



**Hing Lee (HK) Holdings Limited**  
**興利(香港)控股有限公司**

(Incorporated in the British Virgin Islands and re-domiciled and  
continued in Bermuda with limited liability)

Stock code : 396

# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022**

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**CONTENTS**

Introduction..... 2

Reporting Framework..... 2

Reporting Boundary..... 3

Reporting Principles..... 3

ESG Governance Structure..... 4

Board Statement..... 4

Stakeholder Engagement..... 5

Materiality Assessment..... 7

Stakeholder Feedback..... 7

A. Environmental Protection..... 8

    A1. Emissions.....8

    A2. Use of Resources.....11

    A3. The Environment and Natural Resources.....12

    A4. Climate Change.....13

B. SOCIAL..... 14

    B1. Employment.....14

    B2. Health and Safety.....16

    B3. Development and Training.....17

    B4. Labour Standards.....17

    B5. Supply Chain Management.....18

    B6. Product Responsibility.....19

    B7. Anti-Corruption.....21

    B8: Community Investment.....22



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### INTRODUCTION

Hing Lee (HK) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is engaged in the design, manufacture, sale and marketing of home furniture products including mainly wood-based furniture, sofa, mattresses, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs.

The board of directors of the Company (the “**Board**”) is pleased to present its Environmental, Social and Governance (“**ESG**”) Report (this “**Report**”) for the year ended 31 December 2022 (“**Year 2022**”). In this Report, we report our progress and performance in managing the ESG impact of our operations. This Report is an integral part of our annual reporting and should be read in conjunction with the Annual Report 2022 of the Company, in particular Corporate Governance Report contained therein.

### REPORTING FRAMEWORK

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Reporting Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with the four reporting principles of Materiality, Quantitative, Balance and Consistency.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### REPORTING BOUNDARY

This Report covers the Group's production plants in furniture manufacturing in the People's Republic of China (the "PRC"), which represent the core operations of the Group. However, to make the contents of this Report more comprehensive, this Report covers all activities of the Group unless otherwise specified. During the Year 2022, there was no significant change to the reporting boundary.

### REPORTING PRINCIPLES

The Report adhered to the Reporting Guide and applied the four reporting principles of Materiality, Quantitative, Balance and Consistency.

#### *Materiality*

The content of this Report is determined through a systematic materiality assessment process, which include identifying ESG-related issues, assessing their materiality and relevance, preparing and validating the information reported and reviewing stakeholders' feedback. Details of the key stakeholders engagement channels and materiality assessment are disclosed in the sections of "**Stakeholder Engagement**" and "**Materiality Assessment**".

#### *Quantitative*

In order to give a comprehensive understanding of the Group's ESG performance for the Year 2022, the Group's ESG performance in current year relative to various quantitative Key Performance Indicator(s) ("**KPI(s)**"), with comparison to previous year, are disclosed in this Report.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *Balance*

This Report aims to provide a balanced representation of the Group's ESG performance. The selected content aims to reflect impartially the impacts of the identified material ESG-related issues on the Group as well as the Group's involvement in addressing these impacts.

### *Consistency*

As far as reasonably practicable, consistent methodologies are adopted when calculating the KPIs disclosed in this Report or any changes that may affect a meaningful comparison would be stated particularly in this Report.

### **ESG GOVERNANCE STRUCTURE**

The Group is committed to the long-term development of its business in a sustainable manner. The Group seeks to embed sustainable practices in its everyday operations and align sustainability goals with the Group's overall strategic direction. The Group is committed to conducting business operations in an ethical and responsible manner. The Group's corporate culture urges the employees to act with integrity and accountability. Thus, the Group has established a comprehensive ESG governance structure to assist the Board in supervising the ESG-related matters. The Group believes that a sound ESG governance is critical to enhance the Group's performance in sustainability development and to ensure the effective assessment and management of the ESG-related matters.

### **BOARD STATEMENT**

The Board holds the ultimate responsibility in overseeing the management of the Group's sustainability issues. The Board considers sustainability issues as part of its strategic formulation and places strong emphasis in aligning the Group's business strategies to the Group's sustainability objectives.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### BOARD STATEMENT (continued)

The Board is also responsible for the overall risk management and internal control systems of the Group and for reviewing its effectiveness, which also covers the ESG-related risks to the Group's business. Risk management framework is in place to provide a consistent approach on the risk management processes, including identification, assessment, treatment and reporting of the potential risks identified affecting the key business processes of the Group.

During the Year 2022, the senior management has assisted the Board in the evaluation of material ESG-related risks and opportunities to the Group's business. Appropriate ESG policies and strategies in dealing with the potential risks and opportunities have been formulated. The Board with the assistance from the senior management in fulfilling its oversight role in managing the Group's ESG matters.

### STAKEHOLDER ENGAGEMENT

The Group communicates with key stakeholders through various channels in order to understand their different expectations and identifies the most material aspects to be placed comparatively higher emphasis for reporting in this Report. While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in this Report in order to enhance the corporate transparency.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### STAKEHOLDER ENGAGEMENT (continued)

The table below presents the communication methods between the Group and the key stakeholders:

Stakeholders	Issues of concern	Engagement channels
Government	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> <li>- Proper tax payment</li> <li>- Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>- On-site inspections and checks</li> <li>- Research and discussion through work conferences, work reports preparation and submission for approval</li> <li>- Annual reports and other published information on website</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>- Return on the investment</li> <li>- Transparent disclosure of information</li> <li>- Protection of interests and fair treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Annual general meeting and other shareholder meetings</li> <li>- Annual report, announcements and other published information</li> <li>- Meeting with investors</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Safeguard the rights and interests of employees</li> <li>- Career development opportunities</li> <li>- Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>- Conferences</li> <li>- Training, seminars and briefing sessions</li> <li>- Cultural and sport activities</li> <li>- Intranet and emails</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Safe and high-quality products</li> <li>- Stable relationship</li> <li>- Information transparency</li> <li>- Business ethics</li> <li>- After-sales services</li> </ul>	<ul style="list-style-type: none"> <li>- Website, brochures and annual reports</li> <li>- Email and customer service hotline</li> <li>- Customer feedback forms</li> <li>- Regular meetings</li> </ul>
Suppliers / Business Partners	<ul style="list-style-type: none"> <li>- Long-term partnership</li> <li>- Honest cooperation</li> <li>- Fair, public tendering process</li> <li>- Risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>- Business meetings, supplier conferences, phone calls and interviews</li> <li>- Regular meetings</li> <li>- Review and assessment</li> <li>- Tendering process</li> </ul>
Peers / Industry associations	<ul style="list-style-type: none"> <li>- Experience sharing and cooperation</li> <li>- Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>- Industry conferences</li> <li>- Site visits</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>- Community involvement</li> <li>- Social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>- Volunteering</li> <li>- Charity and social investment</li> </ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### MATERIALITY ASSESSMENT

Regarding the materiality assessment, the Group performs the following process to evaluate the materiality in ESG aspects:

1. Identification: Identifies ESG topics by reference to the industry benchmarking and the Reporting Guide.
2. Prioritisation: Determines the materiality of each ESG topic based on the importance of each ESG topic to the Group through internal discussion of the senior management. The senior management who possesses a high-level view of all the aspects, is asked to score the importance of each ESG topic.
3. Validation: Ensures that the identified ESG topics are aligned with the sustainable development direction sought by the Group. Validates the results of materiality assessment and proper disclosures are made in this report.

Through the process for materiality assessment, the Board can have better understanding the degree of importance to each ESG topic and would enable the Group to plan its sustainable development direction more comprehensively.

As a result of this process carried out in Year 2022, those important ESG areas to the Group were discussed in this Report.

### STAKEHOLDER FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. You can provide valuable advice or comments in respect of this Report or the Group's performances in sustainable development by email ([info@hinglee.com.hk](mailto:info@hinglee.com.hk)).





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A. ENVIRONMENTAL PROTECTION

The Group is committed to operating its businesses in an environmentally responsible manner through improving energy efficiency and minimising its environmental footprint.

#### A1: Emissions

The major environmental impacts arising from the Group's production of furniture products and upholstered include the discharge of waste water, gas emission, the emission of dusts into the air and the generation of noise pollution. In order to comply with relevant environmental protection laws, rules and regulations in the PRC, the Group:-

- (i) has constructed sewage treatment facilities that help to recycle the waste water discharged;
- (ii) has installed a centralised dust vacuum system that collects dust and wooden particles generated during the production process;
- (iii) has installed an anti-noise pollution device to reduce the noise level generated during the production process;
- (iv) has equipped itself with a fully automatic UV spray-coating processing line which helps to reduce the level of air pollution and waste water discharge in spraying process; and
- (v) has engaged a waste water treatment company to collect the residual waste water and has engaged a solid waste treatment company to daily remove the solid wastes collected from the Group's production facilities for further treatment.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A1: Emissions (continued)

We tackle our greenhouse gas (GHG) emissions by lowering our energy consumption. Policies and procedures to encourage energy saving have been incorporated throughout our operations.

For our operations, motion-activated lighting systems are installed in our factories and offices to reduce electricity consumption. These factories and offices are also designed to keep warm in winter and insulate heat in summer to reduce electricity consumption from air conditioning.

To bring down energy consumption caused by lighting in our operations, our factories and offices rely on natural light to the greatest extent during daytime and illuminated signs are only switched on at night. Some work stations have replaced conventional lighting with LED.

The Group's commitment to protect the environment is well reflected by its continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promote awareness towards Environmental protection to the employees. The Group adheres to the principle of Recycling and Reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

The Group does not establish any quantitative targets or processes for tracing the achieved result but we have set preliminary directional targets in terms of reducing emissions.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A1: Emissions (continued)

More importantly, the Group has put substantial effort in cleaner production. It has fulfilled the requirement and demonstrated a high commitment to cleaner production.

No substantial direct emission of greenhouse gas is generated from the Group's business activities. Electricity purchase was the main cause of Greenhouse gases emissions during the Year 2022. Indirect emissions other than electricity were minimal.

	<b>2022</b>	2021 (restated)
<b>Greenhouse gases emission</b>		
Total Greenhouse gases emission (tonnes)	<b>408</b>	447
Total Greenhouse gases emission per employee (tonnes per employee)	<b>2.87</b>	2.80
Direct emissions (tonnes)	-	-
Indirect emissions (tonnes)	<b>408</b>	447
Quantity of purchased Electricity (kWh)	<b>397,627</b>	471,012
Intensity (tCO <sub>2</sub> e/thousand revenue (HKD))	<b>0.01</b>	0.01

*The figure of the Quantity of purchased Electricity in FY 2021 was restated for consistency with the unit used for the current year.*

The Group does not generate much waste paper and household garbage during its operation, all of which will be collected and disposed by cleaning personnel and afterwards, will be processed by the Local Sanitation Bureau. Such arrangement will not cause material impact on the environment. The solid wastes such as leftover woods, fabrics and leather, etc. will be recycled or reused by the Group in order to save material consumption costs and enhance the resources efficiency. The quantity of non-hazardous waste of the Group representing leftover woods fabrics and leather for the Year 2022 is approximately 743 tonnes (2021: approximately 893 tonnes) and the said waste did not exert significant impact on the environment.

The Group will review its environmental practices from time to time and consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs - Reduce, Recycle and Reuse, as well as enhancing environmental sustainability.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2: Use of Resources

The Group strives to minimize its environmental impact by saving electricity and water, and encouraging recycle of office supplies and other materials. It helps save both money and natural resources. For waste that cannot be avoided, we strive to reuse and recycle the relevant supplies and materials as much as possible.

The Group does not establish any quantitative targets or processes for tracing the achieved result but we have set preliminary directional targets in terms of energy use efficiency and water efficiency. The Group has implemented the following measures to foster a culture of resources conservation awareness:

- (i) The Group encourages paperless working procedures through intranet and use video-conference system to replace avoidable business trips and increase communication efficiency;
- (ii) The Group encourages its distributors to use LED lighting for retail outlets operated by them;
- (iii) We avoid using excessive packaging and aim at having packaging offering protection for our products and at the same time appealing to customers;
- (iv) We maintain our air-conditioners regularly for better performance and keep an average indoor temperature of 25°C in order to minimize electricity usage; and
- (v) At our offices, double-side printing is expected under most circumstances. We remind our employees to switch off idle electrical appliances to promote energy saving.

Employees' awareness of resources conservation has increased as a result of these implementations. The Group will review the progress and explore more opportunities for various environmental protection goals.

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.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2: Use of Resources (continued)

During the Year 2022, the major resources consumption of the Group is as follows:-

Resource Consumption	Unit	Total Consumption	
		2022	2021 (restated)
Total electricity consumption	KWh	<b>397,627</b>	471,000
Electricity consumption per capita	KWh/per person	<b>2,945.39</b>	2,940.00
Consumption of non-renewable fuels	L	<b>6,782</b>	17,568
Consumption per capita	L/per person	<b>50.24</b>	109.80
Total water consumption	m <sup>3</sup>	<b>6,560</b>	7,049
Water consumption per capita	m <sup>3</sup> / per person	<b>48.59</b>	44.06

*Certain FY 2021 figures were restated for consistency with the units used for the current year.*

The Group mainly uses paper boxes, plastic bags and sponge scraps as packaging materials for its products. The amount of various types of packaging materials used in Year 2022 was approximately 347 tonnes (2021: approximately 407 tonnes) in total and approximately 10.5 Kgs (2021: approximately 10.8 Kgs) packaging materials were used per set of product. The Group used the packaging materials reasonably and effectively to minimize its impact on the environment.

### A3: The Environment and Natural Resources

The major environmental impacts arising from the Group's production of furniture products and upholstered include the discharge of waste water, gas emission, the emission of dusts into the air and the generation of noise pollution. The Group recognises 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. As disclosed in sections A1 and A2 certain measures have already been taken to manage them. In addition, 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.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A3: The Environment and Natural Resources (continued)

During the Year 2022, there was no confirmed non-compliance incident or grievance in relation to the Group's business which had significant impact on the environment or natural resources.

### A4: Climate Change

Recognising the importance of identifying and mitigating significant climate-related issues, the Group closely monitor the potential impact of climate change on our business and operations and strive to manage potential climate related risks that may affect the Group's business activities. The Board acknowledges that climate change may bring physical and transition risks and the Group will remain alert to the climate change and take prompt actions where necessary.

#### *Physical risks*

Extreme weather may have an impact on the safety of employees and facilities such as production bases and warehouses, resulting in a decrease in the Group's productivity. We will assess the impact of extreme weather on our production bases and develop protective measures in a timely manner. We will also strengthen the training of employees and develop emergency response plans to ensure the safety of employees.

#### *Transition risks*

As countries become more concerned about climate change, it is expected that there will be more stringent regulations to control the Group's emissions of greenhouse gases and other pollutants. The Group will continue to review the changes in regulations in different countries and install various emission control devices to reduce the emission of pollutants as appropriate. We will communicate with our customers and suppliers to enhance cooperation in exploring more energy-saving and carbon-reducing ways of operation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B. SOCIAL

#### B1: Employment

The Group recognises that employees are the most important asset. We have established a set of human resources management policies in order to comply with relevant labour laws and regulations including Labour Laws of the PRC and Hong Kong, and comply with them. As at 31 December 2022, the Group employed 128 employees (2021: approximately 156).

Salaries are reviewed annually and discretionary bonuses are paid on annual basis with reference to individual performance appraisals, inflation and prevailing market conditions. Other benefits available to eligible employees include retirement benefits and medical insurance schemes. Share options may also be granted to eligible employees of the Group and other eligible participants.

The Company ensures that all employees are entitled to paid annual leave, marriage leave, maternity leave and other statutory leaves and holidays in accordance with the laws and regulations and safeguards employees' basic rights.

The Group is committed to constructing an inclusive workplace that embraces diversity and equal opportunity. The management sets a tone of zero tolerance to harassment and discrimination of any form. Employees' recruitment and promotion are based on their merits and the development of the Group, regardless of their gender, age, nationality, religious belief, marital status, etc. To foster a harmonious working environment and encourage collaboration, we organised a series of teambuilding activities, including basketball competition and singing events during the Year 2022.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B1: Employment (continued)

As at 31 December 2022, the Group had a total of 128 employees (2021: 156), the workforce categorised by gender, age groups and geographical region are depicted below:

		2022		2021	
		No. of employees (person)	Percentage (%)	No. of employees (person)	Percentage (%)
By gender	Male	101	79%	128	82%
	Female	27	21%	28	18%
By age	Below aged 30	20	16%	38	24%
	Aged 31 - 50	76	59%	85	54%
	Above 51	32	25%	33	21%
By location	PRC	122	95%	150	96%
	Hong Kong	6	5%	6	4%

The employee turnover rate was 18.0% for the Year 2022 (2021: 47.5%). The employee turnover rates categorised by gender, age groups and location are depicted below:

		2022		2021	
		No. of turnover employees (person)	Turnover Rate (%)	No. of turnover employees (person)	Turnover Rate (%)
By gender	Male	27	21.1%	65	40.6%
	Female	1	3.6%	11	6.9%
By age	Below aged 30	18	47.4%	4	2.5%
	Aged 31 - 50	16	17.4%	58	36.2%
	Above 51	1	3.0%	14	8.8%
By location	PRC	28	18.7%	76	47.5%
	Hong Kong	-	-	-	-





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B2: Health and Safety

During the Year 2022, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to 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.

Protecting the health, safety and wellbeing of our employees is our key priority. For example, workplace hazards are identified by experienced safety personnel and mitigation measures are implemented to reduce occupational health and safety risks at our production sites. Safety performance is monitored and followed up to encourage continuous improvement. Our employees are reminded and trained to apply proper personal protective equipment. Regular safety talks and seminars are held to increase workplace safety awareness. In addition, we also promote the concept of healthy living by providing employees with a balanced diet.

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 minimal to reduce the risk of infection.

No work-related fatalities occurred in each of the past three years including the Year 2022, and no lost days due to work injury in the Year 2022 (2021: nil).



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B3: Development and Training

The Group believes in empowering its employees through constant development and training. Training at all levels is available to meet the needs of our business operations. Induction and mentorship are given to new joiners to give them a better understand of the corporate culture and settle in their new positions.

Apart from regular on-the-job training, the Group also engages professional parties to provide training to its staff to ensure they can obtain updated job related knowledge and enhance the quality of work.

Percentage of employees trained and average training hours completed per employee by gender and by rank are depicted below:

		2022		2021	
		Percentage of employee trained	Average training hours completed by employee	Percentage of employee trained	Average training hours completed by employee
By gender	Male	100%	17	100%	17
	Female	100%	17	100%	17
By rank	Senior management	100%	15	100%	14
	Middle management	100%	17	100%	17
	Common employees	100%	17	100%	17

### B4: Labour Standards

The Group implements its labour standards in strict compliance with the labour laws and regulations against child labour and forced labour in the PRC and Hong Kong.

The Group maintains strict recruitment process, all employees must present valid documents to the Group as follows: (i) identity card and vocational qualification certificate; (ii) social security card; (iii) recent photos; and (iv) other relevant information and documents required by the Group. The above procedures can ensure no child labour will be employed.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B4: Labour Standards (continued)

The Group respects the freedom of employment of its employees, force labour or defaulting on remuneration are strictly prohibited. The Group informs the employees of the working hours of their corresponding positions before they join the Group and obtains consent from employees if the working hours require to be adjusted due to production needs or post changes after they take up the job. In addition, all employees of the Group are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the applicable laws and regulations. For the Year 2022, there was no non-compliance case with relevant laws and regulations relating to child and forced labour.

### B5: Supply Chain Management

The Board has established relevant policies and procedures to identify, assess, monitor and manage the issues about environmental and social risks of the supply chain which is included in the ESG-related matters. Material environmental and social risks along the supply chain would be identified and managed under the Group's risk management framework. In order to fulfil the Group's environmental and social responsibilities, the Group has not only implemented relevant policies regulating its practices in daily operations but also given attention to the mitigation of the environmental and social risks that may affect the supply chain.

We select suppliers that obtain source in a sustainable way, at the raw material procurement stage, the major suppliers of the Group are required to demonstrate that raw materials provided to the Group are in compliance with requirements under the relevant laws, rules and regulations. For example, using rubber wood and timber certified by the Forest Stewardship Council (FSC) for our wood furniture.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B5: Supply Chain Management (continued)

Choosing the right materials is the foundation of making high quality products that are durable and safe for our customers. We conduct assessments on the materials provided by our suppliers, ensuring that they do not contain any harmful substances or chemicals. For example, in selecting paint and powder for our furniture, we ask our suppliers to submit third party testing reports, so as to make sure the lead content for our products does not exceed the threshold limit, complying with the relevant Standards; we also do not use fire retardant chemicals that can be harmful to people and the environment, for all foam based components at our Furniture.

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. For the Year 2022, the Group had about 85 suppliers (2021: 90) in the PRC.

### B6: Product Responsibility

The Group's products are mainly sold to customers under the Group's own trademarks  or . The logos of the Group had been registered as a trademark in the PRC.

The Group endeavors to deliver quality products and services. In addition to selecting safe materials for production, the Group also applies strict safety standards based on compliance standard and customer requirements. Before starting production, we have internal testing standards for our products, such as structural tests, which are applied to finished products to make sure they are durable and safe for use, and coating adhesion tests. Only products that pass all necessary assessments are eligible for mass production and sold to our customers. Through these assessments and tests, the Group strives to maintain excellent quality in all our products.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **B6: Product Responsibility (continued)**

While our assessments provide safety and quality assurance for our products, we also want to keep our customers informed of the potential risks or hazards that may occur if the products are used incorrectly. Hence, complying with the regulations of our operating countries, we attach safety labels on all applicable products, such as tip-over warning label, flammability warning label, etc. Information on the materials contained in the products is also attached, with detailed instructions on the usage of the products, e.g. cleaning procedures, maximizing the durability of our products.

When the delivery of unqualified products are discovered and verified, or when serious quality problems occurs during the use of products, we immediately inform relative customers to stop using or separates the batch of products according to the standard, organize the recall of the unused products, organizes the investigation and analysis of the quality incident, and formulates rectification measures and responsibility report, ensuring the rectification effect. During the Year 2022, no products were subjected to recall for safety and health reasons.

#### *Complaints Handling*

The Group values its customers' opinions and formulates its customer service management systems by maintaining active communication with its clients. Once the Group receive any compliant, an acknowledgement will be sent to the customer in a timely manner. Specific responsible departments are required to communicate the investigation processes and results to the customers through formal replies.

During FY2022, the Group did not receive any substantial complaint about the quality of its products and services.

#### *Data Privacy Protection*

We respect customer data privacy and are committed to preventing customer data leakage or loss. The data from the customers is strictly managed and protected by the Group in order to ensure the customers' privacy and confidentiality. The Group has formulated its internal policies and strictly followed the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ***Data Privacy Protection (continued)***

The Group endeavours to maintain a secure environment for safeguarding all information collected. For instance, the Group's servers and computers being protected with access passwords to prevent unauthorised access and possible information leakage. Besides, employees are made aware of their responsibilities to respect the privacy of customers and to protect any customer data from external parties. A periodic assessment is conducted by the Group to ensure that its consumer data protection and privacy policies and practices remain in compliance with the applicable laws and regulations.

During FY 2022, the Group did not encounter any breached of customer privacy or loss of customer data or any private information leakage.

### **B7: Anti-Corruption**

The Group does not tolerate any forms of corruption, fraud and all other behaviors 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.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **B7: Anti-Corruption (continued)**

The Group provides induction training to all new directors and employees. The training covers a variety of areas including but not limited to, anti-corruption laws and regulations and the company's requirements in relation thereto, as well as the code of ethics that all directors and employees must comply with.

During the Year 2022, 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 PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering of the PRC. There was no legal case regarding corrupt practices brought against the Group or its employees for the Year 2022.

### **B8: Community Investment**

The Group is dedicated to improve the quality of life for and bring new lifestyles to the community through both its business operations and community involvement. Over the years, we supported charitable events and provided relief to natural disaster victims through donations. The Group has actively involved in the local community greening construction in order to support the environmental protection policies of the local government.