



WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號 : 8269)

環境、社會及管治報告

Environmental, Social and Governance Report 2019



CONTENT

OVREVIEW

- (I) SCOPE AND REPORTING PERIOD
- (II) CORPORATE VISIONS AND MISSION
- (III) ESG COMMITMENTS, MANAGEMENT AND ACTIONS TAKEN

ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE

(A) ENVIRONMENTAL AREA

- ASPECTS A1: Emissions and Wastes
- ASPECTS A2: Use of Resources
- ASPECTS A3: Environment and Natural Resources

(B) SOCIAL AREA

EMPLOYMENT AND LABOUR PRACTICES AREA

- ASPECTS B1: Employment
- ASPECTS B2: Health and Safety
- ASPECTS B3: Development and Training
- ASPECTS B4: Labour Standards

OPERATION PRACTICES AND COMMUNITY INVESTMENT AREA

- ASPECTS B5: Supply Chain Management
- ASPECTS B6: Product Responsibility
- ASPECTS B7: Anti-corruption
- ASPECTS B8: Community Investment

OVERVIEW

(I) SCOPE AND REPORTING PERIOD

Wealth Glory Holdings Limited (the “**Company**”), together with its subsidiaries (collectively referred to as the “**Group**”), herein release its Environment, Social and Governance (the “**ESG**”) report which is prepared in accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange Limited (the “**HKEx**”). This is the third ESG report prepared by the Group, which continues to follow the principles of materiality, quantitative, balance and consistency as recommended by the ESG Guide, and to report the obligation performance of the material environmental and social areas and aspects which are considered to have significant impact and are relevant to the Group’s business and stakeholders from 1 April 2018 to 31 March 2019 (the “**Reporting Period**”).

This ESG report mainly covers the ESG obligation performance of the business operations directly managed by the Group in its 2 offices in Hong Kong Special Administrative Region (“**HKSAR**”) – the headquarter office in Sheung Wan, Hong Kong, and the office of its subsidiary, MD Inc. Limited, in Kowloon Bay, Hong Kong.

The Group is principally engaged in 4 main business namely (i) trading of natural resources and commodities, namely steam coal and palm oil; (ii) development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; (iii) money lending; and (iv) securities investment. The operations of each type of business relate and affect the Group’s ESG obligations and are described in below:

Previously, the trading of steam coal had been our largest business segment in terms of turnover. It was replaced by the trading of palm oil in the Reporting Period due to the dilution of the Group’s equity interest in the trading of steam coal business from 33.3% to 0.7%. The operation mode for the trading of palm oil is mainly in-house paper transaction conducted on a back-to-back basis without taking physical delivery. The trading of trendy fashion merchandises and other consumer products is the 2nd largest business in terms of turnover in which the Group only places Original Equipment Manufacturing (“**OEM**”) orders with factories. The remaining businesses – money lending and securities investments, account for a small portion of the turnover which by nature are in-house paper and management type businesses. In short, the above business segments do not have any direct significant impact on environmental areas and aspects and the main material ESG are social responsibilities relating to labour employment and practices and operation practices, and environmental responsibilities focus on environmental protection through green practices.

(II) CORPORATE VISIONS AND MISSION

The Group aims to be a successful operator in its business operations and to maximize returns for its stakeholders, at the same time to maintain a healthy and safe working environment for its employees, and to achieve continuing and sustainable development for both the local community and the environment. It is the Group's mission to deliver quality products and services to meet our clients' requirements and satisfaction.

(III) ESG COMMITMENTS, MANAGEMENT AND ACTIONS TAKEN

The Group continues to follow the ESG Guide on the listed areas and aspects and considers them as significant considerations for the short and long-term operations of its business, and is committed to conducting its business in a socially responsible manner. The Group also attends and closely monitors the impact of its daily operation on the environment, employees, clients and local communities, to comply with legal and regulatory requirements, to adhere to high ethical standard. Furthermore, the Group makes an effort to meet, maximize and balance the interests of all stakeholders, environment, society and corporate governance.

The Group has not changed its ESG management and operation structure since the commencement of ESG reporting that the Board has the total responsibilities on the related environmental and social issues contained in the ESG Guide, and has initiated and approved its corresponding strategies and policies. The Board has delegated the Group's Chief Executive Officer ("**CEO**") to have the overall responsibility to implement accordingly. Through normal operation channels, all the department heads are required to report to and support the CEO on implementing the approved strategies and policies.

The CEO and the management executives are responsible for examining and addressing all the environmental and social issues listed in the Aspects and Areas in the ESG Guide, as well as managing the established Key Performance Indicators ("**KPIs**") in line with the Group's strategies and policies. In managing the ESG priorities, the Group requires all its operations to fulfill and comply with their environmental and social responsibilities and obligations in compliance with the ESG Guide, the laws and related regulations and all relevant statutory requirements, operating practices and standards of the HKSAR and the domicile countries. The Group also takes into account of the opinions and views of its stakeholders including shareholders, investors, employees, clients, suppliers, service providers, professional advisors, Non-Governmental Organization ("**NGO**") partners and industry associations, and strives to address their concerns. The CEO has assigned duty managers to constantly communicate with its stakeholders through various channels including but not limited to annual, semi-annual and special shareholders meetings, public websites, emails, circulated documents, fax and telephonic enquires, regular meetings with employees and business partners with the management and frontline staff, and so on, in order to gain insights on ESG material aspects during the Reporting Period.

Through constant communications with stakeholders and with reference to the ESG Guide, the Group has identified the following ESG material areas and aspects and have managed them strictly in accordance with the Group's established management structure, process, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Environmental Protection through Emission Reduction and Conservation of Resources;
- Employment Packages and Working Conditions;
- Employee Development and Growth;
- Procurement Policies;
- Quality of Products and Services especially on the trendy fashion and merchandises and consumer products sold;
- Privacy Information Protection; and
- Bribery and Corruption.

The ESG issues and obligation performance especially on the above material areas and aspects during the Reporting Period, have continued to be monitored and managed by the CEO together with his management team, and are summarized herein below:

ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE

(A) ENVIRONMENTAL AREA

The Group is committed to reducing its carbon footprint and consumption of natural resources in all possible aspects of its business operations. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation.

Policies and Compliance with Relevant Results

Given the in-house operation nature of most of our business activities, the Group mainly uses energy and resources of electricity, water, printing paper and packaging. Our operations and activities do not generate any polluted or toxic emissions, wastes and discharges.

As a social responsible corporation, the Group strives to protect the environment, and is aware of the importance of its sustainable development in relation to its ongoing business operations. The Group abides by all the local environmental laws and regulations, implements and takes measures and continues with its responsibility and commitments to protect the environment, to prevent and to minimize pollution prevention, and to conserve and efficiently use energy, water and resources.

During the Reporting Period, the Group, same as the last two reporting periods, did not receive any violation notices, fines or complaints in relation to its emissions, wastes and discharges.

Performance

As aforementioned, most of our business activities are operated in-house under normal office environment. For the Reporting Period, the types of emissions, wastes and discharges, same as the last two reporting periods, were mainly indirect greenhouse gas such as carbon dioxide (“CO₂”) emissions from electricity consumption, waste water from hygiene uses, and wastes from non-hazardous packaging and printing papers, and their emissions and discharges were relatively insignificant in terms of amounts generated and did not cause any significant impact on the environment. There were no complaints or breaches on emissions and discharges recorded by any law enforcing agencies during the Reporting Period, same as the last two reporting periods.

ASPECT A1: Emissions and Wastes

Types of Emissions and Wastes and Mitigation Measures

The Group's four main businesses are in-house office works and services, which do not directly generate any hazardous and much non-hazardous gas emissions or waste discharges and does not have an adverse impact on the environment. Its major business activity, palm oil trading, is conducted entirely in office on back-to-back paper agreement basis without taking any physical deliveries. Hence, no direct gas emissions, solid or water wastes are generated. The subcontracted logistics companies and the buyers will take out insurance for the potential environmental damages of the oil cargo during transit. For our trading of trendy merchandises and consumer products, as we do not own nor operate any manufacturing plant and only purchase from OEM, and therefore no gas emissions, solid and water waste discharges will be generated. Similarly, the lending and securities investment businesses are entirely conducted under normal office environment and therefore no gas emissions, solid or water waste discharges are generated. However, during our normal course of business and operation, indirect greenhouse gases, primarily CO₂ from electricity consumption and employee travels, and living waste water are emitted and discharged. Therefore, reduction of energy and water consumption and efficient arrangement of employee travels continue to be our top priorities.

Non-hazardous Greenhouse Gas ("GHG") and Hazardous Air Pollutants Emissions

As the Group's business activities are operated under normal office environment and the Group does not own any transport fleet, no quantifiable direct hazardous air or pollutant emission is generated, and only indirect non-hazardous GHG, namely CO₂ is generated as a result of the electricity consumption.

During the Reporting Period, the Group's 2 offices indirectly generated 13.37 tonnes of GHG-CO₂, which was 1.79 tonnes or 15.45% more than the last reporting period. Such increase was in line with our 11.8% increase in our business activities.

Hazardous wastes and Non-hazardous wastes

Same as the last reporting period, the Group did not produce any hazardous wastes during the Reporting Period, given that most of business activities were conducted under normal office working environment.

During the normal course of our office operation, only an insignificant amount of office and staff living non-hazardous wastes such as used printing paper, packaging material, waste water etc. are generated. The non-hazardous wastes will be collected and disposed by the property management offices.

During the Reporting Period, same as the last reporting period, the Group fully complied with all the relevant laws and did not receive any complaints, fines or warning notices from the public or the relevant environmental agencies regarding our waste disposal activities.

Emissions and Discharges – Mitigating Measures and Results

As mentioned before, the operations and activities of the Group only generates an insignificant amount of indirect GHG-CO₂, non-hazardous wastes such as printing paper and packaging materials, and waste water from employees daily hygiene uses. All of these emissions and discharges have no significant impact on the environment. During the Reporting Period, same as the last reporting period, the Group did not receive any complaints or breaches on its emissions and discharges from the management offices or any law enforcing agencies.

To reduce GHG-CO₂ emissions and discharged wastes generation, the Group has introduced guidelines to encourage employees to save energy and reduce water consumption. All levels of the employees of the Group have been reminded, educated, and practice the importance of the “5-R” principle – “reducing, reusing, recycling, replacing and recovering”. Though the Group is satisfied with its accomplishments in general and recognizes the efforts and achievements of its employees, it will continue to closely monitor the “eco-practices”.

ASPECT A2: Use of Resources

Policy

Same as the last 2 reporting periods, electricity, fresh-water, printing paper and office consumables are the main types resources used during our daily operations. Although the volume and quantity of the resources used have not been significant nor irregular due to our “in-office” operational nature, the Group has continued to commit on the conservation and efficient use of energy and all resources. We have adopted, promoted and implemented a commonly practiced 5-R principle to encourage and guide our employees on saving energy and resources usage. To ensure that the introduced measures are followed, the Group has appointed the administration department of each office to perform routine checks. The Group has also been exploring alternatives to save and improve the use of resources by installing advance and modern equipment.

Energy Use Efficiency, initiatives and Results

Given the “in-office” nature of operation, the Group only uses electricity supplied from the city grid network. During the Reporting Period, the Group consumed approximately 18,690 kWh of electricity, which was 386 kWh or 13.2% more than the last reporting period. The increase was in line with its increase in activities and turnover of 11.8%.

The Group has implemented measures to encourage energy saving and conservation such as appointing responsible employees to ensure all electric appliances and equipment are turned off when not in use or after office hours, and regulating the office temperature and air-conditioning at optimal level. At the same time, to invest in energy saving devices such as LED lights and printing machines. Employees have constantly been reminded to use energy wisely and responsibly. Through these direct and positive measures, the Group has achieved a steady and improved performance on its energy saving and conservation over the last 3 reporting periods.

Water Sourcing and Use Efficiency, Initiatives and Results

Same as the last two reporting periods, fresh water as supplied from the city supply network was used only for general living and sanitary purposes by our offices employees. The volume of water consumed during the Reporting Period was insignificant.

The Group will continue to constantly educate, remind and guide its employees to conserve and use water efficiently as it is now one of the most scarce and valuable natural resources of the world.

Packaging Material and Use of Other Resources and Use Efficiency, Initiatives and Results

Trendy fashion merchandises and consumer products consume most of our packaging materials especially during product promotions and exhibitions. As a general principle, the Group insists that the packaging materials must be fit for purpose and in compliance with safety and hygiene standard in accordance with our specifications and considerations.

In the offices, the Group continues to commit to building a paperless environment and use paper only on as-needed basis. All employees are constantly encouraged and reminded to use electronic tools such as emails, messages, and Universal Serial Bus (USB) storage to replace paper files, sketches and letters, and to adopt the 5-R principle in their handling and usage of papers and other office utensils. During the Reporting Period, same as the last two reporting periods, the Group continued to monitor the paper and other office utensils consumption in an efficient and effective manner for cost saving as well as conserving resources purposes.

ASPECT A3: Environment and Natural Resources

Policy

As stated before, one of the visions of the Group is to be a socially responsible corporation, in which protecting the environment and conserving resources are the two important considerations in our daily business operations. We only consume electricity, fresh-water, printing paper, office consumables for normal office routine operations, and packaging materials for our trendy fashions and consumer products without any adverse impact to the environment. Furthermore, given our in-house operation nature, no hazardous emissions and wastes are generated.

Driven by cost saving incentive, social as well as environmental responsibility, the Group has implemented eco-friendly practices especially adopting the 5-R principle to reduce and conserve energy, fresh water and other natural resources. The Group has complied with all the environmental laws and regulations, and cooperated with the local government agencies and supported environmental organizations' to promote activities to build a "clean and safe" environment and society.

During the Reporting Period, same as the last two reporting periods, no irregularities on natural resource consumption were discovered by the management.

(B) SOCIAL AREA

The Group strives to build mutually beneficial relationships with our stakeholders including our employees, customers, suppliers, communities, as well as the public and government authorities. In formulating our ESG strategies and policies, we have taken into account both our business development goals and the considerations and our responsibility to our stakeholders.

Employment and Labour Practices

ASPECT B1: Employment

During the Reporting Period, the Group employed a total of 57 employees including the Directors, same number as the last reporting period, and incurred a total employee cost approximately HK\$5.5 million, which was 52.7% higher than the last reporting period. Employee remuneration is determined with reference to market terms and the performance, qualifications and experiences of individual employee as well as their contribution to the Group. The Group has continued to provide trainings for existing and new employees to enhance their on-the-job skills and know-how.

Policy and Compliance with Relevant Laws

The Group recognises the keys to its continual success and competitiveness are the skills and commitment of its employees. With a competitive employment market conditions, it can be difficult to recruit and keep talented employees, and the Group is ever more mindful and committed to offering a more attractive employment packages and maintaining a safe and equal working environment for our employees, providing development opportunities and promoting employees' health and well-being. Our employment contract terms and internal employee handbook demonstrate these commitments and cover the Group's standards in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

The Group continues to adopt the policy of strict compliance with all the laws, rules and regulations on the employment arrangements under the Employment Ordinances and Employees' Compensation Ordinance of the HKSAR, and the Labour Laws of the Peoples Republic of China (the "PRC"). The Group provides equal opportunity to all employees on recruitment, promotion, compensation and benefits, and builds harmonious, safe and healthy working environment, and forbids the recruitment of child labour and forced labour. We have managed our human resources with employee-oriented policies to encourage co-operation and motivation, to protect the interests and rights of our employees, and ultimately to achieve an amicable relationship with our employees.

The personnel administration manager reports directly to the Group's CEO and has the overall responsibility to implement the Group's strategies and policies on human resources management, and to ensure all the statutory obligations of the Group have been legally fulfilled and complied with. All employees are required enter into proper and standardized employment contracts with the Group at the time of employment. The employment contracts contain all the terms and conditions related to wages and salaries, holidays, over-time, severance and compensation pay, medical benefits arrangement, mandatory provident funds, accidents and injury, safety and health, performance assessment, and so on, which are in strict compliance with the Employment Ordinance and Employees Compensation Ordinance of the HKSAR and the Labour Laws of the PRC. Moreover, bonuses in form of cash or shares options will be assessed jointly by the department head, personnel administration manager and the Group's CEO and recommended to the Board for approval before granting.

On recruitment, the Group adopts a hybrid of external recruitment, internal nomination and job rotation to recruit suitable personnel from outside and provide advancement opportunities to existing employees. All job positions are open to all with equal opportunities with no discrimination on sex, race, religion, gender, age and disability, and are selected on competency basis.

The Group provides and maintains statutory benefits to all qualified employees. Apart from salaries, the Group has set up a Mandatory Provident Fund Schemes (“**MPF Schemes**”) in accordance with the Employment Ordinance of HKSAR and medical insurance plan for our HKSAR employees. The MPF Schemes is subject to regulations under the MPF Schemes Ordinance and is a defined contribution retirement plan administered by independent trustees. The Group’s employees in the PRC are entitled to national social insurance under the statutory Labour Laws of the PRC.

Performance

During the Reporting Period, same as the last reporting period, the Group honoured all of its obligations on employment related issues and did not have any employment related disputes or litigations.

Workforce Analysis

As at 31 March, 2019, the Group had a total of 57 employees in the HKSAR and the PRC (2018: 57). 30 of the employees were located in the HKSAR (4 in Sheung Wan Head Office and 26 in Kowloon Bay Office) and 27 of the employees were located in various bases in the PRC.

This showed that the Group had a stable and acceptable employment policies and structure. Among the 57 employees, 26% were in the managerial level while the remaining employees were at the operation level; male to female employee’ ratio was 73% to 27% which was reasonable owing to the nature of our works; 76% of the employees were above the age of 40 owing to the mature and professional skills required by our job positions.

The above information shows that the Group has a stable work force and a reasonable employment structure and mix, evidencing that our overall employment policies are fair and acceptable to the employees.

Employee Compensation and Benefits

Employees’ salary and compensation packages of the Group are a major material ESG. At all times we are in strict compliance with relevant laws and regulations including the Employment Ordinance, Employees’ Compensation Ordinance, Minimum Wage Ordinance, and MPF Schemes Ordinance to provide remuneration not less than the applicable statutory minimum wage, overtime compensation and Mandatory Provident Fund (“**MPF**”) payments to employees. Employees are also entitled to various fringe benefits such as statutory holidays, paid annual and maternity leaves, etc.

The Group has created a fair and non-discriminatory atmosphere where male and female staff are equally entitled to employment and promotion opportunities. Child labour and forced labour are strictly forbidden.

All employees are required to enter into proper employment contracts with the Group in accordance with the Employment Ordinance. We have developed and outline in our Internal Control Policy clear rules and regulations to provide provisions on remuneration, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other benefits as well as welfare for our employees.

All remuneration packages are linked to individual performance, the Group's business performance, and taking into consideration of industry practices and market conditions, and are reviewed on an ongoing basis with management regularly meeting with staff to understand their concerns and assist with their daily roles.

During the Reporting Period, the Group did not have any employment related legal disputes on record.

ASPECT B2: Health and Safety

Policy and Compliance with Relevant Laws

As a continuing policy, the Group is committed to providing a safe, healthy and pleasant working environment to the employees and protecting them from work-related injuries by implementing occupational health and safety policies and safety training. We have equipped all our offices with adequate equipment and facilities to ensure safety and convenience to employees. The Group has arranged medical insurance to cover sickness, injuries and accidents, and has fully contributed to the MPF for all our employees. The employment contracts contain details on health and safety protection, which the Group has fully complied in accordance with statutory requirements of the HKSAR and the PRC.

All our employees are constantly reminded to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and to place safety as their priority during office work. Managers and supervisors are charged with the responsibility of enforcing the safety policies, rules and practices.

In case of an injury or an accident to an employee during work, regardless of location, type and seriousness, it is compulsory to notify their superiors and/or the senior management immediately who will take immediate and appropriate actions. Measures are being put in place to require corresponding remedial or compensatory actions arising from safety and health issues or work injuries in accordance with the Employment Ordinance, Employees' Compensation Ordinance of the HKSAR or the Labour Laws of the PRC and the agreed terms under the employment contracts.

Performance

During the Reporting Period, same as the last reporting period, the Group did not record any claim on compensation or work related injury investigation.

Work-related Fatalities

Continuing the record of the last reporting period, there was no serious injury, incident or disastrous event during the Reporting Period.

Security

During the Reporting Period, no serious event or accident to our employees and customers was reported.

Insurance and Third Party Liability

The Group maintained at all times relevant employees' compensation for injuries and death in the course of employment and relevant third insurance for all our operations.

During the Reporting Period, same as the last reporting period, there was no insurance claim from work injury, occupational health or safety hazard case recorded.

ASPECT B3: Development and Training

Policy and Compliance with Relevant Laws

The Group encourages and supports employees to continue learning and improving their knowledge and job skills for the benefits of the employees as well as the Group.

The Group continues to provide three categories of training. (i) induction training is provided to new recruits to enhance their understanding of the Group history, organization structure, work environment, regulations, responsibilities and duties required of the job, working skills, safety in operation, and career development plan, etc. (ii) on-the-job and (iii) specific training for long-term employees aiming at improving their career development and skills to perform their required job duties in a more competent and capable manner and without risking their health and safety. Employees are also encouraged to engage in self-development by taking external training programs and seminars which the Group may sponsor, in part or whole, at the discretion and recommendation of the management.

Performance

During the Reporting Period, the Group, continued to sponsor a Director to attend an external training program on the listed company management for 15 hours organized by the Hong Kong Securities and Investment Institute.

ASPECT B4: Labour Standards

Policy and Compliance with Relevant Laws

During the Reporting Period, the Group continued with its strict compliance with the Employment Ordinances of the HKSAR and Labour Laws of the PRC as its minimum labour standard on labour protection and welfare. The Group was not aware of any non-compliance with regard to labour practices of any relevant laws or regulations in HKSAR and PRC. There were no labour conflicts and strikes within the Group and we did not experience any material labour disputes nor any material insurance claims related to employees' injuries. The Group also did not experience any material safety problems and no material safety accidents occurred due to the fault of the Group.

Equal opportunities have been given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees have not been discriminated against or deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. Child labour and forced labour have been forbidden. The Group firmly believes that it has maintained an amicable working relationship with our employees.

Same as the last reporting period, the Group honored all of its obligations towards employees and no disputes or litigations on labour matters were reported during the Reporting Period.

Operation Practices and Community Investment

The Group has mainly been a commodity trading and investment holding company and operates strictly according to related commodities trading and investment contract laws and by-laws with integrity, fairness and honesty. The Group and its employees are required to practice the related industry code of standards as well as to obey the social responsibility ethics. The Group and its employees also follow the related industry code of standards as well as social responsibility ethics.

ASPECT B5: Supply Chain Management

Supply chain management in the ESG Guide mainly focuses on management of sourcing and procurement. During the Reporting Period, palm oil trading replaced coal trading as the major business activity in terms of turnover, and OEM and sale of our own designed trendy fashion merchandises and consumer products came second in terms of turnover. On palm oil trading, the Group purchased directly from the planters and sold to buyers on back-to-back basis with no physical deliveries; trendy merchandises and consumer products were purchased directly from factories on OEM under our own designs and brands; while the lending and investment activities had no physical purchases.

Policy and Management

During the Reporting Period, the Group's purchase policies and management processes were same as the last two reporting periods, which can be summarized below:

The Group had a material and supplier management system, covering the process and procedure for procurement and integrating sustainability into our supply chain by evaluating risks, economics and environmental considerations. Our internal control policies manage and mitigate the economic, social and environmental risks in the supply chain.

The Group continued to procure on open and transparent basis from all suppliers on a fair and equitable manner. The Group maintained a stable relationship with qualified suppliers through strict selection criteria and supplier assessment, which included: (i) ability to meet specification and standards; (ii) product and service quality; (iii) pricing of the products and services; (iv) quality control methods and practices, and reliable delivery method; (v) past performance; and (vi) environmental standards considerations including energy efficiency. Before effecting any purchase, the purchase department will perform a due diligence check on the ability and quality of the suppliers either through self-assessed customary market checking or engaging external professional firms to carry out a trade and credit checking.

To strengthen its procurement risks mitigation, the Group continued with its well-structured supply and purchase management policy and processes by adopting different approval authorities at different hierarchy levels of the management team, the system ensures that flaws and faults are eliminated in a check and balance manner.

Geographical Distribution of Suppliers

Same as the last reporting period, the purchase of items or services for general use such as general office supplies were generally sourced from local reputable and reliable suppliers to reduce carbon footprint and to support the local economy development. For palm oil, the Group only purchased from few long-term suppliers from Southeast Asia. For trendy fashion merchandises and consumer products, they were purchased on OEM basis from factories meeting with our specifications and requirements in the PRC. The geographical distribution of the suppliers in the Reporting Period was similar to the last reporting period.

During the Reporting Period, the Group did not experience any significant problems with the products purchased from its suppliers in terms of quality and reliability. The Group also did not find any malpractice nor fraud during the procurement processes.

ASPECT B6: Product Responsibility

Product/Service Quality

Palm oil, trendy fashion merchandises, consumer products, and lending services continue to be the major areas where products qualities are involved and concerned. The Group fully understands that the quality and consistency of our end products and services are crucial for maintaining our reputation, credibility and market share.

Policy and Compliance with Relevant Laws

Same as before, on palm oil trading, given its direct back-to-back nature, there will be no delivery time lag or concerns on products quality and quantities; on trendy fashion merchandises and consumer products, which will be sold as in their respective forms, images or designs at the time of contracts entered, there will not be any changes or quality issue after sales; however, there may be an issue on quality of after-sale supporting services, as the buyers may need our advice or request for modifications.

To minimize the risks, the Group relies on reliable track records, reputation and integrity in selecting our trading partners and properly follows the cargoes inspection procedures. The relevant sale and purchase contracts signed are also fully in compliant with the Sale of Goods Ordinance and the Trade Description Ordinance.

On our lending activity, the employees are required to follow strictly the Hong Kong Monetary Authority rules and regulations in conducting our business, and are not allowed to misrepresent and give any warranties without the senior management approval.

During the Reporting Period, the Group did not have any material non-compliance related to its product or services quality and responsibility.

Complaints Handling

Policy and Compliance with Relevant Laws

The Group has committed to delivering of quality and professional services to our customers and has implemented various procedures to ensure all customer complaints or concerns are addressed at the appropriate levels and in a timely manner. The direct sales account officer is obligated to report any incidents received instantly to his superiors who will then decide the appropriate remedial actions to be taken.

During the Reporting Period, the Group did not have any incident of customer complaint claiming material compensation, or any investigation by any government authorities in relation to such complaint that could have a material adverse impact on its business.

Privacy

Policy and Compliance with Relevant Laws

The Group is fully aware of its obligations to keep and to protect private and sensitive information on the clients and business partners available during the course of its business transactions. The Group and the management have installed stringent supervisory, control policy and measures pursuant to the Privacy Laws of the HKSAR and international conventions, to ensure those information and data to be kept in strictest confidence, and are not allowed to be disclosed and/or leaked to any other third parties without the knowledge and approval of the owner. All Group's employment contracts specifically contain confidentiality provisions and all employees are prohibited from accessing information without approval and/or leaking private and confidential information to third parties. A system of authorized access to such data is installed and followed at all times.

During the Reporting Period, there were no cases initiated against the Group, nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any area in which it operated.

Intellectual Property Right ("IPR")

Policy and Compliance with Relevant Laws

Among the Group's main business, the design of the trendy fashion merchandises and consumer products is the only one related to IPR. The Group has constantly alerted our designers not to use pirated software, not to infringe on the IPR of others during the products design and development stages. The Group primarily relies on trademark and intellectual property laws, and confidentiality agreements with its senior employees and designers, to protect all intellectual property relating to the operation of its trendy fashion merchandises and consumer goods. The Group also undertakes to the client that all the images, designs and brands sold have valid and effective legal rights and patents.

During the Reporting Period, the Group did not have any infringement of its or any IPR including which had or could have a material adverse effect on its business, and there were no legal proceedings in relation to IPR against the Group.

ASPECT B7: Anti-corruption

Policy and Compliance with Relevant Laws

The Group continued to adopt a zero tolerance policy towards corruption, bribery, extortion, fraud and money laundering. At all times, all employees must adhere to ethical considerations as embodied in our code of conduct contained in the employment contracts and employees handbook and internal control policies when working on its business activities. The Group adopted and implemented clear policies and procedures with regards to procurement, sales, operational management and finance, and the CEO is charged with the responsibility to initiate investigation upon receiving any corruption reports. Employees are also required to declare any conflicts of interest in the execution of their roles. Through establishing these rules and guidance, the Group encourages all employees to discharge their duties with integrity and comply with the relevant national anti-bribery laws and regulations.

During the Reporting Period, same as last reporting period, no adverse comment from independent external auditor on corruption and fraud was reported, no enquiry or concern from the government or banking officials regarding money laundering was received, and no complaint or litigation case on bribery, corruption or fraud against its staff was recorded.

ASPECT B8: Community Investment

Policy and Compliance with Relevant Laws

The Group strives to be a socially responsible corporate citizen making contributions to the local community within which we operate by addressing local community environmental, employment and cultural concerns and issues. The Group prioritized its employment by giving first consideration to employees from the local communities. The Group supported its employees and their family members to provide voluntary services and to participate in charity, cultural, sport and educational activities as means to pay back especially to the local communities. The Group also operates in an eco-friendly mode and supported environmental activities to build a “Green Global Society”.