



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**

2019



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Section 1 About This Report

1.1 Foreword

Eagle Nice (International) Holdings Limited (the “Company”) and its subsidiaries (the “Group”) share a vision: to work closely with leading global sports brands as the latter’s preferred production partner. Since inception in 1993, the Group has established long-term relationships with brand customers by adhering to its business philosophy of “attaining excellence in quality, service and value for customers”. To achieve its corporate mission of “leading in innovation, bringing benefits to customers, empowering employees and rewarding shareholders”, the Group has in recent years made substantial investments in advance automated machinery and equipment to improve its production process. We have also collaborated with customers in new product development in a bid to strengthen talent development and training, with the eventual aim of generating solid and steady profit for shareholders.

The Group appreciates the importance of sustainable development for the society and the environment. In addition to the commitment to managing products, services and technology initiatives according to international standards, environmental protection, community involvement and social inclusiveness for the welfare of society are also top priorities for the Group. In fulfilment of its corporate social responsibility, the Group conducts its strategic planning and day-to-day operations with consistent reference to the principle of sustainable development.

1.2 Basis for the Compilation of the Report

The contents of this Environmental, Social and Governance report (“the Report”) is compiled in accordance with The Environmental, Social and Governance Reporting Guide of Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as applicable to the Company. The Report is published annually for each financial year.

1.3 Period and Scope of Reporting

This Report covers the Group’s sportswear manufacturing business operations at its Hong Kong headquarters and 5 factories in China, Indonesia and Vietnam for the year from 1 April 2018 to 31 March 2019:

- i. Hong Kong headquarters
- ii. Yumei (Shantou) Garments Co., Ltd (“Shantou”)
- iii. Maitex Co., Ltd of Huilai (“Huilai”)
- iv. Eagle Nice (Yifeng) Garments Co., Ltd (“Yifeng”)
- v. P.T. Eagle Nice Indonesia (“Indonesia”)
- vi. Pro Kingtex Vietnam Company Limited (“Vietnam”)

Section 2 Communication with Stakeholders

2.0 Communication with Stakeholders

We foster an engaging environment focused on transparent and open communications with stakeholders. Shareholders’ meetings are convened at which our board of directors reports on the Group’s business and actively exchanges views with shareholders. Investors are furnished with periodical reports on the overall business performance of the Group. We maintain close relationships with customers, suppliers and other stakeholders through visits, proactive dialogue, social media and customer service.





Section 3 Environmental, Social and Governance Performance

3.1 Environmental

3.1.1 Emissions

The Group is aware of the strong global concern for emission reduction. Improvements to various energy conservation facilities have been made in a vigorous effort to enhance protection of the environment, while a system for prevention of environmental pollution has been developed.

Solid Waste Management

Solid wastes, such as waste paper, scrap fabrics and plastics generated in the manufacturing process, are sorted for recycled use.

Different types of solid wastes are stored separately to enable efficient collection by recyclers for proper use or disposal. All departments are committed to reducing solid wastes and measures are in place to reduce waste dispersion and waste leakage.

The Group has established and implemented internal management procedures for handling hazardous wastes. Wastes are centrally stored in a segregated location before they are delivered to accredited recyclers for disposal. To reduce the risk of accidents, training programmes on waste management awareness have been provided to employees.

The manufacturing facilities of the Group have adopted automation and advanced technology at the product development phase to enhance precision and reduce fabric wastage during the cutting process. The table below illustrates the performance of selected factories in waste reduction:

| Manufacturing site | Automation equipment used for waste reduction | Waste reduction during the year (kilogram) |
|--------------------|---|--|
| Yifeng | Computer cutting table | 1,865 |
| Huilai | Two sets of automated cutting machine (newly procured after March 2018) | 2,300 |
| Vietnam | 1 set of computer cutting table (newly procured after January 2019) | 126 |

Hazardous wastes generated from the Group's operations comprise mainly machine oil, discarded chemical containers, scrap lamps and electronic components while non-hazardous wastes include scrap carton boxes, rags and domestic waste (such as kitchen waste and toilet papers, etc.).

As shown in the table below, the amount of wastes generated during the reporting year were higher than that in the previous year, attributable mainly to the addition of a new plant in Vietnam and the revamping of the Vietnamese plant.

| Type of Waste | | Annual emission volume | |
|--|--------------|------------------------|------------|
| | | 2019 | 2018 |
| Hazardous waste | (tonne) | 2.09 | 1.27 |
| Non-hazardous waste | (tonne) | 1,598.88 | 1,029.28 |
| Annual production volume | (piece) | 16,963,520 | 14,122,188 |
| Emission intensity of hazardous waste (per production unit) | (gram/piece) | 0.12 | 0.09 |
| Emission intensity of non-hazardous waste (per production unit) | (gram/piece) | 94.25 | 72.88 |

Wastewater Management

The Group has made every effort to ensure the normal operation of the wastewater treatment and purification facilities and compliance with the limit for wastewater discharge prescribed under the law, with a view to enhancing water recyclability and reducing wastewater discharge. For example, in Yifeng and Vietnam, the volume of domestic wastewater treatment during the year reached 57,015 cubic metres and 61,638 cubic metres, respectively.

Exhaust Air Management

Emissions of air pollutants are managed in accordance with government regulations. Employees are prohibited from burning plastic waste which may generate toxic and hazardous gases within the factory premises. Filtration devices (such as the use of active carbons and negative ionic high pressure technologies) are installed on ventilation ducts at some factories to ensure that exhaust gas is filtered in compliance with the relevant environmental test standards.





Reduction of Greenhouse Gas (GHG) Emission

The Group understands that business trips would increase energy consumption and hence GHG emission. In support of GHG reduction, the number of business trips or headcounts of staff on trips are reduced and phone or video conferences are arranged in their stead.

During the reporting period, the Group was not aware of any violation of environmental regulation related to emissions. Main GHG sources and associated emission volumes for the same period are set out as follows:

| Main GHG emission source | Annual consumption | |
|---|--------------------|------------|
| | 2019 | 2018 |
| Diesel consumption (litre) | 12,432 | 6,773 |
| Gasoline consumption (litre) | 52,872 | 57,356 |
| Power consumption by facilities (kWh) | 18,861,467 | 14,863,939 |
| Annual production volume (piece) | 16,963,520 | 14,122,188 |
| Total GHG emission volume (tonne carbon dioxide equivalent) | 15,473 | 13,286 |
| GHG emission Intensity (gram carbon dioxide equivalent/piece) | 912.13 | 940.79 |

This reporting year saw the inclusion of Vietnam in the scope of reporting. Consequently, both production volume and GHG emission volume of the Group increased as compared to the previous year. As shown in the above table, the emission intensity remained similar over the two consecutive years by reference to the volume of GHG emission per unit of production. No significant environmental impact was reported.

3.1.2 Use of Resources

Well aware of the finite nature of the Earth's resources, the Group has implemented appropriate policies for the conservation of resources.

Energy Conservation

It is imperative that employees play their part in energy conservation and emission reduction. They are required to switch off equipment not in use and ensure that all energy-consuming equipment are disconnected before leaving work. Initiatives of energy conservation and environmental protection are promoted among employees to be made part of their working habits.

The Group procured equipment and components with energy-conservation features. Proactive efforts are made in technological and process upgrades to improve production efficiency and the utilisation of materials and to reduce wastage. Energy-saving was achieved through the replacement and installation of the following equipment during the reporting year.

| Manufacturing region | Procurement/replacement of equipment of low energy consumption |
|----------------------|---|
| Huilai | Rearrangement of gas ducts of air compressors to prevent gas leakage along the ducts of air compressors complemented by the use of the inverter-mode air compressor to reduce electricity consumption. Procurement and installation of 2 sets of inverter-mode air compressors, resulting in the reduction of annual electricity consumption by 43,800 kWh. |
| Vietnam | Procurement of/replacement with energy-saving equipment, including: automated hot stamping machine, digital-controlled sewing machine (with laser device), small-scale opened-end gluing machine, electronic pattern sewing machine (with side-sliding device), fringed pocket machine, template cutting machine, automated template sewing machine, and automated template sewing machine (with laser device), resulting in annual electricity saving of 12,600 kWh. |





Efforts towards energy conservation are also evident in the management of production processes. Worn-out equipment components that cause higher energy consumption are promptly repaired or replaced by the relevant departments. Employees are prohibited to install unauthorised energy-consuming equipment. Excessive lightings are removed and energy-saving lighting is used so far as practicable. The table below sets out the energy conservation performance of factories using energy-saving lightings versus traditional lightings.

| Manufacturing site | Use of energy-saving lights |
|--------------------|---|
| Yifeng | Annual electricity saving of approximately 240,000 kWh. |
| Huilai | 2,350 sets of energy-saving lights installed as replacements during the year, resulting in annual electricity saving of approximately 75,600 kWh. |
| Vietnam | 4,172 LED lights used during the year with annual electricity saving amounting to approximately 138,240 kWh. |

Production and office facilities are evaluated for their utilisation rate and any excessive use. They are replaced only if replacement is reasonable and necessary. Whenever appropriate, solar and other renewable energy would be considered. Energy-saving measures using solar energy adopted during the reporting year are described in the following:

| Manufacturing site | Equipment for using renewable energy |
|--------------------|--|
| Yifeng | Utilisation of solar energy for provision of hot water in dormitory, resulting in annual electricity saving of approximately 35,000 kWh. |
| Shantou | Adoption of solar street lights, resulting in annual electricity saving of approximately 608 kWh. |



Maitex Co., Ltd of Huilai located at Guangdong Province, China

Water Conservation

The Group assigned dedicated staff to oversee water consumption equipment and they are tasked to regularly clean, maintain and inspect such equipment. If leakage or ageing of equipment and components are identified during inspection, they would be repaired or replaced in a timely manner to reduce water wastage. In the past, some factories replaced embedded fire service pipes with externally exposed ones for ease of repair in case of any unknown water leakage. Practices adopted by some of our factories to improve their water supply facilities are set out in the following table.

| Manufacturing site | Practice for improving water supply pipeline |
|--------------------|---|
| Shantou | Replacement of water curtains with an air-conditioning system, installation of auto-stop water taps in replacement and repair of water pipes, resulting in annual water saving of approximately 6,800 cubic metres. |
| Huilai | Repair and replacement of water pipes and replacement of leaking water tanks and taps, resulting in annual saving of water of approximately 5,150 cubic metres. |
| Vietnam | Water flow adjustment valves installed on water supply pipes to reduce water wastage caused by excessive water pressure of water supply in restroom, resulting in annual saving of water of approximately 4,068 cubic metres. |

The Group emphasises the procurement of facilities conducive to water conservation. To maximise water resource utilisation and reduce emission, the Group has made improvements to its production process and upgraded its facilities and components used. Water is recycled for use in some factories. For example, in Yifeng, recycled water is used for washing restrooms thereby reducing fresh water consumption by approximately, 1,200 cubic metres during the year.

Water-consuming equipment in production operates only during working hours. The system is switched off after working hours and during festive holidays. Water supply facilities are regularly inspected to prevent leakage and recycled water is used whenever possible. Vigorous efforts have been made to promote water conservation and raise employees' environmental awareness through the use of posters and banners.



Resource Conservation

In addition to the aforesaid measures, recycled and single-sided paper is used by our office staff. Paper printing is minimised and communications by e-mail and electronic files are encouraged. In addition, various manufacturing regions are committed to recycling resources from waste products. The recycling measures and performance of selected factories are described as follows.

| Manufacturing site | Waste recycling measures |
|--------------------|---|
| Shantou | Reuse of thread cores and paper cartons, resulting in approximately 7,650 kilograms of thread cores and approximately 180 kilograms of paper cartons were reused during the year. |
| Yifeng | Reuse of scrap paper cartons for courier packaging, resulting in annual savings of paper resources of approximately 850 kilograms. |
| Huilai | Reuse of scrap paper cartons for storing accessories and finished goods, resulting in annual savings of paper resources of approximately 1,550 kilograms. |
| Vietnam | Collection of paper tubes for reusing by the suppliers, resulting in approximately 737 kilograms collected during the year. |
| Indonesia | Wooden and metallic materials extracted from the waste on a best-effort basis. |



Following the conservation measures described above, the main resources consumed by the Group during the year are as follows:

| Resources | Total Annual Consumption | |
|---------------------------------------|--------------------------|------------|
| | 2019 | 2018 |
| Electricity (kWh) | 18,861,467 | 14,863,939 |
| Water (cubic metre) | 420,063 | 363,006 |
| Packaging materials (paper) (tonne) | 1,244 | 796 |
| Packaging materials (plastic) (tonne) | 192 | 130 |
| Annual production (piece) | 16,963,520 | 14,122,188 |

Owing to the inclusion of our Vietnamese operation in this year's scope of reporting, the consumption of various major resources generally increased as compared with the previous reporting year. Data on consumption of resources per unit of production is set out in the following table. The change in the intensity of electricity and water consumption as compared with the previous year is less than 6%. The intensity of the consumption of packaging materials increased notably as compared with the previous year as a consequence of the changes in product styles.

| Resource | Intensity of consumption per unit of production | |
|--|---|-------|
| | 2019 | 2018 |
| Electricity (kWh/piece) | 1.11 | 1.05 |
| Water (litre/piece) | 24.76 | 25.70 |
| Packaging materials (paper) (gram/piece) | 73.33 | 56.37 |
| Packaging materials (plastic) (gram/piece) | 11.32 | 9.21 |



3.1.3 The Environment and Natural Resources

To address the concerns of the community and its customers on environmental issues, the Group has adopted green ideas in its procurement and production processes:

Green procurement

Except for production materials and equipment specified by its customers, the Group always procures materials with green certification, natural materials, or materials that are non-hazardous. Environmentally friendly equipment is used wherever appropriate. For example, factories have prioritised the use of energy-efficient machinery, air conditioners with environmentally friendly refrigerants, equipment with high energy efficiency (such as LED lighting) and consumables made from environmentally friendly materials (such as masks worn by employees). The Group aims to support environmental conservation through comprehensive green procurement.

Green production

Other than wastewater generated by the printing process, wastewater discharged from the Group's factories consists mainly domestic wastewater. Wastewater from the printing process is recycled. Wastes generated from production are segregated for collection and recycled use wherever possible. For example, waste paper is collected and arrangements are being made for recyclers to handle such waste to reduce environmental degradation. The above practice of recycling paper waste reduced paper wastage by approximately 3,140 kilogram during the year. The use of electronic files in lieu of printed ones for an increasing range of documents has also facilitated reduction in the consumption of resources.

The Group's factories would conduct internal environmental assessments when capacity expansion or the deployment of equipment is required by their production operations. The Group also conducts regular external environment assessments in accordance with the applicable laws, covering items such as boundary noise level and the discharge of wastewater, exhaust gas, dust and specified pollutants. These tests monitor the environmental impact of operations and allow the Group to implement improvement measures in a timely manner.

Environmental training

Training sessions and activities relating to environmental protection are organised by our factories for employees to raise their environmental awareness. Induction training conducted during the year covered areas such as EHS (environmental, health and safety) training, waste management, waste sorting, energy conservation and water conservation. A total of 8,470 participants completed approximately 486 hours of training activities during the year.

| Environmental training | 2019 | 2018 |
|------------------------|-------|-------|
| Number of participants | 8,470 | 5,083 |





3.2 Social Aspects and Governance

3.2.1 Employment

Apart from complying with the applicable employment regulations, the Group has also established policies to ensure that each employee is given equal treatment and that his/her choices and rights are respected.

Recruitment and Promotion

In the recruitment process, the Group does not require the job applicant to disclose any information that is irrelevant to the job position or not subject to pertinent laws and regulations, such as religion, among others. The Group assures that no discrimination is held against any applicant because of his or her gender, ethnic origin, race, background, religious belief, marital status, sexual orientation, nationality or political views, among others, when a decision to hire an employee is made.

All employees are treated on an equal basis. Decisions regarding appointment, wages, benefits, rewards, promotion and termination are made solely on the basis of the employee's educational background, professional qualifications and work competence. Male and female employees are treated equally.

Wages and Benefits

The Group ensures reasonable remuneration for an employee commensurate with his or her competence. The gender of employees is not taken into consideration in the formulation of the regime of wages and benefits.

In accordance with local employment regulations, the Group pays employees no less than the minimum wage prescribed under applicable local laws. Overtime wages are calculated and paid in accordance with relevant regulations and the same applies to entitlements for paid holidays, such as statutory festive holidays, annual leave and work-related injury leave. The Group also provides employees with appropriate insurance coverage, such as social insurance and labour insurance, as required by local regulations.

In addition to statutory benefits, the Group also provides additional benefits to employees to show its care for employees. Different kinds of benefits are accorded to employees based on their needs. These include additional paid leave and employee insurance, incentive bonus (e.g. full attendance bonus), free accommodation, free lunch on work days, free pick-up by company shuttle bus, training allowance, and other relevant non-statutory holidays. During the reporting year, some factories collaborated with local clinics to provide free medical examination to employees, with approximately 120 employees benefitting from the arrangement.

In addition, the Group also supports the educational needs of employees and their children, with some factories assisting children of migrant workers to enrol in local schools. The Group's commitment to addressing the needs of its employees has been recognised by the authorities. Yifeng was awarded the title of "Harmonious Enterprise (Labour Bureau/Union)" by "Yichun Federation of Industry and Commerce". The Group's facility was named "Advanced Entity Hiring Foreign Employees" by Shantou Human Resources and Social Security Bureau and also accredited "Workers' Pioneer" by the local federation of trade unions. Vietnam was awarded "Good Enterprise Performance Supporting Charitable Ticket" and "10-year Partnership with Enterprise Supporting Charitable Ticket" by "Ho Chi Minh City Federation of Trade Union". These honours and accolades underline the achievement of the Group in building good relationships with employees.

During the reporting period, the Group was not aware of any non-compliance or complaint regarding discrimination or recruitment.

Excluding the new Vietnamese operation, there was not significant change in the total number of employees in other regions as compared to the previous year.



Awarded by the Bureau of Human Resources and Social Security of Shantou



Awarded by Yichun Federation of Industry and Commerce

The Group's staff headcount and breakdown as at 31 March, 2019 is summarised as below:

| | Number of Employees | |
|------------------------|---------------------|--------------|
| | 2019 | 2018 |
| Gender | | |
| Male | 2,091 | 1,866 |
| Female | 9,439 | 7,186 |
| Employment Type | | |
| Full Time | 11,530 | 9,050 |
| Part Time | 0 | 2 |
| Age group | | |
| 18–30 | 4,219 | 3,463 |
| 31–45 | 5,872 | 4,415 |
| 46–60 | 1,432 | 1,166 |
| > 60 | 7 | 8 |
| Total | 11,530 | 9,052 |

As illustrated in the table below, the Group's overall employee turnover rate in this year was approximately 13% lower as compared to the previous year.

| | Average Monthly Employee Turnover Rate (%) | |
|------------------------|--|-------------|
| | 2019 | 2018 |
| Gender | | |
| Male | 2.39 | 3.13 |
| Female | 1.89 | 2.19 |
| Age group | | |
| 18–30 | 3.44 | 3.69 |
| 31–45 | 1.38 | 1.70 |
| 46–60 | 1.53 | 1.75 |
| > 60 | 0.00 | 3.33 |
| Overall Average | 2.00 | 2.30 |



3.2.2 Health and Safety

To safeguard the interests of its employees, the Group has established a health and safety system to supervise and effectively prevent work hazards. This system comprises management in various aspects, such as: fire equipment and fire drills; maintenance and repair of electrical machinery; management of hazardous materials and waste; safety education; use of protective equipment and contingency plan management. Training topics for the year included: knowledge and regulations relating to personal work protection, use of protective devices for the operation of machinery, EHS (environmental, health and safety) standards, chemical safety, fire safety, and work safety instructions, among others. A total of 17,810 participants enrolled for approximately 403 hours of training activities during the reporting period.

| Occupational health and safety training | 2019 |
|---|--------|
| Number of participants | 17,810 |
| Hours of training | 403 |

Occupational Health and Safety Management at Workplace

The Group conducts comprehensive risk assessment at the factory operations on a regular basis. Improvement plans are drawn up and objectives for health and safety supervision are formulated.

We ensure compliance of waste storage sites with relevant health and safety requirements. Incompatible wastes are stored separately and necessary fire equipment and warning signs are placed.

Directions for use of personal protective equipment (PPE) have been formulated. Employees have been provided with individual personal protective equipment for free and received instructions regarding the proper wearing of PPE to reduce the impact on their health. Protective equipment includes: dust masks (in the cutting area), metal gloves (for cutting operations), finger guards (installed in special sewing machines), goggles (protection against splashes during work) and ear plugs (in high noise areas such as the embroidery workshop). Some manufacturing regions also provide protective belts for workers to offer protection against waist or back injuries when moving heavy objects.



Award presented by Banten Province Governor

Health examinations are made available to employees who work in hazardous positions. Some factories have extended health examination arrangements to employees of all departments and new recruits. During the year, a total of 7,717 employees participated in health examination and no case of occupational illness was identified.

| Employee health examination | 2019 |
|-----------------------------|-------|
| Number of participants | 7,717 |

The Group conducts regular inspections or seeks reliable sources of water supply to ensure that drinking water supplied in the factories is compliant with hygiene standards. We also ensure regular cleaning, maintenance and inspection of all water related equipment.

The above practices have underpinned the Group's commitment to protection of employees' health and safety. In recognition of its efforts in staff caring, Indonesia was awarded "The Best Occupational Health & Safety Committee 2019" by the Banten Province Governor in February 2019.

The Group was not aware of any violation of the local regulations pertinent to occupation health and safety or any work-related fatality during the reporting period. The number of working days lost due to work injuries is summarised as follows:

| | 2019 | 2018 |
|--------------------------------------|------|------|
| Number of work-related fatalities | 0 | 0 |
| Lost days due to work-related injury | 788 | 846 |

Excluding Vietnam, 525 working days were lost in other regions as a whole due to work-related injuries, a reduction by approximately 38% compared to the 846 lost days for the previous year, underlining the effectiveness of the Group's enhanced efforts on safety management during the year.

Management of Employee Communications and Psychological Wellness

In addition to the aforesaid safety management measures, recreational and sports facilities for employees are provided by factories and leisure activities and festive celebrations such as festive celebrations, sport tournaments and outreach activities are also being organised as means to protect the psychological wellness of staff. During the year, Indonesia organised a volleyball tournament as part of the "Occupational Health & Safety Day", with a view to enriching employees' leisure life and enhancing their awareness of occupational health and safety.

As part of its initiatives to reach out to staff, the Group has established communication channels through which employees could seek advice on issues they encounter at work and everyday life. Employees may talk about their problems or request consultation by way of phone call or in writing to voice their opinion concerning current work assignments, management measures and reward system, among others, as well as any psychological distress resulting therefrom.



3.2.3 Development and Training

The Group has established procedures for the formulation, implementation and supervision of staff training programmes, and for the evaluation of employee competence and the effectiveness of such training programmes.

Training courses relevant to various job positions are organised, such as:

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

Flexible training programmes for new recruits customised to their work competence and experience are provided. New employees would be evaluated upon completion of their probation. If it is determined, through evaluation upon conclusion of the probation period, that a new recruit is not up to the required level of competence, additional training or a job transfer would be arranged to ensure that the abilities are compatible with the duties.

Trainings could be implemented in the following ways or a combination of them: internal classroom training, coaching by veteran staff, external training, and engagement of external experts for internal training. Employees in special positions (such as electricians, pattern makers and QC staff) may only be appointed if they are in possession of relevant certifications or have passed professional assessments.

The Group develops annual training plans according to training requirements identified through the evaluation of training implemented during the past year together with relevant appraisal results and operational changes anticipated for the ensuing year (such as technological changes, new equipment and new quality requirements from customers), with the aim of advancing career development for the employees as well as sustainable business development for the Group.

The total number of staff participants in training and the total training hours during the reporting period are summarised as follows:

| | Total number of participants in training | |
|-------------------|--|---------------|
| Gender | 2019 | 2018 |
| Male | 5,297 | 5,328 |
| Female | 24,204 | 16,223 |
| Category | | |
| Senior Management | 211 | 153 |
| Middle Management | 2,129 | 1,420 |
| Junior Employees | 27,161 | 19,978 |
| Total | 29,501 | 21,551 |

| | Total hours of employee training | |
|-------------------|----------------------------------|---------------|
| Gender | 2019 | 2018 |
| Male | 7,904 | 4,058 |
| Female | 43,653 | 15,113 |
| Category | | |
| Senior Management | 241 | 256 |
| Middle Management | 2,644 | 1,520 |
| Junior Employees | 48,672 | 17,395 |
| Total | 51,557 | 19,171 |

During the reporting period, 29,501 participants were engaged in a total of 51,557 hours of staff training. Average monthly training hours per employee increased by approximately 107% compared with the previous year, underpinning our effort in driving staff development and improved effectiveness of our training programmes.



3.2.4 Labour Standards

The Group does not hire child labour aged below the relevant legal threshold. Documentation proving the age of a job applicant is mandatory and such documentation is to be verified during recruitment.

The Group prohibits the use of forced labour in any form (including prison labour, indentured labour and bonded labour). Under no circumstances will the Group withhold an employee's identity card, or require an employee to pay deposits or deduct an employee's wages against employment related costs and expenses, such as working visa, medical examination, work permit, and fees charged by recruitment contractor/agency.

Employees may be engaged in overtime work of their own volition. Any overtime work beyond the normal working hours shall be requested by the employees on a voluntary basis subject to the daily overtime limits imposed by local regulations. In the event of any violations, the Group would conduct investigation immediately. The Group allows free movement of employees within the work premises during working hours. Employees have the right to leave the premises during meal breaks and after work.

The Group was not aware of any employment of child labour or any violation of laws against forced labour during the reporting period.

3.2.5 Supply-chain Management

The Group requires suppliers to comply with its code of conduct for suppliers which provides for suppliers' service performance and the safety and quality standards required of their products.

As of 31 March 2019, the geographical distribution of the Group's suppliers is as follows:

| Geographical location | Number of Suppliers | |
|-----------------------|---------------------|------------|
| | 2019 | 2018 |
| China | 58 | 88 |
| Hong Kong | 63 | 73 |
| Taiwan | 58 | 77 |
| Indonesia | 39 | 12 |
| Korea | 9 | 9 |
| Japan | 10 | 11 |
| Thailand | 15 | 14 |
| United States | 6 | 6 |
| Vietnam | 30 | 10 |
| Malaysia | 2 | 2 |
| France | 1 | 1 |
| Germany | 1 | 1 |
| Spain | 1 | 1 |
| Total | 293 | 305 |

The Group monitors its existing suppliers on an ongoing basis in terms of product quality, timeliness of delivery, problem solving ability, responsiveness to feedback, service quality and other considerations. Except for suppliers designated by customers, the Group's evaluation generally includes testing of product samples, review of quality records, and other appropriate methods that gauge the compliance of suppliers.

There was an addition of 66 new suppliers during the year under review as compared to the previous year, the majority of which were suppliers designated by customers. The Group coordinated with new suppliers on the workflow and monitored the use of the raw materials and semi-finished products in accordance with the quality and technical requirements of customers.

Where necessary, the Group would communicate with customers regarding supplier performance and adjust the criteria for the selection and review of suppliers.





3.2.6 Product Responsibility

Through the employment of state-of-the-art technologies and effective quality control techniques, the Group ensures that every product manufactured fulfills customers' functional requirements and the relevant product safety/quality standards, such as: AATCC158, AATCC135, AATCC179, AATCC8, and ISO1308. After production, goods are kept in a secure location to prevent theft or smuggling.

A complaint-handling mechanism has been duly established. Upon receipt of a customer's complaint or request to return defective products, the case would be handed over to the responsible departments for investigation and cause analysis. After verification, corrective measures would be devised and implemented within a specified time frame. Customer would be notified of the relevant outcome and solutions.

The Group was not aware of any customer complaint or violation of product liability during the reporting period. No product was recalled for safety or health reasons.

Quality Control over Raw Materials

Inspections are carried out with reference to approved samples and sampling standards of customers. Only materials accredited with certificates of conformity issued by third party agencies are purchased. Raw materials with metal composition would undergo testing for verification of metal contents. Raw materials that meet standard requirements would be dispatched for use in production, whilst non-conforming materials would be processed and handled according to designated procedures.

Quality Control over Semi-finished Products

All semi-finished products are subject to quality control and all cut pieces are required to undergo 100% inspection. Non-conforming cut pieces are replaced with the correct coloured pieces in a timely manner. All outsourced semi-finished products are subject to 100% inspection and needle detection. Requests will be made to non-compliant sub-contractors to demand for improvements in quality.

Quality Control of Finished Products

The development of prototype samples is required for all products before mass production. Meetings would be held prior to mass production to confirm the manufacturing requirements. The first prototype sample of a product should be approved by both the quality and production managers before such product is manufactured in quantities. Every finished product from the mass production process is subject to inspection by quality control personnel and remedial work will be carried out on defective products in a timely manner. After rectification, the products would be further inspected by quality control personnel. Data of non-conforming products are analysed and continual improvements in product quality are being made through the use of reliable quality control tools.

Upon completion of manufacturing processes, finished products are sent to testing agencies or customer-approved internal laboratories for verification of their safety and quality. Finished products are packed and stored in the warehouse after thorough inspection. Prior to shipment, products are inspected in accordance with the sampling standards specified by customers. Products would only be despatched for delivery after compliance is confirmed by test results.





Product Safety Monitoring

To prevent the leftover of any residual sharp metallic elements in the products, a metal control area where unauthorised metal tools are prohibited is set up for each of the major production processes. Metal tools are locked and registered, and their daily use and delivery is managed by specified personnel. Replacement of broken needles are recorded. Products stored in warehouse are subject to metal detection tests before packaging.

Protection of Intellectual Property Rights

We ensure that customer information would only be internally circulated within the Group. All personnel are prohibited from disclosing design information and product specifications of customers to external parties. The Group adopts the following measures to prevent the leakage of customer information.

E-mail accounts are restricted to allow correspondence only with designated customers and suppliers. Access authorisation is given to specialised personnel as and when necessary. Access to computers through devices such as USB drives, mobile phones or laptops are prohibited. Data transmission between computers and USB and external e-mail correspondence are strictly controlled. Devices are registered with the Group are prohibited from accessing the internal network.

An authorisation mechanism is in place to ensure that only authorised parties may read the relevant information. Authorisation of access to customers drawings is centrally managed by the Information Technology Department. Product information of customers is centrally managed through the ERP system and accessible only to authorised people. The Group has appointed dedicated personnel to receive and encrypt customer information, such as design information, confirmed fabric and samples.

Confidentiality agreements which bind both the Group and its employees are in place. Information security training is provided to personnel allocated with computers. Such training covers computer log-in and change of log-in password, permission for access to shared directories and related precautions, document management, directions for sending and receiving emails, among others. Unauthorised employees and visitors are prohibited from taking photographs of the products and any relevant photographs taken may not be disseminated to unauthorised personnel.

The Group respects the intellectual property rights of other parties and ensures that the commercial software in use is legal and duly licensed.

Privacy Protection of Consumer's Information

We do not have a policy on consumer privacy, as such policy is not warranted given that products of the Group are not delivered to end consumers directly.





3.2.7 Anti-corruption

The Group has established an anti-corruption management system to regulate the conduct of all employees, who are prohibited from taking advantage of their positions to receive gifts or bribe or any payment in kind; embezzle property or funds; solicit gifts from suppliers; or seek personal gains through the procurement process. No gifts shall be accepted unless they have been so authorised in accordance with the Group's policy and guidelines.

Upon recruitment, employees pledge to act with integrity and uphold ethical principles in their employment and from corruption and bribery. The Group conducts education programs to raise employees' awareness of anti-corruption. During the reporting period, the Group's factories organised a range of training sessions, including induction and training pertaining to regulations of the company and its operating factories, with a special emphasis on information about anti-corruption. Throughout the year, a total of 5,986 employees received an aggregate of 610 hours' training relating to anti-corruption.

| Anti-corruption training performance | 2019 | 2018 |
|--------------------------------------|-------|-------|
| Number of training participants | 5,986 | 3,782 |

Employees involved in the procurement process should avoid any conflict of interests that may affect fair and impartial decisions, particularly, they are prohibited from taking advantage of their positions to limit the choices of suppliers and contractors. Proper procedures such as price comparison and tendering must be carried out in the selection process.

For materials that are not specified by customers, procurement is generally undertaken by comparing three suppliers against the evaluation criteria on product quality, price and other requirements of the Group.

The Group has determined different levels of approving authority for the approval of service contracts based on the monetary amount of the contract.

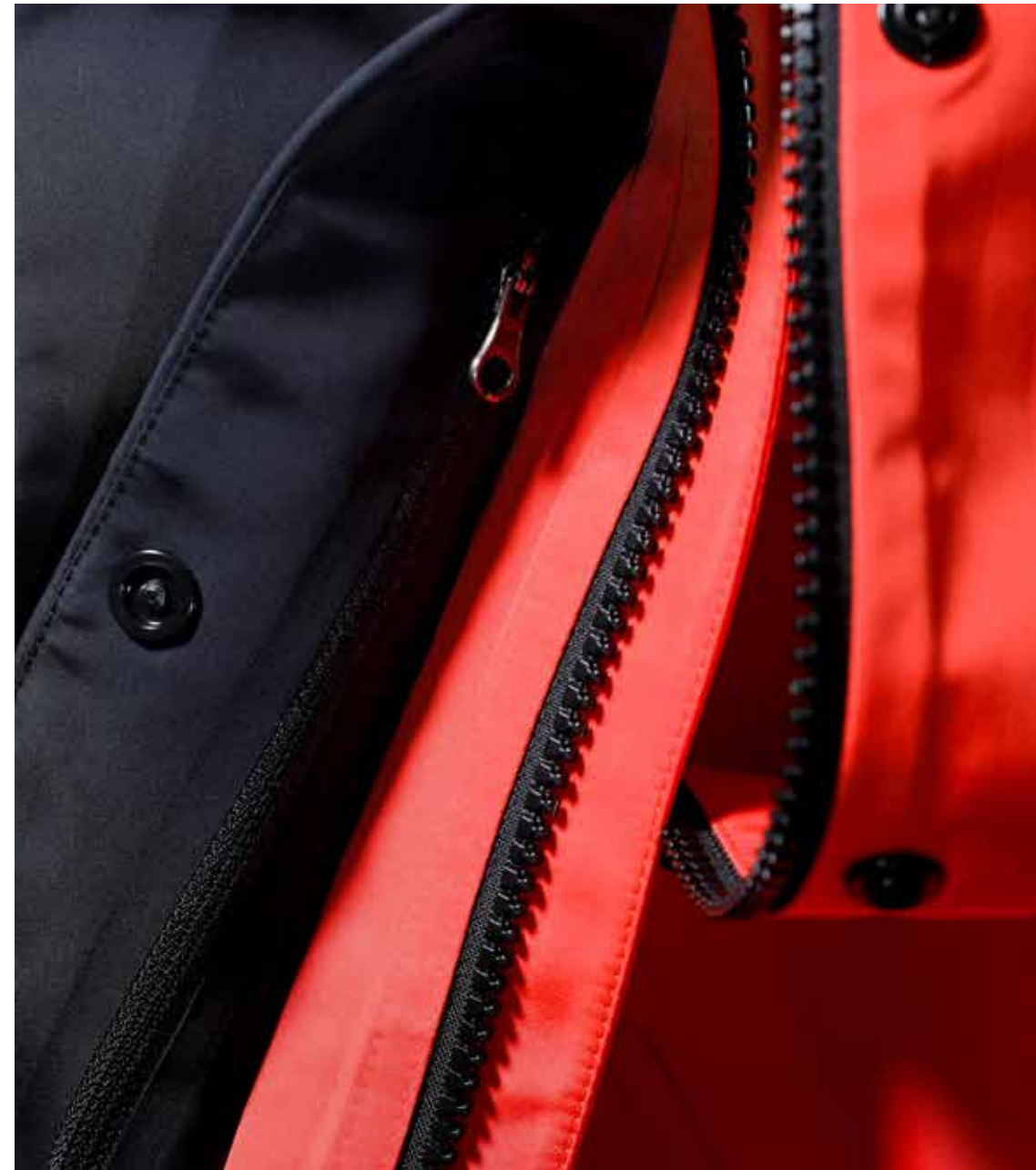
The Group also conducts assessment of corporate governance and corruption risks as well as non-financial internal controls and risk management on a regular basis.

To protect shareholders' interests, the Group has 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 an internal communication mechanism to collect employees' opinions through e-mail, telephone, suggestion box and WeChat, among others. A complaint/reporting channel has also been established. In the event of any suspicious matters relating to business ethics, corruption or bribery, an employee may lodge the case to management through e-mail, hotline or corporate WeChat. The management team would investigate the case and make rectification as appropriate if deficiency is identified.

During the reporting period, the Group was not aware of any non-compliance or complaint related to corruption.





3.2.8 Contribution to the Community

The Group is vigorously involved in community activities. Through a wide range of communication channels, sound connections with nearby communities and social organisations has been established. These activities have enabled the Group to better understand community needs and make due contributions by responding to such needs in a timely manner. The Group has been seeking opportunities to support development of the local communities, such as providing employment opportunities for local residents. For example, the Group collaborated with the local environmental authority of Indonesia this year to support a tree planting event and was awarded a certificate in recognition of its contribution.

The Group is dedicated to supporting other communal activities, including aid for the underprivileged. For example, donation in-kind worth around RMB28,000 was made to poverty-stricken families in the community near Huilai Plant. Other plants also sponsored community activities with cash donations amounting to approximately RMB23,000 in total. At the same time, volunteers were assigned to support the communal activities in approximately 160 hours of volunteer services. The table below sets out examples of community events participated by the Group during the reporting period:



- Hong Kong



- Yifeng



- Shantou



- Vietnam



- Indonesia

| Responsible region | Name of Event | Organiser | Description of Event | Cash donation | In-kind donation | Volunteer participation |
|--------------------|--|--|---|---------------|------------------|-------------------------|
| Hong Kong | "Total Ban on E-cigarettes and Other New Tobacco Products" Signatory Campaign | Hong Kong Council on Smoking and Health | Supporting the "Total Ban on E-cigarettes and Other New Tobacco Products" and the scheduling of a timetable for that purpose | ✔ | | |
| Hong Kong | A Day with Food Angel | Food Angel | Supporting Food Angel in the preparation of meal boxes for distribution to people in need (with around 1,052 beneficiaries) | | | ✔ |
| Yifeng | Orphanage Visit | Eagle Nice (Yifeng) Garments Co., Ltd | An administration/HR team led by the management visited impoverished orphans in Tangu Town | ✔ | ✔ | ✔ |
| Huilai | End-of-year Poverty Alleviation Event | Maitex Co., Ltd | Donating supplies to poverty families in Pingtian Village and Guandu Village (with approximately 350 beneficiaries) | | ✔ | ✔ |
| Shantou | "Drink Hanjiang Water together, Protect Mother River together" — Hanjiang Hiking Day | Shantou Outdoor Activities Association | Cleaning and removing coastal rubbish, and calling for protection of the Hanjiang Mother River through the hiking activity | | | ✔ |
| Indonesia | Planting 1000 trees | Organization of Environmental Rescuer for Marine, Forest, and Industrial Region of Banten Province Indonesia | Tree planting event — fostering a better environment to minimise carbon emission and natural disasters (e.g. flood and landslide) | | ✔ | ✔ |
| Indonesia | Banten Tsunami Recovery Event | Government of Pandegelang County, Banten | Donations for disaster-relief | ✔ | | |
| Indonesia | Donation campaign in support of Orphans in Kibin | SPN Union | Supporting fundraising activities for orphans organised by the Union during the Ramadan period to buy schooling items for orphans in Kibin region | ✔ | | |
| Indonesia | Eid al-Adha Ceremony | Mosque of Kibin, Gorda Village | Donation supplies (e.g. sheep, beverage) to the nearby mosque for distribution to villagers | | ✔ | |
| Indonesia | Indonesia Independence Day Celebration | Kibin, Gorda Village | Donations to village head for hosting village activities on the Indonesia Independence Day | ✔ | | |
| Vietnam | Humanitarian Blood Donation Event ("Pink Holiday"/"Pink Birthday") | County Branch Group, Binh Tan Quan, Ho Chi Minh City | Supporting blood donation event | | | ✔ |
| Vietnam | Mid-Autumn Caring Event | PRO KINGTEX Union and Teenager Group | Donations to organisers of Mid-Autumn festival celebrations for poverty children in Mid-Autumn festival celebration, and volunteer assignment for site decoration | ✔ | | ✔ |
| Vietnam | Hometown Island Visit | County Branch Group, Binh Tan Quan, Ho Chi Minh City | Cleaning up rubbish on islands and handing out flyers to promote environmental protection | | | ✔ |