



**GLORIOUS SUN ENTERPRISES LIMITED**

(Incorporated in Bermuda with limited liability) (Stock Code:393)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 環境、社會及管治報告

# 2022



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# 1. About this Report

Glorious Sun Enterprises Limited (“GSE”) (stock code: 393) was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in September 1996. Our major lines of business are financial investments, interior decoration and renovation, and export and retail of casual wear. GSE and its subsidiaries (the “Group”) are guided by a mission in providing quality products and services with added value, as well as investing in high quality financial products to secure stable profits. We strive to satisfy the needs of customers, to provide opportunities for our staff to excel, to deliver reasonable and profitable returns to shareholders, and to grow and succeed with our partners. The Group's ultimate goal is to repay society and create maximum value for the community.

The Group's interior decoration and renovation business is operated by Shijiazhuang Changhong Building Decoration Engineering Company Limited (“Changhong”), while the export business is operated by Pacific Potential Trading Company Limited (“Pacific Potential Trading”) and Rand Design Limited. Jeanswest, the Group's fashion brand, has retail outlets in Hong Kong, and operates overseas franchising businesses in South East Asia and the Middle East.



- Changhong provided construction services to NIO House at Hanxi Changlong, Guangzhou (Credit: NIO)

## Key Disclosure Aspects

To ensure a concise, equitable and clear view of the Group's environmental, social and governance performance, this Report only focuses on sustainability matters which are material to the Group and stresses the challenges and achievements during the reporting period.

Such material matters and scope of the Report were determined based on the following considerations:

- Disclosure frequency of industry peers;
- Stakeholders' choice and feedback; and
- Potential impact of the matter on business.

## Contact Information

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## 2. The Board's Responsibility and Governance Structure

The Board of Directors of GSE (the “Board”) takes full responsibility for the sustainable development strategies, evaluating, reporting and determining the risk of environmental, social and governance (“ESG”) matters of the Group, and also ensures that there is an appropriate and effective risk management and internal control system of ESG matters. The Group has set up an ESG Team (the “ESG Team”), which comprises directors, senior management and employees’ representatives. The ESG Team is to assess, prioritise, provide suggestions on the effectiveness of the sustainable development strategies and policies of the Group, and to report to the Board regularly for reviewing on its operation and the progress of the relevant goals and targets of ESG matters.

### Reporting Standards and Scope

This Environmental, Social and Governance Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange. This Report outlines our ESG initiatives during the period from 1 January 2022 to 31 December 2022 and their progress. For the sake of brevity, “2021” and “2022” in this Report stand for the year ended 31 December 2021 and the year ended 31 December 2022 respectively. The data of “2021” are presented for comparison and reference.

This Report covers the Group's core business activities in Hong Kong and Mainland China, including financial investments, interior decoration and renovation, export and retail of casual wear. This Report highlights the Group's sustainability efforts in the following areas:

- Environmental aspect (emissions, use of resources, environmental and natural resources, climate change); and
- Social aspect (employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment).

The Group's financial investment business does not involve any industrial operations and is carried out in the Hong Kong office and online. Since the number of staff involved is insignificant when compared with the total number of staff in the Group with their business travels kept to a minimum, the emissions and office resource usage of the business are therefore immaterial.

A detailed ESG content index is provided at the end of this Report for easy reference.

This Report has been reviewed and approved by the Board.

### 3. Environmental Protection

Delivering on a mission of sustainable development, the Group adheres to all applicable laws and regulations on environmental protection. Internal guidelines are also in place to foster interest in environmental issues among our staff. By promoting green awareness and responsibility, we have created a positive milieu for the entire workforce to care about the environment and engage in green initiatives.

#### EMISSION

##### Emission Targets and Steps Taken by Interior Decoration and Renovation Business

Changhong has set a target of reduction of greenhouse gas emission and waste: to control carbon emission at 30KG per RMB10,000 revenue, and to improve target attainment rate of waste recycling, waste reduction and waste management. To meet these targets, Changhong has taken the following steps:

- Provide training and promotion among staff to raise staff awareness of energy saving and waste reduction.
- Promote the use of green, recyclable and renewable materials.
- Arrange production in an efficient manner, optimise construction process to increase production efficiency.
- Promote green travel by reducing the use of sedans and motorcycles.

##### Using High Technology to Foster Conservation in Interior Decoration and Renovation Business

Changhong employs advanced, cost effective and environmental friendly technologies that comply with the industrial policies in Mainland China. Renovation and packaging require various materials including composite boards, carton boxes, timbers, plastics and metals. In 2022, Changhong used 4,727 paper carton boxes (2021: 820 paper carton boxes), 23,850 rolls of plastic tape (2021: 19,247 rolls) and 1 tonne of paint buckets (2021: 1 tonne). The increased use of carton boxes and plastic tapes owed to the fact that various renovation projects of Changhong were speeded up in 2022. Changhong puts a priority in using green materials, reducing the emission of hazardous gas, promoting prefabricated construction and green construction methods.

##### Emission Targets and Steps Taken by Offices, Retail Stores and Staff Quarters

The Group's apparel retail business and financial investment business did not generate any significant hazardous waste. The Group set a target of reducing greenhouse gas emission and waste for the offices and staff quarters in 2022: to maintain carbon emission at a level no higher than the previous year. The Group took the following steps to meet the target:

## Managing Carbon Emission

To manage energy saving and emission reduction efforts systematically, carbon emissions of the Group's corporate activities were calculated with Activity-based Carbon Footprint Modelling (ACFM), a licensed system jointly developed by the Hong Kong Research Institute of Textiles and Apparel (HKRITA) and the Clothing Industry Training Authority (CITA) with funding from the Innovation and Technology Commission. We also encouraged our suppliers in Mainland China to use this management system.

### Scope of carbon emission statistics:

	Region/Business	Coverage	Statistics
1	Hong Kong	Offices, retail stores	Consumption data of natural gas, Liquefied Petroleum Gas (LPG), petrol, diesel, water and electricity were recorded and calculated with ACFM system
2	China Headquarters	Offices, staff quarters	
3	Changhong	Offices, factories	

### Total Carbon Dioxide Equivalent (CO<sub>2</sub>e) arising from Natural Gas, LPG, Petrol, Diesel, Water and Electricity Consumption:

Greenhouse gas emissions calculated with the ACFM system are expressed in carbon dioxide equivalent (CO<sub>2</sub>e). CO<sub>2</sub>e refers to the amount of CO<sub>2</sub> by weight, emitted into the atmosphere that would produce the same global warming potential as that of a given weight of other greenhouse gases being emitted. CO<sub>2</sub>e converts each greenhouse gas emitted to a common source in terms of carbon dioxide for comparison.

Scope 1: Direct Emissions from Business (Tonne CO <sub>2</sub> e)			
Business	Year	2021	2022
Hong Kong retail stores		24	16
Changhong		1,180	1,502
<b>Total</b>		<b>1,204</b>	<b>1,518</b>

Scope 2: Indirect Emissions within the Group (Tonne CO <sub>2</sub> e)			
Region / Business	Year	2021	2022
Hong Kong offices		13	12
China Headquarters		65	64
Changhong		390	1,902
<b>Total</b>		<b>468</b>	<b>1,978</b>

The increased direct emissions from business of and indirect emissions from Changhong owed to the fact that various renovation projects of Changhong were speeded up in 2022. Moreover, due to the COVID-19 pandemic in Mainland China, Changhong staff had to stay in the industrial park and caused the increase of indirect emissions from Changhong.

For the interior decoration and renovation business, the exhaust fumes resulted from spray paint and paint drying in the industrial park were collected and treated with pulse filter cartridge dust collector, two-tier filtering, an activated charcoal absorber (concentrated) and desorption-catalytic combustion equipment system. The fumes, after processing, met the emission safety standard and kept the impact of volatile organic compounds (VOCs) to the surroundings to the minimum.

Furthermore, paint residues left by the spray paint process was collected by waste management plant which was qualified by the Mainland government for treating hazardous waste. In 2022, 1 tonne of paint residues (2021: 1 tonne) was collected.

For the apparel retail business, Jeanswest employed logistic suppliers who used Euro 5 Standard vehicles. Euro 5 Standard vehicles emitted less greenhouse gas than other vehicles for similar use. Moreover, Jeanswest was committed to minimising the frequency of product transfer to reduce the emission of greenhouse gas – each item sold was limited to 2 transfers of locations.

## USE OF RESOURCES

### Electricity Consumption Targets and Steps Taken by Offices, Retail Stores, Staff Quarters and Interior Design and Renovation Business

The Group set a target of reducing electricity consumption for the offices, retail stores, staff quarters and interior design and renovation business in 2022: to maintain electricity consumption at a level no higher than the previous year. The Group took the following steps to achieve the target:

- Energy saving LED tubes were installed in our offices, retail stores and staff quarters. LED lighting had many advantages, such as operating on low-voltage power, low energy consumption, high adaptability and stability, quick response time, non-polluting and a range of coloured lights.
- The central air-conditioning system of the Mainland China Headquarters was upgraded to save energy.
- Smart environment control system was implemented in Changhong headquarters office area, Demo Centre and Changhong Startup Space to monitor and remotely control the lighting system and energy usage. The luminance of the lighting system could be adjusted according to the environment to prevent energy wastage.
- The central air-conditioning of Changhong Industrial Park was adjusted to suitable temperature to save energy.
- Internal guidelines were disseminated to staff to remind them to turn off lights and electronic devices before they left.

Electricity Consumption (kWh)		
Region / Business \ Year	2021	2022
Hong Kong	100,679	71,669
China Headquarters	81,994	77,175
Changhong	1,304,496	2,853,398
<b>Total</b>	<b>1,487,169</b>	<b>3,002,242</b>

The increased electricity consumption by Changhong owed to the fact that various renovation projects of Changhong were speeded up in 2022. Moreover, due to the COVID-19 pandemic in Mainland China, Changhong staff had to stay in the industrial park and caused the increase of electricity use.



## Water Consumption Targets and Steps Taken by Offices, Staff Quarters and Interior Design and Renovation Business (Mainland China only)

In 2022, the Group did not face any issues in sourcing water fit for its purpose.

The Group set a target of water consumption for the offices, staff quarters and interior design and renovation business in 2022: to maintain water consumption at a level no higher than the previous year. The Group implemented the following measures/policies to conserve water:

- Adopt water-saving production methods and machinery.
- Inspect concealed water pipes regularly for preventing leakage or damage. Inspect internal water supply systems and promptly repair any malfunctioning water tanks, faucets and other water supply facilities.
- Set flushing and washing devices to the lowest water level to avoid fresh water overflow during operation.
- Shut off water supply systems during the night and on holidays.
- Put up posters to remind employees to conserve water.

Water Consumption (Tonne)		
Region / Business \ Year	2021	2022
China Headquarters	2,121	1,712
Changhong	13,516	23,234
<b>Total</b>	<b>15,637</b>	<b>24,946</b>

\* Some retail stores in Hong Kong operated in department stores or shopping malls where water supply and discharge were controlled by the building management, so the retrieval of the relevant data was not feasible.

Due to the COVID-19 pandemic in Mainland China, Changhong staff had to stay in the industrial park and caused the increase in water consumption. The increased use of water also owed to the fact that various renovation projects of Changhong were speeded up in 2022.

## WASTE MANAGEMENT AND RESOURCE RECYCLING

### Paperless Office and Reducing Rubbish Bag Consumption at Offices

The Group set forth a paperless office policy. Staff members were requested to minimise paper reports, communicate by email, sign out documents with e-signatures and use recycled paper. We also introduced guidelines on reducing paper consumption to help our staff use less paper. Meanwhile, only deskside rubbish bins were allocated and rubbish bags were recycled and reused.

### Sorting Waste to Reduce Pollution

The Group implemented waste sorting in the Mainland China headquarters. Four types of recycle bins for “food waste”, “recyclables”, “other garbage” and “hazardous waste” were set up in the site to promote resource recycling and to reduce environmental pollution.

### Using High Technology to Foster Conservation in Interior Decoration and Renovation Business

Changhong integrated Building Information Modelling, cloud computing for commercial shops and “big data” to achieve informatization and intelligence of commercial shop construction management. With such advanced construction technology, efficiency was enhanced, cost and project duration were compressed, thus achieving environmental benefits.

## **Reducing Plastic Bags Use in Retail and Export Businesses**

As an apparel retailer, the use of plastic bags as shopping bags or packaging materials was inevitable. Since the launch of Environmental Levy Scheme on Plastic Shopping Bags by the Hong Kong Government, the Group reduced the use of plastic bags. The environmental awareness of local consumers also increased. They brought their own shopping bags and therefore the Group's Jeanswest business used fewer plastic bags. In 2022, Jeanswest used 8,497 plastic bags (2021: 14,993 plastic bags) and 2,927 carton boxes (2021: 3,456 carton boxes). For the export business, the Group reduced the use of carton boxes and paper pallets in order to reduce the impact on the environment. The group used 11,150 carton boxes (2021: 12,800 carton boxes) and 1,450 paper pallets (2021: 1,997 paper pallets) in 2022.

## **Promoting Vegetarian Diet to Reduce Polluting Emissions**

A low-meat or vegetarian diet, given its contribution to saving earth resources for animal husbandry, was a practical step for low carbon living. The Group made keen efforts to promote a healthy vegetarian diet. To encourage staff to eat less meat, the staff canteen in Huizhou served only vegetarian meals every Wednesday while vegetarian lunch box option was offered to the staff in Hong Kong every day. Not only did this initiative raise awareness for healthy eating, it also played a part in global carbon reduction.

## **Climate Change**

The Group acknowledged that climate change would impact humanity and firmly believed that it was the responsibility of every corporation to contribute fighting against climate change. Climate change could induce extreme weather conditions like typhoons, rainstorms and flooding which would affect business of the Group. Governments around the world were reacting towards climate change, and would lead to more laws and regulations on environmental protection and emissions control, and such laws and regulations might affect the business of the Group.

The Group constantly identifies and analyses the risks and opportunities associated with climate change and takes such factors into consideration in the formulation of business strategies. It is the policy of the Group to adopt energy-efficient and environmental-friendly means of production whenever possible.

## 4. Employment and Labour Practices

Staff were the cornerstone for the Group's business development and growth. Treasuring this most valuable asset, we attached the greatest importance to provide a fair, safe, healthy and happy working environment for our staff to support their personal and career advancement.

As at 31 December 2022, the Group employed 490 people in Mainland China and Hong Kong. The group-wide personnel distribution was as follows:

Headcount		
Region \ Year	2021 (December)	2022 (December)
Hong Kong	55	54
Mainland China	434	436
<b>Total</b>	<b>489</b>	<b>490</b>

Headcount by Gender						
Year	2021 (December)			2022 (December)		
Region \ Gender and Gender Ratio	Male	Female	Gender Ratio (M:F)	Male	Female	Gender Ratio (M:F)
Hong Kong	19	36	0.53:1	20	34	0.59:1
Mainland China	227	207	1.10:1	231	205	1.13:1
<b>Total</b>	<b>246</b>	<b>243</b>	<b>1.01:1</b>	<b>251</b>	<b>239</b>	<b>1.05:1</b>

Headcount by Age Group														
Year	2021 (December)							2022 (December)						
Region \ Age Group	16-20	21-30	31-40	41-50	51-60	61-65	66 or above	16-20	21-30	31-40	41-50	51-60	61-65	66 or above
Hong Kong	0	7	5	21	12	4	6	0	7	6	18	12	4	7
Mainland China	0	106	220	75	30	3	0	0	116	207	77	34	2	0
<b>Total</b>	<b>0</b>	<b>113</b>	<b>225</b>	<b>96</b>	<b>42</b>	<b>7</b>	<b>6</b>	<b>0</b>	<b>123</b>	<b>213</b>	<b>95</b>	<b>46</b>	<b>6</b>	<b>7</b>

Headcount by Employment Type				
Year	2021 (December)		2022 (December)	
Region \ Employment Type	Part-time *	Monthly-paid	Part-time *	Monthly-paid
Hong Kong	3	52	5	49
Mainland China	0	434	0	436
<b>Total</b>	<b>3</b>	<b>486</b>	<b>5</b>	<b>485</b>

\* Part-time employees include temporary workers/hourly-rate workers/daily-rate workers

Employee Turnover Rate by Gender				
Year	2021 (December)		2022 (December)	
Region \ Gender	Male	Female	Male	Female
Hong Kong	23.26%	45.65%	10.26%	31.43%
Mainland China	6.39%	10.58%	9.17%	10.68%
<b>Overall</b>	<b>7.9%</b>	<b>17.18%</b>	<b>9.26%</b>	<b>13.69%</b>

Employee Turnover Rate by Age Group							
Year	2022 (December)						
Region \ Age Group	16-20	21-30	31-40	41-50	51-60	61-65	66 or above
Hong Kong	Not applicable	28.57%	18.18%	27.03%	8.00%	0.00%	0.00%
Mainland China	Not applicable	18.02%	8.94%	2.60%	3.13%	40.00%	Not applicable
<b>Overall</b>	<b>Not applicable</b>	<b>18.64%</b>	<b>9.17%</b>	<b>7.33%</b>	<b>4.49%</b>	<b>15.38%</b>	<b>0.00%</b>

## Working Environment and Labour Standards

The Group, as a responsible employer, laid down clearly-defined employment policies and guidelines in compliance with relevant state and regional labour laws to ensure a fair and highly transparent working environment.

The Group offered competitive remuneration to attract and retain talents. We provided comprehensive staff benefits to all monthly-paid employees, including labour insurance/social insurance, housing provident fund (Mainland China only), staff shopping benefits, continuing education fund, medical benefits, life insurance, mandatory provident fund and provident fund scheme (Hong Kong only). Employees also enjoyed annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.

All staff members were treated on equal terms and rewarded according to performance. There was an appraisal system under which work performance was assessed against the Group's goals and expectations to recognise every employee's efforts and contributions, and to work together for future improvement.

The Group strictly abided by our code of employment to prevent child labour and forced labour. In the reporting period, no business unit was involved in any risks associated with child labour and forced labour, and no related case had been reported. Therefore no action was taken due to violations of any labour rules and regulations by the Group.

## Staff Health and Safety

The Group always put staff occupational safety first. Committed to strict compliance of all occupational health and safety laws and regulations, we strived to create a safe and sound working environment for our workforce. We set up an “Office Environment Improvement and Occupational Safety Group” in Hong Kong, which was well represented by various business units. The group was responsible for reviewing and promoting office environment improvement measures, work safety and health policies and procedures, to ensure compliance with relevant laws. The Group also put in place precautionary and remedial measures, if necessary, to minimise potential hazards and accidents.

In 2022, efforts to prevent the spread of COVID-19 continued across the globe. In order to promote the good health of the staff, the Group strongly encouraged staff in Hong Kong and China Headquarters to get vaccination. Hong Kong Headquarters kept eyes on the latest disease prevention measures announced by Hong Kong Government and tracked the daily number of confirmed cases. The Group also cared about the pandemic in Mainland China and distributed protective gears to every staff in Mainland China. Also, Changhong organised an online seminar for sharing about fighting against COVID-19, safe resumption of work and taking in charge of your own health under COVID-19 situation.



● Health talk and free Chinese medicine consultation organised in China Headquarters



● Online seminar organised by Changhong about fighting against COVID-19



● Online seminar about health tips

Fire drills and briefing sessions are organised annually for the staff so that they can get familiarised with fire escape routes and the latest information. In 2022, the Group organised a series of promotional activities on various health topics. At the Mainland China Headquarters, an annual health checkup, a seminar about cervical vertebrae protection and a free Chinese medicine consultation were organised to help the staff know more about their health. In Hong Kong Headquarters, an online seminar was held to enhance staff's knowledge on balanced diet and healthy habits. A seminar on safe work process was organised by Changhong to enhance the staff's awareness and skills on production safety.

During the reporting period, only 1 staff was reported to have work injury (2021: 5 staff members) and a total of 2 (2021: 24 days) working days were lost. There was no work-related fatal injury.

Number and Percentage of Work-related Fatalities						
Year	2020		2021		2022	
Number and Percentage of Death Region / Business	Number of Death	Percentage	Number of Death	Percentage	Number of Death	Percentage
Hong Kong	0	0%	0	0%	0	0%
Mainland China	0	0%	0	0%	0	0%
Changhong	0	0%	0	0%	0	0%

## Staff Development and Training

To drive business growth and cultivate talent, the Group run a full range of training activities with specific targets and plans. These programmes enabled our staff to upgrade knowledge and build capacity, so as to provide crucial support for enhancing corporate efficiency and realising our corporate goals.

### Group-wide Training Programme (Comprising Training Courses for Various Grades)

The Group invested significantly in staff training, providing an extensive range of courses for colleagues in different posts to support our business growth. These included professional training, leadership training and customised training.

Employees are required to complete a specified number of training hours each year. To ensure the right training was provided, employees' training needs would be reviewed by department heads during the annual performance appraisal.

The Group also set up an education fund to encourage staff to take training courses relevant to their duties in their leisure. This kind of learning was instrumental in improving work efficiency and effectiveness.

In 2022, other than core training programmes held for various grades of staff and new staff induction course, the Group organised "The Spirit of the Two Sessions" seminar (the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC)) to share knowledge of our Country's latest development. At the Mainland China Headquarters, an "E-commerce regulations and risk prevention" seminar was organised. A lawyer was invited to give a comprehensive seminar on product promotion and marketing, licensing, intellectual property and shop operation by using case study, with reference to "E-commerce Law". A training course about the ISO9001 Quality Management System was held. In Hong Kong Headquarters, the executive officers were invited to visit Lenzing, a textile company, to learn about the latest fiber production technique and sustainable development.



In line with Mainland's high-quality development pursuit, the Mainland China Headquarters launched the "Excellent Performance Management Project". Using the "Plan, Implement, Review" model and continuous improvement management models, we promoted talent development, transformed development methods, optimised business models, and provided an effective carrier for the Group to actively integrate into the country's high-quality development. Accordingly, the Mainland China Headquarters held a number of related trainings, including "Quality Management Concepts and Practices – Core training", "Induction Training for Excellent Performance Management", "Brand Case and Concept Sharing Meeting", "Glorious Sun Excellent Performance Management Project Promotion Meeting", "Focus Training on Pacific Potential Trading Quality Management", "Pacific Potential Trading and Cooperative Brand Quality Control Training", "Jeanswest New Product Category Training", and so on. Since the implementation of the "Excellent Performance Management Project", staff participated in various certification trainings and obtained relevant professional certificates (such as software design, network engineer, etc.), which enhanced their confidence in facing work challenges.



● "Focus Training on Quality Management" organised by Pacific Potential Trading



● A lawyer was invited to give seminar on "E-commerce regulations and risk prevention"



● "Induction Training for Excellent Performance Management"



● Executive officers of Hong Kong Headquarters visited Lenzing, a textile company

Staff Training				
Year	2021		2022	
Training data	Total number of employees trained	Training hours completed	Total number of employees trained	Training hours completed
Region				
Hong Kong	48	354	50	274.5
Mainland China	434	588.5	436	5,021.5

Due to the COVID-19 pandemic, some training courses at the Hong Kong Headquarters were temporarily cancelled or could not be held in 2022 as scheduled, resulting in a decrease in training hours compared to last year. On the other hand, the Mainland China Headquarters implemented the Excellent Performance Management Project, so the training hours at Mainland China Headquarters increased relatively.

The following tables show the percentage of staff completed training and the average training hours completed per staff by gender, position and employment type in 2022.

Percentage of Staff Completed Training	Unit	2021		2022	
Percentage of Staff in Training (By Gender)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Female staff	%	56.5%	47.5%	57.4%	47.0%
Male staff	%	30.9%	52.3%	35.2%	53.0%
Percentage of Staff in Training (By Position)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Executive Grade	%	25.5%	4.4%	33.3%	4.4%
Manager Grade	%	18.2%	22.8%	20.4%	22.5%
Front-line Sales Staff	%	25.5%	Not applicable	31.5%	Not applicable
Officer Grade	%	18.2%	72.6%	7.4%	73.1%
Percentage of Staff in Training (By Employment Type)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Full time staff	%	87.4%	99.8%	85.2%	100.0%
Part time staff	%	Not applicable	Not applicable	7.4%	Not applicable

The Group aimed to provide training to all staff. However, some training courses in Hong Kong Headquarters were cancelled or could not be held on schedule in 2022 due to the COVID-19 pandemic. Therefore, the percentage of staff in training could not meet the 100% target.

Average Training Hours Completed (Per Staff)	Unit	2021		2022	
Average Training Hours Completed (By Gender)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Female staff	Hour	7.9	1.5	4.8	13.1
Male staff	Hour	6.4	1.2	6.7	10.2
Average Training Hours Completed (By Position)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Executive Grade	Hour	6.5	1.1	8.4	8.4
Manager Grade	Hour	11.5	1.7	9.0	10.4
Front-line Sales Staff	Hour	2.9	Not applicable	1.0	Not applicable
Officer Grade	Hour	10.9	1.3	1.8	12.0
Average Training Hours Completed (By Employment Type)					
Region		Hong Kong	Mainland China	Hong Kong	Mainland China
Full time staff	Hour	7.4	1.3	5.9	11.5
Part time staff	Hour	Not applicable	Not applicable	1.0	Not applicable



## Management Culture and Communication

The Group had several communication channels to facilitate exchange.

**Management Review Meeting:** Every two months, the Group held a management review meeting under which focus groups were set up for all member companies. Staff participated in discussions and voiced their views, shared management insights and better understood the Group's corporate culture and management approach. This provided a framework for two-way communication from the junior level all the way to top management.

**Managers' committee in Mainland China Headquarters:** The "managers' committee" aimed to nurture future management personnel for the Group. The committee comprised several functional sub-units for event organisation, research and exchange, public relations, secretarial and financial service. Regular activities including outreach programmes, seminars and talks were held to strengthen the cohesion of committee members and to broaden their horizon.

**Newsletter:** A monthly corporate newsletter was published and circulated to all staff and affiliated parties. Employees could get a full picture of the Group's development roadmap and work goals. This newsletter was an effective tool for communicating our corporate culture and building solidarity.

**WeChat Social Media and Facebook Fan Page:** Since WeChat and Facebook were the popular social network channels, the Group created the WeChat Official Account and Jeanswest Facebook fan page. Internal personnel and customers could get the updated information of the Group, Jeanswest promotions, corporate culture and charitable events of the Group.

## Work and Life Balance

The management was pleased to lead and take part in all staff activities organised by the Group. Due to the COVID-19 pandemic, staff birthday celebrations, annual year-end dinner gala, Lunar New Year banquet and green living barter parties were cancelled to lower the risk of infection. In Mainland China, an Online Lunar New Year Party was held by Changhong, Changhong staff at different locations could meet online. Changhong also organised a tree-planting activity, allowing employees and their families to experience the growth of life through planting trees and learn about environmental awareness. In Hong Kong, the Group held a welcoming event for new staff and executive officers to help them better understand the company culture and business philosophy.

**Staff benefits:** The Group took out labour insurance, social insurance and housing provident schemes (applicable to Mainland China) pursuant to the law. In addition to social insurance, we also provided personal accident insurance for employees to afford adequate cover for personal safety. All our regional offices adhered to relevant labour laws of Hong Kong and Mainland China. Employees enjoyed paid leave benefits that included statutory festive holidays, annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.



● An Online Lunar New Year Party held by Changhong



● "Cleaning Glorious Sun Home" activity was held to promote a sense of belongings among staff



● The Group held a welcoming event for executive officers to help them better understand the company culture and business philosophy



● Changhong organised a tree-planting activity in which staff and their families learn about environmental awareness

## 5. Supply Chain Management

Suppliers played an important role in an enterprise's business. The Group looked upon suppliers as business partners and strived to grow with them. Selecting and retaining good suppliers could assure quality and operating effectiveness. It also furthered the cause of sustainable development by sharing business and social risks.

### Supplier Selection Practices and Procedures for Interior Decoration and Renovation Business

Changhong selected and appraised the suppliers based on the "Quality Management Systems – Requirements GB/T19001–2016", the "Environmental Management Systems – Requirements with Guidance for Use GB/T24001–2016", the "Occupational Health and Safety Management System – Requirements with guidance for use ISO45001:2018" and the "Code for Quality Management of Engineering Construction Enterprises – GB/T50430–2017" published by the Standardization Administration of the People's Republic of China. Before confirmation of new suppliers, Changhong's purchasing department, engineering management department, quality assurance department and regional/business department would visit the supplier to have on-site research and verify the robustness of the supplier. Moreover, Changhong would appraise the product quality, pricing, service, reputation, enterprise management, equipment and facilities, quality assurance, products' environment protection level and risk assessment of the supplier, to ensure that the supplier could fulfill the design and construction requirements of the clients in aspects including quality, delivery rate, cost, environment protection, risk management and processing ability. Upon the approval of the qualification, the supplier had to provide the business licence, tax registration certification, certifications on standardization management system, authorization on product agency, etc. For the electrical appliance and chemical products, the supplier had to submit the certifications on 3C and environmental protection. Changhong would annually appraise the suppliers according to their cooperation status and daily operations. Qualified suppliers would remain on Changhong's authorised supplier list.

Number of Authorised Suppliers Involved in Interior Design and Renovation		
Year	2021	2022
Mainland China	376	322

### Practices Used to Promote Environmentally Preferable Products when Selecting Suppliers and how they were Monitored for Interior Decoration and Renovation Business

When selecting suppliers, Changhong would research into, verify and record the relevant information at the supplier management system to complete the approval process. The procurement officers would appraise the information provided by the suppliers as well as the product quality and its environmental performance. Upon the confirmation with the suppliers and conclude the agreement, Changhong would inspect the environmental status of the materials. Besides requesting for testing report from the suppliers, Changhong would perform random checking and would impose a penalty on suppliers who did not meet the requirement of environmental protection. Changhong's procurement officers and the project department would inspect the products and would apply the "Defective Products Procedures" when defective products were found. Changhong focused on the introduction and usage of environmentally friendly materials, making "low-carbon" as the primary goal for the whole stage from design to project implementation.



- Changhong offered interior decoration solutions to Huawei's SI 4.0 Shop in Uniwalk Qianhai, Shenzhen

## Practices Used to Identify Environmental and Social Risk along the Supply Chain and how they were Implemented and Monitored for Interior Decoration and Renovation Business

Changhong adhered to the "Quality, Environment and Occupational Health and Safety" standard and Social Accountability System SA8000 to manage their major suppliers. Besides formulating contract terms to guard against environmental and social risks, Changhong used a "Supplier Inspection Form" and a "Supplier Commitment Agreement" to hold suppliers accountable for environment protection, occupational health and social responsibility. Changhong also monitored and urged the suppliers to rectify hidden dangers. Second-tier suppliers were also held accountable for environmental protection and social responsibility by Changhong. Suppliers who failed in the above monitoring measures would be disqualified.

## Supplier Selection Practices and Procedures for Apparel Export Business

To ensure that procured merchandise would be delivered on time and meet quality requirements, apparel export company of the Group, Pacific Potential Trading laid down supplier assessment procedures and qualifying criteria. Goods and services were procured only from authorised suppliers with verified qualification. The assessment covered five aspects, namely, environmental hygiene, quality control, technical control, safety and health, cooperativeness and others (included social responsibilities). Even if they passed the selection assessment, they were required to take remedial and precautionary measures recommended in the written assessment report within the specified period, otherwise the Group reserved the right to exclude them from the list of authorised suppliers. Regular re-assessment was required for all authorised suppliers.

Number of Authorised Suppliers Involved in Apparel Export		
Year	2021	2022
Mainland China	169	151
Other Regions	2	2
<b>Total</b>	<b>171</b>	<b>153</b>

Due to the ongoing impact of the global economy and the COVID-19 pandemic, the progress of exploring overseas manufacturers was affected, thus the number of overseas factories remained at 2. In addition, since Pacific Potential Trading focused on developing online business and placed fewer offline orders, the number of authorised suppliers in Mainland China was fewer than that of the previous year.

## Practices Used to Promote Environmentally Preferable Products when Selecting Suppliers and how they were Monitored for Apparel Export Business

Pacific Potential Trading used environmental friendly products as much as possible and requested suppliers to provide relevant certificates, test reports or tracing of origin for the environmental friendly products. Pacific Potential Trading also requested suppliers to display an environmental friendly label on the apparel products if necessary.

## Practices Used to Identify Environmental and Social Risk along the Supply Chain and how they were Implemented and Monitored for Apparel Export Business

Pacific Potential Trading chose its suppliers according to the requirements of the customers, such as the customers' requirement of Social Accountability certification or third-party certification. In general, Pacific Potential Trading adhered to Social Accountability System SA8000, commonly adopted by the apparel industry, to appraise suppliers, and also took into account the regulations from the local governments.

Appreciating that social responsibility and sustainability would hand in hand, the Group carried out social responsibility assessment on its suppliers. Our goal was to communicate with the supplier the importance of corporate social responsibility and to promote a responsible culture.

Assessment Areas included:

- Management system
- Employment contract
- Child labour and minor workers
- Forced or mandatory labour
- Working hours
- Wages and benefits
- Trade unions and collective bargaining rights
- Discrimination
- Harassment and abuse
- Occupational health and safety
- Environmental protection
- Fair competition (including corruption, bribery and other dishonesty activities)

Number of Factories Having Completed Social Responsibility Assessment		
Year	2021	2022
Mainland China	31	34
Other Regions	1	2
Percentage of total suppliers	18.7%	23.5%





- The Group carried out social responsibility assessment on suppliers

## Factory Inspection Exemption System

With a view to motivate and facilitate factories in their endeavours to enhance quality and internal control, the Group has been implementing a factory inspection exemption system since 2009. To be eligible for exemption, suppliers had to meet the following requirements:

- The first production order of the factory had to go through procedures of our Tier-2 quality control goods inspection system\*;
- Valid ISO9001 Quality Management System certification;
- 100% passing rate in our one-off goods inspection by meeting all requirements; and
- 100% order delivery punctuality was required.

\* Tier-2 quality control goods inspection system was a standard higher than the market norm.

Since this system was put in place, both the goods quality and quality assurance awareness of exempt factories improved.

Number of Exempt Factories		
Year	2021	2022
Mainland China	54	36
Other Regions	1	0
Percentage of total suppliers	32.2%	23.5%

Since Pacific Potential Trading focused on developing online business and placed fewer offline orders, the number of factories exempted from inspection was fewer than that of the previous year.

## Supplier Selection Practices and Procedures for Retail Business in Hong Kong (Jeanswest)

To guarantee the brand image and product quality, Jeanswest appraised the suppliers according to different parameters, such as product quality and design, on-time delivery rate, pricing, service quality before procurement. Jeanswest also inspected suppliers' equipment and environment, relevant licences and business registration, to obtain more information about the suppliers.

In the initial stage, Jeanswest assessed the quality control, production procedure, attitude of the suppliers before entering into long-term cooperation with them. In each incident of cooperation, Jeanswest and the supplier would conclude a purchase agreement with the agreed quotation and design, including product specification, requirements and transaction terms to protect the interest of both parties. After order and agreement confirmation, Jeanswest would follow up on the pre-production samples and production progress to make sure all materials used comply with the requirements. Upon the completion of the products, shipment samples were required in order to ensure products meet safety standards, and did not involve unlawful or excessive pollution in the process.

## 6. Product Responsibility

All our products conformed to statutory standards and requirements as well as other applicable industry benchmarks. The Group had internal quality accreditation procedures to safeguard health and safety for product use. Complementing this, we exercised due care in processing information on all products, including promotion and publicity materials, specifications and use instructions, so that consumers were guided by correct product information. We also had necessary measures in place to ensure that intellectual property was protected and personal data were kept confidential pursuant to local government regulations.

### Quality Verification Process of Interior Decoration and Renovation Business Implemented by Changhong

1. The positioning of the project was self-verified according to the design documents and positioning checklist.
2. The materials of the project were verified according to the design documents, material checklist and standards.
3. The concealed works of the project were self-verified according to the design documents and verification standards.
4. The project was broken down into top-down procedures which were to be verified by the project department.
5. The project team had an overall self-verification before completion.
6. Upon passing the self-verification, the project was submitted to the project management centre of the headquarters for internal verification. The quality inspectors would base on the “Internal Verification Management System” to have on-site verification. The project details, materials, quality would be verified according to the national standard and the company’s checklist. Problems found would be listed in a report. The problems had to be fixed and the project would be re-verified and approved with an internal written report.



● “Zero-carbon House – first aid station for the community” was constructed by Changhong

### Recall Procedure of Interior Design and Renovation Business and Percentage of Recall Due to Safety and Health Reasons

Since recall procedure was not applicable to the interior design and renovation business, no recall percentage was recorded.

### Procedures for Handling Service-related Complaints for Interior Design and Renovation Business

Upon receiving complaints from the customers, Changhong reviewed the problems and devised solutions according to different aspects of the complaints to meet the requirements of the customers. Furthermore, an annual management review meeting was held by Changhong to review the projects in the past year and to formulate the company plan for the coming year.

In 2022, Changhong did not receive any cases of complaint from customers (2021: 2 cases).

## Quality Accreditation Process of Apparel Export Business

Pursuant to contract provisions, on-site interim production inspections and finished goods inspections were carried out by inspectors from the procurement agency at the supplier's premises. If any defect was found during the interim production inspections, the supplier would have to follow up and improve the products. When 80% of products were packed, the finished goods inspections would be carried out by the procurement agency. Before shipping the finished goods to delivery points, the supplier had to pass the finished goods inspections and to produce a compliance test report issued by a state-authorised test and certification body. If necessary, the procurement agency would take samples for inspection by a state-authorised test and certification body to ensure that all goods conformed with standards and requirements for domestic sales stipulated in relevant laws and regulations, as well as quality standards of the Group.

Upon arrival at the warehouses in different sales regions, goods were randomly checked by our warehouse staff. Full conformity was required for goods to be released for retail.

## Recall Procedure of Apparel Export Business and Percentage of Recall Due to Safety and Health Reasons

For export business, returned products accounted for 0.10% of total procurement in 2022 (2021: 0.09%). In addition, there were no product recalls due to safety or health issues in 2022 for export business.

## Procedures for Handling Service-related Complaints for Apparel Export Business

Upon receiving complaints from customers, Pacific Potential Trading would review the problems and devise solutions according to different customers. Pacific Potential Trading would discuss with customers and negotiate with the factories based on the problem. The recall procedure would be executed upon the approval from all three parties.

## Intellectual Property Protection

All suppliers of the Group had to undertake to protect clients' intellectual property and strictly observe the following conditions:

- No trademarks identical or similar to clients' registered trademarks might be used on any other products;
- Forging, altering or producing clients' trademarks without authorisation was strictly prohibited;
- No trademarks identical or similar to clients' registered trademarks might be used as names or decoration, patterns and other design features for products manufactured without our authorisation;
- No clients' products manufactured with our authorisation (including surplus products, defective products and returned products) might be sold to other parties; unless authorised by the Group, no clients' products might be marketed in China (including Hong Kong, Macao and Taiwan) and overseas;
- No patterns and designs related with clients' products might be used for designing and manufacturing other products; and
- All other activities that infringe the intellectual property and associated property rights of the clients were prohibited.



## Quality Assurance of Jeanswest

Apparel products from Jeanswest were provided by Pacific Potential Trading, who was also responsible for the product quality assurance.

## Recall Procedure and Procedures of Handling Complaints of Jeanswest

Customers were entitled to return any Jeanswest product bought at regular price at any Jeanswest store within 14 days (the product should be unused, with price tag and original invoice intact) and change for other style or size. If customers were to request to re-fund or change of the product due to defective quality, the shop staff would assess if the defect was caused by the customers. The shop staff would take photo of the product and submit the refund/return request to the office. The shop would collect returned products quarterly and report to the factories for re-fund or exchange.

10 cases of customer complaint were received by Jeanswest in 2022 (2021: 10 cases). 7 complaint cases related to the products exchange policy and the other 3 cases related to the product quality. No products were recalled due to the safety and health reasons.



- *Jeanswest aimed to provide high quality apparel products at affordable prices*

## Consumer Data Protection

Jeanswest only collected customers' surname, title and phone number. The related personal information was used only for general transaction purpose and would be destroyed after the transaction. Jeanswest did not use customers' personal information for other purposes without customers' permission.

## 7. Anti-corruption

### Corruption Prevention Measures

The Group strictly forbade any acts of corruption and bribery. All new employees were issued with the staff handbook and enrolled in our induction course. The staff handbook contained a clear code of rules prohibiting the acceptance of benefits, while the induction course stressed strict compliance of the Group's corruption prevention policy.

Our corruption prevention policy stipulated that staff members should not solicit or accept personal benefits from any parties involved in business transactions with the Group. To avoid any material or potential conflicts of interest, employees were required to report to chief executive officers of their branches/direct divisions when business relationships arose between business transaction parties and themselves. Such relationships would be put on record. To ensure that employees could conduct business professionally in a law-abiding manner, the Group also issued guidelines in the run-up to major festivals to remind employees that under no circumstances should they accept gifts.

The reporting system is reviewed every two years and amended when necessary to ensure adequacy and timeliness of the system. In 2022, the Group reviewed the "Employee Anti-Corruption and Anti-Bribery Policy" and established the whistleblowing procedures. Any employee who violates the policy will be subjected to disciplinary action, and serious offenders may be terminated from employment. If the suspected violation involves corruption or other criminal offenses, the Group will report it to the Independent Commission Against Corruption (ICAC) or other relevant authorities.

In 2022, "ICAC-Corruption Prevention Seminar" was held online by the Group. The Board members, senior management, different grades of staff, Hong Kong staff members stationed in Mainland China Headquarters and front-end sales staff were invited to join the seminar. The seminar outlined the Prevention of Bribery Ordinance, common corruption risks and fraud practices in business corporations. Such content on anti-corruption and anti-fraud was also introduced in the seminars held in the Mainland China Headquarters, to help staff understand the seriousness of corruption and fraud, and the impact on society and the corporations.

During the reporting period, there was no prosecution against the Group or its staff for corruptive activities.



- Online "ICAC-Corruption Prevention Seminar" was held at the Hong Kong Headquarters

## 8. Community Investment

The Group has always placed high value on corporate social responsibility. Guided by philosopher Mencius' famous saying, "In adversity persist with strength; in times of fortune prosper with generosity", we are committed to repaying the society.

When contributing to the wellbeing of our community, the Group employed the same vision and innovative spirit that steered its business. Besides lending a hand to those troubled by pressing needs, we had a more far-reaching goal of pursuing long-term social effectiveness. Over the years, the Group made contributions to society through active engagement in social welfare undertakings, such as disaster relief, impoverished region assistance, funding new schools and promoting Chinese culture. Key members of our management held multiple public offices to serve the community. Meanwhile, our management members visited the high schools in Mainland China and Hong Kong, sharing their management experiences to the youth.



- Dr. Charles Yeung, Chairman of the Group, attended the open ceremony of "Direction Association For The Handicapped" Centre, to help the handicapped integrate with the society



- Mr. Yeung Chun Fan, Vice Chairman and General Manager of the Group, attended the open ceremony of the Hearing Conservation Project to support the hearing-impaired individuals in the Mainland China

Be it funding new schools in impoverished regions, providing financial aid to university students or training new talents for the apparel industry, the Group stayed focused on long-term benefits for the community at large. By helping the beneficiaries help themselves, we empowered them with better learning and development opportunities so they could contribute to society in the future.

The following is an overview of the Group's contributions towards community welfare in recent years.

## Fighting Against COVID-19 Pandemic

In 2022, the staff in the Mainland China Headquarters actively participated in the volunteer work for nucleic acid testing. They cooperated with medical staff to carry out preparatory work for testing in the Mainland China Headquarters. In addition, 20 staff members in the Mainland China Headquarters participated in an investigation project at the Jiangbei and Yunshan police stations in Huizhou, assisting the government to collect data for fighting against the epidemic.



- The staff assisted the government to collect data for fighting against the epidemic



- The staff participated in the volunteer work for nucleic acid testing

## Funding New School Projects to Further Education

The Group was the first garment enterprise to set up an educational institute in China. Partnering with Northwest Institute of Textile Technology in 1985, the Group founded the Xifang Guangdong Institute of Fashion and Clothing (later renamed "Glorious Sun Guangdong School of Fashion") to train apparel professionals.

In 1997, the Group founded Glorious Sun School of Business and Management, China Textile University (now Donghua University) in Shanghai, which experimented with an integrated teaching approach that combined production, learning and research. The Group also funded the establishment of Glorious Sun Research Institute at Nanjing University where an information management system was being developed.



## College-Industry Collaboration with Huizhou University

Always exploring new possibilities for college-industry collaboration, the Group works extensively with related faculties and departments of many tertiary institutions in many different areas, such as advanced business management courses, bases for creative practices, fashion creativity R&D, apparel retail, e-commerce, information management system and international fashion academy. We made remarkable progress on many fronts over the years and enjoyed growth alongside our academic partners in reciprocity.



● The board meeting of Glorious Sun Guangdong School of Fashion was held at which both the academic and corporate sides exchanged ideas on deepening and strengthening cooperation

1. Founding Huizhou Glorious Sun Vocational School of Apparel to help Huizhou University to promote “Integrated Learning and Practice”, while adopting an operation-based and innovative teaching approach. After years of hard work, the school became an industry benchmark.
2. Founding Glorious Sun (Guangdong) Enterprise Research Institute which so far trained over 240 management trainees.
3. Introducing an on-the-job training programme for tertiary teaching staff to take up temporary posts in business organisations.
4. Introducing an apparel retail course at Huizhou University. Fifteen courses were organised from 2008 to 2022, benefiting 603 trained and on-campus students. Students who completed the course were popular with businesses and enjoyed good employment prospects.
5. Assisting Huizhou University to set up Glorious Sun Creative Development Centre.
6. Setting up a Directors’ Board for Glorious Sun Guangdong School of Fashion (a faculty of Huizhou University), where entrepreneurs could gather for sharing their successful experience.
7. Set up “Huizhou University Scholarship” and “Glorious Sun Guangdong School of Fashion Scholarship and Teaching Fund”.
8. The Group and Huizhou University jointly introduced The Clothing Industry Training Authority to help the Glorious Sun Guangdong School of Fashion enhance their effectiveness.

## Local Community Involvement by GSE Volunteers

The Group set up volunteering teams in Hong Kong and Mainland China respectively. Employees were encouraged to join these teams to play an active part in local community activities and to help the needy and underprivileged.

The volunteering team collaborated with welfare organisations to strengthen support for disadvantaged groups in Hong Kong. The volunteering team provided food to the low-income family to relieve their life stress and burden and helped to improve their health.

In Hong Kong, the volunteering team was awarded the Certificate by the Steering Committee on Promotion of Volunteer Service of the Social Welfare Department. Moreover, the Group was commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for twelve consecutive years.



● The volunteering team participated in The Community Chest New Territories Walk for Millions 2022



● A winter relief activity was held in Dege, Ganzi Tibetan Autonomous Prefecture, Sichuan Province, to donate quilts to the people



● The volunteering team collaborated with YMCA's Men's Centre for the Deaf. The team and hearing-impaired cooperated to make key chains as Christmas gifts to the Centre members



● The Group supported Youth Outreach to help at-risk youth develop into responsible members of our community

## 9. Recognitions and Professional Certifications

Led by our management, the Group embraced a bold spirit of innovation to drive business growth and fulfill corporate social responsibility. Our dedicated efforts earned wide recognition from the market and the public.

Major awards during the past 10 years are as follows:

- 2016, 2018 and 2019: GSE was awarded the Gold Certificate by the Steering Committee on Promotion of Volunteer Service of the Hong Kong Government Social Welfare Department.
- 2017: Changhong's design centre was certified as a "Provincial Industrial Design Centre" under the Hebei Province Design Centre and Innovation Park certification system.
- 2017: Changhong was accredited "AAA Grade Credit Rating in Decoration Business" by the China Construction and Decoration Credit Rating Office and Beijing Xingou Credit Management Co. Ltd.
- June 2017: Changhong was accredited as "Hebei Province Famous Brand" for 2016 by the Hebei Quality and Technology Supervision Bureau and Hebei Quality Assurance Committee.
- 2018: Changhong was named "Top 10 Enterprises of Construction Industry in Hebei in 2018" by the Hebei Construction Industry Association.
- 2018: Changhong was named "5A Grade Trusted Construction Enterprise in Hebei Province" by The Engineering Bidding Association of Hebei Province.
- 2019: Changhong was awarded "China Building Decoration Industry BIM Innovative Application Pioneer Enterprises" by the China Building Decoration Association.
- 2020, 2021 and 2022: GSE was awarded "MPF Support Award" by the Mandatory Provident Fund Schemes Authority.
- 2020: GSE was awarded the Silver Certificate by the Steering Committee on Promotion of Volunteer Service of the Hong Kong Government Social Welfare Department.
- 2020: GSE was awarded "Y-Care Scheme: Bronze Partner" by the Chinese YMCA of Hong Kong.
- June 2020: Dr. Charles Yeung, Chairman of GSE, was awarded "Outstanding Contribution – Individual" (Only 10 awardees in Guangdong Province) at the 10th Anniversary of Guangdong Poverty Alleviation Campaign.
- June 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded "Top 10 Individual Contribution" by Huizhou Municipality.
- 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded "Outstanding Contribution" by the China Textile Engineering Society.
- 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded the 11th "China Charity Award" by the Ministry of Civil Affairs of China.

- 2020: Ms. Yeung Yin Chi, Jennifer, Executive Director of GSE, was awarded “Outstanding Businesswomen Award” by Hong Kong Commercial Daily.
- 2020: Changhong’s BIM+(Building Information Modeling) project was awarded the First Prize – Prefabrication at the China Building Decoration Association BIM Competition.
- 2020: Changhong was accredited “Grade A Industrial Enterprise in Hebei Province in 2020” by the Industry and Information Technology Department of Hebei Province.
- 2020: Changhong was accredited as “Hebei Enterprise Technology Centre” by Hebei Development and Reform Commission, Hebei Provincial Department of Science and Technology, Hebei Provincial Tax Service of State Taxation Administration and Shijiazhuang Customs Administration.
- 2020: Changhong’s project – “Hebei New Retail Digitalization and Integration Innovation Centre” was accredited as “Provincial Technology and Innovation Centre” by Hebei Provincial Department of Science and Technology.
- 2020: Changhong was awarded “Top 100 Enterprises in Shijiazhuang” by Shijiazhuang Federation of Enterprises and Shijiazhuang Entrepreneurs Association.
- 2020: Changhong was awarded “Small and Medium Enterprises of Professional Information” by the Industry and Information Technology Department of Hebei Province.
- 2021: Changhong was named “Top 100 Enterprises in Shijiazhuang” in “2021 Shijiazhuang Enterprises Day” organised by Shijiazhuang Municipal People’s Government, the Industry and Information Technology Department of Shijiazhuang Province, Shijiazhuang Federation of Enterprises and Shijiazhuang Entrepreneurs Association.
- 2021: Changhong was accredited “2019–2020 AAA Grade Credit Rating in Shijiazhuang Construction Industry” and “2020 Leading Enterprise in Shijiazhuang Construction Industry” by Shijiazhuang Construction Association.
- 2022: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded “China Philanthropist in 2022” by the China Charity Ranking.
- 2022: GSE was commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for the twelfth year.
- 2022: GSE was awarded “Good MPF Employer 5 Years+” by the Mandatory Provident Fund Schemes Authority. This award endorses GSE as a “Good MPF Employer” for six consecutive years, since 2017.
- 2022: Changhong was accredited “2021 Leading Enterprise in Shijiazhuang Construction Industry” by Shijiazhuang Construction Association.
- 2022: Changhong was awarded “AAA Grade in 96315 Credit Rating in 2022” and “96315 Integrity Unit in Hebei in 2022” by Hebei 96315 Credit Management Center and Hebei Blue Shield Credit Management Company Limited.
- 2022: Changhong was awarded “5A Grade Integrity Enterprise in Construction Engineering Tendering and Bidding in Hebei in 2021” by Construction Engineering Tendering and Bidding Association of Hebei.



## Professional Certifications of GSE and its Subsidiaries

Company	Certificate
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Enterprise Intellectual Property Management (GB/T29490-2013)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Social Accountability System (SA8000:2014)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Environmental Management System (ISO14001:2015)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Quality Management System (ISO9001:2015) and Code for Quality Management of Engineering Construction Enterprise (GB/T50430-2017)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	China Environmental Labelling (HJ 2547-2016)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Integration of Informatization and Industrialization Management Systems (GB/T23001-2017)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Occupational Health and Safety Management System – Requirements with guidance for use (ISO45001:2018)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	China Ecolabelling (CQC5109-2018)
Pacific Potential Trading Company Limited	Quality Management System (ISO9001:2015)

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	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P. 22–24
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	B6.3	Description of practices relating to observing and protecting intellectual property rights	P. 23
	B6.4	Description of quality assurance process and recall procedures	P. 22–24
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B7 Anti-corruption	B7	General Disclosure	P. 25
	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	P. 25
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B8 Community Investment	B8	General Disclosure	P. 26–29
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