

Environmental, Social and Governance Report 2022

Table of Contents

Scope and Reporting Year	1
Reporting Principles	1
The Group's Sustainability Mission and Vision	2
Sustainability Governance	2
The Chairman's Statement	4
Stakeholder Engagement and Materiality	5
Stakeholders' Feedback	7
Accreditations and awards	7
Climate-Related Risks and Opportunities	8
A. Environmental	9
A1. Emissions	9
A1.1 Air Emissions.....	9
A1.2 Greenhouse Gas (GHG) Emissions	10
A1.3 Hazardous Waste.....	11
A1.4 Non-hazardous Waste	11
A1.5 Measures to Mitigate Emissions.....	12
A1.6 Wastes Reduction and Initiatives	13
A2. Use of Resources	14
A2.1 Energy Consumption	14
A2.2 Water Consumption	15
A2.3 Energy Use Efficiency Initiatives	15
A2.4 Water Use Efficiency Initiatives	16
A2.5 Packaging Material	16
A3. The Environment and Natural Resources	16
A3.1 Significant Impacts of Activities on the Environment.....	16
A4. Climate Change	17
B. Social	18
1. Employment and labour practices	18
B1. Employment	19
B2. Occupational Health and Safety	23
B3. Development and Training	24
B4. Labour Standards	26
2. Operating Practices	26
B5. Supply Chain Management	26
B6. Product Responsibility	27
B7. Anti-corruption	29
B8. Community Investment	30

Environmental, Social and Governance Report 2022 (Continued)

Scope and Reporting Year

This is the seventh Environmental, Social, and Governance (the “ESG”) report for BaWang International (Group) Holding Limited and its subsidiaries (collectively referred to as the “Group”), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group principally engaged in the manufacturing and sales of the household and personal care products. This ESG report covers the Group’s overall performance in two subject areas, namely, the environmental and social aspects of its operations in Baiyun District, Guangzhou, the People’s Republic of China (the “PRC”) from 1 January 2022 to 31 December 2022 (the “Reporting Year”), unless otherwise stated. The Reporting Scope is the same as for the previous Report, which is determined based on significance of operations to the Group’s revenue.

There has been no change to the methods or key performance indicators (“KPI”)s used or any other relevant factors affecting a meaningful comparison of the ESG report with the Group’s 2021 ESG Report.

The board of directors of the Company (the “Board”) acknowledges that it has overall responsibility for the Group’s ESG strategy and reporting and for evaluating and determining the Group’s ESG-related risks. On the basis of confirmation provided by the management of the Group and through on-going discussions with the management, management has confirmed to the Board, and the Board believes that the Group has in place appropriate and effective ESG risk management and internal control systems.

The Group has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide during the Reporting Year.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality” in the Report.

Quantitative – KPIs have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance – performance of the Group was presented in an unbiased and impartial manner. Reasons for omission have been disclosed if the omission is inevitable.

Environmental, Social and Governance Report 2022 (Continued)

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

The Group’s Sustainability Mission and Vision

Due to the enhanced living standard, people are more adhered to a healthy and natural lifestyle. The Group strives to satisfy customers’ needs and differentiate from other competitors by providing Chinese herbal health and personal care products.

The Group aims to proactively engage with its stakeholders for enhancing business performance while reducing environmental and social risks, and to be prepared for future business development and challenges.

Sustainability Governance

The Board has overall responsibility for the Group’s sustainability strategy and reporting. Aside from pursuing business development, the Group assumes its corporate social responsibilities and bears in mind the environmental and social interests. In order to effectively apply the concept of sustainable development into our operations, the Group integrates its ESG strategies into its daily business operations and to elevate sustainable development to the level of corporate strategy, which are regularly subject to review by senior management.

Accordingly, the Board has set up an ESG task force team to assess and manage ESG-related issues since 2021. The ESG task force team is comprised of employees from different departments of the Group, who are in charge of overseeing the implementation of ESG policies across the Group’s operations, as well as reporting any potential ESG issues to the Board. To cope with its approach for robust oversight over ESG matters, the Group will establish a board-level ESG committee in 2023 to provide strategic direction for its ESG policies and initiatives.

The sustainability plan of the Group is developed based on results of ESG reports and regular reports from senior management of its subsidiaries. The Board reviews the annual ESG Report, together with the sustainability plan and at the same time makes recommendations by reference to the latest business strategies of the Group once every year. The Group believes that such measures would ensure sustainable and responsible growth and operations in its business development in the long run. The Group also sets various targets in emission, energy, water and waste reduction, and the progress made against these targets is reviewed by the Board once a year during the year-end board meeting.

During the Reporting Year, the Group conducted regular risk assessments of its business by adopting the Sustainability Accounting Standard Board (“SASB”) Standard which aims to assist companies in disclosing financially material, decision-useful sustainability information to investors. Relevant material issue identified by the SASB Standard and the Board is Environmental & Social Impacts of Chinese Herbal Supply Chain. Chinese herbals such as polygionum multiflorum are the raw materials for the production, but the change of climate may reduce the supply of Chinese herbals, leading to higher market prices. The Group is therefore exposed to the risk of rising raw material costs. For more information on the mitigation measures, please refer to the section “Climate-Related Risks and

Environmental, Social and Governance Report 2022 (Continued)

Opportunities”. Other issues suggested by the SASB Standard such as water management and packaging lifecycle management are considered to have insignificant impacts on the Group’s business.

Targets and Performance Review

The Group has set clear targets for environmental protection as shown in the table below. During the Reporting Year, the Board and the management have reviewed the targets and progress performance. Detailed explanation for current target status can be found in the Section “A Environmental”.

Performance Review					
Indicator		2021 Baseline	Target	Reporting Period Performance	Target Status
Air emission intensity	SOx	9.92*10 ⁻⁶ kg/RMB’000 revenue	To achieve 5% reduction by 2026	1.07*10 ⁻⁵ kg/RMB’000 revenue	In Progress
	NOx	4.97*10 ⁻³ kg/RMB’000 revenue		4.17*10 ⁻³ kg/RMB’000 revenue	In Progress
	PM	4.42*10 ⁻⁴ kg/RMB’000 revenue		3.72*10 ⁻⁴ kg/RMB’000 revenue	In Progress
GHG emission intensity		0.0227 tCO ₂ eq./RMB’000 revenue	To achieve 5% reduction by 2026	0.0232 tCO ₂ eq./RMB’000 revenue	In Progress
Energy use intensity		39.56kWh/RMB’000 revenue	To achieve 10% reduction by 2031	42.21 kWh/RMB’000 revenue	In Progress
Waste generation intensity	Hazardous waste generation intensity	Readjusted baseline to the current Reporting Year	To achieve 30% reduction by 2032	1.18kg/RMB’000 revenue	Performance to be reviewed in 2023
	Non-Hazardous waste			0.54kg/RMB’000 revenue	Performance to be reviewed in 2023
Water use intensity		Readjusted baseline to the current Reporting Year	To achieve 10% reduction by 2032	0.55m ³ /RMB’000 revenue	Performance to be reviewed in 2023

Environmental, Social and Governance Report 2022 (Continued)

The Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of the Group, I am pleased to present to you the ESG Report of the Group for the year ended 31 December 2022 ("FY2022"). Our Group's mission is to provide high-quality products to our customers while ensuring we do our part to protect the environment, promote social equity, and maintain strong governance practices.

In FY2022, we continued our efforts to reduce our carbon footprint and promote sustainable practices throughout our operations. We have invested in bio-degradable and renewable packaging, and continuously monitor our supply chain to ensure responsible sourcing and ethical practices. In the meantime, we are exploring new ways to reduce our energy usage and waste production. Climate change related issues, which bring both challenges and opportunities to our group, are also carefully managed by our ESG task force team.

We remain dedicated to fostering a diverse and inclusive workplace, where everyone feels valued and respected. In FY2022, we provided our employees with extra resources and special arrangements to support their well-being during the COVID-19 pandemic. Developing and maintaining talents are also essential for the Group's business growth and sustainability. Guided by the Group's value of human orientation, we are committed to building our talent pool and nurturing talents through comprehensive training programmes and practical on-the-job training practice. We have set up a dedicated working group to support and provide regular feedback on employee training.

Our Group is committed to being a responsible corporate citizen and takes the initiative to support local activities, care for the underprivileged and improve the relationships with the communities in Guangzhou through provision of employee voluntary services to various charitable organizations and neighbourhoods. During the Reporting Year, we continued to participate in community welfare events and education-related programs to enhance our public image as a responsible corporation.

We continued to uphold high standards of corporate governance and ethics in FY2022. We have incorporated sustainable development management into the corporate governance structure of the Group, from committees at the board level to management-level departments and business units. The Board and its three committees (Audit and Risk Management Committee, Remuneration Committee and Nomination Committee) regularly supervise and review the Group's overall strategy, risk management and control, financial status, corporate governance, sustainable development, and other issues. The heads of all departments are responsible for identifying, assessing, mitigating, and monitoring their respective risks, and the internal auditors regularly report to the Board. In FY2022, we enhanced our risk management practices and implemented a whistle-blowing system to ensure employees and other stakeholders such as customers and suppliers have a safe and effective way to report potential violations. We also engaged with our stakeholders on a regular basis, providing transparent communication and disclosure on our business practices and ESG initiatives.

Looking forward, to tackle future challenges, we will continue to drive our sustainability performance and further incorporate sustainability into our core strategy. This report sets out our sustainability practices and approaches throughout the past year. We trust this report will provide our stakeholders an overview of our sustainability performance.

Environmental, Social and Governance Report 2022 (Continued)

Stakeholder Engagement and Materiality

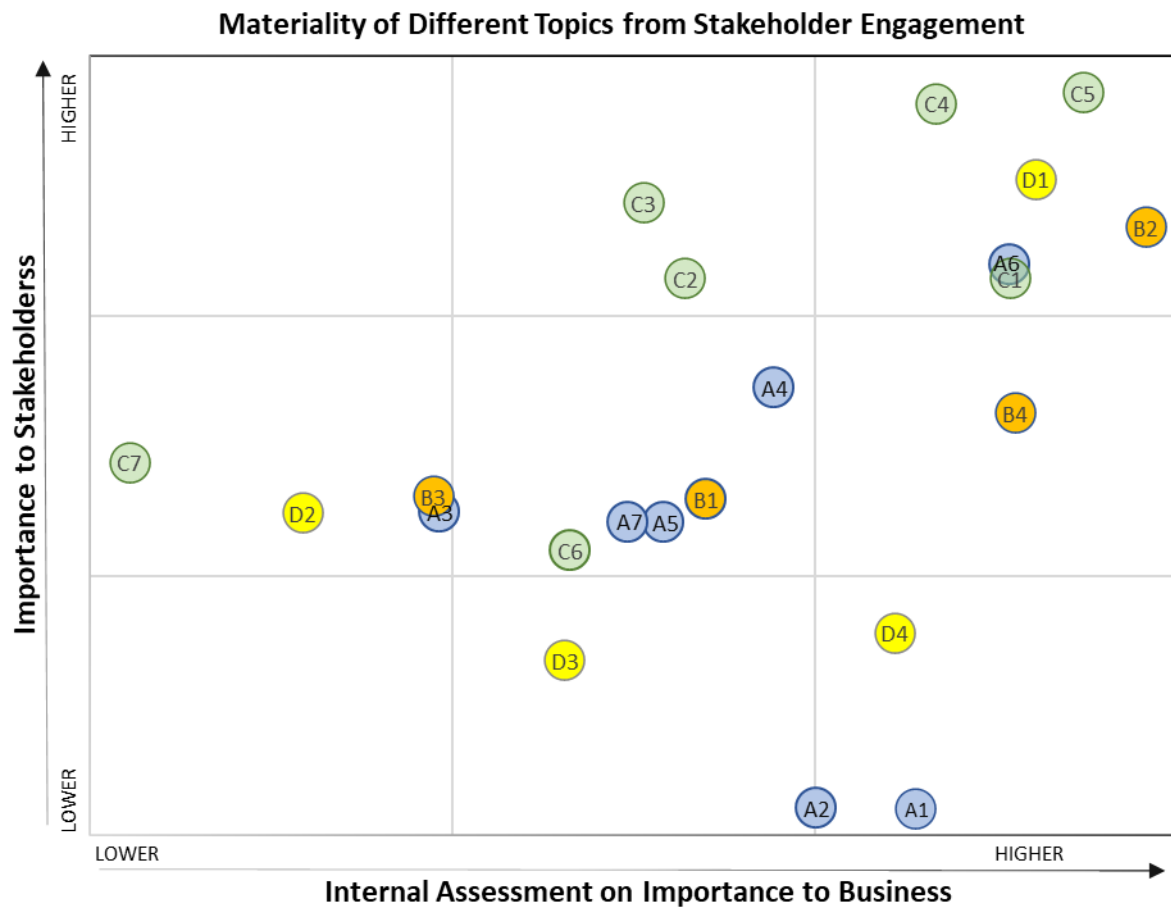
The Group values input and feedback of its stakeholders as they bring potential impacts to the Group's business. Feedback and suggestions from stakeholders help the Group to identify potential ESG risks and continuously improve its ESG management. Stakeholder engagement channels are shown as follows.

Stakeholder Groups	Engagement Channels
Clients and Customers	<ul style="list-style-type: none"> - Annual and Interim Reports - Company Website - News Media - Customer Hotline - Scheduled Visits - Financial Verifications
Shareholders	<ul style="list-style-type: none"> - Shareholder Meetings - Annual and Interim Reports - Company Website - Postal correspondences, emails or telephone communications - News Media - Disclosures on Stock Exchange
Employees	<ul style="list-style-type: none"> - Employee Training Sessions - Employee Activities - Work Unions - Satisfaction Surveys
Suppliers	<ul style="list-style-type: none"> - Email/Phone Communication - Scheduled Visits - Satisfaction Surveys - Financial Verifications
Government and Regulatory Organisations	<ul style="list-style-type: none"> - Annual and Interim Reports - Scheduled Visits - Daily Communication
Non-Governmental Organisations	<ul style="list-style-type: none"> - Annual and Interim Reports - Scheduled Visits
Local communities	<ul style="list-style-type: none"> - Communal Activities - Public Welfare Activities

During the Reporting Year, the Group has specifically engaged members of the Board, shareholders, customers, managers, employees and business partners to gain further insights on material aspects and challenges on its ESG matters via interviews and questionnaires. Based on the feedback collected from different groups of stakeholders, a materiality matrix was developed.

Environmental, Social and Governance Report 2022 (Continued)

Results show that the most material issues were on product and service quality, and other aspects regarding its operational, environmental and employee policies. The Materiality Matrix below illustrates the result of its materiality assessment process.



A. Environmental		C. Operational	
Energy	A1	Supplier Management	C1
Water	A2	Intellectual Property	C2
Air Emission	A3	Data Protection	C3
Waste and Effluent	A4	Customer Service	C4
Other Raw Materials Consumption	A5	Product/Service Quality	C5
Environmental Protection Measures	A6	Anti-corruption	C6
Climate Change	A7	Community Investment	C7
B. Employees		D. Other	
Employment	B1	Product Health and Safety	D1
Occupational Health and Safety	B2	Product Labelling	D2
Development and Training	B3	Promotion of Community Healthy Living	D3
Labour Standards	B4	Online Shopping	D4

According to the matrix, the most material topics to the Group's stakeholders and its operations are,

Environmental, Social and Governance Report 2022 (Continued)

- Product/Service Quality
- Customer Service
- Supplier Management
- Product Health and Safety
- Occupational Health and Safety
- Environmental Protection Measures

The Group strictly complies with the statutory requirements in respect of the identified material aspects. The above aspects were strictly managed through the Group's policies and guidelines. The Group will continue to improve its ESG management and performance by actively communicating with its stakeholders and constantly improving its internal policies.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group via email at ecomm@1338.hk.

Accreditations and awards

During the Reporting Year, the Group has complied with the relevant laws and regulations that have a significant impact on the Group. The Group also strives for the best industrial practices, especially promoting environmentally friendly and healthy health and personal care products. As a result of continuous improvement on the management excellence, the Group has the following highlighted achievements during the Reporting Year:

- the permit for production of cosmetic products, which was issued by Guangdong Medical Products Administration, which is valid until May 2027;
- the production process for haircare and skin-care products has been certified by SGS with a validity period until July 2025 as to meet the requirements of
 - a) US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008 with a validity period until July 2025;
 - b) ISO22716 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007 with a validity period until July 2025;
- our Chinese herbal hair care series shampoo, Chinese anti-dandruff series shampoo and Chinese herbal skin care series body wash series products have been recognized as "The 2022 Elite High-Tech Products in Guangdong Province" by the Guangdong Provincial New Hi-tech Enterprise Association (廣東省高新技術企業協會) in January 2023 and valid for a period of three years until January 2026;
- the Group has been accredited as "Committee Unit" until December 2023 by Guangdong Food and Drug Association for Evaluation & Certification;
- in January 2022, our short marketing case video "Bawang Shampoo —Contribution to the Preservation of Puppetry, a Chinese Intangible Cultural Heritage (霸王洗髮水—助力中國非遺文化布袋戲)" won the Grand Prize and Nomination Award of the overall Grand Prize in the 11th Entertainment Marketing Forum cum 5S Gold Award (第十一屆娛樂營銷論壇暨5S金

獎);

- in August 2022, we were accredited as Grade A credit rating taxpayer for 2021 by Guangzhou Municipal Tax Service of the State Taxation Administration; and
- in December 2022, Bawang shampoo won two honors of “College Students’ Favorite Dynamic Brand” and “College Students’ Favorite Young Product” in the 29th China International Advertising Festival Media Enterprise Exhibition Fair (第29屆中國國際廣告節媒企展示交易會).

Climate-Related Risks and Opportunities

Climate change is now one of the global issues and challenges, and the Group is fully aware of related risks and opportunities brought by the climate change.

In terms of the climate-related risks, the Group recognises that extreme weather events such as typhoons or heavy rain may negatively impact daily operations, thus impairing its productivity. The Board has therefore prepared corresponding measures for these situations. For example, regular checks are performed on its warehouses to ensure that there is no roof leakage, and rainwater drainage is not blocked. Increased cost of raw materials would be another concern to the Group, as it is largely affected by the fluctuation of the market supply and closely relates to the climate change. The Group keeps this in view as a climate-related risk and strives to mitigate the risk by building long-term stable relationships with suppliers which may strengthen its bargaining power over the price. During the Reporting Year, the price of raw materials started to decline (from October 2022 onwards), bringing a positive effect to the production cost.

Climate change will also produce opportunities to the business. The Group expects to explore new market segments for Chinese herbal products due to the shift in consumer preferences for trendy natural products which suit their lifestyle. It would consequently yield higher revenue for the Group in the future. In addition, the Group has implemented various resource efficiency policies such as GHG emission control, and water and energy saving initiatives. These measures are expected to lower the operating costs in long term.

Environmental, Social and Governance Report 2022 (Continued)

A. Environmental

The Group aims at improving its environmental performance by implementing various green initiatives which promote the sustainable use of natural resources and raise employees' environmental awareness. The Group is accredited with ISO 14001 Environmental Management System certification. During the Reporting Year, the Group has complied with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC;
- Soil Pollution Prevention and Control Law of the PRC;
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- Regulations on Environmental Protection in Guangdong Province;
- Discharge Limits of Water Pollutants (DB44/26-2001);
- Emission Standard of Air Pollutants for Boilers (GB13271-2014);
- Emission Limits of Air Pollutants (DB44/27-2001);
- Emission Standard of Cooking Fume (GB18483-2001); and
- Emission Standard of Noise at Boundary of Industrial Enterprises (GB 12348-2008).

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges of pollutants into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Year.

A1. Emissions

A1.1 Air Emissions

During the Reporting Year, the manufacturing processes did not involve gaseous fuel consumption. Light goods vehicles and medium goods vehicles that consume petrol and diesel fuel have been used for daily business operations. Their combustion generated several air emissions include nitrogen oxides (NO_x), sulphur oxides (SO_x) and respiratory suspended particles (PM).

Mobile fuel source	Air emissions (non-GHG) from the vehicle operations		
	NO _x (kg)	PM (kg)	SO _x (kg)
Petrol and diesel	1054.02	94.07	2.69

Note: Emission factors for calculations on environmental parameters throughout the report were made reference to Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited ("HKEX"), unless stated otherwise.

Environmental, Social and Governance Report 2022 (Continued)

A1.2 Greenhouse Gas (GHG) Emissions

During the Reporting Year, the Group's business operation contributed to the GHG emission of 5863.67 tonnes of carbon dioxide equivalent. The overall intensity of the GHG emissions for the Group was 0.15 tCO₂eq./m² in terms of total floor area, and 0.02 tCO₂eq./RMB'000 revenue.

The reported GHG emissions were attributed to the following activities:

- Direct (scope 1) emissions: combustion of petrol and diesel;
- Energy indirect (scope 2) emissions: purchased electricity; and
- Other indirect (scope 3) emissions: municipal freshwater and sewage processing, paper waste disposal at landfills, and business air travel.

The table below summarises the GHG emissions of the Group from different emission sources.

Scope of GHG emissions	Emission sources		GHG Emission	Sub-total	Total GHG emission
			(in tCO ₂ eq)	(in tCO ₂ eq)	(in percentage)
Scope 1 Direct emission ¹	Combustion of fuels in stationary sources	Diesel	0.64	486.81	8.30
	Combustion of fuels in mobile sources	Petrol	464.87		
	Combustion of fuels in mobile sources	Diesel	21.30		
Scope 2 Energy indirect emission ²	Purchased electricity		5258.21	5258.21	89.67
Scope 3 Other indirect emission	Paper waste disposed at landfills		2.69	118.65	2.03
	Electricity used for processing fresh water by government departments/third parties		87.27		
	Electricity used for processing sewage by government departments/third parties		24.35		
	Business air travel by employees ³		4.34		
Total			5,863.67		100.00%

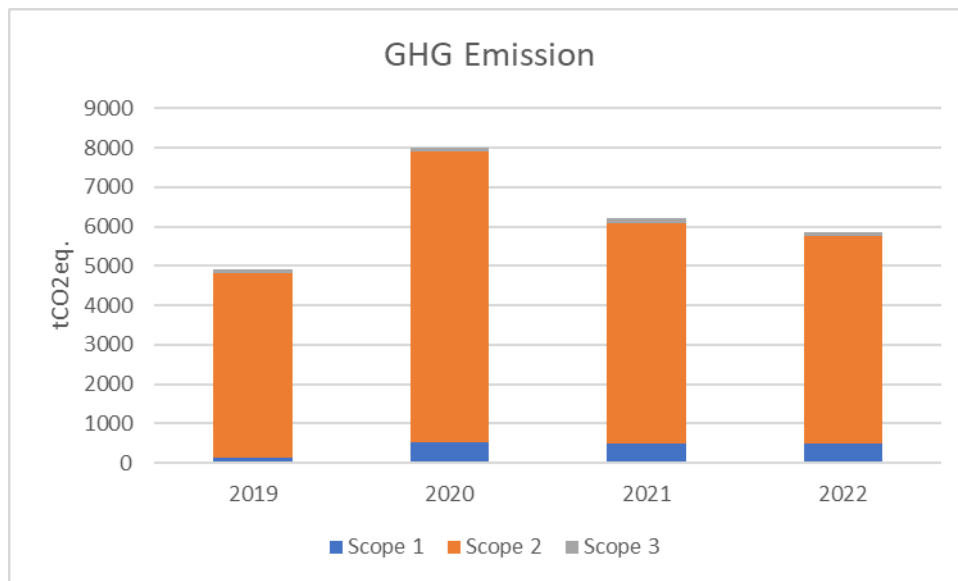
Note 1: Emission factors were referred to Appendix 27 to the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 2: Emission factor of 0.581 tCO₂eq./MWh was used for purchased electricity in Guangdong Province, the PRC, according to the Ministry of Ecology and Environment of PRC.

Note 3: Emissions were calculated using the online tool provided by International Civil Aviation Organisation.

Environmental, Social and Governance Report 2022 (Continued)

The figure below illustrates the annual changes for each scope: Scope 1 – direct GHG emissions, Scope 2 – energy indirect GHG emission and Scope 3 – other indirect GHG emissions.



A1.3 Hazardous Waste

The business operation of the Group generated 298.98 tonnes of hazardous waste during the Reporting Year. The hazardous waste production intensity was calculated at 7.87 kg/m², or 1.18 kg/RMB'000 revenue. Hazardous waste generated consisted of sludge, waste packaging drums, waste activated carbon and waste mineral oil. Designated areas with signages have been arranged for temporary storage of hazardous waste, which is then collected by registered recyclers.

Hazardous waste	Annual waste amount	Unit
Sludge	298,470	kg
Waste packaging drums	144	kg
Waste activated carbon	218	kg
Waste mineral oil	150	kg

A1.4 Non-hazardous Waste

The Group generated a total of 135.95 tonnes of non-hazardous waste during the Reporting Year. The non-hazardous waste production intensity of was 3.58 kg/m², or 0.54 kg/RMB'000 revenue. Non-hazardous waste was mainly cardboard, tape and wax paper. They were all collected by recyclers for downstream recycling.

Environmental, Social and Governance Report 2022 (Continued)

Non-hazardous waste	Annual waste amount	Unit
Cardboard	76,020	kg
Tape	28,010	kg
Plastic bag	2,140	kg
Waste paper	8,500	kg
Iron	6,160	kg
Wax paper	15,120	kg

A1.5 Measures to Mitigate Emissions

The Group is aware of the emissions generated from its operation. Certain measures have been implemented to control emissions:

- Centralised the production process and optimised manufacturing efficiency;
- Partnered with professional logistics companies, which managed delivery service efficiently to reduce fuel consumption;
- Arranged shuttle bus service for employees to travel to metro stations, encouraging the use of public transports; and
- Reduced the number of business trips through utilising electronic communication such as video conferences and online meetings.

The Group's objective was to reduce overall air and GHG emissions intensity by 5% between 2021 and 2026. The Board and the management have reviewed the progress made against the emission reduction targets during the Reporting Year. It was concluded that the air and GHG emissions decreased gradually, with a reduction of around 16% in NOx and PM emission intensity (per RMB'000 revenue). However, the intensity of SOx emissions and GHG emissions (per RMB'000 revenue) actually increased. This trend can be attributed to the macroeconomic effects of the Covid-19 pandemic, which resulted in reduced sales revenue in 2022.

The table below compares the intensity of air emissions and GHG emissions (per RMB'000 revenue) in 2021 and 2022.

Air and GHG emission intensity / Year	SOx (kg/RMB'000 revenue)	NOx (kg/RMB'000 revenue)	PM (kg/RMB'000 revenue)	GHG (tCO ₂ eq./RMB'000 revenue)
2021	9.92*10 ⁻⁶	4.97*10 ⁻³	4.42*10 ⁻⁴	0.0227
2022	1.07*10 ⁻⁵	4.17*10 ⁻³	3.72*10 ⁻⁴	0.0232
	+7.36%	-16.13%	-15.88%	+2.22%

Environmental, Social and Governance Report 2022 (Continued)

A1.6 Wastes Reduction and Initiatives

The Group has incorporated the 3R-principles in the operation procedures in the workplace and pledges to promote environmentally friendly behaviours among employees to improve overall waste management. Initiatives have been implemented to reduce waste generation:

- Conducted sales through the online sales channel, which allows electronic confirmations, receipts, and newsletters through their e-mail and/or other electronic accounts to reduce paper consumption;
- Encouraged employees to use double-sided printing;
- Placed recycling facilities in the office and factory for waste separation ;
- Posted waste reduction posters throughout office and factory;
- Employed qualified contractors for collecting recyclables;
- Used only durable food containers, cutlery and cups in the canteen; and
- Promoted food waste minimisation in canteen and kitchen.

The Group's objective was to reduce overall waste generation intensity by 30% between 2021 and 2031. The Group was able to reduce the intensity of non-hazardous waste (per RMB'000 revenue) by 5.7% but saw a large increase in the intensity of hazardous waste (per RMB'000 revenue) compared to previous year. The Group will continue with its efforts to reduce the discharge and intensity of both hazardous and non-hazardous waste on an ongoing basis, in particular, the reduction of sludge generated from sewage.

During the Reporting Year, the Board and the management have reviewed the progress made against the waste reduction target. The Group has decided to revise the baseline year to the current Reporting year since the Group has expanded its coverage to fully encapsulate all aspects of hazardous waste generation including sludge. The re-adjusted target for the Group is to achieve 30% reduction in overall waste generation intensity in 10 years starting from the current Reporting Year of 2022, or by 2032.

Environmental, Social and Governance Report 2022 (Continued)

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. To meet the Group's environmental commitments, various efficiency initiatives have been implemented to minimise the use of energy, water consumption and use of packaging materials.

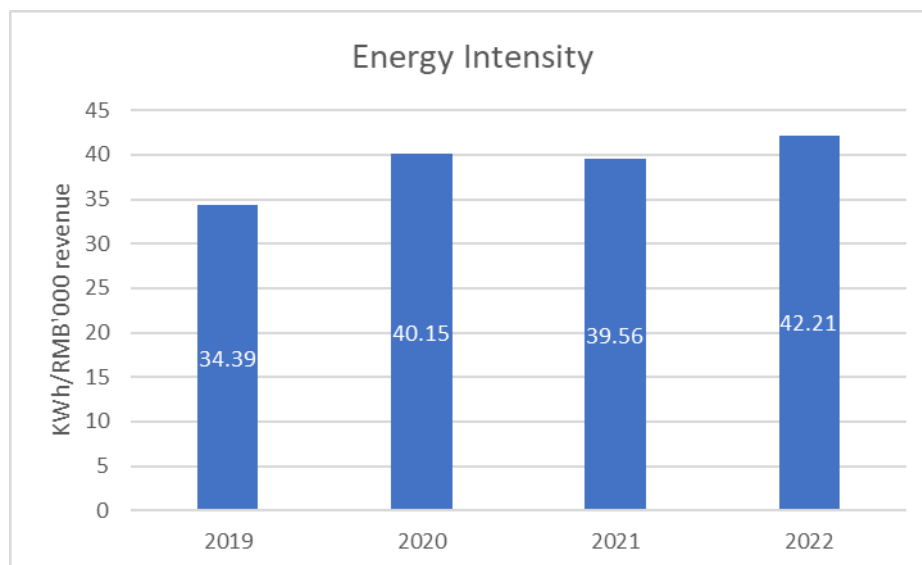
A2.1 Energy Consumption

During the Reporting Year, the total energy consumption by the Group was 10,679,706.14 kWh, with an intensity of 281.06 kWh/m² and 42.21 kWh/RMB'000 revenue. Types of energy consumed included electricity, petrol and diesel.

The detailed energy consumption is summarized in the table below.

Energy Consumption Sources	Direct Consumption	Consumption (in kWh)
Petrol (Stationary)	0.00 L	0.00
Petrol (Mobile)	174,771.00 L	1,548,845.06
Diesel (Stationary)	243.62L	2,435.74
Diesel (Mobile)	7,816.00 L	78,145.34
Electricity	9,050,280.00 kWh	9,050,280.00
TOTAL		10,679,706.14

The figure below illustrates the annual changes for energy intensity in terms of revenue:

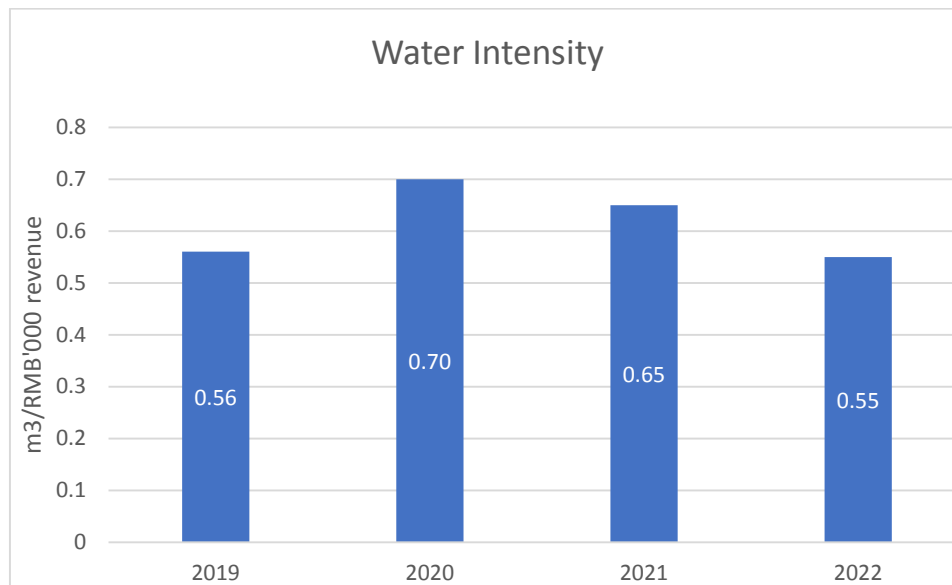


Environmental, Social and Governance Report 2022 (Continued)

A2.2 Water Consumption

During the Reporting Year, the total water consumption for the Group was 138,611 m³, with an intensity of 3.65 m³/m², and 3097.67 m³/million pieces of products sold. Freshwater consumed was sourced from the Guangzhou Water Supply Company. No issues on sourcing water were reported during the Reporting Year.

The figure below illustrates the annual changes for water intensity in terms of revenue:



Wastewater

During the Reporting Year, 115,949 m³ wastewater was generated. The wastewater intensity was 3.05 m³/m², and 2,591.22 m³/million pieces of products sold. The wastewater was treated onsite by dissolved air flotation, and anaerobic and contact oxidation processes.

Various wastewater indicators such as, pH, total suspended solids, chemical oxygen demand, biochemical oxygen demand, and Sulphide, etc. are measured. The monitoring reports presented that all effluents are within the permissible level of the Discharge Standard of Water Pollutants. The Environmental Monitoring Station of Guangzhou Baiyun District also monitors the effluent generated by the Group. No exceedances were observed during the Reporting Year.

A2.3 Energy Use Efficiency Initiatives

The Group continues to implement initiatives for promoting efficient energy consumption. It has swapped to LED lightings in the factory, offices and the car parks to save energy. The Group ensures rational use of energy resources. All employees shall turn off air-conditioners, printers, computers and monitors before leaving the workplace. Idling electrical appliances shall also be switched off. If there is serious violation of energy-saving practices, the involved department will be fined.

The Group's objective was to reduce overall energy use intensity by 10% between 2021 and 2031. During the Reporting Year, the Board and the management have reviewed the progress made against the energy reduction target. The overall energy consumption decreased by 1.34% compared to the

Environmental, Social and Governance Report 2022 (Continued)

previous year, while the overall energy use intensity (per RMB'000 revenue) increased by 6.70%. This trend can be attributed to the macroeconomic effects of the Covid-19 pandemic, which resulted in reduced sales revenue in 2022.

A2.4 Water Use Efficiency Initiatives

The Group preserves precious water resources and has implemented initiatives to minimise water consumption. It encourages the use of greywater for flushing toilets after onsite wastewater treatment. Water saving signage is placed in the bathroom to remind employees to conserve water. Splits and leaks in hoses and water pipes are repaired promptly.

The Group's objective was to reduce overall water use intensity by 10% between 2021 and 2031. During the Reporting Year, the overall water consumption decreased by 22.31% and the intensity of overall water use (per RMB'000 revenue) decreased by 15.39% compared to the previous year. This reduction could be explained by the elimination of public water usage during the Reporting Year, while such water usage cannot be separately removed from total water consumption last year.

During the Reporting Year, the Board and the management have reviewed the progress made against the overall water use reduction target. The Group has decided to revise the baseline year to the current Reporting year since the Group has removed the public water usage from the total water consumption, which enabled consistent comparison in the future and led to a high accuracy. The readjusted target for the Group is to achieve 10% reduction in overall water use intensity in 10 years starting from the current Reporting Year of 2022, or by 2032.

A2.5 Packaging Material

A total amount of 2,630 tonnes of packaging materials were consumed during the Reporting Year. The Group has replaced the old packaging materials with polyethylene (PE) or polyethylene terephthalate (PET), which are recyclable materials, for packaging.

Packaging materials	Annual consumption (in tonne)
Packaging bottle & attachments	1,250
Graphic carton and label	600
Carton and paper board	580
Plastic wrapping	200

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group's operation did not cause significant adverse impacts on the environment and natural resources. The Group monitors air emission, wastewater discharge, and noise level, and also takes into consideration the environmental impacts from materials used in our operations. For example, the packaging materials used in our products are biodegradable and recyclable in accordance with relevant hygienic standard for cosmetics. During the Reporting year, the Group did not receive any complaints from the community regarding air pollution, odour, noise, or light nuisance.

Environmental, Social and Governance Report 2022 (Continued)

A4. Climate Change

Climate change poses a huge threat to all businesses, and that of the Group's is not an exception. In order to fully cope with the opportunities and challenges brought about by climate change, the Board established an ESG task force team, which is mainly responsible for the formulation of the Group's ESG development strategy and the implementation and supervision of various activities. In response to climate change and its associated impacts, the ESG task force team has carefully assessed related risks, developed corresponding strategies and targets for climate change, and reported regularly to the Board.

Based on the climate-related risks identified last year, the ESG task force team has assessed the probability of occurrence and the level of impact for the following risks:

Risk	Time Horizon	Potential Financial Impact	Probability of Occurrence	Level of Impact	Risk Level
Extreme Weather Events	Short-term	Disrupt the logistic and warehouse systems and negatively affect the revenue of the Group	Low	Medium	Low
Extreme Weather Events	Long-term	Disrupt the logistic and warehouse systems and negatively affect the revenue of the Group	Low	High	Medium
Change of Technologies	Short-term	Increase in the capital investments for the adaptation of new processes, increase in the R&D expenditures	Low	Low	Low
Change of Market Environment	Short-term	Increase in the production costs due to the rising prices of raw materials	Medium	Medium	Medium

Environmental, Social and Governance Report 2022 (Continued)

The probability of occurrence for the extreme weather events is low in both short-term and long-term. This is because our product sales are mainly concentrated in the southern China region where extreme weather events are less likely to happen. However, if extreme weather events occurred, our logistic systems would be greatly disrupted, resulting in sharp reduction in the sales revenue.

Change of technologies is not likely to have any influence on the operation of our business. The Group has distinctive core technologies and stable R&D teams who would make improvements of products according to the market needs. Therefore, impacts on our financials would be insignificant.

Section “Climate-related risks and opportunities” provides more information regarding relevant risks/opportunities, mitigation methods and financial impacts.

During the Reporting Year, the Group has formulated various targets on GHG emission control, waste management, water and energy saving to manage the climate-related risks. These targets are disclosed in Section “A Environmental”.

B. Social

1. Employment and labour practices

The Group stringently complies with the national and local laws and regulations concerning employment and labour practices, including but not limited to:

- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Law of the PRC on the Protection of Rights and Interests of Women;
- Law of the PRC on the Protection of Minors;
- Law of the PRC on the Protection of Disabled Persons;
- Trade Union Law of the PRC;
- Social insurance Law of the PRC;
- Regulation on Paid Annual Leave for Employees; and
- Provisions on the Prohibition of Using Child Labour.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Year.

Environmental, Social and Governance Report 2022 (Continued)

B1. Employment

Employment Policies

During the Reporting Year, there were no major changes in policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination and other benefits and welfare for the Group.

The Group prescribes the policies and procedures relevant to employee benefits, welfare and compensation. The Group rewards its employee with competitive remuneration packages and welfare benefits which are commensurate with their experience and responsibilities. Working hours are arranged in accordance with the law and the employee's job position.

Compensation and Benefits Package

The Group offers competitive remuneration packages to the employee in accordance with their performance, relevant skills, experience and contribution. The Group also offers other benefits including statutory holidays, basic social insurance and housing provident funds. Employees can apply for compensatory leave for overtime work.

The Group fully realises the value of talents which is the main driver of the productivity, thus placing a great importance on the improvement of working environment and working condition for employees. Accommodation, free meals, shuttle bus services and annual check-ups were provided to employees. The Group also endeavours to continuously develop its education and training mechanism in order to meet the needs of professional development for individuals.

In response to the Covid-19 pandemic, various measures were put in place to minimise the impact on employee's compensation and benefits. All employees were covered by the basic medical insurance and supplementary commercial insurance in accordance with relevant laws. If any employees who cannot return to work in a timely manner due to the quarantine or infection caused by the Covid-19, he/she would still get paid by providing medical certificates or other supporting documents. The pay rate would not change during the quarantine and would be adjusted according to the relevant laws and regulations after the quarantine if further medical treatment is needed. The department head would also coordinate his/her work accordingly. In the case of layoffs, the Group provided compensation to those who were made redundant in Guangzhou Office. In Hong Kong Office, the Group has applied wage subsidies for employees.

Award and Penalty System

The appraisal, promotion, and reward and penalty systems were outlined in the Employment Contract and Employment Handbook. The Group carries out annual performance appraisal for employees according to the work assignments and duties, which mainly focuses on two areas: (1) result — meeting the target; (2) process — fits with the Group's policies, values and requirements/expectations stated in the Employment Handbook. Bonus distribution, salary adjustment, training, promotion, and transfer of job position may be considered and discussed in line with the performance results.

Environmental, Social and Governance Report 2022 (Continued)

The Group offers opportunities for career advancement for its employees. Employees are noticed and given priority for application when job vacancies arise. The Group's Promotion Management System provides standardised terms and conditions regarding promotion.

Equal Opportunity

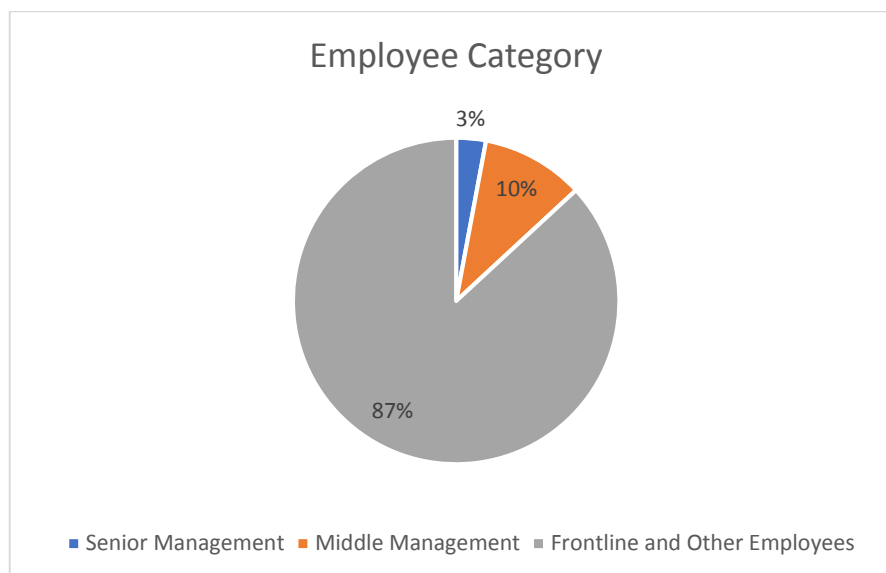
Believing in the concept of "work in harmony despite our differences", the Group encourages diversity among the workforce. The principle of equal opportunities is applied in all employment policies, in particular to recruitment, training, career development and promotion of employees. The Group promotes fair competition and prohibits discrimination or harassment against any employee on their gender, age, marital status, religion, race, nationality, disability or any status protected by law.

Communication

The Group encourages communication between the management team and employees. During the Reporting Year, the Group regularly organised birthday parties and staff meetings, and arranged tea parties from time to time. Gifts were prepared for employees during the public holidays and monthly internal discounts were offered, allowing staff to purchase any products produced by the company. In addition to that, a basketball court has been put up for employees and basketball matches were held from time to time which enhanced communication among the teams.

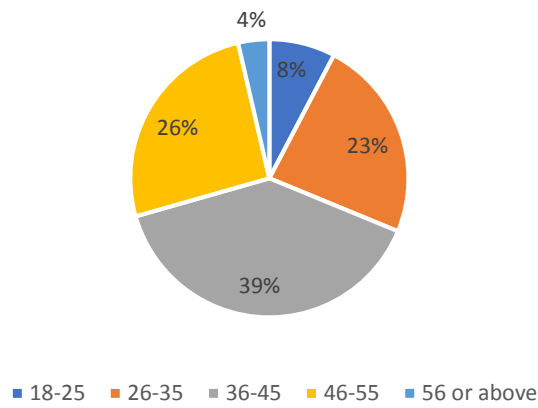
Workforce

The Group had a total number of 442 employees as of 31 December 2022. The charts below present the distribution of workforce.

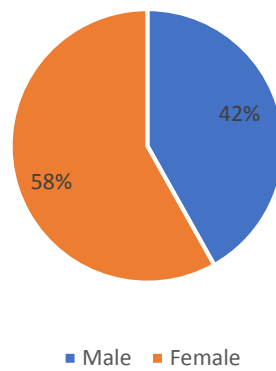


Environmental, Social and Governance Report 2022 (Continued)

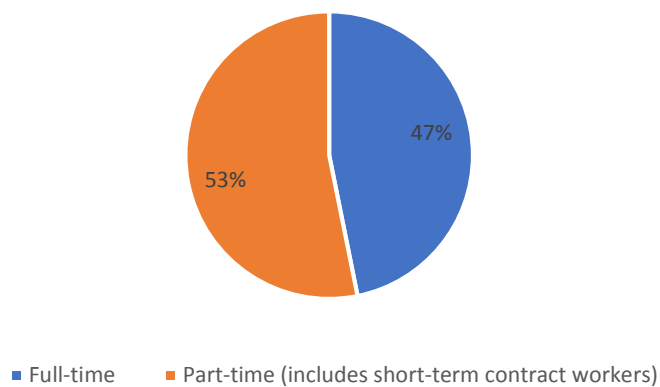
Age Group



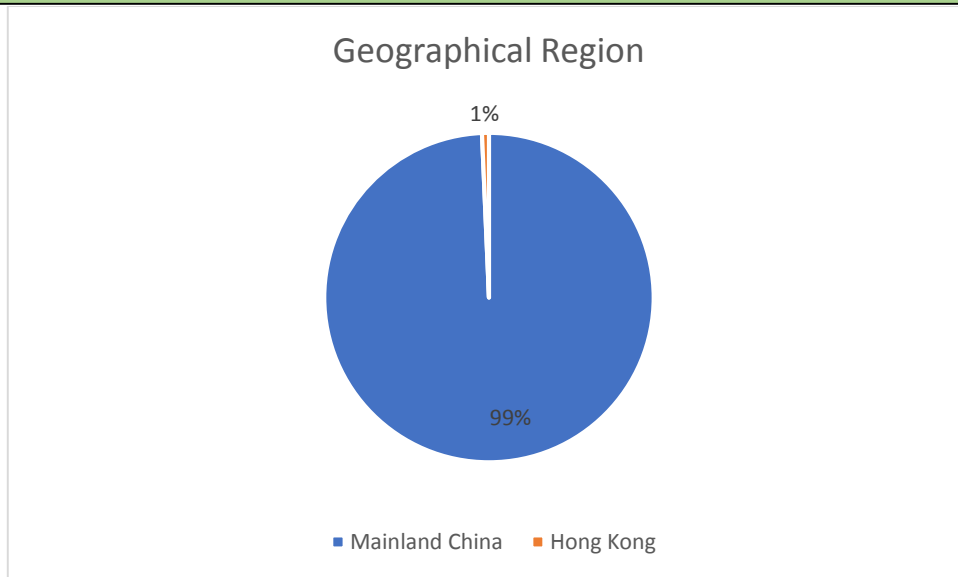
Gender



Employment Type

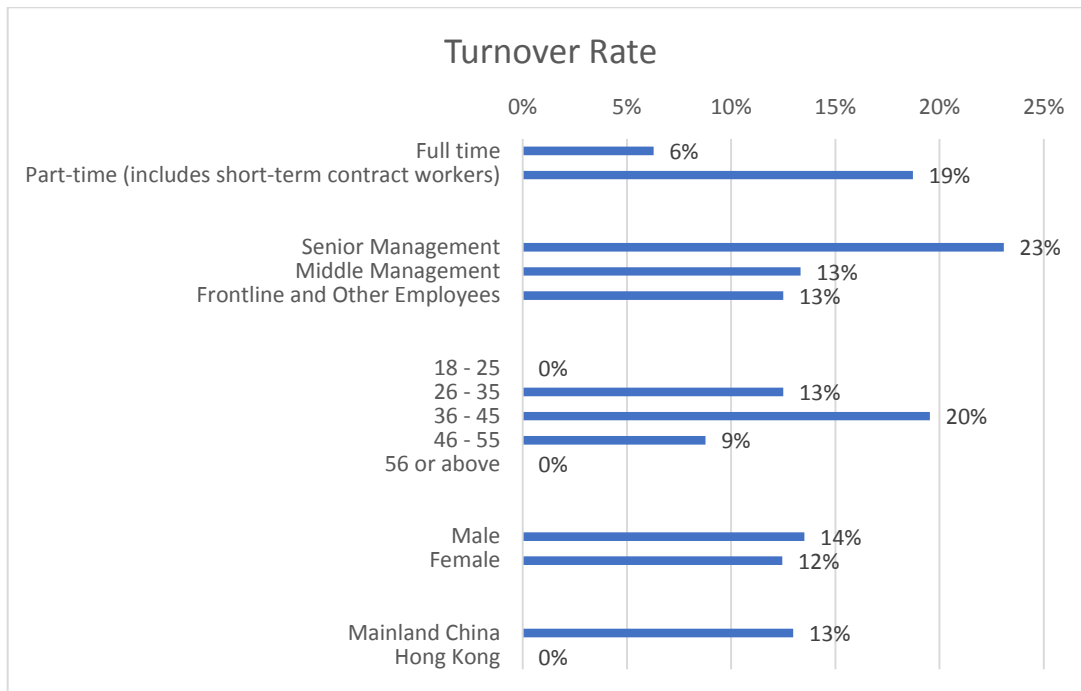


Environmental, Social and Governance Report 2022 (Continued)



Turnover

During the Reporting Year, 57 employees left the Group, representing a 12.90% turnover rate. The details of turnover rate is shown in the table below.



Environmental, Social and Governance Report 2022 (Continued)

B2. Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment for all employees. It undertakes to safeguard the health and safety of its employees and requires all employees to strictly observe the health & safety measures stated on the Employment Handbook.

It promotes safety practices and enhances employees' awareness through regular training and safety drills. Employees are familiarised with the Group's Health and Safety Policy, system operation, operating procedures, and emergency response. Health and safety standards are given prime consideration in operation and regulatory compliance is strongly upheld. Appropriate measures are taken to continuously improve the health and safety in the workplace.

During the Reporting Year, the Group has continued to carry out occupational health and safety supervision with a focus on the management and control of personnel unsafe behaviour and promoted standard working procedures among its employees to reduce unsafe behaviour. In addition, the Group has organised regular health inspections for its employees at hospitals, with testing focus on occupational disease hazards such as noise, butanone, acetone, etc. At the same time, the Group has also performed work hazard analysis, with core safety concerns placed on machinery operations that violate safety protocols, safe use of electricity, fire prevention, risk assessment, and hidden workplace hazards. The Group has conducted monthly special safety inspections on the workshop to clarify the operational risks of each operation flow, and safety precaution measures for each work unit were improved accordingly as per results of the inspections.

During the Reporting Year, the Group complied with relevant laws and regulations, such as the Law of the PRC on the Prevention and Control of Occupational Diseases, Fire Protection Law of the PRC, and Law on Safety Production. No material non-compliance of laws and regulations relevant to health and safety of employees were found.

Occupational Health and Safety Data

	2022	2021	2020
Number of work fatalities	0	0	0
Fatality rate	0%	0%	0%
Cases that contributed to >3 lost working days	0	0	0
Work injury cases that contributed to ≤3 lost working days	0	0	0
Lost days due to work injury	0	0	0

COVID-19

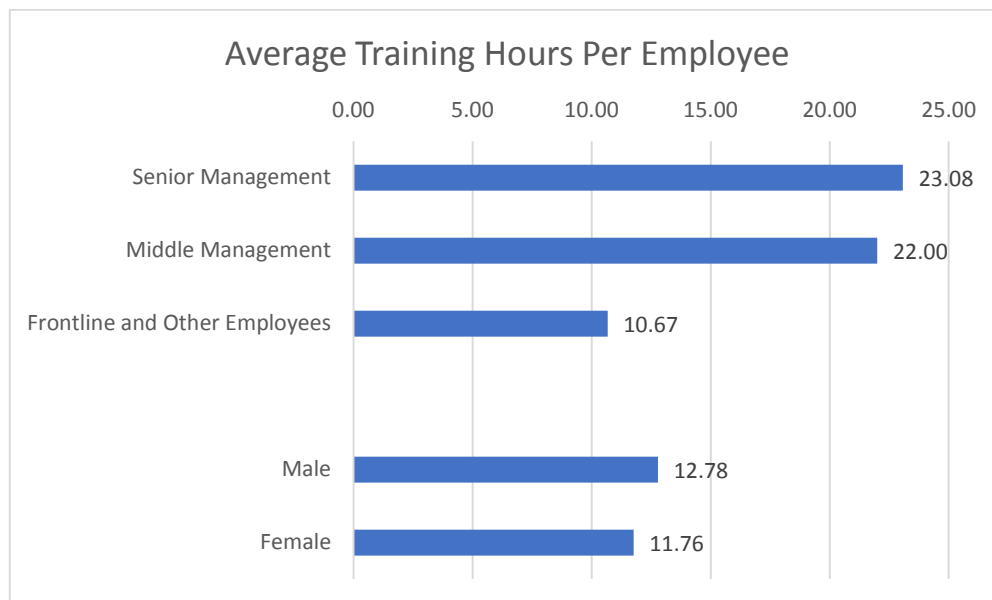
During the Reporting Year, anti-epidemic items such as masks and disinfectant were regularly distributed to employees by the Group. Employees were required to measure body temperature daily and maintain social distance, and transport to office was provided by the Group to minimize chances

Environmental, Social and Governance Report 2022 (Continued)

of infection on public transport. The plant and office were sanitized regularly. All visitors must have a green Health Declaration Code to enter the Group's premises. In December 2022, the Covid-19 restriction had been lifted and the operations started to normalize.

B3. Development and Training

The Group provides comprehensive career development and training to employees. Training needs are identified through various channels such as performance evaluation. Employees who have participated in external training would conduct an internal sharing session to discuss what they have learnt. During the Reporting Year, the Group has provided various training sessions for all employees as illustrated in the following table. During the Reporting Year, 442 employees, or 100% of employees received training, and the average training hour per employee was 12.19 hours. The percentage of employees trained by gender and employee category was 100%.



In addition to the career development provided for employees, the Group continues to invest in the professional developments for board members to ensure that their contribution to the Board remains informed and relevant. Directors have received regular updates on the Group's business, operations, risk management, corporate governance matters, and participated in the directors' training internally and/or offered by external professional bodies.

Environmental, Social and Governance Report 2022 (Continued)

Training details are presented below:

Targeting Group	Training courses attended	Training frequency	Training type	Training purposes
Directors	<ul style="list-style-type: none"> Hong Kong legislative / regulatory compliance; Directors' duties and ESG practices; Financial reporting / taxation; Risk management; Economy / financial markets updates; Business management / investor relationships 	Regularly	Internal and external	<ul style="list-style-type: none"> To develop and refresh directors' knowledge and skills to ensure that their contribution to the Board remains informed and relevant.
Senior management	<ul style="list-style-type: none"> Management consultancy training course, including leadership, management and strategies training 	1-2 times per month	External	<ul style="list-style-type: none"> To understand the industry dynamics; To expand the professional networks through sharing the management experiences from senior managers of the industry.
Middle management	<ul style="list-style-type: none"> External training courses including professional and team management training. Online courses and internal lectures also offered. 	1-5 times per month	Internal and external	<ul style="list-style-type: none"> To meet compliance through external professional skills training; To improve the performance of duty for department managers; To equip managers to organise internal trainings.
Frontline and other staff	<ul style="list-style-type: none"> Frontline workers attend a four-hour workshop at least once per month; Marketing staff working outside the company should attend a one-day training quarterly; Technical staff in headquarter should join the course from the Bawang Online College of Commerce for no less than eight hours per month; Promotion team should attend a training course in headquarter with no less than 3 days, and half-day or full-day lectures would be held in site offices occasionally; Bawang Lessons are held every Friday, targeting staff from various departments, e.g., the marketing department; Skill station (技能加油站) was organised on alternative Thursdays 		Internal	<ul style="list-style-type: none"> To enhance the professional skills of the technical staffs, including labour law knowledge, financial knowledge, recruitment, Photoshop skills, graphic design, etc.

Environmental, Social and Governance Report 2022 (Continued)

B4. Labour Standards

The Group strictly observes relevant laws and regulations such as the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Provisions on the Prohibition of Using Child Labour. The Group has established policies relating to child labour and forced labour prevention.

The Group requires all applicants to provide true and accurate personal information. The Human Resources Department stringently verifies their information with provided documents, including identity card and academic certificates, during the recruitment process to guard against child labour. No teenagers under 16 years old shall be employed by the Group according to the recruitment guideline. Any employee caught with a borrowed ID will be reprimanded or dismissed from his/her job, depending on the situation.

The Group prohibits unauthorised overtime work. It states clearly the number of working hours on the employment contract. Employees working overtime must get prior approval from line managers and they are eligible for compensation in the form of compensatory time. When any overtime work or forced labour is discovered, the Group would act immediately to stop the violation and Investigation procedures will be commenced immediately.

The Group did not note any cases of material non-compliance relating to labour laws and regulations that have a significant impact on the Group during the Reporting Year.

2. Operating Practices

B5. Supply Chain Management

The Group believes that the suppliers' responsible practices are critical to its business excellence. To ensure the suppliers' capabilities in providing qualified raw materials, the Group's supply chain management system composes of both product and service quality and social responsibility. Suppliers are required to provide certificates and sample for investigation and quality check.

The Group has no standardised policy on managing the environmental and social risks of the supply chain. Nevertheless, the Group encourages suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance, and the Group carries out unscheduled visits to inspect the environmental and social performance of its suppliers and assess any environmental and social risks in its supply chain. The Group selects and evaluates distributors and suppliers with designated assessment criteria to engage only qualified distributors and suppliers. For instance, the Group screens out vendors who are known to employ child or forced labour in their operations.

The Group also gives preference to suppliers that are more environmentally friendly. The Group has implemented procurement policies for purchasing products or materials with environmental certification, as well as choosing suppliers which have been certified under ISO14001 or other equivalent certifications. Finally, the Group conducts annual assessment of its suppliers.

Environmental, Social and Governance Report 2022 (Continued)

During the Reporting Year, the Group has engaged with 171 suppliers from various provinces and municipalities in the PRC to supply raw materials, packaging materials and transport services, of which details are as follows:

Supplier Region	Numbers
Guangdong	153
Shanghai	7
Beijing	2
Jiangxi	2
Fujian	1
Hunan	1
Shandong	1
Shanxi	1
Tianjin	1
Yunnan	1
Zhejiang	1

B6. Product Responsibility

Product Labelling and Advertising

The Group provides clear and reliable information regarding its products, such as information on the Chinese herbal medicine ingredients, safe consumption advice and inspected shelf dates on product labels. Product details are also available in printed promotional materials and on its website.

The Group strictly follows applicable laws and regulations such as the Advertising Law of the PRC, Trademark Law of the PRC and Anti-unfair Competition Law of the PRC. No non-compliance with relevant laws and regulations relating to product labelling and advertising that have a significant impact on the Group had been identified during the Reporting Year.

Product Quality Assurance

Producing safe and high-quality products is one of the primary considerations of the Group. Its production plants in PRC are ISO9001 Quality Management Systems and ISO22716 Cosmetics - Good Manufacturing Practices certified. Adhering to a strict quality control approach, the Group has also devised a quality control system for constantly examining and testing products by scientific methods, ensuring the product quality. Measures and procedures for product quality and safety control include:

- The Group strictly monitors the use of Chinese herbs in the health and personal care products based on the Cosmetics Safety Technical Specification (2015 Edition);
- The Group conducts tests and risk assessments on the active ingredients, pesticide residues, and heavy metals of raw materials according to the Chinese Pharmacopoeia;
- The Group sends final products to the third-party testing organisation (government designated) for inspection and product registration under the National Medical Products Administration;

Environmental, Social and Governance Report 2022 (Continued)

Due to the high-standard of products, the Group has been recognised as the drafting unit of the group standard “Forerunner Standards-Hair Shampoo” (“領跑者” 標準評價要求 洗髮液) and “Forerunner Standards-Kids Bath Bubbles” (“領跑者” 評價標準要求 兒童沐浴洗髮泡泡) by the Guangdong Daily Chemical Chamber of Commerce (廣東省日化商會).

As per product recall procedures, the Group has implemented three stages of product recall based on the level of severity to public health and safety. For the lowest stage (product only contains labelling violations), the Group shall recall products that have been shipped out to dealers. For the middle stage (product contains dangers or defects that may cause temporary health issues to consumers), the Group shall recall products that have been shipped to retail and/or placed on shelves. For the highest stage (product contains dangers or defects that may cause severe harm or death to consumers), the Group shall recall products that have been sold to consumers, as well as publish a recall announcement in news media. During the Reporting Year, the Group did not recall any product because of safety and health reasons.

The Group did not have any material non-compliance of the relevant laws and regulations regarding product safety and health. In addition, the Group also had not received any products nor service-related complaints during the Reporting Year.

Data Protection

The Group understands that it has an indispensable responsibility for personal data privacy protection. The Group highly respects personal data privacy and is firmly committed to preserving the following data protection principles:

- Only collect personal data that is believed to be relevant and required for its business operation;
- Using personal data only for the purpose for which the data is collected or for a directly related purpose, unless consent by the data owner is obtained;
- Not transferring or disclosing personal data to any entity that is not a member of the Group without consent by the data owner, unless it is required by law; and
- Maintaining security systems and implementing measures to prevent unauthorised access to personal data.

Due to the extensive expanding of e-commerce during, the Group has established controlling schemes to protect customer data privacy:

- Anyone who needs to access the back end of the database to extract customer information should apply form to the Department Head and fully explain the reasons. Each entrant has a corresponding account number for tracing purposes in case of any information leakage found; and
- The Group provides information security training to all employees, especially new employees, to raise their awareness of privacy protection.

Environmental, Social and Governance Report 2022 (Continued)

There were no non-compliance cases noted in relation to data privacy that had a significant impact on the Group during the Reporting Year.

Intellectual Property

The Group extensively invests in Research & Development activities and prides itself on introducing innovative health and personal care products. As of December 31, 2022, the Group has obtained a total number of 29 patent rights, regarding invention, utility, design and appearance. During the Reporting Year, the Group was granted 1 new patent right. As of December 31, 2022, the Group holds a total of 177 officially registered trademarks, 156 of which are registered in PRC and 21 of which are registered overseas. During the Reporting Year, the Group has registered 2 new copyrighted trademarks in PRC.

As stated in the Employment Contract, disclosure of operation-related management and technology, market or financial information, confidential information of customers, products, business operations, designs, inventions, services, and any other trade secrets are strictly prohibited. All new employees must sign the Non-Disclosure and Confidentiality Agreement together with the Employment Contract.

B7. Anti-corruption

The Group stressed on maintaining high ethical standards and integrity in its business operations. It strictly follows the Anti-unfair Competition Law of the PRC, Company Law of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

As stated in the Employment Handbook, all employees are required to carry out the Group's business operation with integrity. Potential or actual bribery, extortion, fraud and money laundering are strictly prohibited. Employees violating such prohibition will be subject to warnings and disciplinary action, including dismissal. In addition to the code of conduct on anti-bribery and anti-corruption mentioned in the Employment Handbook, the Group has issued relevant whistle-blowing channel for stakeholders to report any suspected fraudulent actions to the Group's management directly. Further investigation would be conducted to determine the appropriate course of action if necessary. In August 2022, the Group developed a whistle-blowing system and distributed an announcement to all suppliers and clients who were then followed up by our staff to make sure that they were fully aware of the system.

Stakeholders can report any suspected fraudulent actions through multiple channels to the Group's management directly. Whilst anonymous complaints are permitted, stakeholders are encouraged to disclose their identity in case further information is required and/or feedback on the complaints can be provided. All complaints will be treated confidentially and will be acknowledged receipt if contact details are provided. The Group will not divulge the identity of stakeholders unless it is required by the relevant regulators or enforcement authority. Upon receipt of specific information about the case, the management will make a preliminary assessment of the validity of the complaint. If it is genuine, the responsible executive Director will promptly organize an internal investigation into the matter and report the findings to the Board for determination.

Environmental, Social and Governance Report 2022 (Continued)

Anti-corruption training was conducted through the circulation of relevant document issued by an international law firm during the Reporting Year. All employees including directors and staff were required to read and understand the anti-bribery and anti-corruption topics covered by the document.

Furthermore, the Group has implemented the following preventive measures to fight against anti-bribery and anti-corruption in the work-place:

- clear business management and approval process;
- specific guidelines on gift and entertainment;
- convenient whistle-blowing procedures, and
- declaration of conflict of interest.

As one of the preventative measures for bribery and money laundering, the Group prepares relevant documents as requested by the bank as well as the BVI registered agent on an annual basis. These documents are signed, sealed and delivered to them for record keeping.

In order to avoid the situation of conflicts of interest, the Group has enforced relevant rules in the selection of staff members and/or directors in dealing with related party transactions. These transactions are reviewed and audited by internal auditors twice a year.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Year. During the Reporting Year, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There were no concluded legal cases regarding corrupt practices brought against its employees during the Reporting Year.

B8. Community Investment

The Group endeavours to implement corporate social responsibility and proactively participates in public welfare activities to promote society health. When making contributions or donations, the Group gives priority to the fields of education and poverty alleviation, details as can be seen in the table below.

During the Reporting Year, the Group has participated in community engagement events and made donations to support the community, highlights of which are as follows:

Environmental, Social and Governance Report 2022 (Continued)

Activity Highlights in the Reporting Year

Events	Details
Donation to underprivileged people	Donated materials to the underprivileged population in the mountainous areas of northern Guangdong prior to the Spring Festival
Donation to women	Partnered with the Service Station of Hailong Sub-District to conduct a visitation activity, donating material aid to women in need during International Women's Day
"Together in Prevention, Saluting Frontline Anti-Pandemic Workers – 2022 Love from Bawang" Event	Partnered with the Service Station of Qianjin Sub-District to launch the event, which paid tribute to frontline workers, demonstrating the Group's commitment to social responsibility and enhancing the brand's reputation.
Support Analysis of Student Investment Competition	Actively involved in the QSIE Case Analysis Competition 2022 in Hong Kong as one of the sponsoring and supporting organizations

Understanding that promoting society health is a material topic to its stakeholders, the Group would consider putting more resources to further enhance its performance in the coming years.