

Texhong Textile Group

Code of Conduct for Employees

Purpose

Texhong Textile Group has always adhered to sustainability and paid attention to its commitment to social responsibility. All principles listed in the “Code of Conduct for Employees” represent a set of minimum requirement providing guidance to acts of the Group. All directors and staff of Texhong Textile Group are required to ensure compliance with the principles of the “Code of Conduct for Employees” as part of their duties and responsibilities. The management of the Group has special responsibility to become a role model in the aspects of ethics and laws.

Human Rights

The Group adheres to the International Labor Organization Convention and the UN Global Compact Principles on Human Rights. We prohibit any form of serious infringement or violation of or damage to human rights, fundamental freedom, workplace health and safety or the environment:

1. **Prohibition of discrimination:** We respect and protect the dignity of each person. The Group has zero tolerance against discrimination and harassment, in particular, discrimination against ethnic or cultural differences, disability, gender, religion, age or sexual orientation. All employees have the right to be respected and treated with fairness and courtesy.
2. **Labour protection:** International standards and local employment laws are complied with by prohibiting illegal acts such as the use of child labour and forced labour. The Group only employs workers who meet the minimum age requirement under the laws of the countries/ regions where they are located, and ensures that all works must be done voluntarily and that employees should be able to resign or terminate their employment with reasonable notice.
3. **Freedom of assembly and collective bargaining:** We respect employees’ right of assembly, organization and collective bargaining.
4. **Work safety, fire warning, health and environmental protection:** Danger to people and the environment is avoided, and influence on the environment is reduced by resource conservation. The production process, workplace and production materials must comply with the requirements of laws and the Company’s internal rules on work safety, fire warning, health and environmental protection. Health, work safety and good working environment are important elements of the Company’s policies. Use of substances harmful to health and raw materials (conflict minerals) from conflict areas is avoided.

Information Processing

5. Personal data protection: Improper or unauthorised use of personal data is prohibited to protect personal privacy.
6. Protection of confidential information: Improper or unlawful use of confidential information within or outside the Group or dissemination of false or misleading information is prohibited.
7. Intellectual property rights: Employees shall protect and properly use the assets of Texhong Textile Group, and respect the intellectual property rights of others.

Prevention of Bribery

8. The Group prohibits any form of bribery or corruption. All directors and staff are prohibited from soliciting, accepting or offering any bribe in conducting the Group's business or affairs, regardless of the territory. In conducting all business or affairs of the Company, directors and the staff must comply with the "Anti-Bribery and Anti-Corruption Management Regulations of Texhong Textile Group" and must not:
 - (A) Solicit or accept advantage from others as a reward or inducement to doing any acts or showing favour in relation to the Group's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;
 - (B) offer any advantage to any public servant (incl. Government / public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government / a public body; or;
 - (C) offer any advantage to any staff of a Government department or public body while they are having business dealing with the latter.

Acceptance of Advantage

9. It is the Group's policy that directors and staff should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group or any subordinate, except that they may accept (but not solicit) the following when offered on a voluntary basis:
 - (A) advertising or promotional gifts or souvenirs of a nominal value; or;
 - (B) gifts given on festive or special occasions, subject to a maximum limit of RMB500 in value; or
 - (C) discounts or other special offers given by any person or company to them as customers, on terms and conditions equally applicable to other customers in general.

10. In the case of Article 9 (A) (B) (C), if the amount exceeds RMB500 in value, the recipient is required to complete “Form A” (see Appendix I) for reporting. If the directors or staff wishes to receive any other advantage not falling within Article 9, they should also include such advantage in “Form A” and make application to the Office of the Director-General of the Group for approval.
11. However, a director or staff member should decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Group’s business or induce him/her to act against the interest of the Group, or acceptance will likely lead to perception or allegation of impropriety.
12. If a director or staff member has to act on behalf of a client in the course of carrying out the Group’s business, he/she should also comply with any additional restrictions on acceptance of advantage that may be set by the client (e.g. directors and staff members performing any duties under a government or public body contract will normally be prohibited from accepting advantages in relation to that contract).

Offer of Advantage

13. Directors and staff are prohibited from offering advantages to any director, staff member or agent of another company or organisation, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party, when conducting the Group’s business. Even when an offer of advantage carries no intention of improper influence, it should be ascertained that the intended recipient is permitted by his employer/principal to accept it under the relevant circumstance before the advantage is offered.

Entertainment

14. Although entertainment is an acceptable form of business and social behaviour, a director or staff member should avoid accepting lavish or frequent entertainment from persons with whom the Group has business dealing (e.g. suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation.

Records, Accounts and Other Documents

15. Directors and staff should ensure that all records, receipts, accounts or other documents they submit to the Group give a true representation of the facts, events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Group, regardless of whether there is any gain or advantage involved, they may violate the relevant anti-bribery anti-corruption laws and regulations of the regions and countries where the enterprise is located.

Compliance with Laws in Regions, Countries and Other Jurisdictions where the Enterprise is Located

16. Directors or the staff shall comply with the local laws and regulations and other applicable laws and regulations when conducting the Group's affairs in regions, countries or other jurisdictions where the enterprise is located.

Conflicts of Interest

17. Directors or staff should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Group) or the perception of such conflicts. When actual or potential conflict of interest arises, the director or staff member should make a declaration to the Office of the Director-General of the Group through the reporting channel using "Form B" (see Appendix II)
18. Some common examples of conflict of interest are described below but they are by no means exhaustive:
 - (A) A staff member involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Group.
 - (B) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.
 - (C) A director of the Group has financial interest in a company whose quotation or tender is under consideration by the Board.
 - (D) A staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

Misuse of Official Position, Company Assets and Information

19. Directors and staff must not misuse their official position in the Group to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends.
20. Directors and staff in charge of or having access to any Group assets, including funds, property, information, and intellectual property, should use them solely for the purpose of conducting the Group's business. Unauthorised use, such as misuse for personal interest, is strictly prohibited.
21. Directors and staff should not disclose any classified information of the Group without authorisation or misuse any Group information (e.g. unauthorised sale of the information). Those who have access to or are in control of such information, including information in the Group's computer system, should protect the information from unauthorised disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with

Hong Kong and the respective regions in relation to the protection of personal data (privacy).

Outside Employment

22. If a staff member wishes to take up employment outside the Group, he must seek the prior written approval of the Human Resources Department of the Group. The Human Resources Department of the Group should consider whether the outside employment would give rise to a conflict of interest with the staff member's duties in the Group or the interest of the Group.

Relationship with Suppliers, Contractors and Customers

Gambling

23. Directors and staff are advised not to engage in frequent gambling activities with persons having business dealings with the Company.

Loans

24. Directors and staff should not accept any loan from, or through the assistance of, any individual or organisation having business dealings with the Group. There is however no restriction on borrowing from licensed banks or financial institutions.

Compliance with Code

25. Every director or employee of the Group, regardless of where he or she conducts the Group's affairs, is responsible for understanding and complying with the Code of Conduct. Management is also required to ensure that their subordinates fully understand and comply with the standards and requirements set out in the Code of Conduct. Any violation of the Code of Conduct by any director or staff will be subject to disciplinary action, including termination of employment.
26. Any enquiries about this code or reports on suspected violation should be made to the head of the Office of the Director-General of the Group. If the Group suspects that the violation involves corruption or other criminal offences, it will report to the relevant law enforcement agencies.

Texhong Textile Group Limited

1 September 2021

APPENDIX I
FORM A

Texhong Textile Group Limited

Report on Gifts/Advantages Received

Part A – Completed by staff receiving gifts/benefits

To: (approved person)

Description of Offeror:

*Name and Title:**Company:**Relationship (Business/Personal):*

Occasions on which the Gift/Advantage was / is to be received:

Description & (assessed) value of the Gift/Advantage:

Suggested Method of Disposal:

- Retained by the Receiving Staff
- Retain for Display / as a Souvenir in the Office
- Shared among the Office
- Reserve as Lucky Draw Prize at Staff Function
- Donated to a Charitable Organisation
- Returned to Offeror
- Others (please specify):

Remarks

(date)

(Name of Receiving Staff)_____
(Title/Department)

Part B – To be Completed by Approving Officer

To: (Name of Receiving Staff)

The recommended method of disposal is *approved/ not approved. *The gift/advantage concerned should be disposed of by way of: _____

(date)

(Name of Approving Officer)_____
(Title/Department)

* Please delete as appropriate

Texhong Textile Group Limited

Declaration on Conflict of Interest

Part A – Declaration (To be completed by Declaring Staff)

To: (Approving Officer) via (supervisor of the Declaring Staff)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relatives)
Relationship of the persons/companies with our Group (e.g. suppliers)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

(Name of the Declaring Staff)

(Date)

(Title/Department)

Part B – Acknowledgement (To be completed by Approving Officer)

To: (Declaring Staff) via (supervisor of the Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of _____ (Date) is noted. It has been decided that:-

You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.

You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Group's interest without being influenced by your private interest.

Others (please specify): _____

(Name of Approving Officer)

(date)

(Title/Department)

* Please delete as appropriate