which includes scope 1, scope 2, and scope 3 emissions as disclosed below.

GHG intensity is 0.41 tonnes/per million Hong Kong dollars of revenue (2021: 0.20 tonnes/per million Hong Kong dollars of revenue; 0.58 tonnes/per person of full-time workforce of Shenzhen, Nanjing, Hong Kong, Japan, Switzerland).

### *KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group*

There was no significant direct emissions from operations that are owned or controlled by the Group.

#### – Indirect Greenhouse Gas Emissions from Electricity Consumption

Electricity consumption of the Group is a major part of its greenhouse gas emissions. Various electricity-saving policies have been established to reduce the electricity consumption by the Group. The Group encourages staff members to switch off light during daytime, maintain lamps well to keep clean, and install energy-efficient lighting. Air conditioning is required to be set at no lower than 25°C. It is also required to ensure the windows and doors are closed while air-conditioning is on, and turn off the air-conditioning after office hours or after the usage of a meeting room.

### *KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group*

Main sources of Scope 2 emissions: Electricity purchased from power companies

Types of emissions	<b>2022</b> (Tonnes)	<b>2021</b> (Tonnes)
CO <sub>2</sub> equivalent emission	44.45	41.45
Total GHG emissions	44.45	41.45

#### – Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills

In order to address indirect emissions relating to paper waste disposed at landfills, the Group encourages employees to apply computer technology such as emails and storage devices to reduce paper consumption, print on both sides of a sheet of paper, avoid unnecessary printing or copying on paper, and adjust documents and use space efficiency formats to optimise use of paper, and put recycling boxes near the photocopiers to collect single-sided paper for reuse and used double-sided paper for recycling.

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### – Indirect Greenhouse Gas Emissions from Business Travel by Employees

The Group recognises the severity of indirect greenhouse gas emissions from business travel by employees, and encourages employees to utilise teleconference instead of overseas meetings and choose railway for short-distance travel to reduce the number of air travel and ultimately reduce the carbon footprint of business travel.

*KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions*

Activities from which indirect GHG emissions arise:

	<b>2022</b>	<b>2021</b>
– Business air travel by employees		
Types of emissions	(Tonnes)	(Tonnes)
CO <sub>2</sub> equivalent emission	3.58	9.04
<b>Total GHG emissions</b>	<b>3.58</b>	<b>9.04</b>

CO<sub>2</sub> equivalent emission in connection with paper waste disposed at landfills in connection with Hong Kong operation is 0.94 tonnes for the year ended 31 December 2022. Co<sub>2</sub> equivalent emission in connection with electricity used for processing fresh water and sewage by governments is 0.044 tonnes and 0.041 tonnes respectively for the year ended 31 December 2022.

For Mainland China, Japan and Switzerland operation, total paper waste disposed for the year ended 31 December 2022 is 0.13 tonnes (2021: office paper usage for Hong Kong and Japan is 0.23 tonnes, related intensity is 0.91 kg/per million Hong Kong dollars of revenue, and 14.47 kg/per person of full-time workforce of Hong Kong and Japan).

### • **Discharges into Water and Land**

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

### • **Generation of Hazardous Waste and Non-hazardous Waste**

Our internal guidance encourages employees to handle office waste generated in a proper and environmentally friendly manner.



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### – Hazardous Waste

Hazardous wastes are those defined by national regulations. Hazardous wastes are required to be collected by recycling companies and labelled properly with sealed packaging.

#### *KPI A1.3 Total hazardous waste produced and intensity*

	<b>2022</b> (Tonnes)	<b>2021</b> (Tonnes)
Medical or clinic waste produced	0.28	0.14
	(Tonnes/per million Hong Kong dollars of revenue)	(Kilograms/ per million Hong Kong dollars of revenue)
Medical or clinic waste intensity	0.002	0.55

For 2021, medical waste intensity by clinics' revenue of Shenzhen and Nanjing is 10.22 kg/per million Hong Kong dollars, and by full-time workforce of Shenzhen and Nanjing is 2.1 kg/per person.

### – Non-hazardous Waste

We promote waste reduction practices including waste reduction at source, reuse, clean recycling, recover and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with longer life-span, to install recycling bins to collect recyclables, such as waste paper, glass or aluminium bottles, metal, and plastics, and to have recyclers to collect recyclables.

#### *KPI A1.4 Total non-hazardous waste produced and the intensity*

	<b>2022</b> (Tonnes)	<b>2021</b> (Tonnes)	<b>2021</b> (Litre)
General office waste produced – Landfill	0.24	–	–
General office waste produced – Incineration	0.44	0.45	2,250
General office waste produced – Landfill or Incineration	6.16	–	–
General office waste produced – Recycled waste	0.02	–	–
<b>Total non-hazardous waste produced</b>	<b>6.86</b>	<b>0.45</b>	<b>2,250</b>
	(Tonnes/per million Hong Kong dollars of revenue)	(Tonnes/per million Hong Kong dollars of revenue)	(Litre/per million Hong Kong dollars of revenue)
Non-hazardous waste intensity	0.06	0.002	8.84

For 2021, non-hazardous waste intensity is 1,125 litre/per person of full-time workforce of Japan.

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## KPI A1.5 Description of emission targets set and steps taken to achieve them

In accordance with policies stated above for the reduction of air and greenhouse gas emissions from vehicles, the Group adopts the following measures: control the numbers of vehicles owned by the Group; control the frequency of employees not to take public transportation for local business commuting; and control the volume of business travel by employees. We consider such measures had been achieved for the year ended 31 December 2022.

The Group endeavours to voluntarily achieve following targets for reduction of emissions as reported under KPI A1.1 and KPI A1.2 in connection with the Group:

- 5% reduction of scope 2 emissions over five years compared with 2022 as a baseline
- 5% reduction of scope 3 emissions over five years compared with 2022 as a baseline
- 5% reduction of GHG intensity over five years compared with 2022 as a baseline

Steps taken to achieve targets for reduction of emissions as reported under KPI A1.1 and KPI A1.2 are:

- Improving the efficiency and climate resiliency of operations
- Reducing scope 2 emissions by turning off lights when they are not used, replacing incandescent light bulbs with LED bulbs, and sourcing renewable energy sources
- Reducing scope 3 emissions by estimating the overall scope 3 footprint of our value chain, challenging our suppliers or service providers to commit to cutting more greenhouse gas emissions out of their operations, and engaging with suppliers, customers, employees, and contractors to manage their own emission sources

## KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them

Non-hazardous wastes are preferred to be recycled, otherwise, they are sent for landfill or incineration. In accordance with policies stated above for the reduction of non-hazardous wastes, the Group adopts the following measures: control the commercial wastes generated by employees; control the waste of papers; control the volume of non-hazardous waste going direct to landfill or incineration without recycling. We consider such measures had been achieved for the year ended 31 December 2022.

This KPI is concerned with the Group's management approach to waste. The waste management hierarchy ranks waste management methods from the most to least environmentally favourable. At the top of the waste management hierarchy is waste prevention, followed by reuse, recycling, and energy or other recovery. Landfilling and incineration without energy recovery are the least environmentally favourable.

Waste prevention is measures taken before a substance, material or product has become waste, that reduce the quantity of waste, including through the re-use of products or the extension of the life-span of products, the adverse impacts of the generated waste on the environment and human health, the content of harmful substances in materials and products. Waste prevention solutions can include innovative product design that requires fewer input materials or extends the product life cycle.



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Waste diversion is diverting materials to be reused, recycled, or composted, instead of being incinerated or buried in a landfill. To achieve waste diversion, different types of materials like paper, metals, recyclable plastic, organic waste and electronic or hazardous waste are first be sorted from general waste.

- We handle hazardous and non-hazardous wastes as following:
  - A management system has been implemented in accordance with Global Reporting Initiative (“GRI”) 306 Waste, covering collection and monitoring of waste-related data through on-line data input, transmission, and maintenance to reflect our commitment to managing waste-related impacts; engaging with customers to raise awareness about sustainable consumption practices, such as reduced purchasing of products, product sharing, exchange, reuse, and recycling; recovering products, components, and materials from waste through preparation for reuse and recycling; establishing and improving facilities for waste management across all subsidiaries and business units, including facilities for the collection and sorting of waste; setting policies for procurement from suppliers that have sound waste prevention and waste management criteria; and implementing circular business models for a system in the Group’s own activities and in its value chain that allows for long life, optimal re-use, refurbishment, remanufacturing, and recycling.
  - Waste prevention solutions are being implemented to re-use and recycle papers, bags, and containers for the reduction of quantity of waste, as well as the adverse impacts of the generated waste on the environment and human health. Waste diversion is adopted so that different types of materials like paper, metals, recyclable plastic, organic waste and electronic waste are first be sorted from general waste for re-use, recycling, composting instead of being incinerated or buried in a landfill.
  - For hazardous waste, we train and instruct relevant personnel to classify medical waste which is further stored in bags and containers with warning symbols indicating its hazardous nature. A licensed waste disposal agency is commissioned to collect the waste on a regular basis.
  - Non-hazardous wastes generated by the activities of all operating processes of the Group are within the scope of our waste management.
  - Head of general administration is responsible for adoption, implementation, and monitoring of waste management system, reporting to chief executive officer and finally to the board of directors, if it is required.
- The Group endeavours to voluntarily achieve following targets for waste reduction in connection with the Group, including waste prevention and waste diversion:

5% of reduction of hazardous waste over five years compared with 2022 as a baseline

We had set a target to achieve hazardous waste intensity in clinics in Shenzhen and Nanjing to 6 kg/per million Hong Kong dollars of clinics’ revenue or below by 2022, and we did not achieve this target due to the main fact that we had set up an additional clinic which generated additional medical or clinic waste and at the same period the total clinics’ revenue was reduced.

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5% reduction of non-hazardous wastes with a waste diversion rate of 90% over five years compared with 2022 as a baseline

We had also set a target to establish general waste (domestic waste) data and office paper consumption recording systems in all business segments by 2022. During 2022, we applied an alternative method to measure domestic waste, and we collected paper consumption data for our disclosure.

- Steps taken to achieve targets for reduction of non-hazardous wastes with waste diversion are:
  - Adopting circularity
  - Collecting and monitoring waste-related data
  - Transitioning to and applying new business models for waste reduction and diversion
  - Screening suppliers for negative waste-related impacts
  - Engaging with customers to raise awareness about sustainable use of products, including reuse and recycling
  - Re-using and recycling papers, bags, and containers for the reduction of quantity of waste
  - Adopting waste diversion so that different types of materials like papers, metals, recyclable plastic, organic waste and electronic waste are first be sorted from general waste for re-use, recycling, composting instead of being incinerated or buried in a landfill
- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.





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## Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., is one of the significant aspects to protect environment.

- ### Efficient Use of Energy

The Group established policies and procedures to reduce energy consumption in the facility, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

*KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity*

	<b>2022</b>	<b>2021</b>
Energy consumption by type	(kWh in '000s)	(kWh in '000s)
Electricity purchased for consumption	56	55.58
	(kWh in '000s)	(MJ)
Total energy consumed	56	200,084.40
	(kWh in '000s/ per million Hong Kong dollars of revenue)	(MJ/ per million Hong Kong dollars of revenue)
Total energy consumption intensity	0.46	785.79

For 2021, total energy consumption intensity is 1,048.66 MJ/per person of full-time workforce of Shenzhen, Hong Kong, and Japan.

Electricity purchased for consumption (indirect) is amount of indirect energy purchased and consumed from external sources in the form of electricity.

- ### Water Consumption

The Group requires employees to reduce water consumption in the offices. For example, employees are encouraged to fully empty any containers before washing, to turn off water taps promptly, to check faucets and pipes for leaks, and to adopt water saving appliances. At our work locations, water pressure is set to the lowest practical level; used water is collected for floor washing; and reminders of water-saving responsibilities, in form of notices and signs, are posted near where the water resources are in the pantries, washrooms, and offices.

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Some of our offices operate in leased office premises for which both the water supply and discharge are solely controlled by the building management, therefore, the provision of water withdrawal and discharge data or sub-meter for individual occupants are not feasible.

### *KPI A2.2 Water consumption in total and intensity*

	<b>2022</b>	<b>2021</b>
	(Cubic meters)	(Cubic meters)
Annual third-party water consumed	217	145
	(Cubic meters/ per million Hong Kong dollars of revenue)	(Cubic meters/ per million Hong Kong dollars of revenue)
Water consumption intensity	1.81	0.57

For 2021, water consumption intensity is 3.92 cubic meters/per person of full-time workforce of Shenzhen.

### *KPI A2.3 Description of energy use efficiency targets set and steps taken to achieve them*

The Group's ability to use energy efficiently can be revealed by its intention and measures for the reductions in energy consumption. Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices). The Group's policies and measures specific to managing energy use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2022.

This KPI addresses the issue of using less energy to achieve the same level of business output by eliminating energy waste. Improved energy efficiency brings a variety of benefits such as reducing greenhouse gas emissions and lowering costs.

Energy conservation refers to efforts made to reduce consumption of energy, including fuel, electricity, heating, cooling, steam, by using less of an energy service. This is achieved either by using energy efficiently to use less energy for a constant service or by reducing the amount of service used. The Group raises the target temperature for an air-conditioning system from 22 degrees Celsius to 25 degrees Celsius, conducts process redesign, and changes in employee behaviour in connection with energy consumption.

- The Group endeavours to voluntarily achieve following targets of energy use efficiency in connection with the Group:

5% reduction of electricity consumption over five years compared with 2022 as a baseline.





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We had set a target that at least 50% of newly purchased office appliances in all business segments should carry energy saving labels by 2022, we achieved this target.

- Steps taken to achieve targets for reduction of fuel and electricity consumption are:
  - Raising the temperature for an air-conditioning system from 22 degrees Celsius to 25 degrees Celsius
  - Redesigning operation processes for using electricity more efficiently
  - Using efficient lighting and efficient electrical appliances
  - Tracking and reporting energy usage, reduction and intensity over time

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them

The Group's ability to use water efficiently can be revealed by its intention and measures for the reductions in water consumption. Water consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. reliance on sources of water that may be considered sensitive due to their relative size or function; or status as a possibly rare, threatened, or endangered system; or to their possible support of a particular endangered species of plant or animal). The Group's policies and measures specific to water use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2022.

This KPI concerns the Group's management approach to water from a localized perspective. It also concerns efforts by the Group to use less water to achieve the same level of business output by eliminating waste. Improved water efficiency brings a variety of benefits such as mitigating impacts of water use on local stakeholders and lowering costs.

Water stress refers to the ability, or lack thereof, of local water sources to meet the human and ecological demand for water.

Water conservation refers to efforts made to reduce consumption of water by using less of a water service. This is achieved either by using water more efficiently, such as using less water for a constant service, or by reducing the amount of service used, such as by removing decorative fountains. Water conservation initiatives include process redesign, conversion and retrofitting of equipment, changes in employee behaviour, and other operational changes.

- The Group has not yet encountered issues in sourcing sufficient quantity and quality of water for business operations.
- The Group endeavours to voluntarily achieve following targets of water efficiency:
  - 1% reduction of water consumption over five years compared with 2022 as a baseline.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Steps taken to achieve targets for reduction of water consumption are:
  - Stewarding water as a shared resource
  - Reducing water usage in the value chain
  - Changing in employee behaviour and facilitating catchments where water is withdrawn, consumed, and discharged
  - Improving water performance and promoting reuse of fresh water
  - Employing water saving technology or processes
  - Prohibiting decorative fountains

### • **Efficient Use of Raw Material and Packaging Material**

The Group endeavours to adopt the lifecycle assessment approach to consider the environmental impact of products throughout their lifecycle, covering raw material selection, acquisition, production, usage, disposal, and recycling. The Group encourages employees to use recycled or renewable material for packaging, and to design the packaging to be returnable, reusable, and renewable.

We strictly stipulate guidelines to avoid any overuse of materials. For example, the size of packaging boxes should appropriately match the product size. Prior to product shipment, the size of packaged products is measured, and corresponding transport cartons would be used for delivery. Meanwhile, we strengthen the versatility of packaging materials between different products and realise the responsible use of materials.

*KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced*

The disposal of products and packing materials at the end of a use phase is a steadily growing environmental challenge, tracking the use of packaging materials is to reduce, reuse and/or recycle the packaging materials.

	<b>2022</b>	<b>2021</b>
	(Tonnes)	(Tonnes)
Total packaging material used by type		
Aluminium Foil	–	0.59
Fabric	–	0.21
Paper	–	12.86
Carton	2.52	–
Plastic	2.16	–
<b>Total packaging material used</b>	<b>4.68</b>	<b>13.66</b>
	(Tonnes/per million Hong Kong dollars of revenue)	(Tonnes/per million Hong Kong dollars of revenue)
<b>Intensity of packaging material use</b>	<b>0.04</b>	<b>0.05</b>

For 2021, the intensity of packaging material usage is 0.37 tonnes/per person of full-time workforce of Shenzhen.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Aspect A3: The Environment and Natural Resources

The Group is committed to reducing the operation impacts on environment and natural resources. Policies are established to consider the actual impacts on environment and natural resources and to reduce such impacts. We encourage environmental education and advocacy among employees to motivate environmentally responsible behaviour which helps fulfil the Group's commitment to minimising its adverse impacts on the environment.

### KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them

We understand that our performance in respect of emissions, waste production and disposal, and use of resources impacts the environment, we endeavour to minimise such impacts, and communicate our environmental policies, measures, performance, and achievements to our stakeholders.

Consumption and production not only exhaust natural resources through the use of material inputs, but also pose negative impact on environment as a result of the extraction, processing, and waste disposal at every stage of a product or service lifecycle. These environmental impacts include climate change, biodiversity loss, and pollution. The follow actions are taken to manage those impacts:

- An environmental management system has been implemented in accordance with ISO 14001 standard on environmental management systems – requirements with guidance for use
- The environmental management system covers the entire operation and activities of the Group
- Company secretary is responsible for adoption, implementation, and monitoring of environmental management system, reporting to chief executive officer and finally to the board of directors, if it is required.
- Leading indicators are used to inform management and other stakeholders about significant impacts include KPIs stated above.

The evaluation criteria for identifying significant impact of our activities on the environment and natural resources are based on magnitude, duration, and likelihood of an impact occurring as a result of our operation.

No significant impact on the environment and natural resources was caused in view of the business nature of the Group's business nature. Policies and/or measures adopted in the year ended 31 December 2022 specific to managing potential impacts of activities on the environment and natural resources are mentioned above.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Aspect A4: Climate Change

Policies on identification and mitigation of significant climate-related issues or risks which have impacted or may impact the Group are established for employees to follow, covering climate-related issues or risks, opportunities, actual or potential impacts, steps to be taken to manage risks, targets, and actual performance against targets.

### KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the Group, and the actions taken to manage them

This KPI prompts the Group to consider the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD) on identifying and disclosing the potential impacts of climate-related risks on our business.

The Group uses same criteria to assess and prioritize risks including climate-related risks. The criteria include the determination of likelihood which is the probability of a risk occurring, and the determination of impact which is the result or effect of a risk. Risk criteria can be both qualitative and quantitative criteria to evaluate risks. The approach to prioritize climate-related risks is based on the assessment of severity, risk appetite, adaptability, complexity, velocity, persistence, and recovery. Significant climate-related risks that impact business activities are determined as the result of climate-related risk assessment and prioritization.

- Significant climate-related issues or risks which have impacted or may impact the Group are following:
  - Acute physical risks, which arise from particular events, especially weather-related events such as storms, floods, fires or heatwaves that may damage production facilities and disrupt value chains, have impacted or may impact the Group's operation.
  - Chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity, have impacted or may impact the Group's operation.
  - Policy risks, which are transition risks as a result of energy efficiency requirements, carbon-pricing mechanisms which increase the price of fossil fuels, or policies to encourage sustainable land use, have impacted or may impact the Group's operation.
  - Legal risks, which are transition risks referring to risks of litigation for failing to avoid or minimize adverse impacts on the climate, or failing to adapt to climate change, have impacted or may impact the Group's operation.
  - Technology risks, which are transition risks associated with a technology with a less damaging impact on the climate replacing a technology that is more damaging to the climate, have impacted or may impact the Group's operation.
  - Market risks, which are transition risks that the choices of consumers and business customers shift towards products and services that are less damaging to the climate, have impacted or may impact the Group's operation.
  - Reputational risks, which are transition risks that the difficult of attracting and retaining customers, employees, business partners and investors exists when the Group has reputation for damaging the climate, have impacted or may impact the Group's operation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– The core elements of climate-related financial disclosure are following:

- Governance – the Group’s governance around climate-related risks

The board of directors oversees climate-related risks and opportunities. The board is informed through internal reporting process about significant climate-related issues when they arise anytime during the reporting period. The board considers climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans, as well as setting the organization’s performance objectives, monitoring implementation and performance, and overseeing investments, acquisitions, and divestitures. The board monitors and oversees progress against targets the Group has set for achievement.

Chief executive officer, reporting to the board and supported by heads of operating units, is responsible for assessing, managing, and monitoring climate-related risks or issues and opportunities on a daily basis. Heads of operating units are responsible to identify, assess, prioritize, and manage climate-related risks or issues, and report to chief executive officer when significant risks or issues are identified.

- Strategy – the actual and potential impacts of climate-related risks on the Group’s business, strategy, and financial planning where such information is material.

The Group has identified acute physical risks, chronic physical risks, policy risks, legal risks, technology risks, market risks, and reputational risks as our climate-related risks stated above associated with our businesses, strategy, and financial planning. At the same time, the Group also has identified climate-related opportunities which are resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products or services, access to new markets, and building resilience along the supply chain.

The actual and potential impacts of significant climate-related risks and opportunities on the Group’s businesses, strategy, and financial planning are increased operating costs for the enhanced emissions-reporting obligations, research and development expenditures incurring in new and alternative technologies, demanding for capital investment planning in technology development, and increase of revenue through new products or services related to ensuing resiliency.

We endeavor to make the Group’s strategies resilient to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with a 2 degree Celsius or lower scenario and, where relevant to the Group scenarios consistent with increased physical climate-related risks.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Risk management – the Group identifies, assess and manage relevant climate-related risks

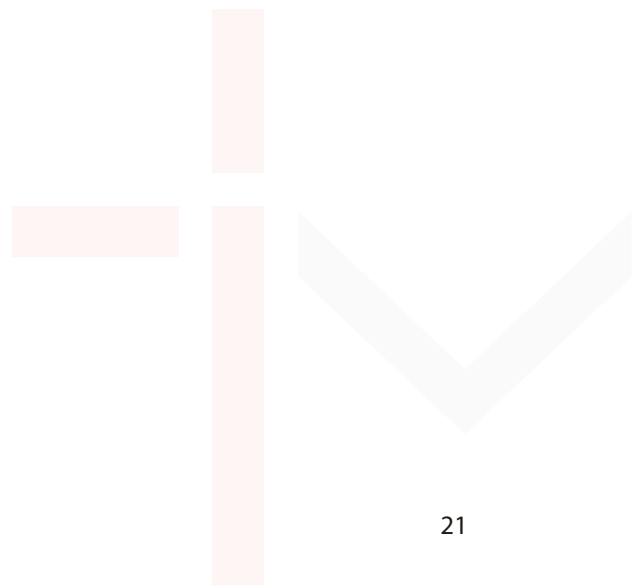
The Group's processes for identifying, assessing, prioritizing, and managing climate-related risks are integrated into our overall risk management. Significant climate-related risks determined as the result of climate-related risk assessment are prioritized, and managed to accept, transfer, avoid, or mitigate those risks.

- Metrics and targets – the metrics and targets used to assess and manage relevant climate-related risks where such information is material.

Key metrics used to measure and manage climate-related risks are disclosed above as KPIs, including scope 2, and scope 3 GHG emissions, energy, and water.

Targets used by the Group to manage climate-related risks are disclosed above, including targets set for emission, hazardous waste, non-hazardous wastes, energy use efficiency, and water efficiency.

- The Group implements action steps to lay the groundwork for effective climate-related disclosures, including integrating climate change into key governance processes and enhancing board-level oversight; looking specifically at the financial impacts of climate risk and how it relates to revenue, expenditures, assets, liabilities, and financial capital; and adapting existing enterprise-level and other risk management processes to take account of climate risk.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Steps taken to manage climate-related issues or risks are following:

Type	Climate-Related Issues or Risks	Actual or Potential Impacts	Steps Taken to Manage the Risks
Transition Risks	<b>Policy and Legal</b> <ul style="list-style-type: none"> <li>Increased pricing of GHG emissions</li> <li>Enhanced emissions-reporting obligations</li> <li>Mandates on and regulation of existing products and services</li> </ul>	<ul style="list-style-type: none"> <li>Increased operating costs, such as higher compliance costs, increase of insurance premiums</li> <li>Write-offs, asset impairment, and early retirement of existing assets due to policy changes</li> </ul>	<ul style="list-style-type: none"> <li>Setting up a target to reduce GHG emission</li> <li>Seeking for alternative products or services with low emission</li> </ul>
	<b>Technology</b> <ul style="list-style-type: none"> <li>Substitution of existing products or services with lower emissions options</li> <li>Inefficient investment in new technologies</li> <li>Costs to transition to lower emissions technology</li> </ul>	<ul style="list-style-type: none"> <li>Write-offs and early retirement of existing assets</li> <li>Possibly reducing future demand for products and services</li> <li>Research and development (R&amp;D) expenditures in new and alternative technologies</li> <li>Capital investments in technology development</li> <li>Costs to adopt or deploy new practices and processes</li> </ul>	<ul style="list-style-type: none"> <li>Conducting financial planning</li> <li>Preparing budgets for R&amp;D expenditures and capital investments in new and alternative technologies</li> </ul>
	<b>Market</b> <ul style="list-style-type: none"> <li>Changing customer behavior</li> <li>Uncertainty in market signals</li> </ul>	<ul style="list-style-type: none"> <li>Possibly reducing future demand for goods and services due to shift in consumer preferences</li> <li>Increased production costs due to changing input prices, such as energy, water, and output requirements such as, waste treatment</li> </ul>	<ul style="list-style-type: none"> <li>Responding to market signals</li> <li>Seeking for alternative products or services with low emission</li> </ul>
	<b>Reputation</b> <ul style="list-style-type: none"> <li>Shifts in consumer preferences</li> <li>Increasing of stakeholder concerns</li> </ul>	<ul style="list-style-type: none"> <li>Possibly reducing future demand for goods or services</li> <li>Reduction in capital availability</li> </ul>	<ul style="list-style-type: none"> <li>Seeking for alternative products or services with low emission</li> <li>Addressing stakeholders' concerns or feedback</li> </ul>
	Physical Risks	<b>Acute</b> <ul style="list-style-type: none"> <li>Increased severity of extreme weather events such as cyclones and floods</li> </ul>	<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Increase of capital costs</li> <li>Increase of insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations</li> </ul>
<b>Chronic</b> <ul style="list-style-type: none"> <li>Changes in precipitation patterns and extreme variability in weather patterns</li> <li>Rising mean temperatures</li> <li>Rising sea levels</li> </ul>			

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group refers to existing tools to collect and report climate-related financial information, such as climate change questionnaire and guidance from CDP, to better understand, collect, response, and report on climate-related financial information applicable to the Group.

## B. Social

The Group strives to fulfil its social responsibilities as a corporate citizen of communities. We endeavour to establish harmonious relationship with our employees, customers, suppliers, and the communities. We care about the well-being and development of employees, ensure high standard of service responsibility, enhance transparent relationship with customers and suppliers, and contribute to our community development.

For KPIs disclosed below, information about the standards, methodologies, assumptions and/or calculation tools used for these KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating these KPIs or any significant changes in data or calculation methodology that affect a meaningful and applicable comparison are stated.

### Employment and Labour Practices

#### Aspect B1: Employment

The Group continuously reviews our organization to ensure that it supports our investment strategy and the continued efficiency and safe operation of our businesses. In addition, our structure needs to have organizational agility to adapt to an increasingly complex and volatile business environment.

The Group established employment policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- **Compensation and Dismissal**

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *KPI B1.1 Total workforce by gender, employment type, age group and geographical region*

	2022		2021		
	(Number of people as at 31 December)	(Average number of people)	(Number of people as at 31 December)		
Total number of all employee headcount under a direct employment relationship	97	117	138		
By gender					
– Female	43	68	94		
– Male	54	49	44		
By employment types					
– Full-time	86	109	134		
– Part-time	5	5	4		
– Contractors	6	3	–		
– Interns	–	–	–		
– Volunteers	–	–	–		
By age group					
– Below 30	49	47	44	– Below 21	1
– 30 to 50	40	60	81	– 21 to 40	105
– Over 50	8	10	13	– 41 to 60	29
				– Over 60	3
By geographical region					
– Hong Kong	13	12	11		
– Mainland China	78	97	116		
– Japan	–	1	2		
– Australia	–	–	2		
– Switzerland	6	7	7		
By level					
– Senior management	18	18	19		
– Middle management	18	20	22		
– Others	61	79	97		

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *KPI B1.2 Employee turnover rate by gender, age group and geographical region*

Employee turnover reflects the number of employees who leave employment with the Group voluntarily or due to dismissal, retirement or death in service during the reporting period.

	2022		2021			
	(Number of people)	(Percent)	(Percent)			
Total employee turnover	58	50	39.37			
By gender						
– Female	52	76	46.25			
– Male	6	12	27.66			
By age group						
– Below 30	4	9	5	- Below 21	–	
– 30 to 50	49	82	54	- 21 to 40	39.00	
– Over 50	5	50	31	- 41 to 60	46.81	
				- Over 60	–	
By geographical region						
– Hong Kong	1	8	16.00			
– Mainland China	52	54	45.07			
– Others	5	63	–			

- **Recruitment and Promotion**

The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Discretionary incentive bonuses and promotion opportunities are also provided to staff according to their individual and the Group's performance.

- **Working Hours, Rest Periods, Benefits and Welfare**

Employees' working hours, rest periods, benefits and welfare, including medical and hospital insurance, social security benefits and retirement pension plans, are required in compliance with employment or labour laws and regulations.

- **Equal Opportunities, Diversity and Anti-discrimination**

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are handled based on objective assessment, equal opportunity and non-discrimination regardless of nationality, race, gender, age, or other measures of diversity.

The Group promotes an equal opportunity to our employees:



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Job applicants and existing employees are evaluated solely on their abilities, knowledge, skills, performance and the attributes required by the job.
- All applicants have equal employment opportunities, i.e. they will not be disadvantaged because of their nationality, age, gender, pregnancy, disability, marital status, race or family status.
- We respect the dignity of prospective employees and carry out our relationships with them without discrimination, harassment, vilification, or victimization.

Our aim is to create a friendly working environment where people possessing different sets of values and backgrounds can work with vitality and apply their capabilities to the fullest.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

### Aspect B2: Health and Safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

- **Providing a Safe Working Environment**

The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to management.

We are committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of our office or branches including with regards to cleanliness, indoor air quality, pest controls, security, fire precautions etc. In order to minimise workplace accidents, preventive and corrective measures are implemented, this includes providing necessary information, instructions, trainings, workplace safety inspections, supervisions for ensuring safety and health, and maintaining insurance for our employees.

- **Protecting Employees from Occupational Hazards**

One of the key factors for successfully protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group encourages such training to be delivered to employees. The Group employs comprehensive safe work practices that are reviewed on an ongoing basis to ensure that high safety standards are maintained, these work practices include establishing reporting and investigation procedures for all incidents, conducting regular fire drills, providing and maintaining safe access to and egress from workplaces, and providing trainings to employees on the prevention of occupational hazards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We conducted a fire drill to inform employees of the appropriate response to different types of fire accidents.



*KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year*

	<b>2022</b>	<b>2021</b> (Cases)	<b>2020</b>
Number of work-related fatalities	–	–	–
		(Percent)	
Rate of work-related fatalities (per hundred employees)	–	–	–

Work-related fatalities arise from exposure to hazards at work, it includes fatalities resulting from commuting incidents where the transport has been organized by the Group. For 2021, work-related injury case is zero.

*KPI B2.2 Lost days due to work injury*

	<b>2022</b> (Days)	<b>2021</b> (Days)
Lost days	–	–

Work injuries arise from exposure to hazards at work. The Group requires operating units to report work injury that resulted in incapacity for more than one day.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored

This KPI is concerned with the Group's ability to provide a safe and healthy work environment and to promote optimal physical and mental health for employees and, if it is applicable, workers whose work and/or workplace the Group controls.

The following occupational health and safety measures are adopted by the Group:

- An occupational health and safety management system, which is a set of interrelated or interacting elements to establish an occupational health and safety policies and objectives, has been implemented by the Group. It aims to achieve those objectives through a systems-based approach that integrates occupational health and safety management into overall business processes, and strives to continually eliminate hazards and minimize risks. For Hong Kong operation, we adopted Occupational Safety and Health Ordinance, Chapter 509 of the Law of Hong Kong, and subsidiary regulations. For Mainland China operation, we adopted the Law of the People's Republic of China on Work Safety, as well as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases. We protect the safety and health of all employees by preventing work-related injuries, ill health, diseases and incidents. We integrate occupational health and safety risks into our daily risk management practice to mitigate by establishing occupational health and safety policies and procedures, conducting health and safety training to employees, and encouraging employees to participate actively in all elements of the occupational health and safety management system, including establishing of strategy and objectives; setting policies; hazard prevention and control measures; management of change; emergency prevention, preparedness and response; procurement, contracting, performance monitoring and measurement; investigation of work-related injuries, ill health, diseases and incidents; performance review, and continual improvement.
- Occupational health services entrusted with essentially preventive functions, and responsible for advising the employer, the employees, and their representatives in the undertaking, on the requirements for establishing and maintaining a safe and healthy work environment, are provided to facilitate optimal physical and mental health in relation to work and adaptation of work to the capabilities of employees in the light of their state of physical and mental health. Functions of occupational health services provided comprise surveillance of factors in the work environment, including any sanitary installations, which might affect employees' health; surveillance of workers' health in relation to work, such as regular health check-up; training and advice on occupational health, safety, and hygiene; advice on ergonomics, and on individual and collective protective equipment; promotion of the adaptation of work to employees; and organization of first aid and emergency treatment.

Voluntary health promotion services are provided to employees to address major non-work-related health risks, such as advising and facilitating employees to improve their diet, quit smoking, or reduce stress. Employees' access to non-occupational medical and healthcare services is facilitated through the Group's health insurance scheme. Voluntary health promotion services complement occupational health and safety services to promote employees' health and well-being.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Our occupational health and safety measures cover activities of all employees in the Group's premises.
- Head of general administration is responsible for adoption, implementation, and monitoring of occupational health and safety measures, reporting to chief executive officer and finally to the board of directors, if it is required.
- Leading indicators used to inform management and other stakeholders about occupational health and safety performance include work-related fatalities, lost days due to work injury, the frequency of health and safety inspections, and the number of employees trained in hazard identification and incident reporting.

- **Work-life Balance**

The Group supports employees to enjoy leisure and sports activities outside of workplace, with the aim of enhancing work-life balance, personal development and sense of belonging among employees.

The Group encourages work-life balance, as it is crucial to rejuvenating employees. We hosted a celebration for the mid-autumn festival in 2022.



- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

- **Employee Development**

The Group requires employees to attend internal and external training courses including employee continuing education to improve employees' knowledge and skills for their job positions.

We have established a system which allows our employees to complete and submit self-assessment forms to report on their career achievements, job ambitions and other aspects. Supervisors use such self-assessment forms as the basis for face-to-face appraisal with employees, as a way to enhance communication and assist career design, while formulating and advancing development-oriented rotation schedules so as to continually provide challenging opportunities to help the employees actualise their capabilities.

- **Training Activities**

We have a training system for improving employees' working performance and capabilities. We provide a set of hierarchical curriculum and training to different positions and levels of employees, so that employees can improve or learn more about general skills, management skills, corporate knowledge, product information or service guidelines and professional skills, etc. All new employees are required to undergo trainings regarding the corporate culture, basic guidelines, policies and procedures, safety, basic knowledge about the Group's operations and systems, etc.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *KPI B3.1 The Percentage of employee trained by gender and employee category*

	2022		2021
	(Average number of people)		(Number of people as at 31 December)
Total number of all employee headcount under a direct employment relationship	117		138
	(Number of people)	(Percent)	(Percent)
Total number of employees who took part in training	44	38	
By gender			
– Female	19	43	64.58
– Male	25	57	35.42
By level			
– Senior management	1	2	12.50
– Middle management	3	7	12.50
– Others	40	91	75.00

Training refers to any type of vocational training and instruction, including paid educational leave provided by the Group for our employees, training or education pursued externally and paid for in whole or in part by the Group; and/or training on specific topics.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *KPI B3.2 Average training hours completed per employee by gender and employee category*

	<b>2022</b>	<b>2021</b>
	(Average number of people)	(Number of people as at 31 December)
Total number of all employee headcount under a direct employment relationship	117	138
	(Hours)	(Hours)
Total number of training hours that employees participated in	72	891
By gender		
– Female	36	612
– Male	36	279
By level		
– Senior management	4	122
– Middle management	8	107
– Others	60	662
	(Hours/per employee)	(Hours/per employee)
Average number of training hours that employees participated in	0.6	
By gender		
– Female	0.5	9.74
– Male	0.7	4.98
By level		
– Senior management	0.2	5.52
– Middle management	0.4	7.13
– Others	0.8	8.07

This KPI is concerned with the Group's investment in training and the degree to which this investment is made across our employee base.

In 2022, we conducted a new employee orientation program to help new employees to understand the Group's policies and procedures and their responsibilities to comply with.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Aspect B4: Labour Standards

The Group is committed to avoiding child and forced labour in the workplace.

- **Preventing Child and Forced Labour**

The Group prohibits child labour. It requires human resource department and user departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce.

Before commencement of employment, each of our employees' legal proof of their age (i.e. personal identification cards) must have been reviewed, verified and filed.

We are committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for our employees.

At induction, all employees are briefed on the Group's "no child and forced labour" policy and how to report and protect their rights.

### KPI B4.1 Description of measures to review employment practices to avoid child and forced labour

This KPI is concerned with the Group's ability to respect, protect and promote fundamental human rights. Child labour is work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Specifically, it means types of work that are not permitted for children below the relevant minimum age.

Minimum age for working differs by country or jurisdictions we operate, here it refers to minimum age for working stipulated by local laws and regulations that apply or the age of completion of compulsory schooling whichever is higher.

Forced or compulsory labour is all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. Recognized forms of forced labour include human trafficking, coercion in employment, forced labour linked to exploitative labour contract systems, and debt-induced forced labour.

The following measures to review employment practices to avoid child and forced labour are adopted:

- Head of general administration is in charge of reviewing employment practices of the Group and suppliers to avoid child and forced labour, and procurement personnel are involved in reviewing suppliers' employment practices. Operations and/or suppliers at significant risk for incidents of child or forced labour in terms of types or activities and/or countries and geographical areas we operate are incorporated in our risk management practice to assess, identify and mitigate the risk.
- Based on the result of reviewing current operation of the Group and suppliers, we are not aware of any operations and/or suppliers with child and forced labour issues or any violations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- The following measures are taken which are intended to contribute to the elimination of all forms of child or forced labour: Operations and/or suppliers at significant risk for incidents of child or forced labour in terms of types or activities and/or countries and geographical areas we operate are incorporated in our risk management practice to assess, identify and mitigate the risk; review of current operations of the Group as well as suppliers in connection with child and forced labour is conducted; and issues or violations in connection with child and forced labour, if any, are required to report to the head of general administration.

### KPI B4.2 Description of steps taken to eliminate such practices when discovered

The following steps are intended to take to eliminate all forms of child or forced labour when discovered: discontinuing or terminating without delay such operation or supplier relationship, investigating the root cause of such operation or supplier relationship, and remedying our risk management or internal control deficiencies to prevent a recurrence.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour.

### Operating Practices

#### Aspect B5: Supply Chain Management

Supply chain management is one of the important areas of our business, which includes managing environmental and social risks of the supply chain. The Group requires suppliers to provide products and services for us with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and to ensure compliance with labour standards. The contracting for purchase of products and services is required to be based solely upon specification, quality, service, delivery, price, and tendering.

The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and achievement of efficiency and cost saving in procurement.

Supply chain management policies and procedures are established, including assessment, selection, approval, procurement, and performance evaluation. Performance evaluation is based on quality, service, cost, and delivery.

The Group draws from an international supply chain that provides the best quality components and supplies available at an appropriate price.

We have a comprehensive supplier approval process, with assessment tools that assess risks associated with the products or services provided by the suppliers. Each year, our management reviews the performance of the suppliers such as the quality of the products and services provided, timely delivery, price, labour practice and environmental governance, compliance with laws and regulations, etc. Corrective actions are specified for any quality defects. Such actions include return or exchange of defective products and termination of contracts, etc. We believe that the suitability and quality of our supplies are paramount. To achieve that, we seek and value long-term stable relationship with our suppliers.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### KPI B5.1 Number of suppliers by geographical region

	<b>2022</b> (Number of suppliers)	<b>2021</b> (Number of suppliers)
Total number of suppliers	106	17
By region		
– Mainland China	104	13
– Switzerland	1	3
– Australia	–	1
– Netherlands	1	–

This KPI is concerned with providing a general description of the Group's supply chain as a whole.

### KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored

This KPI is concerned with the Group's general supply chain management strategy, and refers to engagement conducted by the Group with its supply chain as a whole.

The following measures to engage suppliers are adopted, implemented, and monitored:

- Supply chain code of conduct is established, covering ethics, conflicts of interest, cost, time, quality, continuity of supply, compliance, labour practices including child and forced labour, environment, anti-corruption, data protection, intellectual property, supply chain engagement and monitoring of compliance.
- Supply chain management system is established in accordance with International Organization for Standardization (“**ISO**”) 9001 – Quality management systems, ISO 14001 – Environmental management systems, ISO 20400 – Sustainable procurement, ISO 22301 – Security and resilience – Business continuity management systems, and ISO 28000 – Specification for security management systems for the supply chain. Supply chain management system is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace. Supply chain management system comprises five elements: planning, sourcing raw materials, manufacturing, delivery, and returns. Supply chain management system is an integrated partnership among all partners in the flow of goods and services to a customer. The objectives of supply chain management system are to efficiently and effectively improve quality, reduce costs and achieve competitive advantage by placing reliance on each other as partners in the supply chain context.



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- Procurement managers are responsible for supply chain management and efficient and effective operation of supply chain management system. Procurement managers focus on procurement practices that could cause or contribute to negative impacts in the supply chain including stability or length of relationships with suppliers, lead times, ordering and payment routines, purchasing prices, and changing or cancelling orders; conduct supplier screening using environmental and social criteria; agree procurement terms; and evaluate suppliers' performance. Procurement managers report to chief executive officer for issues or deficiencies and remediation to be taken.
- Top priorities for general supply chain management strategy and impacts for supplier selection and retention are sustainability, responsiveness, and quality. These priorities affect supplier selection and retention assessment and decision through supplier screening process and supplier performance evaluation process.
- We create necessary channels to raise awareness among our staff, particularly procurement staff, as well as suppliers on our supplier chain management expectation and efficient and effective operation of supplier chain management system, including identification of critical suppliers, environmental and social criteria for selection and retention of suppliers, customer focus and alignment, and supplier performance evaluation.
- Our expectation from suppliers is established, including product and service specification, delivery, quality, pricing, as well as compliance, and are defined in contracts with suppliers to monitor. Our procurement prices are in line with the market so that suppliers are incentivized to deliver and meet our expectations.
- Suppliers are encouraged to attend training or instruction programs to meet expectation of sustainability, responsiveness, and quality and to participate capacity-building activities to identify the types of abilities and knowledge missing, define a plan to address the gaps with priorities, and allocate a realistic budget to address the gaps.
- Leading indicators used to inform management and suppliers about supply chain performance include order to delivery lead time, perfect order fulfillment, and capacity utilization.
- Applicable information in connection with supply chain sustainability assessment and sustainable sourcing under KPIs B4.1, B4.2, B5.3, B5.4, B6.3, B6.4, B6.5, B7.2 and B7.3 is stated in relevant sections.

The above measures adopted, implemented and monitored cover all suppliers, products and services procured during the reporting period.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

This KPI is specifically concerned with the Group's supply chain environmental and social risk assessment as part of the Group's enterprise risk management process.

The following measures for supplier assessment which may involve site visits, questionnaires, external sustainability agencies, stakeholder information, external databases, or news watches are adopted, implemented, and monitored:

- We define environmental and social risks are the potential negative consequences to the supply chain that result from their impacts or perceived impacts on the natural environment such as air, water, soil, or communities of people including employees, customers, and local residents.
- We identify and assess significant actual and potential negative environmental and social impacts in the supply chain through our integrated risk management process, as well as due diligence process to identify, prevent, and mitigate risks and address actual and potential negative impacts to the supply chain.
- We identify and prioritize suppliers for assessment of environmental and social impacts by referring to environmental and social criteria, supplier screening results, due diligence findings, risk assessment, and supplier performance evaluation.
- The nature of risks typically found or expected to found in supply chain includes lack of prompt response, lack of documentation of environmental and social performance, lack of competitive pricing, and long lead time.
- Procurement managers are responsible for identifying environmental and social risks along the supply chain, prioritizing risks associated with suppliers, conducting supplier screening, performing due diligence, participating supplier selection, evaluating supplier performance, and taking actions to address the significant actual and potential negative environmental and social impacts identified in the supply chain and to prevent, mitigate, or remedy the negative impacts. Procurement managers report to chief executive officer for issues or deficiencies and remediations to be taken.
- The system used to screen new suppliers comprises of environmental and social criteria for benchmark including environmentally preferable products and services, risk assessment process, supplier prioritization policies, due diligence including supplier background check, and supplier selection decision making procedures.
- Nature of supplier assessment refers to environmental and social assessment, credit assessment, quality assessment, delivery and responsiveness assessment, and price assessment. The frequency of supplier assessment is at least during the stage of screening new suppliers or evaluating supplier annual performance.
- Actions taken to address significant actual and potential negative environmental and social impacts identified in the supply chain to prevent, mitigate, or remedy the impacts include improving the Group's procurement practices, adjusting performance expectations, continuous capacity building, training or instruction programs, process re-engineering, as well as terminating supplier relationships.



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- Corrective action plans are required to be documented and followed up by procurement managers, such activities include documenting remediation action plan with time frame, following up with partners in the supply chain, and reviewing the result of remediation. Consequences for non-compliance can lead to temporary suspension of supplier relationships or permanent termination of supplier relationships depending on the severity and willingness of suppliers to remedy the negative impacts.
- Leading indicators used to inform management and other stakeholders including suppliers about supply chain performance include hazardous material content, post-consumer recycled content, emission per unit produced, bio-based or energy-efficient products, healthcare benefits, number of accidents or deaths per man-hour, financial health, and ISO 9000 certification.

*KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored*

This KPI is concerned specifically with green procurement, and is complementary to KPI B5.2 and linked with KPI B5.3.

The following are our practices including green procurement adopted, implemented and monitored by the Group:

- Green procurement refers to purchasing products and services that cause minimal adverse environmental impacts. It incorporates human health and environmental concerns into the search for high quality products and services at competitive prices. In addition to avoiding single-use disposable items, the Group identifies products with improved recyclability, high recycled content, reduced packing and greater durability; with greater energy efficiency; utilizing clean technology or clean fuels; resulting in reduced water consumption; emitting fewer irritating or toxic substances during installation or use; or resulting in smaller production of toxic substances, or of less toxic substance, upon disposal.
- Environmentally preferable products are defined as products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose.
- Procurement managers are responsible for identifying environmental and social risks along the supply chain, prioritizing risks associated with suppliers, conducting supplier screening, performing due diligence, participating supplier selection, evaluating supplier performance, and taking actions to address the significant actual and potential negative environmental and social impacts identified in the supply chain and to prevent, mitigate, or remedy the negative impacts. Procurement managers report to chief executive officer for issues or deficiencies and remediation to be taken.
- The system used to screen new suppliers comprises of environmental and social criteria for benchmark including environmentally preferable products and services, risk assessment process, supplier prioritization policies, due diligence including supplier background check, and supplier selection decision making procedures.

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- Criteria for selecting suppliers based on preferable environmental impacts include environmentally preferable products and services, management systems and training to address environmental risks associated with production, greenhouse gas emissions and energy usage, air emissions, water management, waste management, packaging, pollution prevention, raw materials, and local impact of transportation modes.
- Leading indicators used to inform management and other stakeholders including suppliers about supply chain performance include hazardous material content, post-consumer recycled content, emission per unit produced, and bio-based or energy-efficient products.

### Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

- **Health and Safety**

The Group is fully responsible for our products and services, including health and safety relating to our products and services provided.

We take our product safety obligations seriously so as to meet and, where possible, go beyond the regulatory standards in relation to health and safety that are applicable to our products and services.

- **Advertising**

The Group understands our customers' rights and is committed to providing accurate products and service information for customers in connection with their purchase or consumption decision. The Group requires careful review of advertising material to protect customers' interest.

- **Labelling**

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights are protected.

- **Privacy Matters**

The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required.

We respect and protect the privacy of the personal information of individuals with whom we deal. The Group has and follows the security procedures and makes use of technology to keep and protect such information held. Our data security policies and procedures rigorously protect our customers' personal privacy, as well as commercially sensitive and other privacy-protected information. Such security policies and procedures were formulated to ensure compliance with the local regulations and regulations relating to personal data protection and privacy. All employees who are likely to handle commercial or consumer data will undergo relevant trainings.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Methods of Redress**

Although we ensure the quality of our products and services, at the same time, the Group requires that products or services with quality, safety, or health issues should be returned or compensated in accordance with terms of sales or service agreements. Return, recall, or compensation of products and services is required to be offered to all customers who are affected with consistent treatment and procedures.

*KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons*

	<b>2022</b> (Tonnes)	<b>2021</b> (Tonnes)
Volume of recalled products	–	–
	(Percent)	(Percent)
Percentage of products sold or shipped subject to recall	–	–

This KPI is concerned with the efficacy of consumer protection measures implemented by the Group, in accordance with relevant consumer protection laws and regulations. Product recall is a process of requesting consumers to return, exchange, or replace a product after defects have been discovered that could hinder performance, harm consumers, or give rise to legal issues for the producers.

*KPI B6.2 Number of products and service related complaints received and how they are dealt with*

	<b>2022</b> (Number of cases)	<b>2021</b> (Number of cases)
Number of complaints received	191	1
Number of complaints responded	191	1
Number of complaints resolved	191	1
Number of complaints repeated	–	–
	(Days)	(Days)
Response time	3	1
	(Percent)	(Percent)
Response rate	100	100
Resolution rate	100	100
Repeat rate	–	–

This KPI is concerned with consumer satisfaction for the Group's products and services.

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We receive enquiries and feedback from our customers in various forms. Customer complaints are the gaps between what our business promises in terms of the products or services and what our customers get. It is a discrepancy between how customers perceive the brand, products, or services and where they fail to get the desired product or service experience. Customer complaints can be different types, it could be related to improper communication, internal processes or poor quality or service.

Practice adopted by the Group is that the Group defines roles and responsibilities for handling customer complaints, specifies reporting channel from staff who respond complaints to management, follows assessment and investigation procedures, monitors the resolution of complaints with satisfaction, and trains staff to learn from complaints. To inform management and other stakeholders including customers about customer service performance, above indicators are used for this purpose.

### KPI B6.3 Description of practices relating to observing and protecting intellectual property rights

This KPI is concerned with the ability to respect, protect and promote intellectual property rights. Intellectual property refers to a group of separate intangible property rights, including trademarks, patents, copyright, designs, plant varieties and the layout design of integrated circuits in accordance with relevant laws and regulations in the jurisdictions in which we operate. For the purpose of this KPI, intellectual property rights belong to the Group, its associates, related parties in supply chain, or unrelated third parties.

The following are practices adopted by the Group to protect or promote intellectual property rights: we have established policies, procedures, and controls to observe, respect, promote, and protect intellectual property rights which are either owned by the Group or by suppliers, including patents, licenses, copyright, and trademarks, and design rights. Working with legal counsel and procurement managers, our chief executive officer is overall responsible for the protection or promotion of intellectual property rights to avoid infringing our or others' intellectual property rights. We monitor the prompt registration of intellectual property rights owned by us as well as prompt understanding of intellectual property rights owned by suppliers in connection with products we sell. Indicators used to inform management and other stakeholders including suppliers or customers are number of infringements detected, and number of infringements removed.

### KPI B6.4 Description of quality assurance process and recall procedures

This KPI is concerned with quality management. Quality assurance is part of quality management focusing on providing confident that quality requirements are fulfilled.

The following are quality assurance practices adopted by the Group: our objective is to demonstrate our ability to consistently provide products and services that meet customers' and applicable statutory and regulatory requirements and enhance customer satisfaction through the effective application of the system, including process for improvement of the system and the assurance of conformity to customers' and applicable statutory and regulatory requirements. Our quality management system ensures quality requirements are met through quality assurance process covering product planning, procurement, acceptance, sales, after-sales service, improvement, and training. Chief executive officer is responsible for overall monitoring of quality assurance with support from relevant heads of operating units.



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The Group has demonstrated the commitment with respect to customer focus by ensuring that customer and applicable statutory and regulatory requirements are determined, understood and consistently met; the risks and opportunities that can affect conformity of products and services and the ability to enhance customer satisfaction are determined and addressed; the focus on enhancing customer satisfaction is maintained; and quality assurance and recall policies and procedures are followed.

Quality requirements for products and services comprise requirements specified by the customers including requirements for delivery and post-delivery activities; requirements not stated by customers, but necessary for the specified or intended use; requirements of the Group; statutory and regulatory requirements applicable to the products and services; and contract or order requirements differing from those previously expressed.

The Group ensures through verification or other activities that externally provided processes, products and services conform to our quality requirements when products and services from external providers are intended for incorporation into the Group's own products and services; products and services are provided directly to the customers by external providers on behalf of the Group; a process, or part of a process, is provided by an external provider as a result of a decision by the Group.

The Group ensures that products or services that do not conform to our quality requirements are identified, controlled to prevent their unintended use or delivery, corrective actions are taken, and the consequences are dealt with, including recall or redress to all customers affected consistently. Our recall procedures include collection of information on product safety or quality issues, determination whether products are required to be recalled, formation of a team in charge of recall, setting apart affected products in our control, notification to all customers affected, monitoring recall process with consistent treatment, controlling of recalled products, and correcting the cause of the recall.

Indicators used to inform management and other stakeholders such as suppliers and customers about quality issues and corrective actions in the event that sub-standard products reach the marketplace and need to be recalled are defects per hundred units, defective rate, recall notification rate, and time for completion of recall.

### KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored

This KPI is concerned with protection of consumer privacy in the context of networked data and globalized corporate activities that expose the Group to risks of personal data leakage and misuse or unauthorized access.

Personal data means information which relates to a living individual and can be used to identify the individual. For our Hong Kong operation, the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong protects the privacy of individuals in relation to personal data, and outlines how data users should collect, handle and use personal data. For Mainland China operation, the Group observes Cybersecurity Law, Data Security Law, as well as Personal Information Protection Law of the People's Republic of China.

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The Group also takes note of the European Union's General Data Protection Regulation (GDPR) which come into force on 25 May 2018. One of the key developments introduced under the GDPR is the explicit requirement of compliance by organizations established in non-European Union jurisdictions in specified circumstances. With our diversified business and transaction models, such as online transactions, GDPR is predicted to be applicable to us from time to time.

The following are practices adopted, implemented, and monitored by the Group to protect personal data:

- The Group has established consumer data protection and privacy policies covering the entire operation. The consumer data and personal information are only used under the consent of providers in the proper context only for authorized business purposes and are accessible only to those staff who have a legitimate need to know. We keep consumer data and personal information, if applicable, only so long as we need it to provide products and services to our customers as well as procure products and services from our suppliers. When we no longer need to use such data or information and there is no need for us to keep them to comply with our legal or regulatory obligations, we either remove them from our systems or depersonalize them. Providers have options in relation to the data or information that we have, such as access, alteration, deletion, objection to us processing such data or information, and requesting more details about the data or information we collect and how and why we use or share it, if applicable.
- Our legal counsel is in charge of our compliance of consumer data protection and privacy policies, our relevant heads of operating units are responsible for implementation of such policies, they are reporting to chief executive officer who is responsible for monitoring the compliance of such policies.
- We have conducted training to staff on consumer data protection and privacy policies and compliance with such policies.
- The Group imposes zero-tolerance policy on the breach of consumer data protection and privacy policies, disciplinary actions including possible termination of employment are taken to penalize such breach.
- Our consumer data protection and privacy policies are transparently available to suppliers and customers for the nature and use of collected information and how private data is collected, used, retained and processed.



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- Consumer data and private information are collected in a lawful and fair way, for a purpose directly related to the nature of our business, function, or operation activity; data or information subjects are notified of the purpose and the classes of persons to whom the data may be transferred; data or information are accurate and not kept for a period longer than is necessary to fulfil the purpose for which they are used; data or information is used for the purpose for which the data are collected or for a directly related purpose with the consent from the providers; data or information collection is necessary but not excessive; practical steps are taken to safeguard data or information from unauthorized or accidental access, processing, erasure, loss or use; consumer data and private information policies and practices are available to providers regarding the types of data or information held for process and how they are used; and providers are given access to data and information to allow them to make corrections if they are inaccurate.
  - Leading indicators used to inform management and other stakeholders including suppliers and customers about performance on compliance with consumer data protection and privacy policies are number of breaches, severity of breaches, time to detect breaches, time to resolve breaches, and number of customers affected.
- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

### Aspect B7: Anti-corruption

The Group established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

We have established and implemented a set of procedures to identify corruption risks which relate to bribery, extortion, fraud and money laundering in the Group's operation. Employees who engage in business operations are strictly prohibited to use business opportunities for personal interest or benefit. Employees are reminded that receiving expensive gifts of any form from suppliers and other related parties is absolutely prohibited. At the same time, our employees are encouraged to join ethical and anti-graft courses.

We encourage employees and external parties to report any suspected misconduct without fear of reprisal, discrimination or adverse consequences. Examples of misconduct include financial malpractices, breach of the Group's regulations, endangering health and safety, criminal activity, professional misconduct, wilful failure to declare a relevant interest, disclosing business information without authority, etc. We will investigate any of such reported misconduct cases and take appropriate actions. Those who have reported suspected misconduct to the Group will be protected against victimization.

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### KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period and the outcomes of the cases

In 2022, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

	<b>2022</b>	<b>2021</b>
	(Cases)	(Cases)
Number of concluded legal cases regarding corruption	–	–
	(HK\$)	(HK\$)
Outcome of concluded legal cases regards corruption (Amount of fines, penalties or financial impact of sanctions)	–	–

This KPI is concerned with confirmed incidents of corruption perpetrated by the Group or its employees. This KPI covers the Group and all employees who engaged in a direct employment with the Group.

Corruption refers to the abuse of entrusted power for private gain and can be instigated by individuals or organizations such as bribery facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the Group's business. This may include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage or that may result in moral pressure to receive such an advantage.

Concluded legal cases refers to a government, regulatory, industry association, self-regulatory, or a similar body, or the Group itself has determined there was a case of corruption. A case in the appeals process is only considered concluded once there has been a ruling on the appeal.

### KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored

This KPI concerns the anti-corruption and bribery policies and procedures the Group has in place to comply with and/or complement legal requirements.

Whistle-blowing refers to when one reports insider knowledge of illegal activities occurring within the Group. Whistle-blowers can be employees, suppliers, contractors, clients, or any individual who becomes aware of illegal or immoral business activities.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following are relevant preventative measures and whistle-blowing practices adopted, implemented, and monitored by the Group:

- Anti-corruption policy, whistle-blowing policy, and anti-corruption management system are established to cover the entire operation of the Group concerning bribes in any form including kickbacks, political contributions, charitable contributions and sponsorship.

Our anti-corruption policy states the objective which is to prohibit corruption, bribery, or malpractice; requirement for the compliance with anti-corruption laws and regulations; establishment of an anti-corruption management system to instil an anti-bribery culture within the Group and implement appropriate controls, which in turn increase the chance of detecting corruption and bribery and reduce these incidences.

Our whistle-blowing policy states the activities that constitute misconduct or malpractice, false report, making a report, reporting channel, confidentiality, and investigation procedures.

- ISO 37001 – anti-bribery management systems including risk assessment has been adopted.
- Our legal counsel is responsible for the adoption of preventive measures and whistle-blowing procedures, our relevant heads of operating units are responsible for implementation of such measures and procedures; they are reporting to chief executive officer who is responsible for monitoring the compliance with such measures and procedures.
- We take preventive measures to narrow down the possibilities of corrupt behaviour, such as resolving conflict of interest, restrictions on receiving gifts or entertainment, and procedures to monitor compliance with prohibitions and restrictions, and performance of duties. Such preventive measures enhance integrity requirements for directors and staff concerning offering and acceptance of advantages and entertainment, and manage conflict of interest.
- We design and implement corruption prevention controls on high-risk areas or procedures, such as requesting for multiple quotations for purchasing items, authorization of supplier selection, preparation of bank reconciliation, and setting different authorization limits.
- Channels for reporting on corruption or irregularities flow directly to a designated independent compliance function which has been actively communicated and can easily be accessed.
- The Group transparently makes our anti-corruption and anti-bribery policies and procedures available for the access of relevant stakeholders including employees. Incidents, substantiated incidents, details of charitable contributions and sponsorship are also accessible to relevant stakeholders.
- Leading indicators used to inform management and other stakeholders including investors about the Group's performance on preventive measures and whistle-blowing procedures are number of whistle-blowing incidents reported, number of whistle-blowing incidents concluded, and termination of employees as a result of corruption.
- We set out clear and measurable targets that there is the least circumvention of our preventive measures or whistle-blowing procedures for the forthcoming years to facilitate continuous monitoring of our anti-corruption and anti-bribery practice.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *KPI B7.3 Description of anti-corruption training provided to directors and staff*

	2022 (Number of sessions)		2021 (Number of sessions)	
Number of training sessions	1		1	
	(Number of hours)		(Number of hours)	
Number of training hours	1		1	
	(Number of people)		(Number of people)	
Attendees		(Percent)		(Percent)
– Directors	7	100	–	–
– Staff members	7	6	4	3
	(Number of people)		(Number of people)	
Departments				
– Treasury	1		–	
– Finance	6		4	

This KPI concerns anti-corruption training, which is essential for creating a healthy corporate culture.

The scope of training covers the fraud and bribery risks, and compliance with laws, regulations, code of conduct, anti-corruption policy, and anti-bribery policy, which are relevant and appropriate to the roles of audiences. Audiences include directors, staff, and applicable business partners. The means of training are live presentation, group-internet based (webcast) courses, or self-study courses. As a result of the training conducted, a culture of integrity, transparency, openness and compliance, as well as ethical behaviour in the workplace is noticeably enhanced. Communication and training build the internal and external awareness and the necessary capacity to combat corruption.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to bribery, extortion, fraud and money laundering.

### Community

#### Aspect B8: Community Investment

The Group endeavours to support the communities in which we operate including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest. We strive to maintain close communications and interactions with local communities in order to contribute to local development.





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On 26 August 2022, leaders and members of Shenzhen Federation of Industry & Commerce visited the Group's Shenzhen office to share the opportunities and challenges in the health management and aesthetic medical industries, and share experience to provide excellent health management and aesthetic medical services to the local community.



On 25 October 2022, president and members of Shenzhen Association of Plastics and Aesthetics held a conference at the Group's Shenzhen office to share the opportunities and regulations of aesthetic medical services and enhance the services to the local community.



- **Labour Needs**

The Group strives to enlarge the business operation so that we can hire more workers to utilize communities' available labour resources.

- **Community Activities**

We encourage our employees to participate in community activities, such as community health initiatives, sports, cultural activities, volunteer work, and charitable events.

- **Environmental Protection**

All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the communities.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### KPI B8.1 Focus areas of contribution

Local communities are persons or groups of persons living and working in any areas that are economically, socially or environmentally impacted either positively or negatively by the Group's operations. The local community can range from persons living adjacent to the Group's operations, to those living at a distance who are still likely to be impacted by these operations.

- We invest in local communities with the focus areas of health among education, environmental concerns, labour needs, health, culture, and sport.
- We identify activities or initiatives to invest in the health of people living in the local communities.
- The beneficiaries are people living in the communities in Shenzhen.
- The investments are intended to help avoid or mitigate negative impacts that the Group's operations or other issues have on local communities in connection with environmental or social impacts arising from our operations.
- Partner organizations are involved, they are selected based on the common goals or objectives of focus areas shared and managed to achieve the vision and value of partner organisations, and monitored for the consistent objectives and achievements among us.
- The investments are part of our ongoing program to contribute to the local communities for achieving our environmental and social objectives.
- Leading indicators used to inform management and other stakeholders including local community representatives about the Group's performance are volunteer hours, donations in cash, donations in kind, and public disclosure of results of environmental and social impact assessments, if applicable.

### KPI B8.2 Resources contributed to the focus area

	<b>2022</b> (Hours)	<b>2021</b> (Hours)
Focus area: Health		
Resources contributed by geographical spread of community		
Community: Futian District of Shenzhen		
Volunteer hours	8	8