

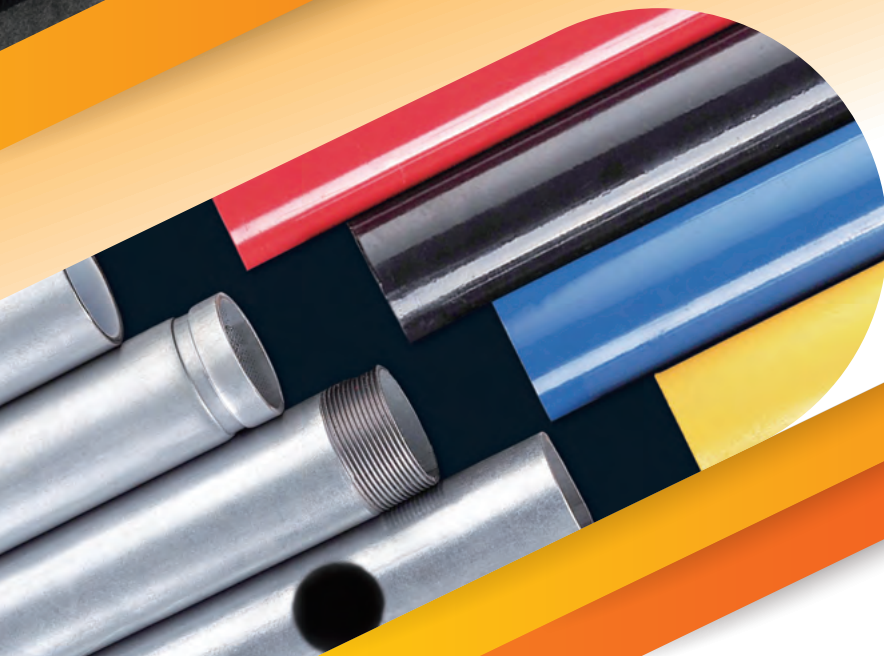
迈科管业控股有限公司

MAIKE TUBE INDUSTRY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1553

Environmental, Social and Governance Report

2019



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REPORTING PRINCIPLES AND SCOPE OF THE REPORT

INTRODUCTION AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE DIRECTION

Maike Tube Industry Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) persistently strives to operate its business in an economic, social and environmentally sustainable manner.

The Group is principally engaged in (i) the manufacturing and sales of standard prefabricated pipe nipple products; (ii) manufacturing and sales of steel pipe products; and (iii) the design and supply of assembled piping systems. We also sell unused raw materials mainly including steel coils that were procured from our suppliers.

The standard prefabricated pipe nipple products of the Group are used in pipe system to connect different straight pipes or pipe sections, can be adjusted to different sizes or shapes. Standard prefabricated pipe nipple products and steel pipes products have different specifications, such as length, outside diameter and surface finishing which cater for the varying needs of the Group’s customers and comply with international standards.

The Group is pleased to present the Environmental, Social and Governance Report, which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders.

The Group is committed to the long-term sustainability of its business, as well as providing support to environmental protection and the communities in which it operates. Quality products and services are delivered to customers, and their business is managed prudently under sound decision-making processes by the Group. The Group has maintained with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public, as well as seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. The board of directors (the “Board”) is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

For both environmental and social aspects, this report will focus on the material operating segment of the Group in mainland China and Vietnam as well as the Group’s head office located in Hong Kong (the “HK Office”).

ESG STRATEGY AND MANAGEMENT APPROACH

The Group’s corporate governance is fundamental to ensuring that the ESG topic of the Group are well-considered and incorporated into the business agenda, and is of paramount importance to us to continuously create value for our stakeholders. As the Group’s highest governance body, the Board sets the direction of our business strategy as well as the management of our business activities, along with a well-established governance structure in place to govern our corporate behavior. The Board is also ultimately responsible for ensuring the effectiveness of ESG risk management and internal control mechanism.

The Group has assigned full-time staff being responsible for different ESG aspects to collect relevant information on the ESG aspects and compiled the ESG Report with the guidance from external professional parties. The designed staff periodically reports to the Board, assists in assessing and identifying the Group’s ESG risks, and reviews the effectiveness and appropriateness of the internal control mechanism. The assigned staff also examines and evaluates the ESG performance of the Group, including environmental, health and safety, labour practice, and other ESG aspects.

REPORTING PRINCIPLES AND SCOPE OF THE REPORT

REPORTING FRAMEWORK

The Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “Reporting Guide”).

REPORTING PERIOD

The Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2019 (the “Reporting Period” or “2019”).

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices can meet the expectations of the stakeholders.

The stakeholders include the shareholders, governments and regulatory bodies, employees, customers, suppliers and society and the public. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

Stakeholders	Expectations	Communication and feedback
Shareholders	<ul style="list-style-type: none"> • Financial results • Corporate transparency • Sound risk control 	<ul style="list-style-type: none"> • Improving profitability • Regular information disclosure • Optimizing risk management and internal control
Governments and regulatory bodies	<ul style="list-style-type: none"> • Compliance with laws and regulations • Tax payment in accordance with laws 	<ul style="list-style-type: none"> • Compliance operation • Tax payment in full and on time
Employees	<ul style="list-style-type: none"> • Career development platform • Salary and benefits • Safe working environment 	<ul style="list-style-type: none"> • Promotion mechanism • Competitive salary and employee benefits • Providing trainings for employees and strengthen their safety awareness
Customers	<ul style="list-style-type: none"> • Logistics and delivery service standards • Customer information security • Customer rights and interests protection 	<ul style="list-style-type: none"> • Getting delivery status through product tracking system • Customer privacy protection • Compliance marketing
Suppliers	<ul style="list-style-type: none"> • Integrity cooperation • Business ethics and credibility 	<ul style="list-style-type: none"> • Building a responsible supply chain • Performing the contract according to law
Society and the public	<ul style="list-style-type: none"> • Environmental protection • Employment opportunities 	<ul style="list-style-type: none"> • Putting into use of environmental protection and energy saving equipment • Providing employment opportunities

The Group will take into account the expectations of the stakeholders while formulating over operational strategies and ESG measures, and work together to continuously improve its ESG performance to create greater value for the community.

MATERIALITY ASSESSMENT

In 2019, the Group conducted a comprehensive materiality assessment, in order to identify which areas have the most significant operating, environmental and social impacts towards its business.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 22 issues, which cover environment, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments.

Environmental issues	Social issues	Operating issues
<ul style="list-style-type: none"> • Greenhouse gas emissions (*) • Energy consumption (*) • Water consumption (*) • Waste (**) • Saving energy measures (*) • Use of raw materials and packaging materials (*) • Compliance with laws and regulations relating to environmental protection (**) • Use of chemicals (**) 	<ul style="list-style-type: none"> • Local community engagement (**) • Community investment (**) • Occupational health and safety (***) • Labour standards in supply chain (***) • Training and development (***) • Employee welfare (**) • Inclusion and equal opportunities (***) • Talent attraction and retention (***) 	<ul style="list-style-type: none"> • Economic value generated (***) • Corporate governance (***) • Anti-corruption (***) • Supply chain management (***) • Customer satisfaction (***) • Customer privacy (***)

Note: Asterisks in the parentheses represents the priority of the issue, where *** represents high priority, ** represents medium priority and * represents low priority.

ENVIRONMENT

A1. EMISSIONS

Environmental protection is one of the core values of the Group. The Group has proactively looked for and implemented new technology at various stages of production in order to minimize its impact on the environment. The Group has introduced energy-efficient equipment and streamlined operation processes to reduce consumption of resources, enhanced the efficiency of utilizing resources and strive to minimize the environmental impact on the communities around the production base.

The Group's production bases are located in Jinan of Shandong province and in December 2018, the Group has set up a new production factory in Dong Nai province, Vietnam. During the Reporting Period, the Group has complied with all relevant local environmental laws in the nations where it operates.

In 2019, the Group's Gaseous emissions are as follows:

Gaseous Emissions from the Use of Motor Vehicles

Indicator	Unit	Discharge	Intensity (Tonnes/employees)
NOx	Tonne	12.64	0.01508
SOx	Tonne	0.33	0.0004

As at 31 December 2019, the total number of employees under reporting segment was 838, and used for calculating the intensity data.

Greenhouse Gas ("GHG") Emissions from Operations

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
GHG emission (Scope 1)	Tonne CO ₂ e	59.77	0.00032
GHG emission (Scope 2)*	Tonne CO ₂ e	16,547.09	0.08878
GHG emission (Scope 3)	Tonne CO ₂ e	28.79	0.00015
Total	Tonne CO ₂ e	16,635.65	0.08925

Scope 1: It represents the town gas, liquefied petroleum gas, diesel oil from consumption of motor vehicles.

Scope 2: It represents the electricity purchased from power suppliers.

Scope 3: It represents the paper waste disposed at landfills and water used.

As at 31 December 2019, the total production volume of prefabricated pipe nipple products and steel pipe products was 186,378, and used for calculating the intensity data.

In order to minimize the gas emissions arise from energy consumption, the Group has adopted certain sustainable measures to bear environmental responsibility in daily operation process, including but not limited to:

- (i) Use energy-saving technology and equipment in the plants;
- (ii) Encourage employees to turn off electronic equipment, lighting and air conditioners after using the room or leaving the office for a period of time;
- (iii) Strictly control the air-conditioning temperature of the plant in summer and winter;
- (iv) Strengthen energy-saving publicity, education and training.

As a result of adopting the above energy-saving and emission-reducing measures, fuel energy consumption, exhaust gas and greenhouse gas emissions are reduced and employees' energy-saving awareness is also enhanced. During the Reporting Period, the Group had no major non-compliance issues related to environmental issues and had complied with relevant environmental laws and regulations in China and other countries, including Environmental Protection Law of the People's Republic of China.

Hazardous wastes produced by the Group are mainly Zinc-containing waste and sludge from the manufacturing of steel pipe products and prefabricated pipe nipple products. Non-hazardous wastes of the Group are mainly domestic wastes and packaging materials.

In 2019, the production of hazardous and non-hazardous wastes by the Group were as follows:

Environmental Performance from Operations

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
Hazardous waste produced			
Zinc-containing waste (galvanized dust removal ash)	Tonne	13.58	0.000073
Sludge	Tonne	14.13	0.000076
Waste activated carbon	Tonne	2.03	0.000011
Other hazardous waste	Tonne	1.77	0.000010
Non-hazardous waste produced			
Domestic wastes	Tonne	410.00	0.002200
Industrial wastes	Tonne	3,079.62	0.016523
Other Packaging materials	Tonne	163.57	0.000878

Non-hazardous Waste

For the solid waste generated during the production process with recycling value, the Group carries out comprehensive utilisation after classification and recycling. They are used as raw materials for the production of steel pipe products and prefabricated pipe nipple products.

Non-recyclable non-hazardous wastes are stored centrally in waste warehouses or refuse dumps. After reaching a certain volume, they will be transported to the designated place in a leak-proof to prevent scatter, loss and leakage, and ensure that they will not be discarded along the way.

On top of that, the Group also implements the following measures to reduce general waste disposed during our daily operation and within our office area:

- Set up waste recycling points within the manufacturing area to encourage waste recycling;
- Promote green information via electronic communication, such as e-mail and electronic workflows in order to implement “paperless” concept;
- Place “Green Message” reminders on office equipment;
- Utilise used envelopes and promote double-sided printing; single side printing would be used only when handling contractual and confidential documents; and
- Encourage the use of recycled paper.

Through these waste management measures, employees’ awareness on waste management has been enhanced. Moreover, the target of zero incident of spillage was achieved during the Reporting Period.

Hazardous Waste

For hazardous wastes, the Group centralises them for classification and labels them in accordance with local laws and regulations, and stores them in designated locations. The departments that produce hazardous wastes put them into special boxes in production workshops, warehouses, and office areas. The employees of the Group arrange them to be sent to the qualified third-party collectors for harmless disposal. According to the business nature, the Group did not generate significant amount of hazardous waste during the Reporting Period.

Waste management

The Group attaches great importance to environmental protection in its business operations. The Group has adopted an internal policy to manage waste emissions and produce a small amount of waste during the manufacturing process. The Group has also adopted a set of waste disposal procedures in production facilities to prevent or reduce pollution and has taken measures to control the discharge of gases and wastewater during the production process to comply with applicable environmental standards. The Group has engaged external industrial waste collectors to collect such waste for further processing or recycling.

The Group has taken measures to ensure compliance with all applicable environmental laws and regulations, including but not limited to:

1. The Environmental Protection Law of the PRC;
2. Established and formulated the “Maike Pipeline Environmental Protection Committee” system;
3. “Regulations on Management of Excessive Discharge of Flue Gas and Waste Water”;
 “Regulations on the Management of Replacement of Dust Filter Bags”;
 “Regulations on the Management of Dust Collector Cleaning”;
 “Regulations on Environmental Hygiene Inspection of Dust Removal System”;
 “Regulations on the Management of Open-pit and Semi-open-pit Solid Waste and Raw and Auxiliary Material Yards”;
 “Maike Pipeline Solid Waste Management Regulations”;
 “Maike Pipeline Pickling Process Management Regulations”;
 “Regulations on the Operation and Management of Hot Galvanized Sewage Stations”;
 “Regulations on Operation Management of Acid Mist Absorption Tower”;
 “Regulations on the Management of Hazardous Waste Galvanized Dust Ash”;
 “Regulations on the Management of Passive Bottom Slag of Hazardous Waste”;
 “Regulations on the management of hazardous waste waste filter cotton and waste activated carbon”;
 “Regulations on the Management of Hazardous Waste and Waste Oil”;
 “Regulations for Standardized Management of Hazardous Waste”;
 “Regulations on the Management of Hazardous Waste Sludge”;
4. GB/T24001-2016/ISO 14001:2015 environmental management system and review certification.

During the reporting period, the Group is not aware of any material non-compliance with air emissions and discharges of wastes.

Water and sewage

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
Water consumption	Cubic metre	60,006	0.3220
Sewage water	Cubic metre	18,108	0.0971

The Group has developed environmental operation control procedures to monitor the production, office and domestic sewage to comply with relevant laws and regulations and to meet the local government’s sewage discharge standards. The Group mainly discharges domestic sewage during the daily production and operation process. The discharged domestic wastewater is purified by underground sewage treatment equipment and discharged into the urban sewage pipeline network.

The Group has taken measures to mitigate emission, including installation of the real-time acid cleaning machinery, which can extend the life cycle of changing acid cleaning water. Such measures substantially reduced the sewage water discharged by the Group in 2019.

A2. USE OF RESOURCES

The Group's operation and production mainly employs resources such as electricity, diesel, petrol, natural gas, and water. The Group is committed to improving energy efficiency and promoting comprehensive utilization, while gradually reducing energy consumption.

In 2019, the Group's energy and packaging material consumption are as follows:

Relevant Consumptions from Operation

Resources	Unit	Consumption	Intensity (based on production in tonnes)
Diesel oil	Litre	15,678	0.0841
Petrol	Litre	6,647	0.0357
Natural gas	Cubic metre	2,838,096	15.2276
Electricity	kWh in '000s	25,726	0.1380
Water	Cubic metre	60,006	0.3220

Packaging Materials	Unit	Consumption	Intensity (based on production in tonnes)
Paper boxes	Tonne	11,228	0.0602

Regarding measures to mitigate emissions, the Group closely monitors the level of energy consumption, GHG emissions and wastes disposed of its factory. Every year, the factory is required to set its respective energy and carbon reduction targets and come up with feasible measures to achieve them.

The details of policies and results achieved are listed as follows:

Projects	Details and results achieved
Light conservation	<ol style="list-style-type: none"> 1. The Group formulates electricity consumption and energy conservation policies and formulates electricity consumption quotas and incentive policies; 2. Some areas of the company adopt automatic light-sensing control system; 3. Part of the company's lighting adopts LED lighting devices to save electricity consumption;

Projects	Details and results achieved
Water conservation	The Group do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group. However, the Group still keeps reminding people in the production base of not wasting water.
Air-conditioners	The temperature of office air conditioners in summer is controlled at not less than 26 degrees Celsius, and the temperature of office air conditioners in winter is controlled at not higher than 22 degrees Celsius to reduce the related power consumption. Do not use air conditioners during non-working hours. These measures effectively reduce power consumption.
Packaging materials conservation	<p>Product packaging standards should be designed to avoid waste of resources and environmental pollution caused by excessive packaging. The company strictly implements the national packaging standards, relevant laws and regulations and does not design or produce excessive packaging products, nor does it purchase or sell excessive packaging products.</p> <p>For the packaging materials that can be recycled, try to recycle them as much as possible to improve the recycling rate of the packaging materials.</p>
Hazardous waste management	<p>The Group formulates relevant hazardous waste management plans to regulate the inevitable hazardous waste generated during the production process. The policies formulated by the Group are as follows:</p> <ul style="list-style-type: none"> • “Regulations on the Management of Hazardous Waste Galvanized Dust Ash”; • “Regulations on the Management of Passive Bottom Slag of Hazardous Waste”; • “Regulations on the management of hazardous waste filter cotton and waste activated carbon”; • “Regulations on the Management of Hazardous Waste and Waste Oil”; • “Regulations for Standardized Management of Hazardous Waste”; • “Regulations on the Management of Hazardous Waste Sludge”.

During the Reporting Period, the Group is not aware of any material non-compliance with use of resources.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

Operation of the Group is closely related to environmental protection and the usage of natural resources. In addition to complying with relevant environmental laws and regulations and properly protecting the natural environment, the Group also incorporates the concept of environmental protection into its internal management and implementation process.

The Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to ensure the sustainable development and operation of the Group. Actions taken by the Group on environment and natural resources conservation includes:

1. The Group is committed to improving energy efficiency, saving electricity and supervising greenhouse gases emission.
2. The Group adopts measures to increase utilization and reduce discharge of natural resources, so as to reduce waste of resources.
3. For solid wastes, the Group try to reuse them and make them to become reusable resources, so as to reduce the impact of emissions on the environment.
4. Formulate emergency response plans for the environment.
5. Formulate an environmental emergency drill plan, and carry out on-site emergency drills for environmental emergencies according to the plan.

In addition, the Group has taken the following actions and measures to offset and minimize the impact on the environment and natural resources:

1. Flue gas collection device meets the standard emission after treatment;
2. The newly built sewage station purifies domestic and industrial wastewater;
3. Formulate an environmental emergency drill plan and carry out on-site emergency drills for environmental emergencies according to the plan.

During 2019, the Group's energy use is strictly in accordance with national laws and regulations and is implemented in accordance with the company's system without violations. There is no significant impact on the environment and natural resources from the operations of the Group.

B1. EMPLOYMENT

In line with the rapid development of the Group's business, human resource management and the introduction of talents are particularly important to the Group. The Group regularly analyzes the existing remuneration system and incentive mechanism to optimize the remuneration structure and ensure that the remuneration of employees is at a reasonable level in the market and is competitive. The promotion and rewards of employees are determined based on their performance, experience and current market condition. In addition to striving to attract and retain outstanding employees, the Group also explores recruitment channels to recruit talents to ensure the sustainability of the business development of the Group.

According to the provisions of applicable laws and regulations in China, the Group contributes to social insurance and housing provident fund accounts of employees in mainland China. The Group has contributed to the retirement funds of China employees in accordance with applicable laws and regulations in China. The Group has complied with relevant laws and regulations in China on social insurance and housing provident fund and retirement fund contributions in major respects.

The Group values equal employment opportunities that employees should enjoy. Employee recruitment adheres to equality between men and women and ethnic equality. The Group has set up a trade union and promised to maintain the independence of the trade union. During the Reporting Period, it does not encounter any major labor disputes or other labor waves.

Compliance with relevant laws and regulations

During the Reporting Period, the Group was not aware of any material violations of the relevant laws and regulation including but not limited to "Labor Law of the PRC", the "Social Insurance Law of the PRC", the "Hong Kong Employment Ordinance" and the "Hong Kong Employee Compensation Ordinance" and related remuneration and dismissal, recruitment and promotion matters concerning working hours, vacations, equal opportunities, diversification, anti-discrimination and other applicable laws and regulations of other benefits and benefits that have a significant impact on the Group.

B2. HEALTH AND SAFETY

The Group is committed to provide employees with a healthy and safe working environment. It has implemented safety guidelines applicable to all employees. It aims to further promote occupational health and workplace safety and ensure compliance with applicable laws and regulations. The Group provides employees with adequate training on occupational safety and prevention from occupational hazards, and organizes annual health examinations for qualified employees in accordance with applicable laws and regulations.

To ensure that employees strictly abide by internal regulations, the Group has issued and registered internal labor regulations that require workplace order, occupational safety, asset protection, crisis management, and fire safety, and strictly abide by the “Fire Protection Law of the PRC” and “The Law of the PRC on Prevention of Occupational Disease” and “The PRC Production Safety Law”.

Compliance with relevant laws and regulations

During 2019, the Group has fully complied with relevant laws and regulations, including but not limited to: China’s occupational health and safety laws and regulations, the “Hong Kong Occupational Safety and Health Ordinance” and other applicable laws and regulations that provide a safe working environment and protect employees from occupational hazards or any regulations and matters that have a significant impact on the Group.

B3. DEVELOPMENT AND TRAINING

The Group believes that nurturing quality staff is particularly important for the long-term development of the enterprise, so it has a policy to provide employees with sufficient training to ensure that they can carry out their work safely and with due diligence. Employees in different positions and functions are provided with various training and development programs related to their necessary skills and knowledge.

Each production base of the Group provides necessary training for relevant operation positions every year. The training content includes pre-employment training for new employees, post functions, technical operations, safety knowledge and regulations training and counselling. Through effective employee training programs, the professional skills of employees can be enhanced. In 2019, certain external training expenses recommended to employees are borne by the Group to improve the quality of employees and ensure that employees’ professional skills, technology and knowledge keep pace with the times.

The Group values work-life balance and encourages employees to participate in leisure activities to enhance team spirit, sense of belonging and morale, and to create a harmonious working environment.

B4. LABOUR STANDARDS

The Group strictly follows the requirements of relevant labor laws, and all applicants must be over the local legal requirements. The Group strictly prohibits the use of child labor and adopts a comprehensive selection and recruitment process in this regard. When recruiting new employees, the Group conducts recruitment openly according to the qualifications of different positions and so qualified personnel can be hired. At the same time, the Group has appropriate internal policies to ensure that underage or coerced persons are never employed.

The Group attaches great importance to the development of human capital and provides employees with competitive remuneration and benefits. Employees can also enjoy various other benefits in accordance with local regulations. The Group provides support to employees in all aspects, strives to retain talents and care for the development of employees.

Compliance with relevant laws and regulations

During 2019, the Group has fully complied with relevant laws and regulations, including but not limited to: the “Special Protection Regulations of Juvenile Workers of the PRC”, “Prohibition of the Use of Child Labor in the PRC” and other laws and regulations regarding the prevention of child labor or forced labor.

B5. SUPPLY CHAIN MANAGEMENT

The raw materials of the Group’s production bases are mainly purchased externally, so there are corresponding inspection and selection procedures for raw material suppliers. In terms of supply chain management, the Group has taken several sustainable development measures, including but not limited to:

- (i) Formulate supplier evaluation policies applicable to raw material suppliers and contract manufacturers in accordance with GB/T1.1–2009 “Guidelines for Standardization Work Part 1: Standard Structure and Preparation”. Select, evaluate and follow up standardization of actions of suppliers. Adopt a supplier evaluation system for selecting new suppliers and evaluating the performance of existing suppliers;
- (ii) The professional and experienced procurement team is responsible for selecting and evaluating suppliers, the quality control team is responsible for testing raw materials, and the technical team is responsible for technical and compliance requirements;
- (iii) Implement policies to monitor the quality of incoming raw materials provided by suppliers. The procurement team evaluates the raw material suppliers with reference to the quality, price and efficiency of the raw materials supplied;
- (iv) “Supplier management and quality assurance system” is set up to record all supplier information, such as product quality, production capacity, delivery time and other important indicators.

The Group is aware of the importance of safety, quality and environmental and social risk control, so it has formulated and implemented a comprehensive management system for safety, quality and environmental and social risk management.

B6. PRODUCT RESPONSIBILITY

The Group values the product quality and corporate reputation, and imply internal control procedures in monitoring the product and service quality. The Group has also maintained communication with customers to ensure that it understands and meets customer needs and expectations, and hopes to understand customer satisfaction in order to continuously improve the Group's products and services. The Group strictly follows the national and local laws and regulations such as "Product Quality Law of the People's Republic of China", the "Consumer Protection Law of the People's Republic of China" and the "Advertising Law of the People's Republic of China".

In addition, the Group also has its internal policy to ensure the product and service quality is maintained and respective methods of redress, including but not limited to:

1. Standard of Product Packaging and workflow management
2. Quality mutual control management process
3. Quality record management and supervision and inspection regulations

The Group places vast efforts on protecting the privacy of its customers, supplier, partners and employees during collection, process and use of confidential data.

During the reporting period, the Group is not aware of any material non-compliance relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

B7. ANTI-CORRUPTION

In order to promote business activities in a down-to-earth manner, the Group attaches great importance to anti-corruption work. The Group's anti-corruption and anti-bribery management regulations, which is in accordance with the "Criminal Law of the People's Republic of China" and "Anti-Money Laundering Law of People's Republic of China" lists the standards of conduct that all employees must abide by in details, hoping to strengthen the company's internal control mechanism, so as to establish a business philosophy with law-abiding integrity and quality service as the core and so build up a good image for the company.

The Group has also developed an internal control and monitoring system to prevent bribery, extortion, fraud and money laundering. If any violation is found, the Group will immediately take action and severely punish employees who violate the regulations. During the Reporting Period, the Group has fully complied with the "Criminal Law of the People's Republic of China" and "Anti-Money Laundering Law of People's Republic of China" and no corruption case was noted or reported.

B8. COMMUNITY INVESTMENT

The Group believes that building good relationships with the local communities is the key factor for the enterprise to succeed in business. The Group is keen to communicate with the community around the production base to better understand their needs and provide necessary supports by taking into consideration of the communities interests, which mainly includes assisting vulnerable groups, participating in voluntary work and actively supporting the charity business of the surrounding communities.

The Group respects the basic value and dignity of individuals, encourages employees to actively participate in work-life balance activities and community services to establish a good relationship with the community. Related activities include various cultural activities, employee outdoor activities, community voluntary work and activities organized by charitable organizations.