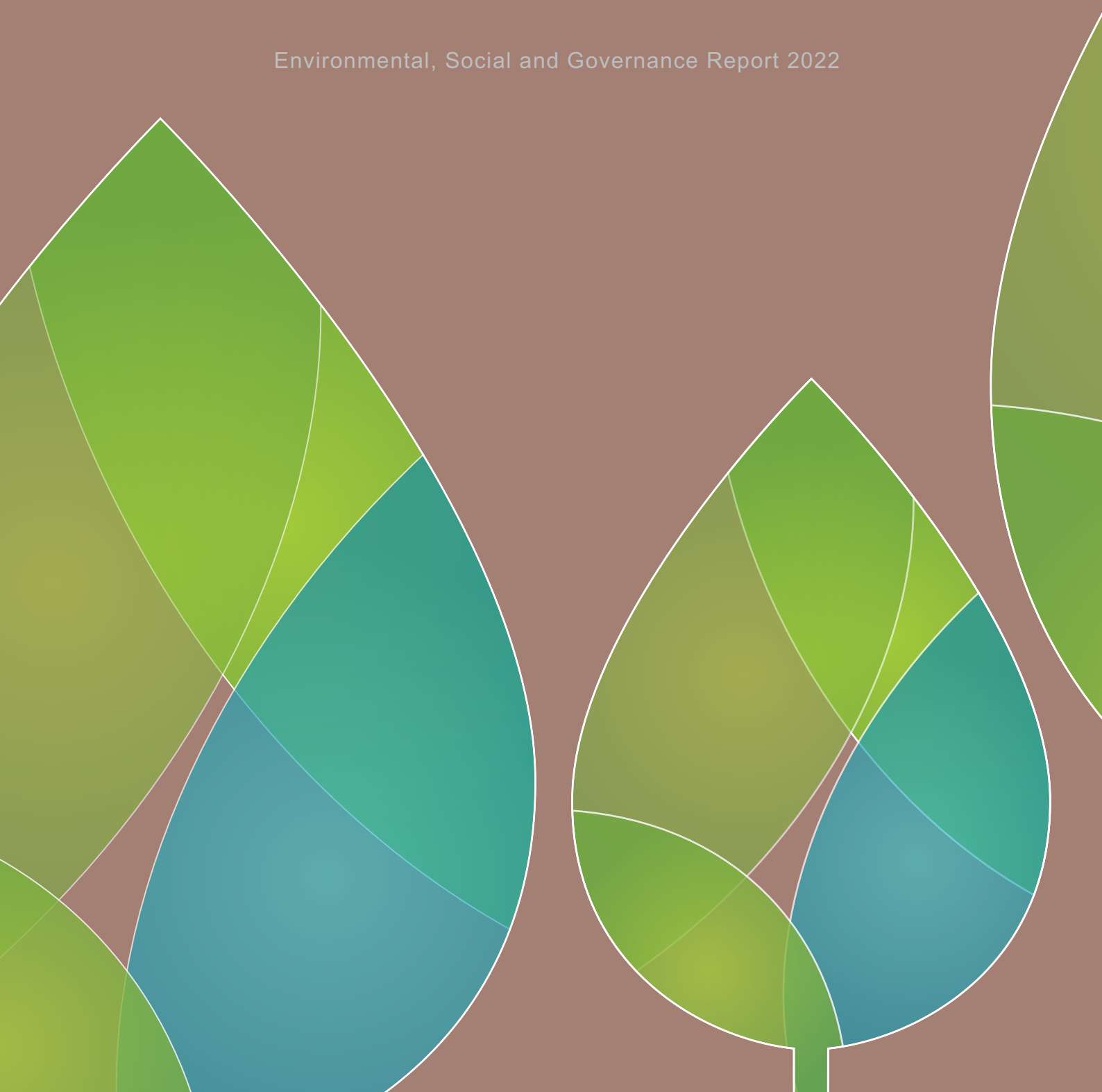


CHINA TING GROUP
華鼎集團

Stock Code : 3398

Environmental, Social and Governance Report 2022



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ABOUT THE GROUP AND THIS REPORT

China Ting Group Holdings Limited and its subsidiaries (hereinafter collectively referred to as “China Ting Group” or the “Group”) is a vertically integrated garment manufacturer, exporter and retailer principally engaged in garment OEM and ODM, fashion retailing and property investment in Mainland China. We are pleased to publish the 2022 Environmental, Social and Governance (“ESG”) Report (the “Report”), which aims to illustrate the Group’s policies, measures, performance in sustainable development and its management approach to climate change risks.

This Report is prepared in both Chinese and English and has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (<http://www.hkexnews.hk>) and the Group (www.chinating.com.hk).



REPORTING SCOPE

This Report covers the operation of China Ting Group’s core garment OEM business in Mainland China, which mainly includes textile, dyeing and garment manufacturing, etc., during the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”), accounting for 68.2% of the total annual revenue. This Report covers a total of 12 factories of the Group in Mainland China (collectively, the “subsidiaries” or “operating sites”), as detailed in the table below. As some subsidiaries did not operate or integrated with other subsidiaries during the Reporting Period due to business adjustment during the Reporting Period, some data cannot be disclosed in the Report. Therefore, the data coverage of some environmental key performance indicators may not be consistent with the overall disclosure scope of the Report for the previous year. For details, please refer to the notes of the corresponding sections.

Business Type	Name of Subsidiary ¹
Textile factories	Zhejiang China Ting Jincheng Silk Co., Ltd Zhejiang China Ting Textile Technology Co., Ltd Zhejiang Huayue Silk Products Co., Ltd
Printing and dyeing factory	China Ting Woollen Textile Co., Ltd (“China Ting Woollen Textile”)
Garment factories	Zhejiang Fuhowe Fashion Co., Ltd Zhejiang Fucheng Fashion Co., Ltd Zhejiang Huali Fashion Co., Ltd. Zhejiang Concept Creator Fashion Co., Ltd Shenzhen Fuhowe Fashion Co., Ltd Guizhou Tianzhu China Ting Garment Co., Ltd ² Finity International Fashion Co., Ltd China Ting (Hangzhou) Textile Technology Company Limited

¹ During the Reporting Period, Hangzhou Huaxing Silk Printing Company Limited, Zhejiang China Ting Knitwear Company Limited and Bolinding Hangzhou Textile Technology Limited had not operated or had been integrated with other subsidiaries, so the relevant data or information are not disclosed in this Report.

² Guizhou Tianzhu China Ting Garment Co., Ltd is a business newly added during the Reporting Period.

ABOUT THE GROUP AND THIS REPORT

REPORTING STANDARDS

This Report is prepared in accordance with the content of the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 of the Listing Rules issued by the Stock Exchange, and has applied the four reporting principles in the Guide, namely materiality, quantitative, balance and consistency, with details as follows:

	Definition	Application
Materiality	The Report should reflect the Group’s significant impacts on the environment and society, or the ESG issues that substantially influence stakeholders.	We understood the importance and opinions of the Group and its stakeholders on various ESG issues through the questionnaire surveys, and formulated the reporting disclosure framework based on the results, so as to arrange the key disclosures according to the importance of the issues.
Quantitative	The key performance indicators shall be measurable. The Group shall state the measurement criteria and methods for quantitative data, and provide historical data, as appropriate, for comparison.	Guide all departments of the Group to record, collect and disclose relevant environmental and social key performance indicators, and engage independent professional consultants to calculate carbon emissions and other environmental key performance indicators in accordance with national guidelines and international standards.
Balance	The ESG Report shall present the Group’s positive and negative impacts in an unbiased manner to allow stakeholders to make a comprehensive evaluation of the overall performance of the Group.	Based on the principles of professionalism, objectivity and fairness, we truthfully explain and disclose the Group’s performance in all aspects of ESG.
Consistency	The Report should adopt consistent disclosure and statistical methodologies to allow stakeholders to make a meaningful comparison of ESG-related data.	The statistical methods used are consistent with those of previous years. Any changes affecting the comparison with previous disclosures will be explained in this Report.

CONFIRMATION AND APPROVAL

The Group has established an internal control and review system, which is responsible for collecting, managing and operating relevant information and data to ensure that the information presented in the Report is accurate and reliable. Meanwhile, the disclosure in this Report has fully complied with the “Mandatory Disclosure Requirements” and “Comply or Explain” provisions set out in the Guide, and was confirmed and approved for issue by the Board on 31 March 2023.

FEEDBACK

The Group welcomes comments from the public and stakeholders on the Group’s sustainability performance or the content of this Report, so as to promote the Group’s continuous improvement of relevant sustainability governance and strategies. If you have any questions or suggestions on the Group’s sustainability work, please contact the Group by email to esg@chinatingholdings.com.



BOARD STATEMENT



Since the outbreak of the COVID-19 pandemic, the industrial chain of the apparel industry has been facing challenges to varying degrees in the upstream, midstream and downstream levels, causing a profound impact on the Group's business operation. In addition, climate change has intensified in recent years, because of which, not only the quality and price of raw materials have been deeply affected, but consumers' preferences have also changed with increasing awareness of environmental protection, leading to an increase in customer demand for green products. Facing to the changes in market trends, the Group, as a member of the industry's upstream suppliers, actively transforms and upgrades the dyeing and finishing section of the textile process that consumes a substantial amount of water and generates a substantial amount of pollutants, and is committed to continuously promoting the textile and garment industry towards a sustainable low-carbon future.

The Group understands that the operation process will have an impact on the environment, and is therefore committed to implementing multi-dimensional policies and measures at different levels, including the formulation of the Climate Change Policy Statement, which aims to confront the impact of climate change while promoting our sustainable development process. The Group adopts the three management principles of "mitigation", "adaptation and resilience" and "communication" for climate-related risks and opportunities, and establishes the goals of reducing carbon emissions in the course of operation and identifying the risks or opportunities resulting therefrom. Through this initiative, the Group believes that it will be able to further identify and respond to sustainability risks, and strengthen the environmental management quality of itself and its supply chain. Meanwhile, we will maintain close contact with various suppliers to ensure that sustainable development can be put into practice to the greatest extent throughout the entire value chain, thereby further reducing carbon emissions and environmental pollution.

Facing to the market recovery period after the pandemic, we understand that the Group's operating model needs to be changed to adapt to new market demands, industry development model and operating methods. Therefore, innovation has become the core of the Group's new operating philosophy, with a view to empowering the Group to seize more market share and explore more market opportunities through various innovative management methods, operating models, and technology applications.

Meanwhile, in order to develop a path towards a net-zero carbon emissions strategy and enhance market competitiveness, the Group believes that energy management will usher in new development opportunities for China Ting Group in the challenging operating environment. The Group will improve the efficiency of energy use at each operating site, vigorously promote innovative green technology, and take sustainable development as the core concept of the Group to accelerate the proportion of clean and renewable energy used by the Group. To this end, the Group promises to invest more resources in training and development to support employees in enhancing their professional skills and personal development, especially in the areas of "sustainable development", "energy management" and "innovation" to help them adapt to the work patterns and challenges in the future.

Going forward, China Ting Group will fully support the national policy of "taking innovation as the driver to vigorously promote the transformation and upgrading of economy, energy, and industrial structure, and promote the realization of green recovery and development", and continuously strengthen the Group's ability to mitigate and adapt to climate change. We will continue to actively reduce carbon emissions and promote green transformation, and promise to incorporate sustainability factors into the planning of the Group's development direction, and mitigate the interaction between business development and environmental changes by implementing substantive goals and action plans.

ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

Sustainable development is an integral part of China Ting Group's new normal of operation. The Group firmly believes that fulfilling corporate social responsibility can establish good corporate and social relationships, so we attach great importance to the impact of business operations on the environment, employees and communities. We aim to integrate the concept of sustainable development into all aspects of business and operation through policy formulation, measure implementation and goal setting, so as to improve the existing performance in sustainable development and create long-term value for the Group's business operation, stakeholders and their community environment.

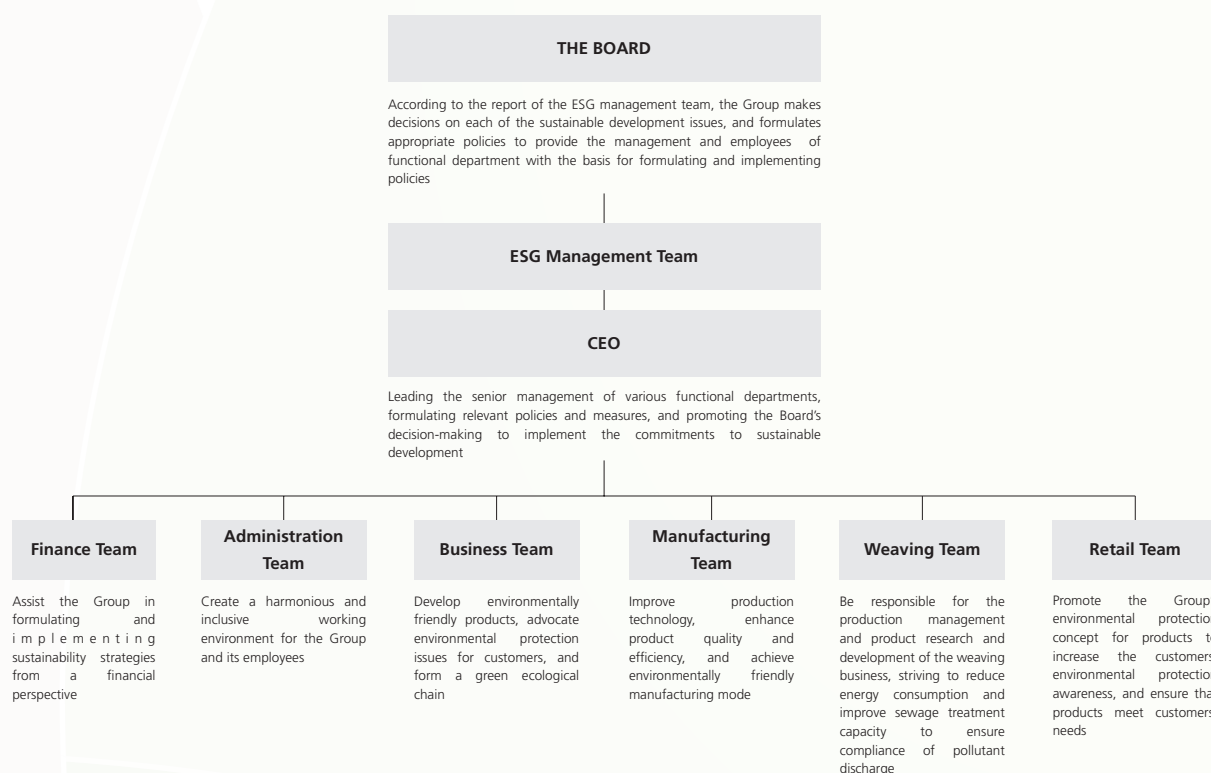
While focusing on business development, the Group will also focus on protecting the interests of stakeholders. Through regular exchanges and communication with different stakeholders via various channels, we can effectively understand the key issues related to the business, thus laying a foundation for the Group's governance structure and formulation of various sustainable development strategies. We will develop a sustainability strategy in line with the Group's business development, and take systematic measures under the supervision, decision-making and leadership of the board of directors to promote the implementation of various tasks, thereby striving to achieve the sustainable development of cities and communities.

GOVERNANCE STRUCTURE

China Ting Group believes that a good corporate governance structure can lead the Group to achieve long-term success. In order to effectively monitor the risks and opportunities related to sustainability, the Board actively assumes the overall ESG responsibilities of the Group, leads and supervises the units and departments of the Group to maintain a high standard of corporate governance and ensure the effective operation of the business.

ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

The Group has established an ESG management team, as led by the Chief Executive Officer (CEO), to lead the senior management of each unit and department to incorporate sustainability management into the Group's governance structure. The ESG management team shall promote, formulate and implement relevant sustainability work plans, strategies and performance targets, and hold regular meetings to report the Group's sustainable development progress to the Board, as well as consider and review the performance of relevant policies and measures, with details as follows:



ENVIRONMENT, SOCIAL AND GOVERNANCE RISK MANAGEMENT

In response to risks arising from climate change, market change and other aspects, the Group has incorporated ESG principles into the business operations and risk management, and has designed and formulated an appropriate internal risk management system for the Group with reference to the corporate internal control regulated system, including the "Corporate Risk Management and Internal Control Regulation Rules", as well as other internal control regulatory requirements. With the assistance of the audit committee, the Group has established a comprehensive and effective risk management mechanism, and is responsible for identifying, analyzing, evaluating and managing significant risks that affect the Group, its businesses and various functions, so as to assist the Group in formulating relevant goals and planning the direction of future development.

ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

During the Reporting Period, the Group has identified risks that are material to the Group and the corresponding measures to reduce the impact of risks on the Group. Please refer to the following specific information:

Risk Item	Details of Risks	Control Measures	Extent of Risk Impact
Repeated outbreak of COVID-19 pandemic	The repeated outbreak of COVID-19 pandemic worldwide and the tightening of national pandemic control policy had a material impact on China Ting Group's upstream supply chain, logistics, production and operation.	<ul style="list-style-type: none"> • Exerting greater efforts on the normalized pandemic control within the Group to prevent the risk of operation suspension as a direct result of the spread of the pandemic • Making solid efforts on the real-time alignment and coordination of government policies, and balancing public pandemic prevention policies and the normal operation of the Group • Enhancing employee health and safety management, and effectively protecting the life and health of employees 	Especially serious risk
Industrial park construction risks	The renovation and upgrading project of China Ting's industrial park commenced construction, which would pose potential safety risks to the personnel and vehicles entering and leaving the park.	<ul style="list-style-type: none"> • Continuing to improve and strengthen the safety production management of each construction unit in the park, and conducting inspections and meetings on a regular basis • Implementing intelligent, standardized and service-oriented solutions to improve the quality, added value and competitiveness of the park 	Significant risk

ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

Risk Item	Details of Risks	Control Measures	Extent of Risk Impact
Carbon neutrality	As the process of carbon peaking and carbon neutrality advances in depth, realizing carbon neutrality has become a challenge of the times for enterprises. As an export-oriented enterprise, China Ting Group must promote carbon reduction and carbon neutrality in an active manner to enhance its competitiveness and seize the historical opportunity to achieve sustainable and high-quality development.	<ul style="list-style-type: none"> Continuously monitoring energy consumption statements to reduce energy wastage caused by "water running, seeping, dripping and leaking", etc. Installing smart energy consumption meters and a digital energy consumption control system to detect abnormal energy consumption in real time Applying new energy-saving technologies 	Moderate risk

The Audit Committee and the Board are committed to continuously publishing and improving the risk management manual and strengthening the countermeasures for risks. The Audit Committee will gradually execute the risk management process according to risk levels, and continuously monitor the effectiveness of risk warning indicators and the countermeasures for risks identified to achieve risk management and control in a reasonable and timely manner. Meanwhile, the Board is fully responsible for maintaining sound and effective internal control and risk management procedures, and has incorporated risk management into the Company's strategic development, business planning, capital allocation, investment decisions and daily operation, thereby continuously ensuring the improvement of the Company's risk management level.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In order to respond to the expectations and needs of various stakeholders on the Group's business operations, and to identify and analyze ESG issues that are important to the Group, China Ting Group conducts comprehensive and solid materiality assessment with internal and external stakeholders every year. During the Reporting Period, we commissioned an independent sustainability consultant to conduct a questionnaire survey for the Group's internal and external stakeholders to help us understand, evaluate and establish the Group's business development direction and goals for the coming year.

During the Reporting Period, the key stakeholders identified by the Group included employees, customers, business partners, investors, non-governmental organizations, etc. By inviting them to participate in the questionnaire, the Group collected their scores on the materiality of 28 sustainability-related issues, and established a reporting framework based on the results of the materiality analysis to ensure that material issues are fully disclosed in response to the concerns of stakeholders. These 28 issues can be classified into four categories, namely "Employment and Labor Practices", "Operating Practices", "Environmental Protection" and "Others".

MATERIALITY ASSESSMENT PROCESS:

1. Identify Key Issues

Based on the results of previous stakeholder communication, national policies, industry trends and the requirements of the HKEX Guide, 28 ESG issues relating to the Group's business were identified.

2. Stakeholder Rating

An online questionnaire was established for 28 identified issues, and internal and external stakeholders were asked to rate the materiality of the relevant issues to their personal and the Group's development for collecting the relevant scores of each key issue.

3. Prioritize Material Issues

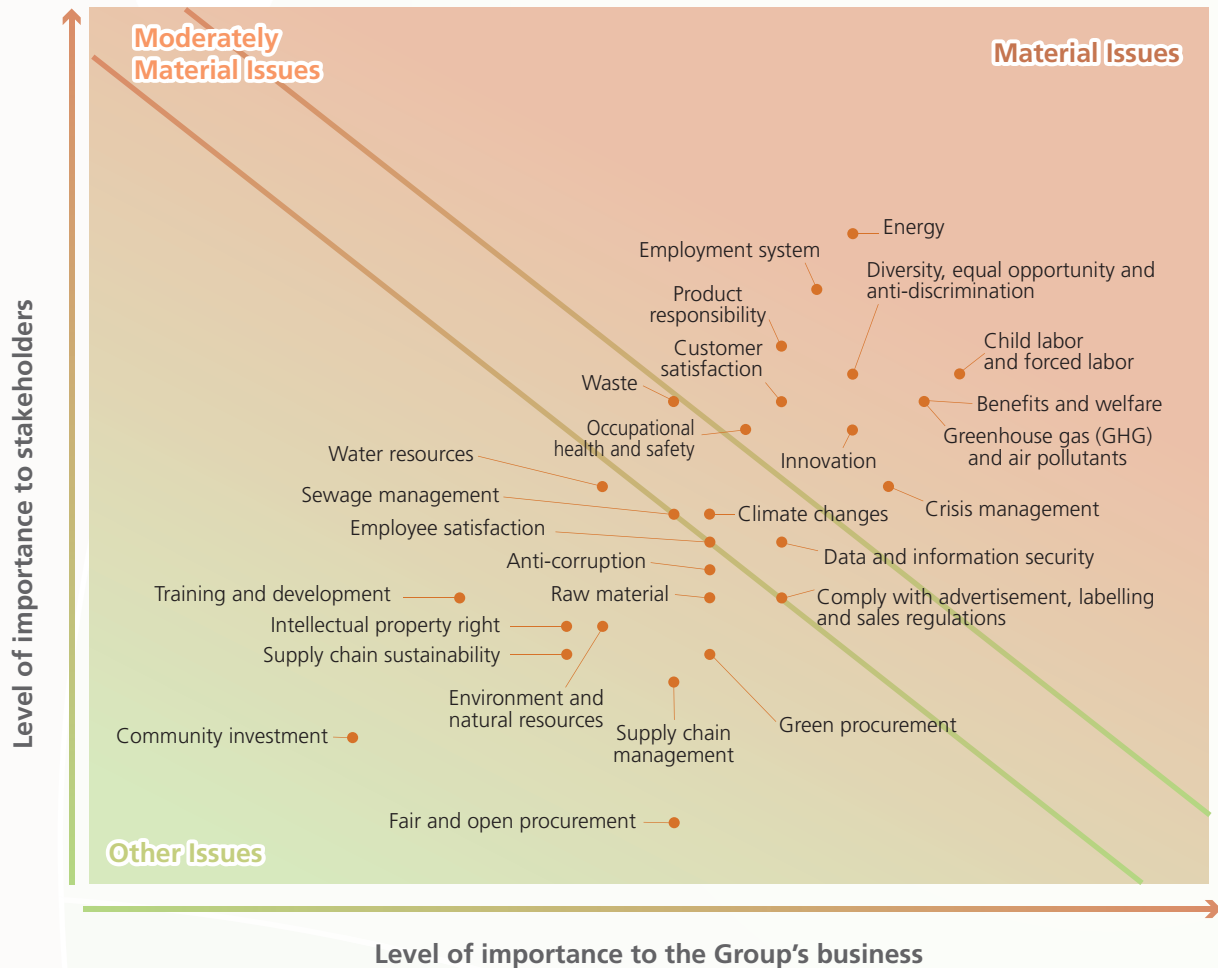
After collecting and analyzing the relevant scores by the independent consultant, the Group prioritized the scores of each issue in two dimensions and established a materiality matrix to show their materiality.

4. Confirm Results

The results of material issues are reviewed and verified by the management of the Group and confirmed by the board of directors.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The results of the materiality assessment for the Reporting Period are presented in the following materiality matrix:



Environmental Protection	Employment and Labor Practices	Operating Practices	Others
*Energy *GHG and air pollutants	*Child labor and forced labor *Employment system Benefits and welfare Diversity, equal opportunity and anti-discrimination Occupational health and safety	*Product responsibility Customer satisfaction	*Innovation Crisis management

* Material issues newly added in the financial year of 2022.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Compared with last year, we observed that “energy”, “GHG and air pollutants”, “child labor and forced labor”, “employment system”, “product responsibility” and “innovation” were new material issues. Overall, the results of this survey introduced the emphasis on energy use and GHG emissions as compared with last year, and also raised the expectations for the Group’s innovation capabilities. In order to respond to the concerns of stakeholders and apply the principle of materiality, the reporting framework of this Report is based on the priority in the above materiality analysis, and the relevant performance and initiatives of the Group during the Reporting Period will be disclosed in the following sections.

PEOPLE-ORIENTED MANAGEMENT CULTURE

China Ting Group recognizes that employees are an important source of motivation to promote the Group's sustainable development. Therefore, creating a healthy, safe and harmonious working environment and corporate culture is of utmost importance to the sustainable development of our business. To this end, we have formulated and implemented a series of employee performance management systems, and continue to improve the Group's employment and labor practices, striving to provide a healthy, safe and compliant working environment under the development direction of building an inclusive, diversified and respecting corporate culture.

COMPLIANT LABOR PRACTICES

Policies and Measures

Social Responsibilities Management System
Child Labor Remediation Management Rules

Purpose

Strictly prohibit the use of child labor or forced labor in business operations, and at the same time, establish response procedures to deal with the misemployment of child labor to protect the affected minors

According to the Social Responsibilities Management System and the Child Labor Remediation Management Rules formulated by the Group, China Ting Group strictly prohibits the use of child labor and forced labor in the Company's operations, and holds a zero-tolerance attitude towards related misconduct. In order to prevent related behaviors and ensure that the recruitment process complies with local laws and regulations, the human resources department strictly reviews the background information of applicants during the recruitment process and requires them to submit relevant identification documents to ensure that their age meets the legal age. If the Group discovers that child labor has been employed by mistake, we will immediately take remedial procedures, and make the employee stop working in accordance with relevant policies and procedures, and then arrange for him/her to go to a nearby hospital for a physical examination to ensure that his/her health has not been affected by the work. We will also report relevant matters to the local labor authority and notify his/her families, and promise to thoroughly investigate the causes of misuse of child labor in accordance with relevant laws and internal requirements, so as to review and improve relevant policies and measures to prevent similar incidents from happening again.

Protecting the rights and interests of employees is one of the material issues for the Group to realize its social responsibility, so we strictly prohibit any form of forced labor. In order to eliminate the potential risk of forced labor, the Group requires all prospective employees to sign a labor contract before starting work, which specifies the relevant terms and conditions of employment, including wages, benefits, scope of work, etc., to ensure that they clearly understand the relevant information and work legally with voluntary employment. New employees are required to carefully read the Group's Staff Handbook to understand their working hours, overtime and overtime pay and other arrangements to prevent forced labor. If employees intend to resign, they must go through the resignation and dismissal procedures in accordance with the regulations in the labor contract and local laws, and terminate their employment contracts with the Group in a legal and reasonable manner.

PEOPLE-ORIENTED MANAGEMENT CULTURE

EMPHASIS ON FAIRNESS

Policies and Measures

Employee’s Code of Conduct
Recruitment and Dismissal System
Salary Payment Management System
Leave System

Purpose

Policies on recruitment and dismissal, remuneration, working hours, termination, equal opportunity, rest periods and other welfare are formulated to ensure that employees understand the rules and procedures of the Group’s employee system

Grievances and Complaints Management Measures
Employee Complaints Handling Procedures

In order to ensure that employees’ opinions and feelings are appealed, the Group has established corresponding complaints management policies and procedures to maintain a good two-way communication with employees

In a highly competitive industrial environment, China Ting Group believes that only by attracting and retaining high-end talents can it improve its own competitive advantage and provide necessary conditions for sustainable development. Therefore, we are devoted to creating a fair, just and diverse work platform, and providing competitive salaries and benefits to recruit talents and build up an excellent talent team. As a responsible employer, we continue to improve and update relevant employment management and personnel systems to ensure that the rights and interests of employees will not be violated or exploited, and are protected by relevant laws and regulations.

- **Recruitment and Remuneration**

In addition to basic compliance management requirements, the Group actively promotes employees to improve their personal work performance by way of encouragement. The Group’s Recruitment and Dismissal System and Salary Payment Management System clearly stipulate the management methods and systems of human resources in terms of recruitment, remuneration and work performance with strict requirements for compliance management. Among them, personnel from relevant departments can only be recruited and selected based on objective criteria such as the applicant’s educational background, work experience, interview performance, and job requirements. As for incentive policies, we will also regularly evaluate the personal and business performance of employees, and provide corresponding feedback based on the evaluation results and current market conditions to encourage them to continue to improve their work performance. If employees perform well, the Group will provide competitive remuneration packages to commend employees’ contributions, such as monthly comprehensive bonuses, rank allowances, annual safety awards, and triple vacation pay, etc.

PEOPLE-ORIENTED MANAGEMENT CULTURE

- **Rest Periods and Other Welfares**

The Group respects the labor rights and interests of employees, and formulates the Holiday System in accordance with the national and regional labor-related laws and regulations, and arranges holidays for employees in different positions. In addition to general national statutory holidays, employees of the Group are entitled to different types of paid leave, including annual leave, sick leave, wedding and funeral leave, maternity leave, etc., to meet the different needs of employees. In order to support and promote the work-life balance of employees, the Group also provides employees with additional subsidies for meals, apartment dormitories and travel, so as to enhance employee morale and cohesion, and build their sense of identity with the Group.

- **Equal Opportunity and Anti-discrimination**

The Group respects and welcomes people of different cultural backgrounds and genders to be part of the Group, so we actively promote equal opportunity and diversity in our business operations, and strive to create a working environment that respects and encourages each other. In order to prevent discrimination, harassment or differential treatment of employees or applicants in the working environment, the Group has listed relevant measures for equal opportunities and anti-discrimination in the Recruitment and Dismissal System to ensure that relevant employees or applicants will not have any discriminatory behavior or decision due to different factors such as race, skin color, nationality, religion, gender, age, marital status, pregnancy, disability, and medical condition, etc.

- **Grievance Channels**

The Group never tolerates or condones any form of illegal behavior, and has always been committed to maintaining a working environment of high integrity and ethics. Therefore, we encourage employees to make good use of mechanisms such as the Group's policies of Grievances Management Measures and Employee Complaints Handling Procedures when they encounter inappropriate behavior such as inequality, harassment, or discrimination during work, and resolutely protect their legitimate rights and interests. If it is confirmed after investigation that relevant employees or individuals have misbehaved, the Group will properly handle the relevant grievances in accordance with the procedures, and ensure that any person who is proven to have violated the code will be punished according to the seriousness of the cases.

PEOPLE-ORIENTED MANAGEMENT CULTURE

SAFEGUARDING HEALTH

Policies and Measures

Purpose

Rules and Regulations on Employees' Safety and Health Management Systems for Equipment and Facilities Safety	Strengthen the prevention of risks related to occupational health and safety, and protect the safety and health of employees and related persons
Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) Management System for the Use of Chemicals and Labor Protection Gears Emergency Plan for Chemical Leakage	Ensure that chemicals and other hazardous substances are properly handled to protect employees, while limiting the handling, usage, storage and disposal of relevant chemicals to maintain a safe working environment
Management System for Equipment Safety	Responsible for managing the daily inspection and maintenance of the production equipment of the subsidiaries to ensure that the equipment is functioning properly and to maintain a safe working environment
Emergency Medical Management System Fire Emergency Plan	In case of any employee injury or fire and other related safety accidents, we will provide employees with treatment process to ensure that we will take corresponding emergency measures according to the severity of the situation in a safe environment, and notify the fire or rescue organizations as soon as possible to escort the injured person to the nearby hospital for treatment

China Ting Group believes that establishing a safe and high-quality working environment is the basic responsibility of an employer, and promises to spare no effort to protect the health and safety of all employees. The Group has formulated and implemented a series of policies and measures related to employees' occupational health and safety, and the leading group for environmental hygiene and healthy and safe production of the Group is responsible for reviewing the Group's main existing and potential occupational safety and health risks, and continue to improve relevant mitigation strategies to ensure the effectiveness of relevant risk management.

PEOPLE-ORIENTED MANAGEMENT CULTURE

Due to the nature of the business, employees of the Group may need to contact or use chemicals during production and operation, so preventing chemical leakage and mitigating the severity of related accidents has become one of the Group's key concerns. The Group requires employees to carefully read the Rules and Regulations on Employees' Safety and Health, the Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) and the Management System for the Use of Chemicals and Labor Protection Gears to ensure that employees are familiar with the chemical hazards of and the related safety measures for the chemicals before using them. Meanwhile, we will provide employees with sufficient information, guidance and training in accordance with the Emergency Plan for Chemical Leakage, such as regular chemical leakage drills and safety trainings, and conduct evaluations to improve procedures to ensure that employees are familiar with the basic knowledge of and the emergency response arrangements for the accidents to reduce potential safety risks.

Department heads, dedicated safety personnel, team leaders and team safety personnel, new employees and migrant workers need to receive special trainings on health and safety. For example, through the "Three-level Safety Education" system, all employees are required to conduct regular fire-fighting drills and participate in fire evacuation drills twice a year to strengthen employees' capability of coping with emergencies.

Number of work-related fatalities occurred in the past three years (including the Reporting Period): 0

Lost days due to work injury: 0

ENCOURAGE GROWTH

Policies and Measures

Employee Training System

Purpose

Provide different types of training for personnel of different ranks and departments to meet the needs of employees in their positions, including induction training, on-the-job training, management training, etc.

In order to demonstrate China Ting Group's commitment to enable employees to give play to their talents, the Group actively invests resources in employee development, continues to improve relevant talent development and training programs, and encourages them to grow together with the Group. Meanwhile, in order to prepare employees for future business transformation, the Group has introduced more trainings related to sustainable development and new businesses. We will formulate an annual training plan for employees according to the established procedures in the Employee Training System to ensure that employees of different levels have access to training opportunities. Relevant departments need to continuously improve relevant training content based on market and industry trends and with reference to the factors such as past training results, feedback and management opinions, so as to help explore potential development areas, and strengthen the management and enhance the competitive advantages of the Group.

PEOPLE-ORIENTED MANAGEMENT CULTURE

The Group will also provide different types of internal trainings for personnel of different ranks and departments, including induction training, on-the-job training, and management training, etc., aiming at meeting the needs of employees in their posts. In addition to providing internal trainings, the Group also encourages employees to participate in external training courses to broaden their horizons and learning scope, so as to enhance cross-field observation and experience, and create higher value for themselves and the Group.

During the Reporting Period, 1,789 employees of the Group were trained with an average training hours of over 55.18 hours, representing an increase of approximately 12% as compared to the total average training hours of employees in the previous year.

QUALITY OPERATION MANAGEMENT

Policies and Measures

Production Standard Operating Procedures
Quality Manual

Purpose

Maintain high-quality production by setting up policies for standardized production procedures and clarifying the operation quality and level for employees

Customer Complaints Handling Procedures
Product Early Warning, Claims, Returns and
Complaints Information Procedures
Recall Procedures for Non-Conforming Products

Clear guidelines on the handling of complaints and the recall of non-conforming products to reduce the health and safety risks of customers and the public

Customer Privacy and Data Protection Systems
Customer Property and Privacy Protection
Procedures
Clients' Brands Protection and Control
Management System
Client-Related Process Control Procedures

Restrict employees' access to confidential information and customers' information through various systems and procedures, and specify relevant responsibilities to comprehensively reduce the risk of information leakage or infringement

China Ting Group is committed to providing innovative and sustainable quality products and services. In order to protect the Group's good reputation and maintain long-term relationship with customers, the Group has formulated a number of operation management measures and continuously reviews and optimizes the quality of related products and supplier management. Therefore, we are able to ensure that we can stably provide products and services that meet strict safety requirements to our customers on the basis of the Group's comprehensive compliance.

STRICT QUALITY CONTROL

With changes in factors such as times, trends, economies and lifestyles, customers' needs and requirements for products and services have also changed accordingly. In order to meet the diverse needs of customers and protect their safety at the same time, the Group adheres to the core value of providing quality services to customers wholeheartedly, continuously improves products, and creates and provides more diversified products and services under the goal of improving customers' life quality.

- **Quality Management**

The Group has established a sound project quality control mechanism, where the production department and quality inspection department are responsible for controlling and monitoring the production process and the quality of finished products. Relevant employees must also strictly follow the quality management system in the Production Standard Operating Procedures and implement product quality control measures, including various inspections and tests during the manufacturing process, so as to improve the performance of each production step from cutting, workshop, needlework, washing to packaging, etc. thereby ensuring that the product meets internal quality standards and customer requirements. Certain subsidiaries of the Group also have prepared a Quality Manual. Quality control personnel must follow the guidelines in

QUALITY OPERATION MANAGEMENT

the manual to conduct spot checks, measurements and analyzes on raw materials and finished products, and propose corresponding improvement measures and plans based on the results to ensure product quality condition meets the specific indicators required.

- **Customer Services**

The Group has multiple public communication channels in place to ensure that customers and the public can directly express their opinions and complaints to us, so that we can continue to improve and make continuous progress. Through relevant channels, we can collect customer opinions and understand their needs, so as to provide professional after-sales service. In order to continuously promote the continuous improvement of the Group's services, the Group has implemented the Customer Complaints Handling Procedures and set up a dedicated investigation team to be responsible for handling all matters related to customer complaints. The general manager will lead the investigation team and the managers of relevant departments to comprehensively analyze the reasons for and the responsibilities of the complaints, and recall unqualified products as soon as possible in accordance with the Product Early Warning, Claims, Returns and Complaints Information Procedures and the Recall Procedures for Non-Conforming Products. Moreover, this measure allows us to promptly take actions on the opinions raised by customers, which not only improves customer satisfaction, but also prevents similar issues from happening again.

During the Reporting Period, the Group did not receive any material customer complaints, nor was there any product recall due to product health and safety issues.

- **Protecting Customers**

Protection of rights and interests and network security have each become one of the issues of public concern in recent years, so the Group attaches great importance to network security performance and is committed to protecting personal privacy and intellectual property rights. In order to prevent the leakage of confidential content of the Group and the customers, including proprietary production technology, product design and contracts with customers, we have implemented a number of customer privacy and data protection policies and systems, and only authorized designated departments or personnel have access to related content. Certain subsidiaries have also established the Clients' Brands Protection and Control Management System, which prohibits visitors from taking pictures in the production area or sample showroom, and strictly manages and protects the rights and interests relating to customer brands, product accessories and trademarks to prevent customer information or designs from being infringed. In order to ensure that all departments of the Group put into practice the spirit of accountability, we have also formulated the Client-Related Process Control Procedures to specify relevant responsibilities to ensure that product design and services meet the requirements as agreed upon in the contracts with customers and reduce the risk of information leakage.

- **Advertising**

Due to the nature of the business, the Group believes that advertising does not have a significant impact on its daily operations. Therefore, no relevant policies and measures have been disclosed in this Report, and no non-compliance of laws and regulations related to advertising has been found.

SHARING VALUE

Policies and Measures

Purpose

Supplier Selection and Review Criteria
Procurement Control Procedures

Standardised source management system and procedures to regulate, assess and approve suppliers' product quality, handling and remedial measures for non-conforming products, after-sales services, etc.

Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility
Social Responsibility Agreement

Provide suppliers with clear social responsibility requirements to ensure that the suppliers which the Group cooperates with understand our emphasis on social responsibility and improve the social responsibility performance of the supply chain

China Ting Group has been endeavoring to integrate various ESG management elements into supply chain management, and is committed to sharing the value of sustainable development we believe in with the partners in the supply chain. We will regularly review and update the selection and review standards for and the procurement procedures with suppliers to select high-level, high-quality and legal and compliant suppliers and business partners, so as to prevent their performance from posing risks to the Group. We have also formulated and implemented relevant standardized source management systems and procedures, while putting ESG requirements in priority during the process of procurement to ensure stable and sustainable supply of major raw materials. If the quality of related products fails to meet the requirements of the Group and its customers, the supply qualifications of unqualified suppliers will be revoked and they will be replaced by other qualified suppliers.

The Group has put in place the policies and measures related to supplier management in accordance with the risk management system, and requires all suppliers to sign the Social Responsibility Agreement to reduce existing or potential risks in supplier management that may affect business operations. In order to strengthen the management and control of suppliers and improve their ESG performance, we will analyze, evaluate and manage the effectiveness and adequacy of relevant policies and measures, and conduct on-site visits to suppliers on a regular basis to evaluate relevant environmental and social performance under the goal of facilitating the continuous improvement of their environmental and social performance.

QUALITY OPERATION MANAGEMENT

During the Reporting Period, the Group had a total of 128 suppliers with approximately 99% of them located in Mainland China, and mainly supplying various raw materials necessary for the production while other suppliers are from Hong Kong and other regions in Asia.

HONEST OPERATION

Policies and Measures

Code of Work for Managers
Anti-Corruption and Anti-Bribery Control Program

Purpose

Standardize the code of business ethics for employees and completely eliminate improper trading activities including bribery, fraud, extortion and money laundering

China Ting Group has always adhered to the core value of honesty and integrity in its business operation with zero tolerance for all fraudulent activities. We strictly prohibit any form of corruption, including bribery, fraud, extortion, money laundering and other improper transactions, and are committed to pursuing a culture of integrity to ensure that the Group can maintain a high level of business integrity, honesty and transparency. In order to standardize the behavior of the Group's personnel, we have formulated the Code of Work for Managers and the Anti-Corruption and Anti-Bribery Control Program to establish a code of conduct for employees that is in line with business ethics. Employees in important positions and business partners are also required by the Group to sign the Anti-Bribery/Anti-Corruption Commitment and the Supplier's Anti-Bribery/Anti-Corruption Commitment to prevent related parties from violating the principle of fairness in business activities such as material procurement, engineering, sales and equipment purchase.

The Group has established clear reporting procedures to encourage employees or business partners to report suspicious behaviors and persons suspected of corruption or criminal offences. Whistleblowers can report misconduct to the Group through the anonymous reporting hotline according to the existing reporting procedures, and the Group also promises to handle all reports confidentially to protect whistleblowers from unfair treatment or retaliation. Depending on the severity of the case, we may choose to refer the case to relevant law enforcement authorities for criminal liability.

In order to enhance the anti-corruption awareness of the Group's employees, the Group organised 232 hours of various anti-corruption training for directors and employees during the Reporting Period.

COMPLIANT OPERATION

China Ting Group regards ensuring operational compliance as an important goal, and has always strictly complied with all applicable laws and regulations to avoid negative impact caused by the violation of laws and regulations, such as suspension of business operation, damage to reputation, penalties and lawsuits, etc. Faced with the tightening or adjustment of laws and regulations related to the garment industry in different countries, the Group must make timely changes to ensure local compliance. Therefore, through the Audit Committee, we are responsible for supervising the Group's performance in compliance with legal and regulatory requirements, while formulating and implementing a series of internal policies and systems, and submitting them to the board of directors for annual review of compliance performance to strengthen compliance management.

During the year, there were no cases of non-compliance in relation to ESG aspects of the Group and no concluded legal cases regarding corrupt practices brought against the Group or its employees. For details of the Group's ESG policies and compliance, please refer to Appendix IV.

CLEAN OPERATION

In recent years, under the threat of climate change, countries around the world have committed to “carbon neutrality” and “net zero emissions”, and major companies have also publicly proposed various carbon reduction plans to support the achievement of the goals. The Group will provide full support for the goals of “carbon peaking” and “carbon neutrality” in China and the goal of “carbon neutrality” of the government of Hong Kong Special Administrative Region, and strive to improve the efficiency of resource use, reduce carbon emissions, and contribute to the low-carbon transformation. Aiming to achieve sustainable development by protecting the environment and saving energy, the Group has established an environmental management system in line with its own business characteristics and environmental policies, formulates and implements challenging but achievable environmental goals and strategies, which will encourage the Group to continuously improve and manage relevant environmental performance, and mitigate climate change. During the Reporting Period, the Group actively monitored and managed emissions and use of resources, implemented various energy-saving and carbon-reducing policies and measures, and promoted the environmental protection awareness of employees to foster a culture of clean operation.

EMISSIONS

Policies and Measures

Purpose

Energy Management System

Set up guidelines for electricity consumption in operating sites and offices for guiding employees to reduce energy consumption in daily operations

Chemical Leakage Emergency Plan
Chemical Safety Management Program

Clarify relevant procedures and handling methods for collection of hazardous waste, as well as basic knowledge on handling leakage incidents to reduce potential safety risks

• GHG and Air Pollutant Emissions

The Group is committed to advocating energy saving and carbon reduction, and accelerates low-carbon transformation and clean operation by integrating carbon reduction and climate-related initiatives and actions into its entire production business. In order to reduce GHG and air pollutant emissions, the Group has formulated the Energy Management System, which sets up guidelines for electricity consumption in operating sites and offices for guiding employees to reduce the consumption of energy and other resources in daily operations. Management measures include:

- regular inspection and maintenance of electrical equipment to ensure electricity efficiency;
- requiring the equipment load rate to be maintained at above 40% to ensure efficient operation;

CLEAN OPERATION

- employees are required to receive relevant environmental management training when they join the Group to enhance their awareness of environmental protection;
- regularly cleaning and repairing the air-conditioning system to ensure efficient operation and longer service life;
- the air-conditioning temperature is recommended to be set at 24 to 26 degrees Celsius;
- requiring all employees to check and confirm that water, electricity, steam, etc. have been turned off after work;
- achieving paperless office, and encouraging employees to make full use of electronic files and communication equipment, to reduce the demand for and dependence on paper files;
- making greater use of online communication and remote working to accelerate digital transformation;
- reducing unnecessary business travel;
- requiring employees who need to use vehicles to register with the relevant departments by filling up a car-out order; and
- recommending employees to choose car-sharing as much as possible, so as to reduce the cost while reducing relevant emissions.

CLEAN OPERATION

During the Reporting Period, the total amount of carbon emissions generated by the Group was approximately 34,677 tonnes of carbon dioxide equivalent (tCO₂-e), representing a decrease of approximately 27.9% as compared with the previous year, which was mainly from the purchased electricity and heat used in the production process, of which the use of electricity and heat accounted for 21% and 61% of the total carbon emissions, respectively.

GHG Emissions	2022	2021³	Changes
Scope 1 — Direct GHG emissions (tCO ₂ -e)	4,547	5,741	-20.8%
Scope 2 — Energy indirect GHG emissions (tCO ₂ -e)	30,128	42,375	-28.9% ⁴
Scope 3 — Other indirect GHG emissions (tCO ₂ -e)	2	2	0%
Total emissions (tCO ₂ -e)	34,677	48,118	-27.9%
Emissions intensity (by turnover) (tCO ₂ -e/turnover in HK\$'000)	0.02	0.04	-50.8%

The Group's main sources of air pollutant emissions are the fossil fuels consumed by fixed equipment and vehicles. During the Reporting Period, due to the reduction of relevant business, personnel and the shutdown of certain production facilities, the emissions of nitrogen oxides, sulfur oxides and respiratory suspended particles in air pollutants reduced by approximately 26.5%, 3.1% and 27.1%, respectively, as compared with the previous year.

Air Pollutant Emissions	2022	2021⁵	Changes
Nitrogen oxides (kg)	2,419	3,291	-26.5%
Sulfur oxides (kg)	26	27	-3.1%
Respiratory suspended particles (kg)	168	231	-27.1%

³ Since the latest guidance for 2021–2022 (Energy Statistical Report System (2021 Statistical Annual Report and 2022 Periodic Statistical Report)) was used for calculation in 2022, the GHG emissions in 2021 have been updated and restated for comparison.

⁴ The reduction in emissions from purchased electricity was due to the reduction in electricity consumption. The working hours of certain operating sites were reduced as compared with 2021; as a result of the product structure, certain operating sites reduced the use of main power-consuming machinery; and certain operating sites implemented measures to limit the use of electricity.

⁵ Since the latest guidance for 2021–2022 (Energy Statistical Report System (2021 Statistical Annual Report and 2022 Periodic Statistical Report)) was used for calculation in 2022, the air pollutant emissions in 2021 have been updated and restated for comparison.

- **Waste**

In order to more effectively reduce hazardous and non-hazardous waste in the production process, the Group has continued to optimize its waste management policies and systems, strived to reduce the discharge at source and reuse resources, and advocated the concept of waste classification and recycling. All employees are required to carefully divide waste into hazardous waste and non-hazardous waste according to the guidelines, to ensure that all objects are classified and treated according to relevant laws and regulations before disposal.

Waste Category	Waste Type	Treatment Methods
Hazardous waste	Waste engine oil, wastewater, sludge and waste coatings	Hazardous waste are recorded, classified and stored in detail according to the Chemical Safety Management Program and the Chemical Leakage Emergency Plan before being handed over to a qualified hazardous waste collector for disposal.
Non-hazardous waste	Waste cartons, waste packaging bags and rags	Handing over to the relevant municipal departments or qualified recyclers for collection and treatment.

During the Reporting Period, the Group generated 1,248 tonnes of hazardous waste, representing a decrease of approximately 17.5% as compared to the previous year, which was mainly from the sludge generated by the sewage treatment system of China Ting Woolen Textile after sewage treatment. The weight of sludge included the sewage from other units in the treatment park, but the relevant data cannot be calculated separately. In addition, the Group generated approximately 276 tonnes of non-hazardous waste, representing a decrease of approximately 12.4% as compared to the previous year. Due to the reduction in production volume, the non-hazardous and hazardous waste generated by the Group both decreased during the Reporting Period.

In the future, the Group undertakes to set long-term goals for waste reduction, formulate and implement more relevant policies and measures, and actively promote waste recycling to employees from various aspects, such as strengthening the trainings on relevant sustainable development and waste management, and educating employees on the concept of resource recycling, thereby exerting joint efforts to contribute to environmental protection.

CLEAN OPERATION

- **Wastewater**

Due to the characteristics of the industry, the operations of the Group would generate a substantial amount of wastewater, including production wastewater and domestic sewage discharged from various operating sites and offices. Therefore, the Group actively promotes the recycling and reuse of water resources in its operations, and properly treats wastewater through effective sewage treatment systems and measures, while improving the efficiency of using water resources. China Ting Woolen Textile under the Group has launched the sewage treatment system to treat and then recycle part of the factory sewage through the sewage treatment process, with a reuse rate of higher than 70%. During the Reporting Period, the Group generated approximately 62,783 tonnes and 566,803 tonnes of domestic wastewater and industrial wastewater, and the Group will treat the relevant wastewater to ensure that the treated wastewater meets the corresponding standards of the Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry and is suitable for use in production process, and can be reused for production workshops, printing and dyeing workshops or for greening and irrigation.

USE OF RESOURCES

The Group is committed to avoiding excessive use of natural resources and improving resource efficiency by continuously integrating various types of environmental protection actions into daily operations. In order to effectively achieve the goals of energy saving, water saving, and waste reduction, the Group has formulated the Energy Management System and implemented a series of related resource management measures to cultivate employees' habits to make good use of resources. For details, please refer to the section headed "Emissions".

- **Energy**

The Group has been promoting sustainable development with practical actions. In addition to actively using renewable energy such as solar energy and photovoltaic power generation, certain subsidiaries have also established energy management teams to be responsible for formulating and implementing energy management measures and annual energy-saving tasks, and regularly reviewing the effectiveness of relevant policies and measures, so as to achieve the highest energy efficiency and return.

CLEAN OPERATION

During the Reporting Period, the total energy consumption of the Group's operating sites was 84,976 MWh equivalent, of which, the Group's main energy sources were purchased electricity and heat, which amounted to 15,343 MWh and 53,572 MWh equivalent, accounting for 18% and 63% of the total energy consumption, respectively. The total energy consumption decreased by approximately 29.8% as compared with the previous year, which was mainly due to the decreases of approximately 14.6% and 33.5% in purchased electricity and heat. Meanwhile, the Group generated approximately 2,442 MWh of electricity in total from solar and photovoltaic power generation during the Reporting Period.

Energy Type		2022	2021 ⁶	Changes
Direct Energy	Gasoline (MWh equivalent)	660	745	-11.4%
	Diesel (MWh equivalent)	330	332	-0.6%
	Liquefied petroleum gas (MWh equivalent)	185	121	+52.9%
	Natural gas (MWh equivalent)	12,445	18,545	-32.9%
	Liquefied natural gas ⁷ (MWh equivalent)	—	—	N/A
	Biomass fuel ⁸ (MWh equivalent)	—	204	N/A
	Indirect Energy	Purchased electricity (MWh)	15,343	17,962
Purchased heat (MWh equivalent)		53,572	80,523	-33.5%
Renewable Energy	Solar and photovoltaic power generation (MWh)	2,442	2,678	-8.8%
Total energy consumption (MWh equivalent)		84,976	121,110	-29.8%
Energy intensity (by turnover) ((MWh equivalent/turnover in HK\$'000)		0.05	0.1	-51.1%

⁶ Since the latest guidance for 2021–2022 (Energy Statistical Report System (2021 Statistical Annual Report and 2022 Periodic Statistical Report)) was used for calculation in 2022, the energy consumption in 2021 have been updated and restated for comparison.

⁷ No liquefied natural gas was used during the Reporting Period.

⁸ No biomass fuel was used during the Reporting Period.

CLEAN OPERATION

- **Water Resources**

The Group's business requires a substantial amount of water, which is mainly obtained from the municipal water supply facilities, with no problem in obtaining water sources. Even so, the Group believes that a good company should undertake its environmental responsibilities. Therefore, in addition to building sewage treatment systems for water recycling in practice, we have also formulated the following water-saving measures to enhance employees' water-saving awareness under the goal of reducing the unit water consumption in production.

- requiring all employees to check and confirm that water has been turned off after work to prevent waste of water resources;
- regularly inspecting tap water pipes, water cage heads and other facilities to avoid water dripping and leakage; and
- monitoring water consumption on a regular basis to identify leakage problems in a timely manner and repair them as soon as possible.

During the Reporting Period, the Group's total water consumption and water consumption intensity were 680,517 cubic meters and 0.38 cubic meters/turnover in HK\$'000, representing decreases of approximately 6.4% and 62.4% respectively over the previous year.

- **Packaging Materials**

In order to reduce the packaging materials used, the Group has continuously improved its packaging methods, including changing from a pack of one piece to a pack of five, ten, thirty, and fifty pieces. During the Reporting Period, the total amount of packaging materials of the Group further reduced from 221 tonnes in the previous year to 122 tonnes, representing a decrease of approximately 44.8%.

In the coming year, the Group will keep in line with the trend of low-carbon transformation in the society, and promises to explore the best path for carbon reduction, further set long-term environmental goals in terms of emissions reduction, energy saving, water conservation and waste reduction, formulate relevant action plans, and strengthen emissions and resources management, and put into practice green production and office, thereby leading the Group towards sustainable development while improving product quality.

THE ENVIRONMENT AND NATURAL RESOURCES

Due to the nature of the industry, the Group needs to use a substantial amount of precious natural resources such as raw materials, water and energy. The Group recognizes that resources are not inexhaustible, and at the same time, the production process is more likely to have potential impacts on the surrounding environment and natural resources. The Group undertakes to gradually strengthen the management of resources such as raw materials, water, energy and chemicals in a multi-pronged manner, actively explore renewable energy and the prevention and control technologies for environmental pollution, and monitor, review and lower the negative impact of its operations and products on the environment.

In order to enhance employees' awareness of environmental safety and prevent chemical leakage accidents, the Chemical Leakage Emergency Plan of the Group specifies all emergency plans, procedures and handling methods for chemical leakage accidents. All employees are required to participate in relevant exercises on a regular basis to improve the level of leakage control, so as to effectively control leakage and organize rescue in the event of an emergency, and prevent the leakage from affecting the surrounding environment, including air, land, water and related personnel or resulting in casualties. In order to effectively identify potential environmental impacts and risks related to the environment and natural resources, the Group uses different innovative technologies to conduct environmental risk assessment and analysis for business operations to help plan and formulate appropriate measures to reduce pollutant emissions during product development and manufacturing processes.

CLIMATE CHANGE

The impact of global climate change and related environmental issues has been increasingly obvious. The Group will spare no effort to cooperate with the government to jointly address the challenge of climate change, identify and manage climate risks related to business operations, and capture the opportunities brought about by the low-carbon economy. In order to ensure that carbon reduction strategies and the measures in response to climate change can be clearly communicated to every level of business operations, the Group has formulated the Climate Change Policy with three orientations: "Mitigation", "Adaptation and Resilience" and "Communication" as management policy and strategy, to reduce carbon emissions generated during operations and identify the risks or opportunities derived therefrom, so as to improve its resilience and adaptability to climate change. All employees are required to abide by this policy and actively carry out various carbon reduction actions. Looking ahead, the Group will strengthen the risk management of climate change, consider and identify the major risks brought about by climate change, and devote more resources to formulate relevant action plans and mitigation measures to contribute to addressing climate change and related environmental issues.

CONNECTING WITH COMMUNITY

As a responsible player in the fashion industry, the Group is committed to upholding the spirit of benevolence and charity, and continues to consolidate and promote corporate social responsibility work. During the Reporting Period, the Group concentrated its resources on education development to fulfill its social responsibility obligations with a view to giving bringing positive influence to the society by virtue of its own strength. Since 2017, in order to support the development of education and encourage educators in schools, the Group has established the “China Ting Education Contribution Award” and “China Ting Teacher Moral Award” in Zhejiang Sci-Tech University, with a total amount of RMB1.5 million. In addition, in order to promote the all-round development of the students in terms of “morality”, “intellect” and “physique”, the Group established the “China Ting Scholarship” in Guizhou Tianzhu Ethnic School for a period of 10 years (2019–2028), according to which, a total of RMB60,000 is provided every year to recognize and reward students from poor families but excellent in character and study.

Going forward, the Group undertakes to continue to try its best and spare no effort to contribute to the community in various ways, set footprints in more fields of public welfare and charity, and actively develop social public welfare undertakings to promote the sustainable development of the community.

APPENDICES

APPENDIX I: ENVIRONMENTAL PERFORMANCE

	Unit	2022	2021 ⁹	2020
GHG emissions¹⁰				
Scope 1 — Direct GHG emissions ¹¹	tCO ₂ -e	4,547	5,741	535
Scope 2 — Energy indirect GHG emissions ¹²	tCO ₂ -e	30,128	42,375	33,371
Scope 3 — Other indirect GHG emissions ¹³	tCO ₂ -e	2	2	8
Total emissions	tCO ₂ -e	34,677	48,118	33,914
Emissions intensity	tCO ₂ -e/turnover in HK\$'000	0.020	0.040	0.030
Waste				
Total hazardous waste generated ¹⁴	tonnes	1,248	1,512	193
Hazardous waste intensity ¹⁵	tonnes/turnover in HK\$'000	0.010	0.011	0.0002
Total non-hazardous waste generated	tonnes	276	315	487
Non-hazardous waste intensity	tonnes/turnover in HK\$'000	0.0002	0.0004	0.0004

⁹ Since the latest guidance for 2021–2022 (Energy Statistical Report System (2021 Statistical Annual Report and 2022 Periodic Statistical Report)) was used for calculation in 2022, the GHG emissions, energy consumption and air pollutant emissions in 2021 have been updated and restated for comparison.

¹⁰ The calculation method and emission factor refer to the “Reporting Guidance on Environmental KPIs” set out in Appendix II to “How to prepare an ESG Report” of the HKEX; the emission factor of purchased electricity refers to the “Accounting Methods and Reporting Guidelines for Enterprises on Greenhouse Gas Emissions Power Generation Facilities (2022 Revision)” (0.5810 tCO₂-e/MWh), and the heat emission factor is 0.11 tCO₂-e/GJ.

¹¹ Scope 1 mainly comes from the consumption of gasoline and diesel by vehicles, the burning of natural gas and liquefied petroleum gas by fixed equipment, as well as the refrigerant used by production equipment and the fire extinguishing agent in the fire extinguishing system.

¹² Scope 2 mainly comes from purchased electricity and heat used in the production process.

¹³ Scope 3 mainly comes from the business travels of the Group’s employees by plane.

¹⁴ Mainly including the sludge produced by the sewage treatment system of China Ting Woollen Textile, the weight of which includes the sewage of other units in the treatment park, but the relevant data cannot be calculated separately.

¹⁵ Hazardous waste mainly represents the sludge of China Ting Woollen Textile, so the turnover of China Ting Woollen Textile was used to calculate the density.

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	Unit	2022	2021 ⁹	2020
Air pollutant emissions¹⁶				
Nitrogen oxides	kg	2,419	3,291	798
Sulphur oxides	kg	26	27	30
Respiratory suspended particles	kg	168	231	31
Energy consumption				
Direct energy¹⁷				
Gasoline	MWh equivalent	660	745	718
Diesel	MWh equivalent	330	332	366
Liquefied petroleum gas	MWh equivalent	185	121	104
Natural gas	MWh equivalent	12,445	18,545	—
Liquefied natural gas ¹⁸	MWh equivalent	—	—	74
Biomass fuel ¹⁹	MWh equivalent	—	204	—
Indirect energy				
Purchased electricity	MWh	15,343	17,962	13,165
Purchased heat	MWh equivalent	53,572	80,523	63,987
Renewable energy				
Solar power generation	MWh	2,442	2,678	4,081
Total energy consumption	MWh equivalent	84,976	121,110	82,495
Energy intensity	MWh equivalent/turnover in HK\$'000	0.05	0.10	0.071

¹⁶ The calculation method and emission factor refer to the "Reporting Guidance on Environmental KPIs" set out in Appendix II to "How to prepare an ESG Report" of the HKEX; and the preset sulfur content in the "Technical Guidelines for the Compilation of the List of Air Pollutant Emissions for Motor Vehicles on Road" was used to calculate the emissions from vehicles, and the sulfur content of gasoline and diesel is 50 ppm and 350 ppm, respectively.

¹⁷ The average low calorific value in the "Energy Statistical Report System (2021 Statistical Annual Report and 2022 Periodic Statistical Report)" was used for calculation.

¹⁸ No liquefied natural gas was used during the Reporting Period.

¹⁹ No biomass fuel was used during the Reporting Period.

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	Unit	2022	2021 ⁹	2020
Water consumption				
Total water consumption	cubic meters	680,517	727,307	688,521
Water consumption intensity	cubic meters/turnover in HK\$'000	0.38	1.01	0.61
Office paper consumption²⁰				
Paper consumption	tonnes	49	—	—
Paper consumption intensity	tonnes/turnover in HK\$'000	0.00003	—	—
Packaging materials				
Waste cartons	tonnes	90	186	—
Waste packaging bags	tonnes	23	26	—
Scrap iron	tonnes	9	9	—
Total packaging materials	tonnes	122	221	1,112
Intensity	tonnes/turnover in HK\$'000	0.0001	0.0003	0.001

²⁰ This was a disclosure item newly added in 2022.

APPENDICES

APPENDIX II: SOCIAL PERFORMANCE

Number of employees ²¹		2022
Gender	Male	809
	Female	1,532
Age group	Aged below 31	201
	Aged between 31–50	1,632
	Aged above 51	508
Rank	Senior management	39
	Middle management	94
	General employees	2,208
Employment type	Full-time	2,341
Region	Mainland China	2,341
Total number of employees		2,341

Turnover number and rate of employees ²²		2022
Gender	Male	103 (12.73%)
	Female	243 (15.86%)
Age group	Aged below 31	64 (31.84%)
	Aged between 31–50	208 (12.75%)
	Aged above 51	74 (14.57%)
Region	Mainland China	346 (14.78%)
Total turnover number and rate of employees		346 (14.78%)

²¹ Total number of employees at the end of the Reporting Period.

²² Turnover rate of employees (percentage) = turnover number of employees in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

Number of workers died or injured in course of duty		2022
Number of work-related fatality ²³		0
Number of employees injured at work		0
Injury rate (per thousand employees)		0%
Lost days due to work injury		0

Percentage of employees trained ²⁴		2022
Gender	Male	72.93%
	Female	78.26%
Rank	Senior management	71.79%
	Middle management	70.21%
	General employees	76.77%
Total percentage of employees trained		76.42%

Average training hours of employees ²⁵		2022
Gender	Male	54.14
	Female	55.73
Rank	Senior management	13.44
	Middle management	14.70
	General employees	57.64
Average training hours of employees		55.18

²³ The Group has no work-related fatalities in the past three years, including 2022.

²⁴ Percentage of employees trained (percentage) = number of employees trained in the particular category/total number of employees in the particular category at the end of the Reporting Period x 100%.

²⁵ Average training hours of employees = total training hours of the employees in the particular category/total number of employees in the particular category at the end of the Reporting Period.

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Number of suppliers by geographical region		2022
Mainland China		125
Hong Kong		2
Other regions in Asia		1
Total		128

Number of suppliers certified		2022
ISO 9001		7
ISO 14001		2
OHSAS 8000		1

Anti-corruption training		2022
Total training hours on anti-corruption		232
Percentage of employees who received anti-corruption training		
Rank	Senior management	7.69%
	Middle management	11.70%
	General employees	7.79%
Total		7.95%

Average training hours on anti-corruption		2022
Rank	Senior management	0.13
	Middle management	0.20
	General employees	0.094
Total		0.10

APPENDIX III: REPORT CONTENT INDEX

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A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	33
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	16-17, 25, 45
B1.1	Total workforce by gender, employment type (full-time or part time), age group and geographical region	38
B1.2	Employee turnover rate by gender, age group and geographical region	38
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	18-19, 25, 45
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	19, 39
B2.2	Lost days due to work injury	19, 39
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	18-19

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B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	19-20, 45
B3.1	The percentage of employees trained by gender and employee category	20, 39
B3.2	The average training hours completed per employee by gender and employee category	20, 39
B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	15, 25, 45
B4.1	Description of measures to review employment practices to avoid child and forced labor	15
B4.2	Description of steps taken to eliminate such practices when discovered	15
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	23-24, 46
B5.1	Number of suppliers by geographical region	24, 40
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	23, 40
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	23
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	23

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B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	21-23, 25, 46
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	22
B6.2	Number of products and services related complaints received and how they are dealt with	22
B6.3	Description of practices relating to observing and protecting intellectual property rights	22
B6.4	Description of quality assurance process and recall procedures	21-22
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	22
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	24-25, 46
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	25
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	24
B7.3	Description of anti-corruption training provided to directors and employees	24, 40
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	8, 34
B8.1	Focus areas of contribution	34
B8.2	Resources contributed to the focus area	34

APPENDIX IV: LAWS AND REGULATIONS COMPLIANCE BY THE GROUP

Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
Employees	Employment	Employee's Code of Conduct Recruitment and Dismissal System Salary Payment Management System Leave System Grievances and Complaints Management Measures Employee Complaints Handling Procedures	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China
	Health and Safety	Rules and Regulations on Employees' Safety and Health Management Systems for Equipment and Facilities Safety Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) Management System for the Use of Chemicals and Labor Protection Gears Chemical Leakage Emergency Plan Emergency Rescue System on Production Safety Incidents Emergency Medical Procedures for Work-related Injuries/Accidents Emergency Medical Management System Fire Emergency Plan	Production Safety Law of the People's Republic of China Occupational Disease Prevention and Control Law of the People's Republic of China Work Injury Insurance Regulations Social Insurance Law of the People's Republic of China
	Development and Training	Employee Training System	N/A
	Labor Standards	Social Responsibilities Management System Child Labor Remediation Management Rules Staff Handbook	Labor Contract Law of the People's Republic of China Law of the People's Republic of China on the Protection of Minors Provisions on Prohibition of Child Labor

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Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
Operation	Supply Chain Management	Supplier Selection and Review Criteria Procurement Control Procedures Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility Social Responsibility Agreement	N/A
	Product Responsibility	Production Standard Operating Procedures Quality Manual Recall Procedures for Non-Conforming Products Product Early Warning, Claims, Returns and Complaints Information Procedures Customer Complaints Handling Procedures Customer Privacy and Data Protection Systems Customer Property and Privacy Protection Procedures Clients' Brands Protection and Control Management System Client-Related Process Control Procedures	Contract Law of the People's Republic of China Advertising Law of the People's Republic of China Tort Liability Law of the People's Republic of China Trademark Law of the People's Republic of China
Business ethics	Anti-corruption	Code of Work for Managers Anti-Corruption and Anti-Bribery Program Anti-Bribery/Anti-Corruption Commitment Supplier's Anti-Bribery/Anti-Corruption Commitment	Criminal Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-unfair Competition Law of the People's Republic of China Tendering and Bidding Law of the People's Republic of China

Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
Environment	Emissions	Energy Management System Chemical Leakage Emergency Plan Chemical Safety Management Procedures Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry	Environmental Protection Law of the People's Republic of China Water Pollution Prevention and Control Law of the People's Republic of China Environmental Noise Pollution Prevention and Control Law of the People's Republic of China Solid Waste Pollution Prevention and Control Law of the People's Republic of China China's Guidelines for Accounting and Reporting Greenhouse Gas Emissions — Other Industrial Enterprises ISO14064-1 GHG Protocol
	Use of Resources	Energy Management System	N/A
	The Environment and Natural Resources	Chemical Leakage Emergency Plan Chemical Safety Management Procedures	N/A
	Climate Change	Climate Change Policy	N/A

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