

Tailam Tech Construction Holdings Limited

泰林科建控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6193)

Environmental, Social and Governance Report 2020

INTRODUCTION

Tailam Tech Construction Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is engaged in the manufacturing and sale of pre-stressed high-strength concrete piles (“**PHC piles**”) and commercial concrete in the People’s Republic of China (the “**PRC**”). Both the PHC piles and commercial concrete produced by the Group are primarily used in buildings and infrastructure projects. During the year ended 31 December 2020 (“**FY2020**”), the Group’s products were mainly sold to property developers and construction companies in Jiangsu Province.

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The board of directors of the Company (the “**Board**”) oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanism through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying and assessing the Group’s ESG risks. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

REPORTING SCOPE

The ESG Report covers all of the Group’s business activities in Jiangsu Province, the PRC where its principal business operations are located. The Group will continue to assess the major ESG aspects of different businesses and review the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The ESG Report provides a summary of the Group’s ESG performance with reference to various quantitative KPIs. The data of the Group’s KPIs is sourced from the statistics of relevant departments. The Group has prepared the ESG Report in the same manner as in the previous year to ensure a meaningful comparison with historical ESG data.

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 39 to 52 of the annual report 2020 of the Company.

REPORTING PERIOD

The ESG Report covers the ESG activities, challenges and measures taken by the Group during FY2020.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address their key concerns, the Group has maintained close communication with key stakeholders including but not limited to, shareholders and investors, employees, customers, suppliers, media and the public, and government and regulatory authorities.

In formulating operational and ESG strategies, the Group will take stakeholders’ expectations and concerns into consideration by utilising diversified engagement methods and communication channels, as shown below.

Stakeholders	Communication channels	Expectations and concerns
Shareholders and investors	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars Company’s website 	<ul style="list-style-type: none"> Sustainable profitability Corporate governance Business compliance Maintain shareholder’s return
Employees	<ul style="list-style-type: none"> Training activities, seminars and briefings Email and suggestion boxes Regular meetings 	<ul style="list-style-type: none"> Remuneration and benefits Ensure safe working environment Career development
Customers	<ul style="list-style-type: none"> Customer service hotline and email Business meetings 	<ul style="list-style-type: none"> High-quality products Enhance customer satisfaction
Suppliers	<ul style="list-style-type: none"> Site visits Business meetings and discussion 	<ul style="list-style-type: none"> Fair and open procurement Ensure on-time payment Maintain sustainable relationship

Media and the public	<ul style="list-style-type: none"> • ESG reports • Announcements and circulars • Financial Reports 	<ul style="list-style-type: none"> • Information transparency • Legal compliance • Corporate governance
Government and other regulatory authorities	<ul style="list-style-type: none"> • Written or electronic correspondences • Visits and site inspections 	<ul style="list-style-type: none"> • Compliance with local laws and regulations • Stability in business operations

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and maintaining the success of the Group's business in a challenging market.

MATERIALITY ASSESSMENT

The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations and, taking into account responses from stakeholders and the Group's business nature and development, identified key ESG issues and assessed its importance to its business partners and stakeholders.

The Group's material ESG issues according to their relative importance are shown below:

Least material	Material	Most material
Air Emissions	Sewage Discharges into Water and Land	Greenhouse Gas ("GHG") Emissions
Waste Management	Energy Consumption	Generation of Airborne Pollutants
	Water Consumption	Occupational Health and Safety Management
	Remuneration, Benefits and Welfare	Supply Chain Management
	Protection of Intellectual Property ("IP") Rights	Product Quality Assurance
	Corporate Governance Structure	Provision of Training Opportunities

For FY2020, the Group confirmed that it has established appropriate and effective management policies and internal control system for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. You can provide valuable advice or comments in respect of the ESG Report or the Group's performances in sustainable development by e-mail (info@tailamgroup.com).

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and Key Performance Indicators (“KPIs”)

Environmental protection has always been one of the fundamental values of the Group. The Group attaches great importance to sustainable development in its operations. To reduce energy consumption and GHG emissions, the Group has actively implemented environmental policies and procured more energy-efficient machinery to reduce its carbon footprint. The Group has implemented an environmental management system with ISO14001:2015 certification in its business operations. The Group continuously improves existing policies and incorporates new policies to mitigate potential direct and indirect negative environmental impacts arising from its business operations.

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including the Environmental Protection Law of the People’s Republic of China, Prevention and Control of Atmospheric Pollution of the People’s Republic of China, Water Pollution Prevention and Control Law of the People’s Republic of China and Prevention and Control of Environmental Pollution by Solid Waste of the People’s Republic of China.

Air Emissions

The principal source of emissions arising out of the Group’s operations was petrol consumed by vehicles. In response to the abovementioned source, the Group has actively taken measures to control air emissions. Such measures will be described in the following section – “GHG Emissions”.

Summary of exhaust gas emissions performances:

Indicators	Unit	FY2020	FY2019
Nitrogen oxides (NOx)	kg	37.35	36.03
Sulphur oxides (SOx)	kg	0.59	0.60
Particulate matter (PM)	kg	2.66	2.65

GHG Emissions

The principal GHG emissions of the Group were generated from petrol by vehicles and natural gas for the production of PHC piles (Scope 1) and purchased electricity (Scope 2).

Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from petrol consumption by company vehicles and natural gas for the production of PHC piles in its operations:

- Regularly maintain boilers to minimise unnecessary natural gas consumption;
- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Regularly maintain vehicles to ensure optimal engine performance and fuel use; and
- Switch off the engine when the vehicle is idling.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for a sizeable percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption. Such measures will be described in “Aspect A2 – Use of Resources”.

Through the implementation of such measures, the employees’ awareness of reducing GHG emissions has been increased.

Summary of GHG emissions performances:

Indicators¹	Unit	FY2020	FY2019
Scope 1 - Direct GHG Emissions <ul style="list-style-type: none">• Petrol consumption• Natural gas	tCO ₂ e ²	6,957	6,531.69
Scope 2 – Energy Indirect GHG Emissions <ul style="list-style-type: none">• Purchased electricity	tCO ₂ e	3,524.28	3,438.05
Total GHG emissions	tCO₂e	10,481.63	9,969.74
Intensity³	tCO₂e/million revenue (RMB)	24.30	18.43

Notes:

- 1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the latest released emission factors of China’s regional power grid basis and the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5).*
- 2. tCO₂e is defined as tonnes of carbon dioxide equivalent.*
- 3. For FY2020, the Group recorded a revenue of approximately RMB431.02 million (2019: approximately RMB541.07 million). This data is used for calculating other intensity data.*

Sewage Discharges into Water and Land

The Group did not consider the amount of sewage discharge into water to be disproportionate. To reduce sewage discharge into water, the Group has invested in a water treatment and recycling system to allow for the recycling and subsequent reuse of waste water. The waste water discharged by the Group is disposed of through the municipal sewage network to the regional water purification plant. Similarly, the sewage discharge into land was insignificant.

Waste Management

Hazardous Waste Management

The Group has no direct involvement in the generation of hazardous waste. The Group has engaged a subcontractor for the production of commercial concrete, and as such, any hazardous waste produced as a result of the said production is not under the Group's direct operational control. The Group is nevertheless conscious of the need for proper hazardous waste disposal management should hazardous wastes be generated directly by the Group and that the disposal process should comply with applicable statutory requirements.

Non-hazardous Waste Management

Non-hazardous waste generated was mainly office paper. The Group did not note a disproportional amount of non-hazardous waste produced. The Group endeavours to extend the scope of disclosure of other non-hazardous waste produced when the data collection process matures.

The Group places great effort in raising the awareness of its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its performance in this regard. Green measures include but are not limited to the following:

- Reduce the use of single-use disposable items;
- Reuse single-sided waste paper where possible;
- Print electronic correspondences only when necessary; and
- Recycle office and electronic equipments after their life cycle.

Employees' awareness of waste management has increased as a result of these implementations.

Summary of non-hazardous waste disposal performance:

Indicators	Unit	FY2020	FY2019
Office paper	tons	1.84	1.46
Total non-hazardous waste disposed	tons	1.84	1.46
Intensity	tons/million revenue (RMB)	0.004	0.003

A2. Use of Resources

General Disclosure and KPIs

The Group upholds and promotes the principle of effective use of resources and is committed to optimising the use of resources in all of its business operations. The Group has established relevant policies and procedures as set out below in governing the use of energy and water to achieve higher efficiency and reduce the unnecessary use of resources.

Energy Consumption

The Group recognises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees;
- Switch off all idle machines, appliances and unnecessary lightings upon leaving the Group's premises; and
- Purchase equipment with higher energy efficiency on the replacement of old equipment.

Anomaly in electricity consumption will be investigated and preventive measures will be taken. Through the implementation of the aforementioned energy-saving measures, the employees' awareness of energy conservation has been increased.

Summary of energy consumption performances:

Indicators	Unit	FY2020	FY2019
Direct energy consumption			
Petrol	KWh	387,650	397,350
Natural gas	KWh	33,889,410	31,770,640
Indirect energy consumption			
Purchased electricity	KWh	4,380,170	4,273,000
Total energy consumption	KWh	38,657,230	36,440,990
Intensity	KWh/ million revenue (RMB)	89,620	67,350

Water Consumption

The Group actively promotes the importance of water conservation to its employees. Apart from posting eye-catching reminders around the Group's premises, the Group also regularly inspects water taps to prevent leakage and installs dual flush water cistern in toilets and water-saving thimble in sinks where possible. Through the implementation of said water-saving measures, employees' awareness of water conservation has been increased.

Due to the geographical location of the Group's premises, the Group did not encounter any problem in sourcing water that was fit for purpose.

Summary of water consumption performance:

Indicators	Unit	FY2020	FY2019
Total water consumption	m³	61,768.00	72,283.00
Intensity	m³/ million revenue (RMB)	143.21	133.59

Use of Packaging Material

Due to the Group's business nature, the use of packaging material was not considered to be a material ESG aspect to the Group.

A3. The Environment and Natural Resources

General Disclosure and KPIs

As a PHC piles and concrete manufacturer, dust, wastewater and noise are generated during the Group's production processes. The Group recognizes its responsibility in minimising significant negative impacts on the environment and natural resources in its business operations and has therefore established a pollution control system and installed various equipment to process and dispose of its industrial wastes. The Group remains conscious of its existing and potential impacts, and regularly assesses the environmental risks of its business model, adopts preventive measures and ensures compliance with relevant laws and regulations.

Generation of Airborne Pollutants

The Group has adopted various measures to reduce dust generated. For vehicles, incoming and outgoing transport vehicles are cleaned. For road surfaces, water is sprayed on the road regularly to reduce the generation of fugitive dust during vehicle travelling. For raw materials that are imported, such raw materials are transported via a fully enclosed conveyor belt from the point of discharge to the raw material warehouse. For raw materials that are temporarily stored at the Group's premises, they are fully covered by a dust cloth. A fully enclosed green environmental protection station is in the course of being constructed, which would allow raw materials to be properly stored and protected against the external environment.

To further its effort in reducing the generation of pollutants arising from its production process, the Group has transitioned from using coal to natural gas, a cleaner fuel, as a fuel for the boilers.

Noise Control

The Group has installed soundproof wall in the production plant to reduce noise generated during operations.

B. Social

B1. Employment and Labour Practices

General Disclosure

Human resources are essential to the continued success of the Group. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensation, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against service providers of the same industry. As at 31 December 2020, the Group employed approximately 41 full-time employees and 167 outsourced workers (2019: approximately 40 full-time employees and 146 outsourced workers).

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group, including the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China and Regulation on Work-Related Injury Insurances of the People's Republic of China.

Remuneration, Benefits and Welfare

The Group understands that good benefits and welfare encourage retention and foster a sense of belonging. Therefore, the Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on their job scope, responsibilities and performance. Share options may also be granted to eligible employees of the Group.

In accordance with the law, the Group legally pays "five social insurance and one housing fund" for its employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and mandatory housing fund, to ensure that employees are covered by social insurance.

Recruitment, Diversity and Equal Opportunities

Sustainable growth of the Group relies on the diversity of talents and a non-discriminatory recruitment process. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion.

The Group is of firm belief that employees should have the right to work in an environment free of discrimination, harassment and vilification. Therefore, the Group is committed to creating and maintaining an inclusive and harmonious workplace culture. In addition, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Promotion and Performance Appraisal

The Group assesses the performance of the employees on a regular basis, the results of which are used for their annual salary review and performance appraisal. The Group gives preference to internal promotion to provide an incentive for consistent and continuous effort. Performance bonus may also be awarded to employees with outstanding performance.

Working Hours and Vacations

Official working hours and vacations are clearly stated in the Employee Handbook and are in accordance with local employment laws.

Compensation and Dismissal

The Group compensates employees according to the statutory requirements. Unreasonable dismissal under any circumstances is strictly prohibited. Dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

B2. Health and Safety**General Disclosure**

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group, including the Labour Law of the People's Republic of China, Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and Fire Protection Law of the People's Republic of China.

Occupational Health and Safety Management

The Group strives to create a safe and healthy working environment for its employees by eliminating potential health and safety hazards at the work place. The Group has formulated and adopted measures and obtained the certification of OHSAS18001:2007 (occupational health and safety management). In addition, the Group's safety personnel conduct regular safety supervision in each business area, including the production lines, testing laboratories and office and provide its workforce with safety information and training on the operations of office equipment, production facilities, tools and testing equipment. Safety guidelines are detailed in the Staff Handbook for employees' easy reference.

Fire extinguishers are stored at visible areas and fire escape routes are clearly shown throughout the Group's premises. To further avoid fire hazards, no smoking is allowed within the production facilities, fire exits and major passageways are kept clear from obstruction. Additionally, the Group provides its employees with clean dormitory rooms with proper sanitary facilities and proper workwear or personal protective equipment.

Furthermore, the Group has established the Occupational Disease Prevention and Responsibility Policy (《職業病防範責任制》) in accordance with the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases. The policy states the roles and responsibilities of different departments and members of the Group on protecting its employees from occupational hazards.

The Group places great importance on ensuring that its employees receive adequate and appropriate training to safeguard workplace safety procedures. As such, the Group holds induction safety training for its employees and encourages them to undergo continuous safety training. To further ensure that workplace accidents and common emergencies can be tended to as soon as possible, the Group provided fire hazard training sessions and an external first aid training session to its employees during FY2020.

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

B3. Development and Training

General Disclosure

Provision of Training Opportunities

The Group places great emphasis on the provision of training and development opportunities to its employees and takes an active approach in providing employees with opportunities to advance their careers.

The Group has established relevant training policies to effectively manage the provision of training opportunities to employees. The management regularly reviews the training plans to ensure that the training courses given continue to benefit its employees. The Group provides induction training to new comers and on-the-job training to all its employees regularly. The content of other training activities varies from safety education, understanding financial workflow, coordinating and dealing with inter-departmental issues, to customer service skills, etc. In addition, the Group encourages its employees to take part in external training activities to broaden their horizon and keep them abreast of the ever-changing trend of the manufacturing industry and related industrial requirements.

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

The Group guarantees that no employee will be made to work against his/her will or be coerced to work. The recruitment of child labour is strictly prohibited. All employees recruited by the Group are above the minimum age requirement stipulated by the law. Personal data is collected during the process to assist in the selection of suitable candidates and to verify candidates’ personal data. The human resources department ensures that their valid identity documents are carefully checked.

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations relating to child and forced labour that would have a significant impact on the Group, including the Labour Law of the People’s Republic of China.

B5. Supply Chain Management

General Disclosure

Supply Chain Management

The Group places great emphasis on maintaining quality control, safety standard and environmental protection as these factors directly affect the Group's reputation, service quality and competitiveness against other PHC piles and commercial concrete suppliers. Furthermore, the Group understands the importance of incorporating environmental and social practices of its suppliers and therefore endeavours to engage suppliers who act responsibly with regard to green supply chain management.

In selecting suppliers of raw materials, the Group requires suppliers to provide relevant quality control certificates such as quality management systems and copies of their valid business licences where applicable to prevent establishing business with suppliers that are operating illegally or at a substandard level. The Group's procurement department has devised a rigorous supply chain management system to govern the procurement process and has developed a comprehensive supplier's questionnaire to ensure that potential suppliers are evaluated carefully. In addition, trial samples of the raw materials will be requested before placing orders with potential suppliers. Upon ordering and the subsequent delivery of the raw materials, tests on the raw materials will be conducted again. If the quality of the raw materials falls below the agreed standard, they will be returned to the suppliers for replacement. Visits to the Group's main suppliers' business premises are also conducted annually to evaluate their social and environmental responsibility performance.

The Group not only reviews suppliers' basic information during the supplier selection process, but also considers the price offered, production and quality management systems, possession of certifications, and compliance with relevant laws, regulations and standards. The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. Suppliers who fail to demonstrate a good standard or fail to meet the Group's supplier selection criteria will be excluded from the list of suppliers for future engagements.

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

B6. Product Responsibility

General Disclosure

As a PHC piles and concrete manufacturer, ensuring product quality and safety is of paramount importance and critical to the success of the Group's business.

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including the Protection of Consumer Rights and Interests of the People's Republic of China, Advertising Law of the People's Republic of China, Patent Law of the People's Republic of China Trademark Law of the People's Republic of China and Product Quality Law of the People's Republic of China.

Product Quality Assurance

The Group's production facilities are accredited with ISO 9001:2015 quality management certification. Products produced by the Group are subject to an extensive quality assurance process to ensure that the products are in compliance with relevant laws and regulations. The Group believes that its effective quality management systems would improve the overall service quality and customer satisfaction.

Policies relating to product safety have been established and are drafted based on the guidelines of ISO 9001:2015. Such policies detail the procedures of the quality control inspections of raw materials, production process and finished products. Employees are duly notified of the quality control process and are required to strictly abide by such procedures. The Group has established testing laboratories equipped with various testing equipment at the production facilities to conduct quality testing. Multiple inspection points at different production stages have been set up to test the products. PHC piles are inspected and tested every six months by a qualified inspection institution to ensure compliance with national standards.

Data Privacy Protection

The Group endeavours to safeguard all sensitive information pertaining to its customers and has established guidelines relating to data protection. Employees are required to respect the confidentiality of customers' information. The Group has also implemented firewall, anti-virus, and anti-spam solutions for its IT systems to safeguard confidential information. Such data protection solutions are routinely upgraded. Employees are required to respect the confidentiality of customers' personal data and the Group's confidential information upon signing the legally binding labour contract. Where necessary, applicable employees of the Group may be required to sign a non-disclosure agreement.

Protection of IP Rights

The Group's PHC piles are mainly sold to customers under the Group's own trademark . The logo of the Group had been registered as a trademark in the PRC and a number of patents had also been successfully registered. The Group has established relevant policies to govern the protection of its IP rights. In addition, upon joining the Group, employees are required to protect the IP rights of the Group under the legally binding labour contract.

Any unauthorised use of the Group's brand names, trademarks, and other intellectual property rights by third parties could adversely affect our business, reputation and market position. For any infringement of its intellectual property, the Group will urge infringers to cease such action.

Advertising and Labelling Matters

As mentioned in the preceding "Protection of IP Rights" section, the Group's PHC piles are sold under the Group's own trademark. The Group has relevant measures in place that state the general requirements for the presentation of the registered trademark on the Group's products.

Due to the Group's business nature, the Group considers that advertising matters are not material to the Group.

B7. Anti-corruption

General Disclosure

During FY2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China.

Corporate Governance Structure

The Group believes that solid corporate governance is the key to its continuous growth and development. The Group does not tolerate any forms of corruption, fraud and all other behaviours that severely damage the business integrity and reputation of the Group.

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

B8. Community Investment

General Disclosure

The Group has always integrated social responsibility into its development and is committed to supporting the public by means of social participation and donation.

The Group is dedicated to understanding the needs of the communities where it operates and ensuring its activities take into consideration the communities' interests. With its own growth and development, the Group has also taken on more social responsibilities. The Company has made donation to The Community Chest of Hong Kong and was awarded with the "Award of Merit 2019/2020" in recognition of its contributions to the well-being of the community.



At the same time, the Group encourages its staff to participate in charitable activities and other volunteer services. In light of the outbreak of COVID-19, the Group considered that donating anti-epidemic care packs and hand sanitisers to the law enforcement and frontline workers would be of greatest help. In particular, the Group has donated 8,270 bottles of antibacterial hand wash gels to the COVID-19 Prevention and Control Department in February 2020.



During Lunar New Year of 2021, the Group distributed some daily commodities to its neighbours in the same community, fully extending the Group's people-oriented principle to the neighbouring community.