

CHINA TING GROUP
華鼎集團

Stock Code : 3398

Environmental, Social and Governance Report 2023





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ABOUT THIS REPORT

China Ting Group Holdings Limited and its subsidiaries (hereinafter collectively referred to as “China Ting Group” or the “Group”) is a vertically integrated garment manufacturer, exporter and retailer principally engaged in garment OEM and ODM, fashion retailing and property investment in Mainland China. We are pleased to publish the 2023 Environmental, Social and Governance (“ESG”) Report (the “Report”), which aims to illustrate the Group’s policies, measures and performance in sustainable development as well as its management approach in response to climate change risks.

This Report is prepared in both Chinese and English and is available for inspection on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkexnews.hk) and the Group (www.chinating.com.hk).



REPORTING SCOPE

This Report covers China Ting Group’s core garment OEM business, which mainly includes the business operations of textile, dyeing and garment manufacturing in Mainland China, during the period from 1 January 2023 to 31 December 2023 (the “Reporting Period”), accounting for 60% of the total annual revenue. This Report covers a total of 9 factories of the Group in Mainland China (collectively, the “subsidiaries” or “operating sites”), as detailed in the table below. As some subsidiaries did not operate or integrated with other subsidiaries during the Reporting Period due to business adjustment during the Reporting Period, some data cannot be disclosed in the Report. Therefore, the data coverage of some environmental key performance indicators (“KPIs”) may not be consistent with the overall disclosure scope for the previous year. For details, please refer to the notes of the corresponding sections.

Business Type	Name of Subsidiary ¹
Textile factories	Zhejiang China Ting Jincheng Silk Co., Ltd Zhejiang China Ting Textile Technology Co., Ltd
Printing and dyeing factory	China Ting Woollen Textile Co., Ltd (“China Ting Woollen Textile”)
Garment factories	Zhejiang Fuhowe Fashion Co., Ltd Zhejiang Fucheng Fashion Co., Ltd Zhejiang Huali Fashion Co., Ltd. Zhejiang Concept Creator Fashion Co., Ltd Shenzhen Fuhowe Fashion Co., Ltd Finity International Fashion Co., Ltd

¹ During the Reporting Period, Guizhou Tianzhu China Ting Garment Co., Ltd and Zhejiang Huayue Silk Products Co., Ltd had not operated, so the relevant data or information are not disclosed in this Report.

REPORTING PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) in Appendix 27 to the Listing Rules issued by the Stock Exchange, and has applied the four reporting principles set forth in the Guide, namely materiality, quantitative, balance and consistency.

Reporting Principles	Definition	Application
Materiality	The Report should reflect the Group’s significant impacts on the environment and society, or the ESG issues that substantially influence stakeholders.	The Group conducted materiality assessment through questionnaire surveys to identify ESG issues that are important to the Group and its stakeholders, and developed the reporting disclosure framework based on the results.
Quantitative	The KPIs shall be measurable. The Group shall state the measurement criteria and methods for quantitative data, and provide historical data, as appropriate, for comparison.	Where feasible, the Group collected the data on ESG performance in a quantitative manner and disclosed relevant data, calculation standards and methods. Meanwhile, the Group entrusted independent professional consultants to calculate greenhouse gas emissions and other key environmental performance indicators in accordance with national guidelines and international standards.
Balance	The ESG Report shall present the Group’s positive and negative impacts in an unbiased manner to allow stakeholders to make a comprehensive evaluation of the overall performance of the Group.	Based on the principles of professionalism, objectivity and fairness, the Group truthfully explained and disclosed its performance in all aspects of ESG.
Consistency	The Report should adopt consistent disclosure and statistical methodologies to allow stakeholders to make a meaningful comparison of ESG-related data.	The Group collected data in a manner consistent with that applied in previous reports. Any changes affecting the comparison with previous disclosures will be explained in this Report.



CONFIRMATION AND APPROVAL

The Group has established an internal control and review system to collect and manage relevant information and data to ensure that the disclosures in this Report are accurate and reliable. This Report was confirmed and approved for release by the board of directors (the “Board”) of the Group on 31 May 2024.

FEEDBACK

We welcome comments from the public and stakeholders on the Group’s sustainability performance or the content of this Report, with an aim to continuously improve the sustainability governance and strategies. If you have any questions or suggestions on the Group’s sustainable development work, or the content or reporting form of this Report, please contact the Group by email to esg@chinatingholdings.com.



BOARD STATEMENT



Against the backdrop of the climate change and environmental challenges worldwide, China Ting Group is committed to promoting sustainable development with strong beliefs and actions. We recognize that environmental protection and corporate development are not opposite, but complementary and inseparable. In this regard, we continue to introduce innovative technologies and management models into our business operations, striving to achieve a win-win situation between carbon reduction goals and environmental protection benefits.

Facing up to the rapid market changes and the growing needs of consumers for environmental protection, we actively adopt green technologies and renewable energy in supply chain management, product design and production processes, which can not only help us to significantly reduce our carbon footprint, but also enable the Group to gain advantages in sustainable development. In order to achieve our target of net-zero carbon emissions and enhance our market competitiveness, the Group will focus on energy management, which will bring us new opportunities in an operating environment full of challenges. We plan to improve our energy efficiency at all operating sites, actively promote innovative green technologies, take sustainable development as the core philosophy of the Group, and accelerate the use of clean renewable energy. To this end, we are committed to investing more resources in training and development to help employees improve their professional skills and personal development, especially in the aspects of “sustainable development”, “energy management” and “innovation”, to prepare themselves for the working needs and challenges in the future.

Meanwhile, in response to the market demand for low-carbon products, the Group will continue to make substantial investment in the research and development of low-carbon technologies, materials and products to ensure that our products can comply with environmental protection standards and meet the market expectation for green products. As an upstream supplier in the industry, the Group has been actively transforming and upgrading textile processes with high water consumption and high pollution, and is committed to promoting the textile and apparel industry towards a sustainable and low-carbon future. We also maintain close cooperation with various suppliers to ensure that sustainable development is practiced to the greatest extent throughout the entire value chain, and further reduce carbon emissions and environmental pollution.

We firmly believe that employees are the core force driving sustainable development. Therefore, we invest substantial resources in employee training and development, especially the trainings in the areas of “sustainable development”, “energy management” and “innovation”, aiming to enhance employees’ professional skills and adaptability, and ensure that they are ready for the challenges and opportunities in the future.

Looking forward, China Ting Group will continue to support the policy of “taking innovation as the driver to vigorously promote the transformation and upgrading of economy, energy, and industrial structure” in China, and promote green recovery and development with practical actions. We undertake to regard sustainable development as the core of the Group’s long-term strategy, and actively respond to the risks brought about by climate change and seize various opportunities arising therefrom by establishing definite goals and action plans.

Sincere thanks to all shareholders and partners for your continued support and trust. We look forward to working with you to help China Ting Group create a more environmentally friendly and sustainable future.



SUSTAINABLE DEVELOPMENT POLICY

Sustainable development is an integral part of China Ting Group's new normal of operation, which carries our firm belief in corporate social responsibility and is also an important foundation for establishing good corporate and social relations. Therefore, the Group pays close attention to the impact of its business operations on the entire value chain, including the environment, employees, suppliers, customers and communities. We aim to integrate the concept of sustainable development into all aspects of our business and operations by formulating policies, implementing measures and setting goals, thereby improving our performance in sustainable development and create long-term value for the Group's business operations, stakeholders and the community environment.

While focusing on business development, the Group also focuses on protecting the rights and interests of stakeholders. Through regular exchanges and communication with different stakeholders, we can effectively understand the key issues related to the business, thus laying a foundation for the Group's governance structure and formulation of sustainable development strategies. We will develop a sustainability strategy in line with the Group's business development, and take systematic measures under the supervision, decision-making and leadership of the Board to promote the completion of various tasks, thereby striving to achieve the sustainable development of cities and communities.

GOVERNANCE STRUCTURE

China Ting Group firmly believes that a sound corporate governance structure is the key to achieving long-term success. By establishing a transparent, responsible and effective management system, we can ensure the rationality and transparency of decision-making, thereby maintaining a high level of corporate governance and ensuring the effective operation of our business.



SUSTAINABLE DEVELOPMENT POLICY

As the highest governance organ, the Board of the Group is fully responsible for China Ting Group's ESG and climate change matters. The Board plays the role of a leader and regularly supervises and makes decisions on relevant strategies, goals, policies, measures and risk management to promote the sustainable corporate development.

The Group has established an ESG management team to ensure that sustainable development is properly valued and put into practice. This team, as led by the Chief Executive Officer (CEO) and comprising the senior management of each unit and department, is responsible for incorporating sustainability management into the Group's governance structure. The responsibilities of the ESG management team include promoting, formulating and implementing the relevant strategies, performance targets and work plans for sustainable development. The Group meets regularly to consider and review the performance of relevant policies and measures, and reports to the Board on the Group's progress in sustainable development.





RISK MANAGEMENT

The Board is fully responsible for maintaining sound and effective internal control and risk management systems, and integrating risk management into the strategic development, business planning, capital allocation, investment decisions, internal control and daily operations of the Company. In response to risks arising from climate change, market change and other aspects, the Group has incorporated ESG principles into the business operations and risk management. We have designed and formulated an appropriate internal risk management system for the Group with reference to the corporate internal control regulated system, including the “Corporate Risk Management and Internal Control Regulation Rules”, as well as other internal control regulatory requirements. In order to ensure the effectiveness of this system, with the assistance of the audit committee, the Group has established a sound risk management mechanism to identify, analyze, evaluate and manage significant risks that affect the Group, its businesses and various functions, which can help the Group formulate relevant goals and plan the direction of future development.

During the Reporting Period, the Group reviewed and updated the risk list and conducted risk analysis based on the current status of corporate development and the new developments in social policies and regulations in 2023. The Audit Committee and the Board commit to continuously publish and improve the risk management manual and strengthen the risk response measures. The Audit Committee will gradually implement the risk management process according to the risk level, and continuously monitor the risk warning indicators and the effectiveness of the countermeasures for identified risks to achieve reasonable and timely management and control of risks. For details on risk management and internal control, please refer to the “Corporate Governance Report” in the Company’s annual report.



Among others, the risks related to sustainable development identified by the Group during the year are as follows:

Risk Item	Details of Risks	Control Measures	Extent of Risk Impact
Public opinion risks	With the beginning of an era where everyone is self-media, and the moral standards and professional ethics of employees needing to be improved, any misbehaviour by employees or wrong decision-making by management may trigger public opinion risks, which poses more challenges to internal corporate management.	<ul style="list-style-type: none"> • Making prompt response to public opinion dynamics released by popular self-media channels to avoid escalation of the situation and the expansion of the impact; • Increasing the coordination with various government authorities for law enforcement and administration to control the situation in a timely manner, thereby avoiding the spread of public opinions; • Exerting efforts on the emotional counselling of the employees on a daily basis to reduce the possibility of public opinion risks; 	Significant risk
Carbon neutrality	As the process of carbon peaking and carbon neutrality advances in depth, realizing carbon neutrality has become a challenge of the times for enterprises. As an export-oriented enterprise, China Ting Group must actively promote carbon reduction and carbon neutrality to enhance competitiveness, and seize the historical opportunity for achieving sustainable and high-quality development.	<ul style="list-style-type: none"> • Continuously monitoring energy consumption statements to reduce energy waste caused by “water running, seeping, dripping and leaking”, etc.; • Installing smart energy consumption meters and a digital energy consumption control system to detect abnormal energy consumption in real time; • Applying new energy-saving technologies 	Moderate risk

COMPLIANCE MANAGEMENT

China Ting Group regards ensuring operational compliance as an important goal and has always strictly complied with all applicable laws and regulations to avoid any negative impact resulting from the violations of laws and regulations. Such negative impact may include suspension of business operations, damage to reputation, penalties and litigation. As different countries tighten or adjust the laws and regulations related to the garment industry, the Group must make timely changes to ensure local compliant operations. To this end, we monitor the Group's performance in compliance with legal and regulatory requirements through the Audit Committee. Meanwhile, we have formulated and implemented a series of internal policies and systems and submitted them to the Board for annual review of compliance performance to further strengthen compliance management.

During the Reporting Period, the Group had no cases of violation of laws and regulations related to various aspects of ESG, and there were no concluded corruption lawsuits against the Group or its employees.

Scope	Issues	The Group's Policies	Major Laws and Regulations (including but not limited to)
Environment	Emissions	• Energy Management System	• Environmental Protection Law of the People's Republic of China
		• Chemical Leakage Emergency Plan	• Water Pollution Prevention and Control Law of the People's Republic of China
		• Chemical Safety Management Program	• Environmental Noise Pollution Prevention and Control Law of the People's Republic of China
		• Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry	• Solid Waste Pollution Prevention and Control Law of the People's Republic of China
			• China's Guidelines for Accounting and Reporting Greenhouse Gas Emissions — Other Industrial Enterprises
			• ISO14064-1 GHG Protocol
	Use of Resources	• Energy Management System	N/A
	The Environment and Natural Resources	• Chemical Leakage Emergency Plan	N/A
		• Chemical Safety Management Program	
	Climate Change	• Climate Change Policy	N/A

Scope	Issues	The Group's Policies	Major Laws and Regulations (including but not limited to)
Employees	Employment	<ul style="list-style-type: none"> Employee's Code of Conduct Recruitment and Dismissal System Salary Payment Management System Leave System Grievances and Complaints Management Measures Employee Complaints Handling Procedures 	<ul style="list-style-type: none"> Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China
	Health and Safety	<ul style="list-style-type: none"> Rules and Regulations on Employees' Safety and Health Management Systems for Equipment and Facilities Safety Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) Management System for the Use of Chemicals and Labor Protection Gears Chemical Leakage Emergency Plan Emergency Rescue System on Production Safety Incidents Emergency Medical Procedures for Work-related Injuries/Accidents Emergency Medical Management System Fire Emergency Plan 	<ul style="list-style-type: none"> Production Safety Law of the People's Republic of China Occupational Disease Prevention and Control Law of the People's Republic of China Work Injury Insurance Regulations Social Insurance Law of the People's Republic of China
	Development and Training	<ul style="list-style-type: none"> Employee Training System 	N/A

COMPLIANCE MANAGEMENT

Scope	Issues	The Group's Policies	Major Laws and Regulations (including but not limited to)
	Labor Standards	<ul style="list-style-type: none"> • Social Responsibilities Management System • Child Labor Remediation Management Rules • Staff Handbook 	<ul style="list-style-type: none"> • Labor Contract Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Minors • Provisions on Prohibition of Child Labor
Operation	Supply Chain Management	<ul style="list-style-type: none"> • Supplier Selection and Review Criteria • Procurement Control Procedures • Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility • Social Responsibility Agreement 	N/A

Scope	Issues	The Group's Policies	Major Laws and Regulations (including but not limited to)
	Product Responsibility	<ul style="list-style-type: none"> • Production Standard Operating Procedures • Quality Manual • Recall Procedures for Non-Conforming Products • Product Early Warning, Claims, Returns and Complaints Information Procedures • Customer Complaints Handling Procedures • Customer Privacy and Data Protection Systems • Customer Property and Privacy Protection Procedures • Clients' Brands Protection and Control Management System • Client-Related Process Control Procedures 	<ul style="list-style-type: none"> • Contract Law of the People's Republic of China • Advertising Law of the People's Republic of China • Tort Liability Law of the People's Republic of China • Trademark Law of the People's Republic of China
Business ethics	Anti-corruption	<ul style="list-style-type: none"> • Code of Work for Managers • Anti-Corruption and Anti-Bribery Program • Anti-Bribery/Anti-Corruption Commitment • Supplier's Anti-Bribery/Anti-Corruption Commitment 	<ul style="list-style-type: none"> • Criminal Law of the People's Republic of China • Anti-money Laundering Law of the People's Republic of China • Anti-unfair Competition Law of the People's Republic of China • Tendering and Bidding Law of the People's Republic of China

COMMUNICATION WITH STAKEHOLDERS

Support and engagement of stakeholders are crucial to the business development and sustainable development practices of the Group. China Ting Group actively establishes positive and close connections with stakeholders to understand their expectations and needs. During the Reporting Period, the Group continued to interact with stakeholders and collect their opinions through diversified communication channels to refine its sustainable development strategy and management work.

Stakeholders

Communication Channels

Directors and employees

- Internal meetings
- Questionnaire
- Performance appraisal
- Trainings and staff activities
- Employee grievance channels
- Corporate communications and social media

Investors and shareholders

- Shareholders' meetings and events
- Questionnaire
- Corporate communications and social media
- Press release

Suppliers and partners

- Questionnaire
- Review and evaluation
- Regular communication and meetings

Customers

- Channels for collecting customers' opinions and complaints
- Questionnaire
- Corporate communications and social media

Government and regulatory authorities

- Regular communication
- Compliance records

Industry association

- Regular exchange
- Participation in the affairs of industry association

Community

- Community and volunteer activities
- Corporate communications and social media

MATERIALITY ASSESSMENT

During the Reporting Period, the Group, with the assistance of independent professional consultants, conducted a materiality assessment by three steps to identify ESG issues that are important to the Group and its stakeholders. This assessment will help us review and adjust the direction and goals of the Group for sustainable development in the coming year.

1. Identify relevant issues

- With reference to the Guide of the Stock Exchange, reporting trends and industry practices, 23 environmental, social and governance issues related to the Group were identified.

2. Prioritize the issues

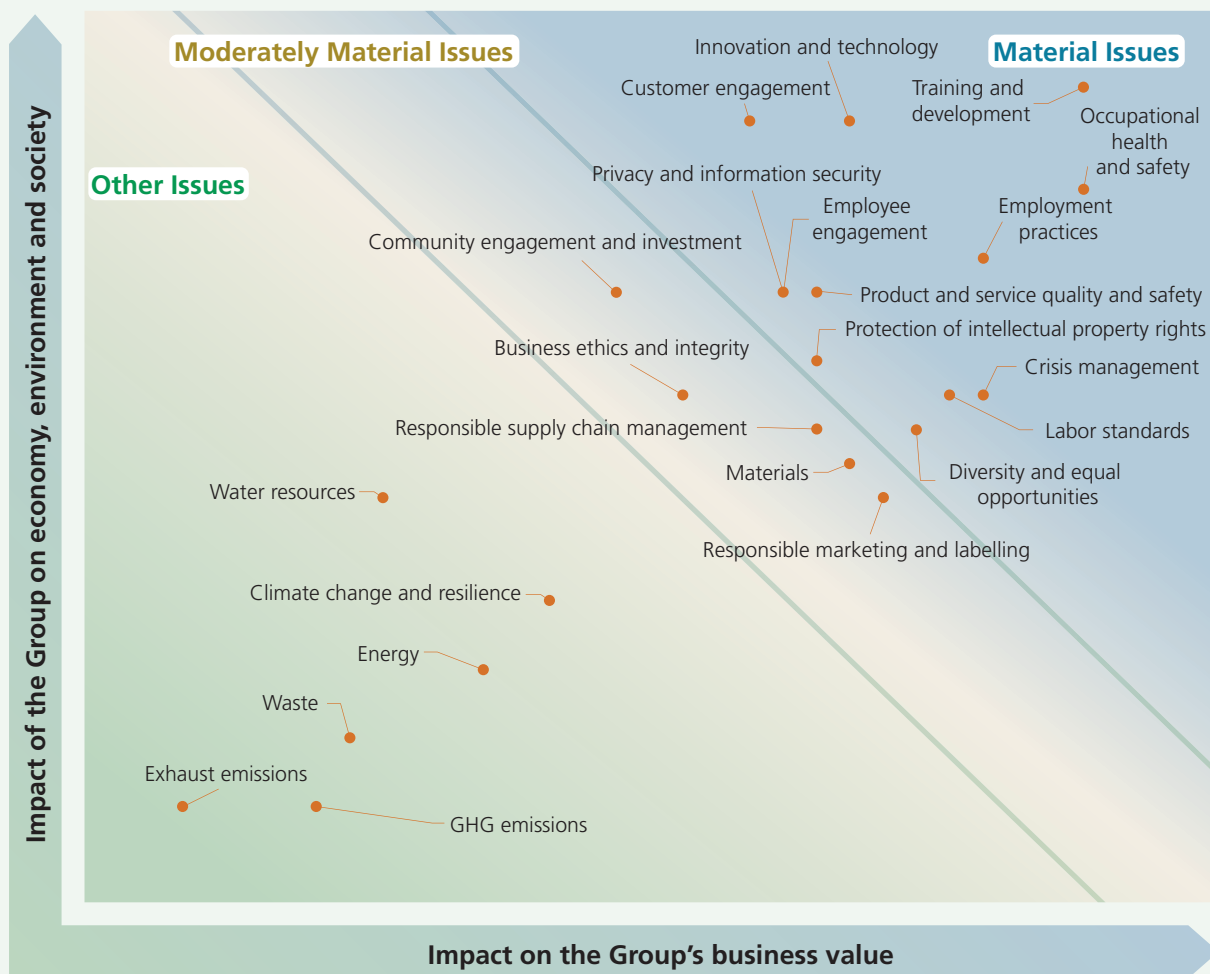
- Invite internal and external stakeholders to participate in an online survey to rate the materiality of ESG issues.
- Collect and evaluate the opinions on the impact of the issues on the Group's corporate value (financial materiality) and the Group's impact on the economy, environment and society (impact materiality) to determine the overall materiality level of each issue.
- Develop a materiality matrix and priority list of ESG issues.

3. Verify material issues

- The results of the materiality assessment are submitted to the Board for review and confirmation.

COMMUNICATION WITH STAKEHOLDERS

Based on the impact of the issues on the Group’s corporate value and the Group’s impact on the economy, environment and society, the following matrix shows the overall materiality level of the 23 ESG issues. The 12 issues in the upper right corner are regarded as “material issues”, and will be individually highlighted in this Report.



Material issues for the year are as follows:

Employment and Labor Practices	Operating Practices	Others
<ul style="list-style-type: none"> • Training and development • Occupational health and safety • Employment practices • Labor standards • Diversity and equal opportunities • Employee engagement 	<ul style="list-style-type: none"> • Customer engagement • Product and service quality and safety • Privacy and information security • Protection of intellectual property rights 	<ul style="list-style-type: none"> • Innovation and technology • Crisis management

Compared with last year, the importance of environment-related issues is lower, and the stakeholders of the Group continued to emphasize their concern for employee management, innovation capabilities and risk management capabilities. In response to the concerns of the stakeholders and to apply the principle of materiality, the reporting framework of the Report has been established based on the priority derived from the materiality analysis above, and the relevant performance and initiatives of the Group during the Reporting Period will be disclosed in the following sections.

PEOPLE ORIENTED

China Ting Group deeply recognizes that employees are the key driving force for sustainable corporate development and are crucial to promoting the growth of the Group. Therefore, we have formulated and implemented a series of employment management systems and labor practices with the primary goal of building a healthy, safe, inclusive and diversified working environment and corporate culture.

EMPLOYMENT MANAGEMENT

Policies and Measures

Purpose

Employee's Code of Conduct
Recruitment and Dismissal System
Salary Payment Management System
Leave System

The Group has developed the policies for recruitment and resignation, remuneration, working hours, dismissal, equal opportunities, holidays and other benefits, to ensure that employees understand the requirements and procedures of the Group's employee system

Grievances and Complaints
Management Measures
Employee Complaints Handling
Procedures

In order to ensure that employees can appeal for their opinions and feelings, the Group has established corresponding complaint management policies and procedures to maintain good two-way communication with employees

In a highly competitive industrial environment, China Ting Group firmly believes that only by attracting and retaining high-end talents can it effectively enhance our competitive advantage in the market and provide necessary conditions for sustainable development. As a responsible employer, we continue to improve and update relevant employment management and personnel systems, adhere to our commitment to protect employees' rights and interests from infringement or exploitation, and ensure that employees are fairly treated and legally protected.

Talent Recruitment and Retention

We continuously strive to build a fair, just, diversified and inclusive work platform and provide competitive salaries and benefits to recruit and retain outstanding talents and build an outstanding talent team. The Recruitment and Dismissal System and the Salary Payment Management System of the Group clearly stipulate the management methods and systems for the recruitment, compensation and work performance of human resources. The personnel from relevant departments will recruit and select candidates based on objective criteria such as educational background, work experience, interview performance and job requirements.

In terms of incentive policies, we will regularly evaluate employees' personal and business performance, and provide corresponding feedback based on their evaluation results and prevailing market conditions to encourage them to continue to improve their work performance. If employees perform well, the Group will adjust relevant remuneration packages and benefits to commend them for their contributions, such as monthly comprehensive bonuses, rank-based allowances, triple vacation pay and annual safety bonus.

The Group respects the labor rights and interests of its employees and has formulated the Leave System to arrange vacations for employees in different positions. In addition to general statutory national holidays, the Group's employees enjoy different types of paid leaves, including annual leave, sick leave, wedding and funeral leave, maternity leave, to cater to the different needs of employees. In order to support and promote the balance of the employees between work and personal life, we provide employees with additional subsidies such as meals, apartment dormitories and travel activities, to enhance employee morale and cohesion and build their sense of identity with the Group.

Diversity, Equal Opportunities and Anti-discrimination

We respect and welcome people of different cultural backgrounds and genders to become part of the Group, so we actively promote equal opportunities and diversity and inclusion in our business operations, and are committed to creating a working environment where we respect and encourage each other. The Group has specified the relevant measures for equal opportunities and anti-discrimination in the Recruitment and Dismissal System to ensure that employees or job applicants will not be discriminated against, harassed or treated differently at work because of various factors such as race, skin color, nationality, religion, gender, age, marital status, pregnancy, disability and medical condition.

Employee Grievance

The Group never tolerates or condones any form of illegal behavior, and is committed to maintaining a working environment of high integrity and ethics. Therefore, we encourage employees to make good use of the mechanisms set forth in the policies of Grievances Management Measures and Employee Complaints Handling Procedures when they encounter inappropriate behavior such as inequality, harassment, or discrimination during work to protect their legitimate rights and interests. If it is confirmed after investigation that relevant employees or individuals have misbehaved, the Group will properly handle the relevant grievances in accordance with the procedures, and ensure that any person who is proven to have violated the code will be punished according to the seriousness of the cases.

COMPLIANT LABOR PRACTICES

Policies and Measures

Purpose

Social Responsibilities Management System
Child Labor Remediation Management Rules

Strictly prohibit the use of child labor or forced labor in business operations, and at the same time, establish response procedures to deal with the misemployment of child labor to protect the affected minors

According to the Social Responsibilities Management System and the Child Labor Remediation Management Rules formulated, China Ting Group strictly prohibits the use of child labor and forced labor in operations, and holds a zero-tolerance attitude towards related misconduct. In order to prevent related behaviors and ensure that the recruitment process complies with local laws and regulations, the human resources department strictly reviews the background information of applicants during the recruitment process and requires them to submit relevant identification documents to ensure that their age meets the legal age.

If the Group discovers that child labor has been employed by mistake, we will immediately take remedial procedures, and make the employee stop working in accordance with relevant policies and procedures, and then arrange for him/her to go to a nearby hospital for a physical examination to ensure that his/her health has not been affected by the work. Meanwhile, we will also report relevant matters to the local labor authority and notify his/her families, and promise to thoroughly investigate the causes of misuse of child labor in accordance with relevant laws and internal requirements, so as to review and improve relevant policies and measures to prevent similar incidents from happening again.

Protecting the rights and interests of employees is one of the material issues for the Group to realize its social responsibility, so we strictly prohibit any form of forced labor. In order to eliminate the potential risk of forced labor, the Group requires all prospective employees to sign a labor contract before starting work, which specifies the relevant terms and conditions of employment, including wages, benefits and scope of work, etc., to ensure that they clearly understand the relevant information and work legally with voluntary employment. New employees are required to carefully read the Group's Staff Handbook to understand their working hours, overtime and overtime pay and other arrangements to prevent forced labor. If employees intend to resign, they must go through the resignation and dismissal procedures in accordance with the regulations in the labor contract and local laws, and terminate their employment contracts with the Group in a legal and reasonable manner.

SAFEGUARDING HEALTH

Policies and Measures

Purpose

Rules and Regulations on Employees' Safety and Health
Management Systems for Equipment and Facilities Safety

Strengthen the prevention of risks related to occupational health and safety, and protect the safety and health of employees and related persons

Management Regulations on the Storage and Use of Chemicals (Hazardous Articles)
Management System for the Use of Chemicals and Labor Protection Gears
Emergency Plan for Chemical Leakage

Ensure that chemicals and other hazardous substances are properly handled to protect employees, while limiting the handling, usage, storage and disposal of relevant chemicals to maintain a safe working environment

Management System for Equipment Safety

Responsible for managing the daily inspection and maintenance of the production equipment of the subsidiaries to ensure that the equipment is functioning properly and to maintain a safe working environment

Emergency Medical Management System
Fire Emergency Plan

In case of any employee injury or fire and other related safety accidents, we will provide employees with treatment process to ensure that we will take corresponding emergency measures according to the severity of the situation in a safe environment, and notify the fire or rescue organizations as soon as possible to escort the injured person to the nearby hospital for treatment

China Ting Group believes that establishing a safe and high-quality working environment is the basic responsibility of an employer, and promises to spare no effort to protect the health and safety of all employees. The Group has formulated and implemented a series of policies and measures related to employees' occupational health and safety, and the leading group for environmental hygiene and healthy and safe production of the Group is responsible for reviewing the Group's main existing and potential occupational safety and health risks, and continue to improve relevant mitigation strategies to ensure the effectiveness of relevant risk management.



PEOPLE ORIENTED

Due to the nature of the business, employees of the Group may need to contact or use chemicals during production and operation, so preventing chemical leakage and mitigating the severity of related accidents has become one of the Group's key concerns. The Group requires employees to carefully read the Rules and Regulations on Employees' Safety and Health, the Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) and the Management System for the Use of Chemicals and Labor Protection Gears to ensure that employees are familiar with the chemical hazards of and the related safety measures for the chemicals before using them. Meanwhile, we will provide employees with sufficient information, guidance and training in accordance with the Emergency Plan for Chemical Leakage, such as regular chemical leakage drills and safety trainings, and conduct evaluations to improve procedures to ensure that employees are familiar with the basic knowledge of and the emergency response arrangements for the accidents to reduce potential safety risks.

Department heads, dedicated safety personnel, team leaders and team safety personnel, new employees and migrant workers are required to receive special trainings on health and safety. For example, through the "Three-level Safety Education" system, all employees are required to conduct regular fire-fighting drills and participate in fire evacuation drills twice a year to strengthen employees' capability of coping with emergencies.

Number of work-related fatalities occurred in the past three years (including the Reporting Period)	0
Number of work-related injuries	0
Rate of work-related injuries (per thousand employees)	0
Lost days due to work-related injuries	0

ENCOURAGE GROWTH

Policies and Measures

Employee Training System

Purpose

Provide different types of training for personnel of different ranks and departments to meet the needs of employees in their positions, including induction training, on-the-job training, management training, etc.

In order to demonstrate China Ting Group's commitment to enable employees to give play to their talents, the Group actively invests resources in employee development, continues to improve talent development and training programs, and encourages them to grow together with the Group. We formulate annual training plan for employees according to the established procedures in the Employee Training System to ensure that employees of different levels have access to training opportunities. Relevant departments need to continuously improve relevant training content based on market and industry trends and with reference to the factors such as past training results, feedback and management opinions, so as to help explore potential development areas, and strengthen the management and enhance the competitive advantages of the Group.

The Group will also provide different types of internal trainings for personnel of different ranks and departments, including induction training, on-the-job training, and management training, etc., aiming at meeting the needs of employees in their posts. In addition to providing internal trainings, we also encourage employees to participate in external training courses to broaden their horizons and learning scope, so as to enhance cross-field observation and experience, and create higher value for themselves and the Group. In order to prepare the employees for future business transformation, the Group has introduced more training related to sustainable development and new business.

During the Reporting Period, a total of 1,493 employees of the Group were trained, representing 78.79% of all employees. The average training hours of the employees in general were over 24.09 hours, representing a decrease of 56.35% as compared to the previous year.

QUALITY OPERATION

China Ting Group is committed to providing innovative and sustainable high-quality products and services. In order to safeguard the Group's good reputation and maintain long-term relationships with customers, we have formulated a number of operation management measures, and continue to review and optimize product quality and supplier management. Through such initiatives, we ensure that we can stably provide customers with products and services that meet strict safety requirements on the basis of comprehensive compliance.

Policies and Measures

Purpose

Production Standard Operating Procedures
Quality Manual

Maintain high-quality production by setting up policies for standardized production procedures and clarifying the operation quality and level for employees

Customer Complaints Handling Procedures
Product Early Warning, Claims, Returns and Complaints Information Procedures
Recall Procedures for Non-Conforming Products

Clear guidelines on the handling of complaints and the recall of non-conforming products to reduce the health and safety risks of customers and the public

Customer Privacy and Data Protection Systems
Customer Property and Privacy Protection Procedures
Clients' Brands Protection and Control Management System
Client-Related Process Control Procedures

Restrict employees' access to confidential information and customers' information through various systems and procedures, and specify relevant responsibilities to comprehensively reduce the risk of information leakage or infringement

STRICT QUALITY CONTROL

With changes in times and the factors such as trends, economies and lifestyles, customers' needs and requirements for products and services have also changed accordingly. In order to meet the diverse needs of customers and protect their safety, the Group adheres to the core value of providing quality services to customers, continuously strives to improve its products, and creates and provides more diversified products and services under the goal of improving customers' life quality.

Quality Management

The Group has established a sound project quality control mechanism, where the production department and quality inspection department are responsible for controlling and monitoring the production process and the quality of finished products. Relevant employees must strictly follow the quality management system in the Production Standard Operating Procedures and implement product quality control measures, including various inspections and tests during the manufacturing process, so as to improve the performance of each production step from cutting, workshop,

needlework, washing to packaging, etc. thereby ensuring that the product meets internal quality standards and customer requirements. Certain subsidiaries of the Group have prepared a Quality Manual based on operational needs. Quality control personnel must follow the guidelines in the manual to conduct spot checks, measurements and analyzes on raw materials and finished products, and propose corresponding improvement measures and plans based on the results to ensure product quality condition meets the specific indicators required.

Communication with Customers

The Group is committed to establishing direct communication channels with customers and the public to ensure that they can make comments and complaints to us, so as to continuously improve services and make progress. Through such communication channels, we collect customers' opinions and understand their needs in order to provide more professional after-sales services. In order to continuously improve our services, we have implemented the Customer Complaints Handling Procedures and established a dedicated investigation team to handle all matters related to customer complaints. The investigation team is led by the general manager and cooperates with relevant department managers to comprehensively analyze the causes of and the responsibilities for the complaints. In accordance with the requirements of the Product Early Warning, Claims, Returns and Complaints Information Procedures and the Recall Procedures for Non-Conforming Products, we will recall non-performing products as soon as practicable. Meanwhile, we will respond promptly to customer opinions to improve customer satisfaction and avoid similar problems from happening again.

During the Reporting Period, the Group did not receive any material customer complaints, nor was there any case where any product was subject to recall for safety and health reasons.

Protecting Privacy and Intellectual Properties

Protection of rights and interests and network security has each become an issue drawing wide public attention in the society. In this regard, the Group attaches importance to network security and is committed to protecting personal privacy and intellectual property rights. In order to ensure that the confidential content of the Group and the customers are not leaked, including proprietary production technology, product design and contracts with customers, we have implemented a number of customer privacy and data protection policies and systems, and only allow authorized designated departments or personnel to gain access to related content.

In addition, certain subsidiaries of the Group have also established the Clients' Brands Protection and Control Management System based on operational needs, which prohibits visitors from taking pictures in the production area or sample showroom, and strictly manages and protects the rights and interests relating to customer brands, product accessories and trademarks to prevent customer information or designs from being infringed. In order to ensure that the responsibilities are delegated to all departments of the Group, we have also formulated the Client-Related Process Control Procedures to specify relevant responsibilities, so as to ensure that product design and services meet the requirements as agreed upon in the contracts with customers while reducing the risk of information leakage.

SUPPLY CHAIN MANAGEMENT

Policies and Measures

Purpose

Supplier Selection and Review Criteria
Procurement Control Procedures

Standardised source management system and procedures to regulate, assess and approve suppliers' product quality, handling and remedial measures for non-conforming products, after-sales services, etc.

Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility
Social Responsibility Agreement

Provide suppliers with clear social responsibility requirements to ensure that the suppliers which the Group cooperates with understand our emphasis on social responsibility and improve the social responsibility performance of the supply chain

China Ting Group has been endeavoring to integrate various ESG management elements into supply chain management and share the value of sustainable development with the partners in the supply chain. In order to reduce risks related to the supply chain, we regularly review and update our supplier screening and review standards and procurement procedures to ensure that we select suppliers and business partners with high standards, high quality, and legal compliance. Besides, we have established standardized source management systems and procedures, while putting ESG requirements in priority during the process of procurement to ensure stable and sustainable supply of major raw materials. If the quality of relevant products fails to meet the requirements of the Group and the customers, we will revoke the supply qualifications of unqualified suppliers and entrust other qualified suppliers to take their place.

The Group has put in place the policies and measures related to supplier management in accordance with the risk management system, and requires all suppliers to sign the Social Responsibility Agreement to reduce existing or potential risks in supplier management that may affect business operations. In order to strengthen the management and control of suppliers and improve their ESG performance, we will analyze, evaluate and manage the effectiveness and adequacy of relevant policies and measures, and conduct on-site visits to suppliers on a regular basis to evaluate relevant environmental and social performance under the goal of facilitating the continuous improvement of their environmental and social performance.

The Group has put in place the policies and measures related to supplier management in accordance with the risk management system, and requires all suppliers to sign the Social Responsibility Agreement to reduce existing or potential risks in supplier management that may affect business operations. In addition, to manage the suppliers in a better way and improve their ESG performance, we will regularly analyze, evaluate and manage the effectiveness and adequacy of relevant policies and measures. We will also pay on-site visits to suppliers to evaluate their ESG performance.

During the Reporting Period, the Group had a total of 94 suppliers with approximately 96.81% of them located in Mainland China, and mainly supplying various raw materials necessary for the production while other suppliers are from Hong Kong and other regions in Asia.

ANTI-CORRUPTION

Policies and Measures

Code of Work for Managers
Anti-Corruption and Anti-Bribery
Control Program

Purpose

Standardize the code of business ethics for employees and completely eliminate improper trading activities including bribery, fraud, extortion and money laundering

China Ting Group has always adhered to the core value of honesty and integrity in its business operation with zero tolerance for all fraudulent activities. We firmly prohibit any form of corruption, including bribery, fraud, extortion, money laundering and other improper transactions. To ensure that the Group can maintain a high level of business integrity, honesty and transparency, we actively cultivate a culture of integrity and honesty. By formulating the Code of Work for Managers and the Anti-Corruption and Anti-Bribery Control Program, we have established a code of conduct that is in line with business ethics to standardize the behavior of the Group’s personnel. Employees in important positions and business partners are required to sign the Anti-Bribery/Anti-Corruption Commitment and the Supplier’s Anti-Bribery/Anti-Corruption Commitment to prevent related parties from violating the principle of fairness in business activities such as material procurement, engineering, sales and equipment purchase.

The Group has established clear reporting procedures to encourage employees or business partners to report suspicious behaviors and persons suspected of corruption or criminal offences. Whistleblowers can report misconduct to the Group through the anonymous reporting hotline according to the existing reporting procedures. We promise to keep strictly confidential and handle all reports properly to protect whistleblowers from unfair treatment or retaliation. Depending on the severity of the case, the Group will choose to refer the case to relevant law enforcement authorities for criminal liability to safeguard public interest and legal order.

In order to enhance the anti-corruption awareness of the Group’s employees, the Group organised 944 hours of various anti-corruption trainings for directors and employees during the Reporting Period.

CLEAN OPERATION

In recent years, under the increasingly severe threat of climate change, countries around the world have committed to implement the goals and measures of “carbon neutrality” and “net zero emission” to cope with such challenges. Major companies have also publicly proposed various carbon reduction plans to support the achievement of such goals. The Group will provide full support for the goals of “carbon peaking” and “carbon neutrality” in China and the goal of “carbon neutrality” of the government of Hong Kong Special Administrative Region, and actively strive to improve the efficiency of resource use, reduce carbon emissions, and contribute to the low-carbon transformation of the society, generating a positive impact on the society and the environment

To achieve the sustainable development goals of protecting the environment and saving energy, the Group has established an environmental management system in line with its own business characteristics and environmental policies. We have formulated challenging but achievable environmental goals and strategies, and strive to improve and manage relevant environmental performance in response to climate change. During the Reporting Period, we actively monitored and managed emissions and use of resources, implemented various energy-saving and carbon-reducing policies and measures. Meanwhile, we were committed to promoting the environmental protection awareness of employees to foster a culture of clean operation.

EMISSIONS MANAGEMENT

Policies and Measures

Purpose

Energy Management System

Set up guidelines for electricity consumption in operating sites and offices for guiding employees to reduce energy consumption in daily operations

Chemical Leakage Emergency Plan
Chemical Safety Management Program

Clarify relevant procedures and handling methods for collection of hazardous waste, as well as basic knowledge on handling leakage incidents to reduce potential safety risks

GHG and Air Pollutants

The Group has always been committed to advocating energy saving and carbon reduction, and accelerates the process of low-carbon transformation and clean operation by integrating carbon reduction and climate-related initiatives and actions into its entire production business. In order to reduce GHG and air pollutant emissions, the Group has formulated the Energy Management System. This system provides guidelines for electricity consumption in operating sites and offices for guiding employees to reduce the consumption of energy and other resources in daily operations. In addition, the Group has also actively carried out various energy conservation and carbon reduction measures, including but not limited to strengthening energy efficiency, promoting the use of renewable energy and advocating the cultivation of environmental awareness.

Specifications for electrical equipment

- regular inspection and maintenance of electrical equipment to ensure electricity efficiency
- requiring the equipment load rate to be maintained at above 40% to ensure efficient operation
- regularly cleaning and repairing the air-conditioning system to ensure efficient operation and longer service life
- recommending to set the air-conditioning temperature at 24 to 26 degrees Celsius

Digital transformation and green transportation

- making greater use of online communication and remote working to accelerate digital transformation
- reducing unnecessary business travel
- requiring employees who need to use vehicles to register with the relevant departments by filling up a car-out order
- suggesting employees to choose car-sharing as much as possible, so as to reduce the cost while reducing relevant emissions

Environmental protection awareness of employees

- requiring employees to receive relevant environmental management training when they join the Company to enhance their awareness of environmental protection
- requiring all employees to check and confirm that water, electricity, steam, etc. have been turned off after work

During the Reporting Period, the total amount of GHG emissions generated by the Group was 31,109 tonnes of carbon dioxide equivalent (tCO₂-e), and the intensity of GHG emissions was 0.02 tCO₂-e/turnover in HK\$'000, representing a decrease of approximately 10.3% and 5.0% as compared with the previous year, which was mainly from the purchased electricity and heat used in the production process, of which, the Group's emissions in scope 3 increased significantly as compared with the previous year, mainly due to a significant increase in business travel activities.

CLEAN OPERATION

GHG Emissions	Unit	2023	2022	Changes
Scope 1 ²				
Direct GHG emissions	tCO ₂ -e	5,091	4,547	12.0%
Scope 2 ³				
Energy indirect GHG emissions	tCO ₂ -e	25,989	30,128	-13.7%
Scope 3				
Other indirect GHG emissions	tCO ₂ -e	29	2	1,350.0% ⁴
Total GHG emissions	tCO ₂ -e	31,109	34,677	-10.3%
GHG emissions intensity (by turnover)	tCO ₂ -e/turnover in HK\$'000	0.02	0.02	-5%

The Group's main sources of air pollutant emissions are the fossil fuels consumed by fixed equipment and vehicles. During the Reporting Period, due to the reduction of relevant business, personnel and the shutdown of certain production facilities, the emissions of nitrogen oxides and respiratory suspended particles in air pollutants reduced by approximately 9.2% and 50%, respectively, as compared with the previous year, while the emissions of sulfur oxides increased by 8.3%. The decreases in nitrogen oxides and sulfur oxides were mainly due to the decrease in the use of gasoline and diesel, while the increase in respiratory suspended particles was due to the increase in the use of natural gas.

Air Pollutant Emissions ⁵	Unit	2023	2022	Changes
Nitrogen oxides	kg	2,196	2,419	-9.2%
Sulfur oxides	kg	13	26	-50.0%
Respiratory suspended particles	Kg	182	168	8.3%

Waste

In order to more effectively reduce hazardous and non-hazardous waste in the production process, the Group has continued to optimize its waste management policies and systems, strived to reduce the discharge at source and reuse resources. We promoted the importance of waste classification and recycling to the employees, and provide relevant resources and facilities to facilitate the classification and recycling by them. All employees are required to carefully divide waste into hazardous waste and non-hazardous waste according to the guidelines, to ensure that all objects are classified and treated according to relevant laws and regulations before disposal.

² The calculation methods and emission factors are used with reference to the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange, the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Other Industrial Enterprises" (Trial) and the "Guidelines for Accounting and Reporting of Greenhouse Gas Emission by Overland Transportation Enterprises".

³ The emission factor for purchased electricity is used with reference to the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023–2025" (0.5703 tCO₂/MWh), and the emission factor used for heat is 0.11 tCO₂-e/GJ.

⁴ The significant increase in Scope 3 emissions is mainly due to the significant increase in business travel by employees.

⁵ The calculation methods and emission factors are used with reference to the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange, the "Technical Guidelines for the Preparation of Air Pollutant Emission Inventories for Road Motor Vehicles" of the Ministry of Ecology and Environment of the People's Republic of China and the "Manual of Factors for Pollutant Generation and Emission by Domestic Sources". When calculating the emissions from vehicles, the preset sulfur content in the "Technical Guidelines for the Preparation of Air Pollutant Emission Inventories for Road Motor Vehicles" was used, and the sulfur content of gasoline and diesel is 50 ppm and 350 ppm, respectively.

Waste Category	Waste Type	Treatment Methods
Hazardous waste	Waste engine oil, wastewater, sludge and waste coatings	Hazardous waste are recorded, classified and stored in detail according to the Chemical Safety Management Program and the Chemical Leakage Emergency Plan before being handed over to a qualified hazardous waste collector for disposal
Non-hazardous waste	Waste cartons, waste packaging bags and rags	Handing over to the relevant municipal departments or qualified recyclers for collection and treatment

During the Reporting Period, the Group generated 1,663 tonnes of hazardous waste, representing an increase of approximately 33.3% as compared to the previous year, which was mainly from the sludge generated by the sewage treatment system of China Ting Woolen Textile after sewage treatment, wasted packaging of chemical raw materials and waste engine oil, among which, the weight of sludge included the sewage from other units in the treatment park, but the relevant data cannot be calculated separately. In addition, the Group generated approximately 157 tonnes of non-hazardous waste, representing a decrease of approximately 50.0% as compared to the previous year.

Waste	Unit	2023	2022	Changes
Total amount of hazardous waste generated	tonne	1,663	1,248	33.3%
Hazardous waste intensity (by turnover)	tonne/turnover in HK\$'000	0.008	0.010	-20.0%
Total amount of non-hazardous waste generated	tonne	157	276	-43.1%
Non-hazardous waste intensity (by turnover)	tonne/turnover in HK\$'000	0.0001	0.0002	-50.0%

The Group undertakes to set long-term goals for waste reduction, formulate and implement more relevant policies and measures, and actively promote waste reduction and recycling to employees from various aspects. In addition to strengthening the trainings on relevant sustainable development and waste management, we will also educate employees on the concept of resource recycling, thereby exerting joint efforts to promote environmental protection.

Wastewater

Due to the characteristics of the industry, the operations of the Group would generate a substantial amount of wastewater, including production wastewater and domestic sewage discharged from various operating sites and offices. Therefore, the Group attaches great importance to the recycling and reuse of water resources and is committed to improving water resources management in the course of operation. The Group will treat relevant wastewater to ensure that the treated wastewater meets the corresponding standards of the Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry, is suitable for use in production process, and will be effectively reused in production workshops, printing and dyeing workshops or used for landscaping and irrigation purposes. Such initiative will not only protect the environment in a better way and reduce the dependence on water sources, but also save costs and improve production efficiency.

In addition, we have adopted different sewage treatment systems and measures to ensure that wastewater is properly treated and to improve the efficiency of using water resources. China Ting Woolen Textile under the Group has launched the sewage treatment system to treat part of the factory sewage through a professional treatment process, and achieved a reuse rate of over 70%.

During the Reporting Period, the Group generated approximately 596,652 tonnes and 521,710 tonnes of domestic wastewater and industrial wastewater.

RESOURCE EFFICIENCY

The Group actively integrates various environmental protection actions into daily operations to reduce the excessive use of natural resources and improve the effective use of resources. In order to effectively achieve the goals of energy and water conservation and waste reduction, the Group has formulated the Energy Management System and implemented a series of related resource management measures. Moreover, we are committed to cultivating employees' habits of making good use of resources to better protect the environment. Please refer to the section titled "EMISSIONS MANAGEMENT" for details.

Energy

The Group has been promoting sustainable development with practical actions, striving tirelessly to search for more sustainable development solutions and continuously improving energy use and management to ensure that our actions are in line with the principles and goals of environmental protection. In addition to actively using renewable energy such as solar energy and photovoltaic power generation, certain subsidiaries have established energy management teams to be responsible for formulating and implementing energy management measures and annual energy-saving tasks. Moreover, we regularly review the performance of relevant policies and measures, so as to achieve the highest energy efficiency and return.

During the Reporting Period, the total energy consumption of the Group's operating sites was 74,279 MWh, of which, the Group's main energy sources were purchased electricity and heat, which amounted to 16,391 MWh and 42,023 MWh, accounting for 22% and 57% of the total energy consumption, respectively. The total energy consumption decreased by approximately 12.6% as compared with the previous year, which was mainly due to the decrease of approximately 21.6% in purchased heat. In addition, the Group also reduced the use of diesel during the year, with consumption reduced by approximately 60.9% as compared with the previous year.

Energy		Unit	2023	2022	Changes
Direct Energy	Gasoline	MWh	567	660	-14.1%
	Diesel	MWh	129	330	-60.9%
	Liquefied petroleum gas	MWh	154	185	-16.8%
	Natural gas	MWh	15,015	12,445	20.7%
	Liquefied natural gas	MWh	—	—	—
	Biomass fuel	MWh	—	—	—
	Indirect Energy	Purchased electricity	MWh	16,391	15,343
Purchased heat		MWh	42,023	53,572	-21.6%
Renewable Energy	Solar and photovoltaic power generation	MWh	—	2,442	—
Total energy consumption		MWh	74,279	84,976	-12.6%
Energy intensity (by turnover)		MWh/turnover in HK\$'000	0.04	0.05	-20.0%

Water Resources

The Group's business requires a substantial amount of water, which is mainly obtained from the municipal water supply facilities, with no problem in obtaining water sources during the Reporting Period. However, we firmly believe that a responsible company should shoulder its environmental responsibilities. In addition to building sewage treatment systems for water recycling in practice, we have also formulated water-saving measures to enhance employees' water-saving awareness under the goal of reducing the water consumption of water consuming companies in production.

- installing water-saving appliances to reduce unnecessary water use;
- carrying out internal promotion activities for water conservation to enhance employees' water-saving awareness;
- requiring all employees to check and confirm that water has been turned off after work to prevent waste of water resources;
- regularly inspecting tap water pipes, water cage heads and other facilities to avoid water dripping and leakage; and
- monitoring water consumption on a regular basis to identify leakage problems in a timely manner and repair them as soon as possible.

During the Reporting Period, the Group's total water consumption and water consumption intensity were 596,652.22 cubic meters and 0.36 cubic meters/turnover in HK\$'000, representing decreases of approximately -12.32% and -5.26% respectively over the previous year, which was mainly due to the decrease in the number of operating sites.

Water Resources	Unit	2023	2022	Changes
Total water consumption	cubic meter	596,652	680,517	-12.3%
Water consumption intensity (by turnover)	cubic meter/ turnover in HK\$'000	0.36	0.38	-5.3%

Office Paper Consumption

The Group has achieved paperless office and encourages employees to make full use of various electronic files and communication equipment, which not only helps save paper and resources, but also improves work efficiency and environmental protection awareness.

During the Reporting Period, the total paper consumption and paper consumption density of the Group were 3.6 tonnes and 0.000002 tonnes/turnover in HK\$'000, representing decreases of approximately 92.7% and 99.3% respectively over the previous year. The significant decrease in the Group's paper consumption was mainly attributable to the effective implementation of the Group's paperless policy.

Office Paper Consumption	Unit	2023	2022	Changes
Total paper consumption	tonne	3.6	49	-92.7%
Paper consumption intensity (by turnover)	tonne/turnover in HK\$'000	0.000002	0.00003	-99.3%

Packaging Materials

In order to reduce the packaging materials used, the Group has continuously improved its packaging methods. In addition to changing from a pack of one piece to a pack of five, ten, thirty, and fifty pieces, we also took other measures, such as developing more environmentally friendly packaging materials, optimizing packaging design to minimize material waste, and working with suppliers to explore packaging methods that can save more resources. These measures not only make our products more environmentally friendly, but also meet the needs and expectations of our customers. During the Reporting Period, the total amount of packaging materials of the Group was 89 tonnes, representing a decrease of approximately 27.1% over the previous year, and the intensity was 0.0001 tonne/turnover in HK\$'000, which was the same with the previous year.

Packaging Materials	Unit	2023	2022	Changes
Cartons	tonne	77	90	-14.4%
Packaging bags	tonne	12 ⁶	23	-47.8%
Iron/metal	tonne	— ⁷	9	—
Total amount of packaging materials	tonne	89	122	-27.1%
Packaging materials intensity	tonne/turnover in HK\$'000	0.0001	0.0001	—

In the coming year, the Group will keep in line with the trend of low-carbon transformation in the society, and promises to explore the best path for carbon reduction, further set long-term environmental goals in terms of emission reduction, energy saving, water conservation and waste reduction, formulate relevant action plans, and strengthen emission and resource management, and put into practice green production and office. In addition, we will actively explore new innovative technologies to reduce carbon emissions and protect the environment more effectively. Through cooperation with partners and continuous research and development, we will lead the Group towards a path of sustainable development while improving the quality of our products to cope with future challenges.

⁶ Zhejiang Huayue Silk Products Co., Ltd, which consumed a substantial amount of plastic packaging in 2022, ceased operation in 2023, thereby further reducing the Group's overall consumption of packaging bags.

⁷ Zhejiang Huayue Silk Products Co., Ltd, the only company using metal packaging in 2022, ceased operation in 2023, so there is no relevant data for 2023.

THE ENVIRONMENT AND NATURAL RESOURCES

Due to the nature of the industry, the Group needs to use a substantial amount of precious natural resources such as raw materials, water and energy. The Group recognizes that resources are not inexhaustible, and at the same time, the production process is more likely to have potential impacts on the surrounding environment and natural resources. The Group undertakes to gradually strengthen the management of resources such as raw materials, water, energy and chemicals in a multi-pronged manner, actively explore renewable energy and the prevention and control technologies for environmental pollution, and monitor, review and lower the negative impact of its operations and products on the environment.

In order to enhance employees' awareness of environmental safety and prevent chemical leakage accidents, the Chemical Leakage Emergency Plan of the Group specifies all emergency plans, procedures and handling methods for chemical leakage accidents. All employees are required to participate in relevant exercises on a regular basis to improve the level of leakage control, so as to effectively control leakage and organize rescue in the event of an emergency, and prevent the leakage from affecting the surrounding environment, including air, land, water and related personnel or resulting in casualties. In order to effectively identify potential environmental impacts and risks related to the environment and natural resources, the Group uses different innovative technologies to conduct environmental risk assessment and analysis for business operations to help plan and formulate appropriate measures to reduce pollutant emissions during product development and manufacturing processes.

Due to the characteristics of the industry in which the Group operates, we require a large amount of precious natural resources, including raw materials, water and energy. We are fully aware that these resources are not inexhaustible, and our production processes may also have potential impacts on the surrounding environment and natural resources. Therefore, we are committed to strengthening the management of resources such as raw materials, water, energy and chemicals in various ways, and actively promote renewable energy and the technologies for preventing and controlling environmental pollution. We will monitor, review and reduce the negative impact of our operations and products on the environment.

In order to enhance employees' awareness of environmental safety and prevent chemical leakage accidents, we have formulated the Chemical Leakage Emergency Plan, which specifies all emergency plans, procedures and handling methods related to chemical leakage accidents. All employees are required to participate in relevant exercises on a regular basis to improve the level of leakage control. We aim to effectively control leakage and organize rescue in the event of an emergency, and prevent the leakage from impacting or causing damages to the surrounding environment, including air, land, water and related personnel. In order to effectively identify potential environmental impacts and risks related to the environment and natural resources, we use different innovative technologies to conduct environmental risk assessment and analysis of business operations, which can help us to plan and formulate appropriate measures to reduce pollutant emissions during product development and manufacturing processes.

CLIMATE CHANGE

The impact of global climate change and related environmental issues has been increasingly obvious. The Group will spare no effort to cooperate with the government to jointly address the challenge of climate change, identify and manage climate risks related to business operations, and capture the opportunities brought about by the low-carbon economy. In order to ensure that carbon reduction strategies and the measures in response to climate change can be clearly communicated to every level of business operations, the Group has formulated the Climate Change Policy with three orientations: "Mitigation", "Adaptation and Resilience" and "Communication" as management policy and strategy, to reduce carbon emissions generated during operations and identify the risks or opportunities derived therefrom, so as to improve its resilience and adaptability to climate change. All employees are required to abide by this policy and actively carry out various carbon reduction actions. Looking ahead, the Group will strengthen the risk management of climate change, consider and identify the major risks brought about by climate change, and devote more resources to formulate relevant action plans and mitigation measures to contribute to addressing climate change and related environmental issues.

The impact of global climate change and related environmental issues has been increasingly obvious. The Group is committed to cooperating with the government to jointly address the challenge of climate change, identify and manage climate risks related to business operations, and capture the opportunities brought about by the low-carbon economy. In order to ensure that carbon reduction strategies and the measures in response to climate change can be clearly communicated to every level of business operations, the Group has formulated the Climate Change Policy, which takes three orientations: "Mitigation", "Adaptation and Resilience" and "Communication" as management policy and strategy. By reducing carbon emissions generated during operations and identifying the risks or opportunities derived therefrom, the Group aims to improve its resilience and adaptability to climate change. All employees are required to actively abide by this policy and carry out various carbon reduction actions. Looking ahead, the Group will strengthen the risk management of climate change, consider and identify the major risks brought about by climate change, and devote more resources to formulate relevant action plans and mitigation measures to contribute to addressing climate change and related environmental issues.



CONNECTING WITH COMMUNITY

As a responsible player in the fashion industry, the Group is committed to upholding the spirit of benevolence and charity, and continues to consolidate and promote corporate social responsibility work. During the Reporting Period, the Group continued to concentrate its resources on education development to put into practice its commitment to the obligation of and the contribution for social responsibility with a view to bringing positive influence to the society by virtue of its own strength.

Since 2017, in order to support the development of education and encourage educators in schools, the Group has established the “China Ting Education Contribution Award” and “China Ting Teacher Moral Award” in Zhejiang Sci-Tech University, with a total amount of RMB1.5 million. These awards not only demonstrate the recognition for outstanding educators, but also represent the encouragement and support for their hard work.

In addition, in order to promote the all-round development of the students in terms of “morality”, “intellect” and “physique”, the Group established the “China Ting Scholarship” in Guizhou Tianzhu Ethnic School, which has a planned term of 10 years (2019–2028), and provides a total of RMB60,000 every year to recognize and reward students from poor families but excellent in character and study, so as to provide them with more learning opportunities and support for them to unleash their potential.

Going forward, the Group undertakes to continue to try its best and spare no effort to contribute to the community in various ways, focus on the relevant fields of public welfare and charity, and actively develop social public welfare undertakings to promote the sustainable development of the community.

OVERVIEW OF KPIS

ENVIRONMENTAL PERFORMANCE

	Unit	2023	2022	2021	2020
Air pollutant emissions					
Nitrogen oxides	kg	2,196	2,419	3,291	798
Sulfur oxides	kg	13	26	27	30
Respiratory suspended particles	kg	182	168	231	31
GHG emissions					
Scope 1 Direct GHG emissions	tCO ₂ -e	5,091	4,547	5,741	535
Scope 2 Energy indirect GHG emissions	tCO ₂ -e	25,989	30,128	42,375	33,371
Scope 3 Other indirect GHG emissions	tCO ₂ -e	29	2	2	8
Total GHG emissions	tCO ₂ -e	31,109	34,677	48,118	33,914
GHG emissions intensity (by turnover)	tCO ₂ -e/turnover in HK\$'000	0.02	0.02	0.04	0.03
Waste					
Total amount of hazardous waste generated	tonne	1,663	1,248	1,512	193
Hazardous waste intensity (by turnover)	tonne/turnover in HK\$'000	0.008	0.010	0.011	0.0002
Total amount of non-hazardous waste generated	tonne	157	276	315	487
Non-hazardous waste intensity (by turnover)	tonne/turnover in HK\$'000	0.0001	0.0002	0.0004	0.0004

OVERVIEW OF KPIS

	Unit	2023	2022	2021	2020
Energy					
Direct energy					
Gasoline	MWh	567	660	745	718
Diesel	MWh	129	330	332	366
Liquefied petroleum gas	MWh	154	185	121	104
Natural gas	MWh	15,015	12,445	18,545	—
Liquefied natural gas	MWh	—	—	—	74
Biomass fuel	MWh	—	—	204	—
Indirect energy					
Purchased electricity	MWh	16,391	15,343	17,962	13,165
Purchased heat	MWh	42,023	53,572	80,523	63,987
Renewable energy					
Solar and photovoltaic power generation	MWh	—	2,442	2,678	4,081
Total energy consumption	MWh	74,279	84,976	121,110	82,495
Energy consumption intensity (by turnover)	MWh/turnover in HK\$'000	0.04	0.05	0.10	0.071
Water resources					
Total water consumption	cubic meter	596,652	680,517	727,307	688,521
Water consumption intensity (by turnover)	cubic meter/turnover in HK\$'000	0.36	0.38	1.01	0.61
Office paper consumption					
Total paper consumption	tonne	3.56	49	—	—
Paper consumption intensity (by turnover)	tonne/turnover in HK\$'000	0.000002	0.00003	—	—
Packaging materials					
Paper and cartons	tonne	77	90	186	—
Packaging bags	tonne	12	23	26	—
Iron/metal	tonne	—	9	9	—
Total amount of packaging materials	tonne	89	122	221	1,112
Packaging materials intensity (by turnover)	tonne/turnover in HK\$'000	0.0001	0.0001	0.0003	0.001

SOCIAL PERFORMANCE⁸

Number of employees ⁹		2023	2022
Gender	Male	722	809
	Female	1,173	1,532
Age	Aged below 31	200	201
	Aged between 31–50	1,247	1,632
	Aged above 50	448	508
Rank	Senior management	25	39
	Middle management	88	94
	General employees	1,782	2,208
Employment type	Full-time	1,895	2,341
Region	Mainland China	1,894	2,341
	Hong Kong	1	0
Total number of employees		1,895	2,341

Number and rate of new employees ¹⁰		2023	2022
Gender	Male	104 (14.40%)	N/A
	Female	145 (12.36%)	N/A
Age	Aged below 31	56 (28.00%)	N/A
	Aged between 31–50	70 (11.71%)	N/A
	Aged above 50	47 (10.49%)	N/A
Region	Mainland China	248 (13.09%)	N/A
	Hong Kong	1 (100.00%)	N/A
Total number and ratio of new employees		249 (13.14%)	N/A

⁸ The Group did not hire any other workers who are not employees of the Group but work at the places controlled by the Group during the year, so no relevant disclosure will be made.

⁹ Total number of employees at the end of the Reporting Period.

¹⁰ Rate of new employees (percentage) = number of new employees in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

OVERVIEW OF KPIS

Turnover number and rate of employees ¹¹		2023	2022
Gender	Male	109 (15.10%)	103 (12.73%)
	Female	158 (13.47%)	243 (15.86%)
Age	Aged below 31	37 (18.50%)	64 (31.84%)
	Aged between 31–50	105 (8.42%)	208 (12.75%)
	Aged above 50	125 (27.90%)	74 (14.57%)
Region	Mainland China	267 (14.10%)	346 (14.78%)
	Hong Kong	0 (0%)	0 (0%)
Total turnover number and rate of employees		267 (14.09%)	346 (14.78%)

Health and safety	2023	2022
Number of work-related fatality ¹²	0	0
Number of employees injured at work	0	0
Injury rate (per thousand employees)	0	0
Lost days due to work injury	0	0

Percentage of employees trained ¹³		2023	2022
Gender	Male	79.09%	72.93%
	Female	78.60%	78.26%
Rank	Senior management	84.00%	71.79%
	Middle management	78.41%	70.21%
	General employees	78.73%	76.77%
Total percentage of employees trained		78.79%	76.42%

¹¹ Turnover rate of employees (percentage) = turnover number of employees in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

¹² The Group has no work-related fatalities in the past three years, including 2023.

¹³ Percentage of employees trained (percentage) = number of employees trained in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

Average training hours of employees ¹⁴		2023	2022
Gender	Male	25.71	54.14
	Female	23.08	55.73
Rank	Senior management	23.16	13.44
	Middle management	24.92	14.70
	General employees	24.13	57.64
Average training hours of employees		24.09	55.18

Supply chain management		2023	2022
Region	Mainland China	91	125
	Hong Kong	2	2
	Other regions in Asia	1	1
Total number of suppliers		94	128
Percentage of suppliers implementing relevant practices	Procurement practices	91.49%	N/A
	ESG practices	78.72%	N/A
Number of suppliers certified	ISO 9001	10	7
	ISO 14001	0	2
	OHSAS 8000	0	1

Product responsibility		2023	2022
Percentage of products sold or shipped that are subject to recall for safety and health reasons		0	0
Number of major customer complaints about products and services		3	0

¹⁴ Average training hours of employees = total training hours of the employees in the particular category/total number of employees in the particular category at the end of the Reporting Period.

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Rate of employees who received anti-corruption training ¹⁵		2023	2022
Rank	Directors	N/A	N/A
	Senior management	20.00%	7.69%
	Middle management	23.86%	11.70%
	General employees	21.44%	7.79%
Total rate of employees who received anti-corruption training		21.53%	7.95%

Average training hours of employees on anti-corruption (hours) ¹⁶		2023	2022
Rank	Directors	6	N/A
	Senior management	2.32	0.13
	Middle management	0.66	0.20
	General employees	0.44	0.094
Average training hours of employees on anti-corruption		0.50	0.10

¹⁵ Rate of employees who received anti-corruption training (percentage) = number of employees who received anti-corruption training in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

¹⁶ Average training hours of employees on anti-corruption = total training hours on anti-corruption in the particular category/total number of employees in the particular category at the end of the Reporting Period.

REPORT CONTENT INDEX

Aspects, General Disclosure and KPIS	Content	Page Index/ Remarks
Mandatory Disclosure Requirements		
Governance Structure	<p>(i) a disclosure of the board's oversight of ESG issues.</p> <p>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses).</p> <p>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they related to the issuer's businesses.</p>	8-9
Reporting Principles	<p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIS used, or any other relevant factors affecting a meaningful comparison.</p>	4
Reporting Scope	A narrative explaining the reporting scope of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	3

OVERVIEW OF KPIS

Aspects, General Disclosure and KPIs	Content	Page Index/ Remarks
A1 Emissions		
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A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	31–32, 41
A1.3	Total hazardous waste produced and intensity.	32–33, 41
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A1.5	Description of emission target(s) set and steps taken to achieve them.	30
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	32–33
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	34–37
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A2.2	Water consumption in total and intensity.	36, 42
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	34
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	36
A2.5	Total packaging material used for finished products and with reference to per unit produced.	37

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A3 The Environment and Natural Resources		
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A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	38
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	39
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	39
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	20–21
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B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	23–24
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B3.2	The average training hours completed per employee by gender and employee category.	45
B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	22
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B4.2	Description of steps taken to eliminate such practices when discovered.	22

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B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	28, 45
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	28
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	26–27
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B6.2	Number of products and services related complaints received and how they are dealt with.	26–27
B6.3	Description of practices relating to observing and protecting intellectual property rights.	27
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B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	29
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	29
B7.3	Description of anti-corruption training provided to directors and employees.	29, 46
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CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

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