



鷹美(國際)控股有限公司*

EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 02368)

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2017

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僅供識別



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Section 1 Introduction of This Report

1.1 Foreword

Eagle Nice (International) Holdings Limited (“the Company”) and its subsidiaries (“the Group”) adheres to the vision being the best manufacturing partner with the leading sportswear brands worldwide. Since the Group’s establishment in 1993, it is committed to the business philosophy of “delivering superior quality, service and value”, and has been establishing long-term relationships with branded customers in favourable manner. For accomplishment of the corporate mission in “leading innovation, dedication to customers, employee empowerment, and remuneration to shareholders”, in recent years the Group has been investing heavily in advanced automation equipment for enhancement of manufacturing processes, collaborating with customers in new product development and strengthening talent development and training, bringing sustainable and steady profit to its shareholders.

Furthermore, in recognition of the close relationship of the corporate sustainability with the society and the environment, the Group is not only committed to complying to the international standards in product, service and technology, and is also highly concerned with environmental protection, community involvement and participation, and has incorporated the sustainability into the corporate strategy planning and daily operation for effective fulfilment of corporate social responsibility, in order to achieve the objective “sustainable development and dedication to the society”.

1.2 Basis of Report Compilation

The content of this Environmental, Social and Governance report (“the Report”) was compiled in accordance with The Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the actual situation of the Company. The Report is published once every financial year.

1.3 Reporting Period and Scope

The Report covered the period from 1 April 2016 to 31 March 2017 for the Group’s sportswear manufacturing business at the Hong Kong Headquarter and 4 factories amongst China and Indonesia :

- i. Hong Kong Headquarter
- ii. Yumei (Shantou) Garments Co., Ltd (“Yumei (Shantou)”)
- iii. Maitex Co., Ltd of Huilai (“Maitex (Huilai)”)
- iv. Eagle Nice (Yifeng) Garments Co., Ltd (“Eagle Nice (Yifeng)”)
- v. PT. Eagle Nice Indonesia (“Eagle Nice (Indonesia)”)



Section 2 Communication with Stakeholders

2.0 Communication with Stakeholders

The Group convenes annual shareholders’ meeting which provides an effective platform for the board of directors (the “Board”) to exchange views with shareholders. In addition to the shareholders’ meeting, for maintaining close relationship with customers, suppliers and other stakeholders, the Group communicates from time to time with various stakeholders and listens to their views and needs through visits, phone conference, the Group’s e-mail account and customer service personnel, etc. The overall business performance of the Group is also reported annually to all investors in The Company’s interim report and annual report.



Section 3 Environmental, Social and Governance

3.1 Environmental

3.1.1 Emissions

The Group is aware that emission reduction has become a highly concerned topic around the world and is therefore striving to improve environmental protection and energy saving facilities, as well as to establish system for prevention of environmental pollution:

Solid Waste Management

For those solid wastes generated in the manufacturing process, the Group collected and categorized them according to the nature of the materials, such as waste paper, scrap fabrics and plastics in order to maximize the re-use of those recyclable materials.

The Group identified and stored separately for various types of solid wastes, and delivered reusable wastes to recyclers for proper disposal. All departments committed to reducing the generation of solid wastes, and had taken measures to prevent the scattering and leakage of solid wastes for minimizing environmental pollution.

The Group had established and implemented internal management procedures for handling of hazardous wastes. These wastes were centrally stored in segregated location before they were delivered to qualified recyclers for disposal. Waste identification training was provided to employees in order to reduce the risk of accidents.

During the product development phase, the Group prioritized the use of production technologies that had less adverse environmental impact and generated less wastes. Also, the Group was striving to improve its production technology for minimizing pollution from wastes.

Currently, the hazardous wastes generated from the Group's operations included waste oil, chemical containers and scrap lamps, etc.; non-hazardous wastes mainly included scrap carton boxes, rags and domestic wastes, etc.

Wastewater Management

The Group ensured the normal operation of wastewater treatment and purification facilities to control the effluent not exceeding the national limit, as well as enhancement of water recyclability and reduction of wastewater discharge.

Exhaust Air Management

The Group managed the emissions of air pollutants in accordance with regulations and prohibited employees from burning within the premises those wastes such as plastics, which might generate toxic and hazardous gases.

Reduction of Greenhouse Gas (GHG) Emission

The Group understands that business trips would increase energy consumption and hence the increase of GHG emission. Therefore, the Group was striving to reduce the number of business trips or number of people on trips, and to replace business trips in form of phone or video conference for reduction of GHG emission.

During the reporting period, the Group demonstrated the following performance in waste discharge after implementation of emission reduction measures in various aspects:

Waste type		Annual emission
Hazardous waste	(tonnes)	0.54
Non-hazardous waste	(tonnes)	974.64
Annual production volume	(pieces)	12,325,946
Emission intensity of hazardous waste (per production unit)	(kg/piece)	Non-material (< 0.0001)
Emission intensity of non-hazardous waste (per production unit)	(kg/piece)	0.08

During the reporting period, the Group did not identify any violation of environmental legislation regarding the emissions. The GHG sources and emission volumes were identified as follows:

Waste type		Total annual consumption
Diesel consumption	(litre)	5,223
Gasoline consumption	(litre)	59,281.14
Refrigerant (R-404a) consumption	(kilogram)	4
Power consumption of production facilities	(kWh)	12,681,293
Annual production capacity	(piece)	11,736,137
Total GHG emissions (carbon dioxide equivalent)	(ton)	11,208.59
GHG emission Intensity (carbon dioxide equivalent/piece)	(kg)	0.96



3.1.2 Use of Resources

The Group understands the limitation of resources on the Earth and therefore has implemented appropriate policies for conservation of resources:

Energy Conservation

The Group requested each employee to actively participate in activities for energy conservation and emission reduction. These activities included shutting off equipment not in use and comprehensive inspection of whether all energy-consuming facilities were shut off before leaving work. In addition, the Group promoted information to employees regarding energy conservation and emission reduction, in order to support them to build up the working habits of energy conservation and environmental protection.

First priority in equipment procurement was the criteria of energy conservation and emission reduction. In addition, the Group pursued to upgrade the facilities and accessories in order to raise the utilization rate of energy. The Group was also striving to enhance and reform the production technologies for increasing productivity and material utilization rate, as well as reduction of product wastage.

Energy conservation was also reflected in the management of production processes. Unnecessary lighting would be removed after any adjustment in the production lines; responsible department would repair or replace timely the equipment with deteriorated or aged parts which would likely increase consumption of energy; employees were prohibited to install unauthorized energy consuming equipment for daily operation.

The utilization rate of equipment in both production and office areas were evaluated to ensure that it was reasonable and necessary to purchase, install and adopt the relevant equipment. Redundant and unnecessary equipment was consolidated to avoid unnecessary energy consumption. Whenever appropriate, solar and other renewable energy would be considered.

Water Conservation

The Group designated responsible persons to manage water consumption equipment by regular cleaning, maintenance and inspection. In case of leakage or ageing of equipment and accessories identified during inspection, they would be repaired or replaced in a timely manner in order to reduce water consumption.

Capability in water conservation was the first priority for procurement of water consuming facilities. In addition, the Group pursued to upgrade the facilities and accessories in order to raise water utilization and to reduce water discharge. The Group was also striving to enhance and reform the production technologies for reducing use of water.

Water consumption equipment in production was operated only at the working hours, and the regional switch would be closed after work and during festive holidays. Water supply facilities would be regularly inspected to avoid leakage. Whenever feasible, the Group was striving to reuse water, and to promote water conservation and raise employees' environmental awareness by posting of slogans.

Resource Conservation

In addition to the aforesaid measures at factories for conservation of energy and water, employees who work in the office area recycled and reused single-sided paper. They also minimized paper printing by e-mail communication and adoption of electronic files.

During the reporting period, the Group has implemented the following energy conservation measures:

Operation sites	Energy conservation measures
Yumei (Shantou)	Double tube fluorescent lights throughout the factory were replaced with single tube LED lights ; road lamps were installed with solar panels ; devices were installed in stairways for controlling automatic switch off when lighting not in use.
Maitex (Huilai)	Double tube 40W lights in production areas were replaced by single tube 24W-LED lights. A total of 56W power (excluding the original electrical ballast) was saved in each area.
Eagle Nice (Yifeng)	Air conditioners with energy efficient labels were purchased ; traditional lights in production areas were replaced to energy saving LED lights in various batches, all lightings would be gradually replaced to LED lights in 2017.
Eagle Nice (Indonesia)	Malfunctioned lights would be gradually replaced by energy saving LED lights as per policy.

During the reporting period, the Group has implemented the following measures for water conservation:

Operation sites	Energy conservation measures
Yumei (Shantou)	Faucets were upgraded and those in restrooms were installed with water saving devices which were internally made of leftover PCC materials. Water flow from each faucet was reduced by 40% as compared to the period before installation. Water consumption by each production unit was dropped by 11% as compared to the same period in the previous year.
Maitex (Huilai)	Existing faucets were gradually replaced by metering faucets, and were regularly inspected for leakage to reduce wastage of water. Water consumption was reduced by 2% as compared to the previous year.
Eagle Nice (Yifeng)	Wastewater (mainly referred to water used by production workers for hand-washing) was reused for toilet-flushing and consequently 5 tonnes of water was saved per month. Internal pipeline was set up to centrally collect water from employees' hand washing activities and collected water was then used for flushing toilets. Water treatment facility was procured to process wastewater. The processed wastewater would then be reused for industrial purpose and water consumption was reduced by 13% per month after using the aforesaid facility.



3.1.3 The Environment and Natural Resources

The Group understands that environmental protection is concerned amongst the society and customers, and has therefore adopted green philosophy in the processes of procurement and production:

Green procurement

Apart from those production materials and equipment specified by the customers, the Group was striving to procure materials which attained green certification, and were non-hazardous or natural materials. Environmentally friendly equipment was adopted whenever appropriate in the factories (for example: energy-saving lights, energy-efficient machinery and air conditioners with environmentally friendly refrigerants); in some factories, air conditioners with environmentally-friendly refrigerant accounted for 50% of all air conditioning facilities. All these efforts were geared towards minimizing the impact from GHG emission to the environment.

Green production

Other than the printing process, the wastewater discharged from the Group's factories was mainly domestic sewage; also, all wastewater from the printing process was recycled and not discharged to external environment. Wastes generated during operation were classified for collection and recycled as much as possible; for example, the Group collected waste papers and arranged recyclers for handling in order to minimize environmental pollution from waste discharge. Furthermore, the Group was striving to make use of computer files instead of printouts for reduction of resource consumption.

Whenever there is significant change in equipment setting or production scale, internal environmental assessment will be performed by the factories. In addition, the Group conducted regularly external environment assessment against boundary noise level, wastewater discharge, etc. Those assessment evaluated the impact of operations on the environment, and determined to implement the necessary resolution in a timely manner.

Moreover, the Group provided environmental protection training to employees and adopted internal publications to promote the knowledge of environmental protection. Environmental protection activities such as "Make Soap with Waste Oil", "Invention Contest: Turn Waste into Treasure" were organized to build up employees' awareness of environmental protection for supporting the implementation of environmental measures.

During the reporting period, the Group mainly consumed the following resources during operation:

Resources		Total Annual Consumption
Electricity	(kWh)	12,681,293
Water	(tonne)	314,912
Packaging materials (paper)	(tonne)	769.98
Packaging materials (plastic)	(tonne)	54.53
Annual production	(piece)	12,325,946

Resources		Intensity of consumption per unit of garment production
Electricity	(kWh/piece)	1.03
Water	(kg/piece)	25.55
Packaging materials (paper)	(kg/piece)	0.06
Packaging materials (plastic)	(kg/piece)	<0.01





3.2 Social and Governance

3.2.1 Employment

Apart from complying the local employment regulations of the operating locations, the Group has also established policies to ensure that each employee is given equal treatment as well as their choices and rights are respected.

Recruitment and Promotion

In the recruitment process, the Group did not require the job applicant to disclose any information that is irrelevant to the job position or inapplicable to relevant regulations, such as religion. When making hiring decisions, the Group ensured that job applicants were not discriminated against gender, race, nationality, background, religion, marital status, sexual orientation, citizenship or political views, etc.

The Group treated all employees equally. Decisions regarding hiring, wages, benefits, rewards, promotion and termination were solely based on the employee's educational background, professional qualification and working competence. Both male and female employees were treated equally at work.

Wages and Benefits

The Group ensured that employees were entitled to reasonable remuneration in accordance with their working competence. The composition of their wages and benefits were not affected by their genders.

Based on local employment regulations, the Group paid employees not less than the local minimum wage standard; calculated and paid overtime wages according to relevant regulations; entitled paid holidays as per legal requirements, such as: statutory festive holidays, annual leave and work-related injury leave, etc. Also the Group arranged employees with appropriate insurance as required by local regulations, such as social insurance and labour insurance, etc.

Other than provision of legally required benefits, some factories of the Group assisted migrant workers in enrolling their children to local schools in order to ensure they could settle down to their jobs.

During the reporting period, the Group did not identify any violations or receive any complaints regarding the discrimination or recruitment.



As of 31 March, 2017, the total number and distribution of the Group's employees were summarized as below:

	Number of Employees
Gender	
Male	1,666
Female	6,579
Employment Type	
Full Time	8,245
Part Time	0
Age group	
18 - 30	3,316
31 - 45	4,091
46 - 60	830
> 60	8
Total	8,245

	Average Monthly Employee Turnover Rate (%)
Gender	
Male	3.30
Female	2.54
Age group	
18 - 30	4.70
31 - 45	1.79
46 - 60	3.24
> 60	1.72
Overall Average	2.76



3.2.2 Health and Safety

In order to protect the employees' health from operational impacts and prevent the occurrence of safety incidents, the Group has established health and safety system for supervision and implementation of effectively preventive and corrective program. This system included various aspects of management, including: management of fire equipment and fire drills; maintenance and repairing of electrical machinery; management of hazardous materials and wastes; safety education for employees; status in use of protective equipment; preparedness management of safety incidents.

Occupational Health and Safety Management at Workplace

The Group conducted comprehensive risk assessment at the factory operations regularly for identifying the improvement plans and objectives of health and safety supervision.

Waste storage sites were assured for compliance with the relevant health and safety requirements, and incompatible wastes were stored separately. Moreover, the essential fire equipment and warning signs were installed and posted respectively.

The Group has defined the rules for using protective equipment and provided personal protective equipment (PPE) to employees free of charge. Furthermore, employees were educated on the correct use of PPE for minimizing the impact to employees' health. PPE included: masks (for protection in cutting area against dust), metal mesh gloves (for cutting operation), finger protectors (installed on special sewing machines), goggles (for protection from spills), and ear-plugs (in areas of high noise level such as the embroidery workshop). Furthermore, some factories of the Group provided health examination to employees for identification of any impact from occupational illness.

The Group performed regular testing or identified the reliable water sources to assure the drinking water provided by factories in compliance with the hygiene standard. Also, all water consuming equipment under the Group's management were regularly cleaned, maintained and inspected.

Management of Employee Communications and Psychological Wellness

For maintaining the employees' psychological wellness, every factory of the Group was striving to set up recreational and sports facilities for employees. Also various cultural and sports competitions were regularly organised in the hope to enrich employees' leisure time and to relax them from working pressure.

The Group was concerned about employees and therefore has established communication channels through which employees could seek for advice to those issues that they encountered during work and everyday life. Employees could file appeal or request consultation in form of phone call or written document, through which they could express their objections to current work assignments, management procedures and reward system, etc. as well as the associated psychological distress.

During the reporting period, the Group did not identify any violation against the local regulations pertinent to occupation health and safety. Also, the Group did not identify any work-related fatality and the number of work hours lost due to work injuries for the Group was summarized as follows:

Number of work-related fatalities	0
Lost days due to work injury	345





3.2.3 Development and Training

The Group has established procedure for formulation of staff training programme, supervision of implementation of the training programme, as well as evaluation of employee competence and training effectiveness.

The Group developed training courses appropriate to the job positions. For example:

- Management personnel: quality-related regulations, management theories and methodologies, etc.;
- Technical personnel: technical knowledge and operational procedures, etc.;
- Inspectors/QC personnel: quality control techniques, testing and inspection methods, etc.

After new employee on board, relevant training was flexibly organized in accordance with competence and experience of the new employee. New employees would be evaluated upon completion of the probation period. In event of fail evaluation result, additional training would be arranged or the employee would be transferred to another job position for alignment of employees' competence and job requirements.

Trainings could be implemented in the following ways or a combination of them, including: internal classroom training, coaching of new employees by veteran worker, external training, invitation of external experts for internal training, etc. Employees who were in special positions (such as electricians, pattern makers and QC staff) could only be on board after they achieved relevant certifications or passed professional assessments.

The Group evaluated the status of training implementation and assessment results in the past year, as well as the forecast in the training needs for response to any operational changes (such as technological changes, new equipment and new quality requirements from customers). Annual training plan is developed in accordance with the evaluation results for promoting employees' career development and sustainable development of the Group's business.

During the reporting period, the total number of the Group's employees participating in training and the total number of training hours completed by the Group's employees were summarized as follows:

	Total participants
Gender	
Male	2,292
Female	5,602
Employee Category	
Senior Management	48
Middle Management	536
Junior Employees	7,310

	Total number of training hours (hours)
Gender	
Male	2,310
Female	7,890
Employee Category	
Senior Management	281
Middle Management	619
Junior Employees	9,300

During the reporting period, the total participants of the Group in the training was 7,894 and the total number of training hours completed by the Group's employees was 10,200.



3.2.4 Labour Standards

The Group does not hire child labor aged below the relevant legal threshold in accordance with local legislation. Therefore, documentation proving age of job applicant and other reliable documentation would be verified during recruitment.

Therefore, documentation proving age of job applicant and other reliable documentation would be verified during recruitment.

The Group prohibited the use of forced labour in any forms (including prison labour, indentured labour and bonded labour, etc.). The Group never detained an employee's original identity card nor required the employee to pay deposits, nor deducted employee's wage for employment related costs and expenses, such as working visa, medical examination, work permit, and fee charged by recruitment contractor / agency, etc.

In the daily operations, the Group would not force employees to work overtime; all additional work beyond the normal working hours was voluntarily applied by employees and was assured not exceeding the daily overtime limits of the local regulations. In event of any violations, the Group would conduct investigation immediately. In addition, the Group ensured that employees were given free physical access within the operating premises during working hours, and the rights to leave premises during meal breaks and after work.

During the reporting period, the Group did not identify any child labour or violations against the labour law.

3.2.5 Supply Chain Management

The Group requested the suppliers to abide by the code specified for their implementation. The scope of the code covered the supplier's service performance and product conformity in safety and quality aspects.

The Group regularly evaluated the performance of its suppliers and monitored their attributes in product quality, delivery timeliness, problem solving ability, feedback responsiveness and service quality, etc. Whenever appropriate, the Group even communicated with customers about the supplier performance and confirmed the criteria for supplier selection and evaluation.

Supplier evaluations were generally carried out by means of questionnaires, verification of product samples or other appropriate methods that could monitor the continuous performance of suppliers.

As of 31 March 2017, the geographical distribution of the Group's suppliers was as follows:

Geographical location	Number of Suppliers
China	81
Hong Kong	61
Taiwan	59
Indonesia	15
Korea	9
Japan	9
Thailand	9
United States	7
Vietnam	8
Malaysia	2
France	1
Germany	1
Spain	1
Total	263





3.2.6 Product Responsibility

Through the sophisticated technology and effective quality control techniques, the Group ensures that every product can fulfill the customer's functional requirements and relevant product safety / quality standards such as: AATCC158, AATCC135, AATCC179, AATCC8, and ISO1308. After production, goods are kept in a secure place to prevent theft or smuggling.

The Group has established complaint handling mechanism. Upon receipt of a customer's complaint or request to return the defective products, the case would be handed over to responsible departments for investigation and cause analysis. After verification, corrective actions would be defined and implemented in the specified time frame. Customer would be advised the relevant feedback and the resolution.

During the reporting period, the Group did not identify any customer complaint or violation against regulations pertinent to product responsibility. Also, no product was found to be recalled for safety and health concerns among all products sold.

Quality Control of Raw Materials

The Group carried out incoming inspections according to the reference samples and the sampling standards approved by the customers. It also only purchased those materials supplied with certificates of conformity from third party agencies. Raw materials with metal composition would be undergone testing for verification of metal content. Conforming raw materials would be released for production, whereas non-conforming materials would be handled according to the procedure for handling of nonconforming products.

Quality Control of Semi-finished Products

All semi-finished products were subject to quality control and all cutting pieces were required to go through 100% inspection. Non-conforming cutting pieces were timely replaced with correct colour counterparts. The returned outsourcing pieces were required to go through 100% inspection and needle detection. For non-conforming semi-finished products, the relevant parties were requested to undergo quality improvement.

Quality Control of Finished Products

Development of pre-production samples was required for all products before mass production. Prior to mass production, pre-production meetings were held in all production lines to confirm the manufacturing requirements. The first production sample required approval from both quality and production manager prior to proceeding mass production. During mass production, each finished product was subject to inspection by quality control personnel. Defective products were reworked in a timely manner and then further verified by quality control personnel. Product quality was continuously improved through data analysis of non-conforming products and reliable quality control tools.

Upon completion of manufacturing processes, finished products were sent to testing agencies or customer-approved internal laboratories for verification of their safety and quality. Finished products could only be packed and stored in the warehouse after 100% inspection. Prior to shipment, products were inspected in accordance with the sampling standards specified by customers and only those verified with pass result were allowed for delivery.





Product Safety Monitoring

In order to prevent metallic sharp objects left in the products, all critical production units were designated with metal restricted areas and use of unauthorized metal tools was prohibited in these restricted areas. Metal tools were registered with real names and daily managed on the receipt and delivery. Designated personnel managed all needles and metal tools in locked device, also the replacement of all broken needles was recorded with real names and stored. Products stored in warehouse could only be packed after metal detection.

Protection of Intellectual Property Rights

Customer information would only be internally circulated within the Group, and personnel were prohibited to disclose design information and product specifications of customers to external parties. The Group adopted the following measures to prevent the leakage of customer information:

E-mail accounts were restricted to allow the correspondence only with the designated customers and suppliers. Appropriate access rights were given to those specialised personnel in accordance with the needs. Devices such as USB drives (U drive), mobile phones or laptops were prohibited from accessing information through computers. Computers' USB data transmission and external e-mail correspondence were strictly controlled and non-Group devices were prohibited from accessing the internal network.

Authorization mechanism was in place to ensure only authorized people could read the relevant information. Customer drawings were centrally managed by the Information Technology Department through the assignment of access rights. Product information of customers was centrally managed through the ERP system and only authorized people could access. The Group designated personnel to receive and encrypt customer information, such as design information, confirmed fabric and samples.

The Group has signed confidentiality agreement with all employees. Information security training was provided to those personnel allocated with computers. The training covered: computer log-in and change of log-in password, permission on access to shared directories and the precautions, document management, rules of sending and receiving emails, etc. Unauthorized employees and visitors were prohibited from taking photos of the products and relevant photos could not be disclosed to unauthorized personnel.

In addition, the Group respected the intellectual properties of other parties. All commercial software being used in the Group's operations were legal and has been authorised for use.

Privacy Protection of Consumer's Information

Since the products of the Group would not be delivered to consumers directly, it was not necessary to establish a policy for protecting the privacy of consumer's information.





3.2.7 Anti-corruption

The Group has established anti-corruption and integrity management system to stipulate the behaviour of all employees, including: not allowed to take advantage of their positions to receive or give bribes and embezzle properties and funds of the Group; not allowed to ask for or accept gifts from suppliers unless they are authorised in accordance with the Group's policy and guideline; required to perform according to the Group's procedures and not allowed to make their own benefits and fraud; not allowed to make use of their positions for undertaking any individual paid activities; and strictly prohibited from making personal gains through procurement process.

Upon recruitment, the Group contracted with employees to abide by business ethics which did not allow any corruption and bribery. The Group also educated employees regularly on business ethics to help raise their awareness on anti-corruption.

The Group required that the employees involved in the procurement process should avoid situations in conflict of interest that may affect their fair and impartial decisions. This included prohibition to interfere the selection of suppliers and contractors through their positions while not following the appropriate procedure (such as quotation comparison and tendering).

For materials that were not specified by customers, procurement was generally undertaken by comparing three suppliers against the evaluation criteria on product quality, price and the other Group's requirements.

For approval process of service contracts, the Group has defined the authorities for review and approval. The monetary amount of the contract would determine the level of authority for review and approval of the particular contract.

The Group would also regularly conduct assessment of corporate governance and corruption risks, as well as non-financial internal controls and risk management.

Moreover, for protection of the shareholders' interests, the Group appointed an independent third party to audit the Group's financial accounts in order to ensure accurate and adequate financial supervision of the accounts.

Whistle-blowing Process

The Group has set up internal communication mechanism to collect employees' opinions through e-mails, telephones, suggestion boxes and WeChat platform, etc., and complaint / appeal channel has also been established. In event of suspicion / incident related to business ethics, corruption or bribery, employee could file the case to management through e-mail, hotline, corporate WeChat, etc. The management team would investigate the case and identify the cause of the case. The management should take appropriate measures to solve the issue if problems are found.

During the reporting period, the Group did not identify any legal violation or complaint related to corruption.





3.2.8 Contribution to the Community

The Group was striving to participate in community activities. Through a wide range of communication channels, good relationship with the nearby communities and social organizations has been established so that the Group can be aware of the community needs and timely respond and contribute to the society. The Group has actively supported environmental protection, education, and other social activities. The Group has already planned the community activities for the coming year. Community activities participated by the Group during the reporting period are shown as below:



Responsible region	Name of Activity	Organiser	Description of Activity	Date of Activity
Hong Kong Headquarter	2017 Spring Charity Barefoot Walk for Children	World Vision	To assist families and children in South Sudan from the outbreak of war and famine	February 2017
Yumei (Shantou)	Elderly Day Event	Cunxin Charitable Hall, Shantou	To provide labour support in nursing homes	August 2016
Yumei (Shantou)	Book Collection Event	Shantou Blue Sky Volunteers Association	To mobilise all employees donating old books to support children in rural areas	January 2017
Maitex (Huilai)	Year-end Greeting Activity	the Group and the Village Committees of Pingtian Village and Guandu Village	To give greetings to those lonely, disadvantaged, elderly and disabled people in the villages at the end of each year	December 2016
Eagle Nice (Yifeng)	Donation	"Home of Female Employees" of the Industrial District	To donate books to "Home of Female Employees" of the Industrial District	January 2017