



YING HAI GROUP HOLDINGS COMPANY LIMITED

瀛海集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8668

Environmental, Social and Governance Report

2019

OVERVIEW

Ying Hai Group Holdings Company Limited (the “**Company**”), together with its subsidiaries, collectively the “**Group**”) is pleased to present its first Environmental, Social and Governance (“**ESG**”) report. This ESG report (“**ESG Report**”) summarizes the key issues, challenges and performance in implementing our ESG initiatives and commitment to achieving sustainability during the reporting period starting from 1 January 2019 to 31 December 2019 (“**2019**” or “**Reporting Period**”).

The Group prepared this report in accordance with the ESG reporting guide (“**ESG Guide**”) as stated in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Hong Kong Stock Exchange (the “**GEM Listing Rules**”) and Guidance set out by the Hong Kong Stock Exchange (“**HKEX**”) and its principles of materiality, quantitative, balance and consistency. This report covers the operations and activities of the headquarters in Macau and two branch offices in Hong Kong and Zhuhai, China.

ESG SCOPE, OBJECTIVES AND STRATEGIES

We are a wholesale licensed travel agent and car rental services provider based in Macau with offices and service outlets in Hong Kong and Zhuhai. We offer a range of travel-related products and services including hotel rooms, car rental services and sales of air tickets and other ancillary travel-related products and services. We also provide vehicle rental services to individual and business customers. We are one of the two companies in Macau that are licensed to provide both travel agent services and self-drive rent-a-car services.

We derive our revenues from (i) sales and distribution of hotel rooms; (ii) provision of tourism and multi-purpose car rental services; and (iii) sales of air tickets and other ancillary travel-related products and services, such as entertainment tickets, buffet tickets, transportation tickets, travel insurance and visa applications.

The Group operates in strict compliance to the principles of minimising the risks associated with the listed ESG areas and aspects stipulated in the ESG Guide, including but not limited to the compliance with legal and regulatory requirements, adherence to high ethical standards, minimizing negative impacts on the environment, improving the well-being of the employees, enhancing the relationship with the business parties, offering highest possible level of services to our clients, creating value to the stakeholders, and supporting the disadvantaged and growth of the community. We uphold the importance of sustainability as one of the key driving forces to the growth of the Group and creation of value for our stakeholders. We believe that the listed ESG areas and aspects in the ESG Guide are significant considerations for our business planning and operations.

ESG APPROACH AND MANAGEMENT

The board of directors (the “**Board**”) of the Company is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. The Board has delegated the chief Executive officer (the “**CEO**”) and his operation managers (collectively as the “**Management Team**”) to formulate and implement policies and measures to all ESG related matters. The Management Team has thus committed company resources and instructed various departmental managers and subject matter working groups with the following responsibilities:

- Review and identify the environmental and social risks that may be materialistic to the Group’s core business activities;
- Formulate, approve and implement ESG strategies and policies;
- Establish and designate ESG Key Performance Indices (“**KPIs**”) to monitor the implementation of such ESG strategies and policies;
- Collect and compile data and statistics and prepare reports regarding the implementation of all ESG matters;

- Analyze and compare such statistics to ESG KPIs;
- Evaluate and assess the overall performance of the ESG strategies and policies;
- Identify and determine the shortcomings and weaknesses in all ESG related matters;
- Device solutions and action plans to remedy weaknesses in implementation of ESG strategies and policies and revise ESG strategies or policies if necessary; and
- Consult with external stakeholders and independent professionals on ESG matters where internal subject matter leaders and resources cannot resolve weaknesses in ESG strategies and policies.

Changes in business operations, structures, technologies, laws and regulations, and the environment may drive changes to our ESG policies and practices. The Group undertakes and invests substantial resources to monitor ESG issues, policies and practices and performance on an ongoing basis. Furthermore, in order to contribute to the sustainable development of the environment and society at large, the Group exercises due responsibility in maintaining the highest level of ethical standards on conducting its business and uphold strict compliance with all relevant laws, rules and regulations in all ESG matters.

For 2019, the Group has for the first time compiled the ESG KPIs, which will be used as the basis for future management and comparison in order to measure the related ESG areas and aspects performance.

STAKEHOLDERS COMMUNICATION AND MATERIALITY

Inputs and feedbacks from our stakeholders are critical to our operations and business activities. As such, we maintain regular reviews with internal and external stakeholders to listen to and collect their views and opinions regarding the Group's operations and performance. We value highly these views and opinions from stakeholders, and our Management Team will carry out materiality assessments internally with the related managers and externally with related stakeholders through meetings, contacts and various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones etc. For 2019, the Group and the stakeholders have identified the following material areas and aspects:

- Environmental practices and their performance;
- Commitments to employees, engaging and retaining talents;
- Employees health and safety protection;
- Commitments to customers and building trusts through quality and reliability of services and products;
- Protection of customers privacy;
- Anti-corruption prevention; and
- Community support and contribution.

The above ESG material areas and aspects have continued to be strictly managed and monitored through the Group's established management structure, process, policies and guidelines as described in this ESG reporting and herein summarize in below:

THE GROUP'S ENVIRONMENTAL AND SOCIAL AREAS AND ASPECTS AND THEIR PERFORMANCE

A. ENVIRONMENTAL

1.1 Environmental Areas

Introduction & Policies

As one of the leading providers of travel and car rental services in Macau, the Group has always sought to operate in a responsible, transparent and sustainable way. The Group follows strictly all applicable environmental laws and regulations and has implemented the "Green Environmental Policies and Procedures", which aims at striking a delicate balance between achieving commercial returns and protecting the environment. The "Green Environmental Policies and Procedures" are summarized below:

PURPOSE:

To establish and maintain procedures to assist on identifying, evaluating and determining the significances of environmental aspects and impacts.

PROCEDURES:

- (i) The Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.
- (ii) The Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal or abnormal situation.
- (iii) When identifying the environmental aspects, consider the following where relevant:
 - Hazardous or non-hazardous emissions to the atmosphere;
 - Polluted water discharging;
 - Disposal of Hazardous and non-hazardous wastes;
 - Land contamination;
 - Use of raw materials, energy, water and other natural resources; and
 - Other local environmental issues such as noise or light pollution.

All activities likely to cause significant environmental impact shall be identified.

- For each environmental aspect, the Management Team shall identify and assess the environmental impacts, in consideration of global warming, ozone layer depletion, air, water and soil pollution, and wastage of natural resources

The "Green Environmental Policies and Procedures" is in place to help us to achieve a balance between carrying out our business operations and activities and protecting the environment. The policies will guide us to prevent pollution, reduce wastes and minimize negative impacts on the environment. Successful implementation of these policies and procedures may reduce our use energy, water and other natural resources, which will result in savings in our operation costs.

1.2 Environmental Aspects

The Group generates revenues mostly from three main revenue streams in 2019. The first revenue stream derives from the wholesaling of hotel rooms. The second revenue stream comes from the sales of air tickets, shows and attraction tickets. The third revenue stream comes from providing car rental services to businesses and individual customers. While both wholesaling of hotel rooms and travel-related tickets do not produce, emit or discharge any serious hazardous gas, pollutants, polluted water and wastes, noise or light, it however generates greenhouse gas (“GHG”), namely carbon dioxide (“CO₂”), indirectly through the use of electricity. The provision of rental car services involves the use of a large fleet of vehicles and does directly produce and emit hazardous gas, pollutants and noise and non-hazardous GHG-CO₂. As at the end of the Reporting Period, the Group owned and operated a total of 45 vehicles, including 36 vehicles for rental purposes and 9 coaches leased out to corporate customers and travel agencies. The offices in Macau, Hong Kong and Zhuhai also consumed water, for general living and hygiene purposes, and papers for printing purposes.

A1. Emissions and Wastes

(i) Hazardous and Non-Hazardous Air Emissions

The Group’s biggest contributor of carbon footprint is direct vehicular emissions of CO₂ from its car rental services with a fleet of 45 vehicles to transport passengers.

The daily usage of this fleet of vehicles mainly consume petrol, that emit hazardous air pollutants, such as sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”), and GHG, namely CO₂ directly, while the Group’s offices and sale outlets in Macau, Hong Kong and Zhuhai generate emission of CO₂ indirectly through the consumption of electricity. GHG-CO₂ is the most important contributor to global warming, which we have regarded as a materialistic aspect to monitor.

In 2019, the Group’s car rental services consumed a total of 50,970 litres of unleaded petrol fuel in operating its fleet of vehicles. This fuel consumption resulted an emission of 143.77 tonnes of GHG-CO₂ directly. The Group’s offices consumed a total of 25,147 kWh of electricity, an equivalent of 19.86 tonnes of GHG-CO₂ indirectly. The total GHG-CO₂ emissions amounted to 163.63 tonnes or 1.80 tonnes of GHG-CO₂ per employee in 2019.

The consumption of 57,090 litres of unleaded petrol fuel also led to air emissions of hazardous pollutants of SO_x, NO_x and PM. During the Reporting Period, the Group’s air emissions of SO_x, NO_x and PM amounted to 0.84 kg, 387.31 kg and 32.27 kg, respectively.

The Group's total hazardous and non-hazardous emissions in 2019 are summarised in Table 1 below.

Consumption & Sources	Type of Emissions	Emission KPIs	Unit	Emission Amount	GHG
					Emission/Employee
50,709 litres of unleaded petrol	Air Emission	Nitrogen Oxide (NO _x)	kg	387.31	
		Sulphur Oxide (SO _x)	kg	0.84	
		PM	kg	32.27	
	GHG, Direct Emission ¹	CO ₂ in CO ₂ e	kg	143,773	
		CH ₄ in CO ₂ e			
		NO ₂ in CO ₂ e			
25,147 kWh of electricity	GHG, Indirect Emission	CO ₂ in CO ₂ e	kg	19,866	
	Total GHG Emission	CO ₂ equivalent, CO ₂ e	kg	163,639	1,798

Table 1: The Group's Total Hazardous and Non-Hazardous Emissions in 2019

1. GHG emissions for vehicle include CO₂, CH₄ & N₂O and are expressed in CO₂ equivalent CO₂e.

Air emissions and GHGs are major contributors to climate change. The Group has been rigorously monitoring and reducing the air emissions and GHG emissions from its fleet of vehicles. Specifically, the Group will insist on purchasing environmental-friendly vehicles, apply high-quality preventive maintenance practices and use only high-quality fuel for its fleet of vehicles.

As this is our first year to compile this emission record, we will use the 2019 data as a base and continue to reduce the hazardous and non-hazardous air emissions from our operations. We target to lower the air emissions and GHG emissions by 5% for the coming year.

(ii) Water Pollution and Discharge

Fresh water is mainly used for daily cleaning and hygienic usage by our staff in our offices during the office hours and therefore, our operations and activities do not consume and generate much polluted water. Only our Macau headquarters have direct supply of fresh water, whereas, other offices and sale outlets are supplied through common amenities, such as toilets and pantries in their respective leased office retail spaces. The fresh water used in our offices are provided and discharged through the respective centralized water supply and discharge network in each of our offices. As such, only our Macau office has metered data on consumption of fresh water. Water consumption fees for other offices and sale outlets are included in the office management fees and we, therefore, do not have the water consumption data for these other offices.

For 2019, the Group consumed a total of 10 cubic metres, or equivalent of 10 tonnes of water in its headquarters in Macau. The average consumption of water per employee is 303 kg among the 33 employees in the headquarters. We consider the water consumed as our volume of polluted water generation and discharged. Same as the emission records, the 2019 water consumption data is the first year for compiling such record and we will use that as a base and will continue to encourage our employees to reduce water usage and thus polluted water generation by 5% for the coming year.

(iii) Noise Pollution Emission

Operations and activities in our offices and sale outlets are in-office nature and do not generate any noise pollution. Our fleet of vehicles may generate a minimal level of noise during its operations. We apply the principle of preventive maintenance in the operations of our fleet and have been providing periodic maintenance to all our vehicles. The practice of preventive maintenance resulted in a fleet of mechanically strong vehicles for our customers and emit the least amount of emissions and noise in the environment.

In the coming years, we will provide trainings to our drivers and end-customers that use our vehicles to apply good driving and maintenance practices to further reduce the emission of noise to the environment.

(iv) Light Emission

The Group's business operations and activities do not generate any light pollution.

(v) Hazardous and Non-hazardous Wastes Discharge and Disposal

The Group's principal activities are mostly conducted in leased office and retail spaces that only produce non-hazardous wastes, such as paper and office staples items. An insignificant amount of hazardous wastes, such as printer toner cartridges, ink boxes and batteries are generated. They are collected regularly by qualified collectors who will dispose them in an environmental-friendly process. On the other hand, the fleet of vehicles we operate for rental purposes produce hazardous wastes, such as contaminated motors oil and depleted batteries.

Because of the proactive stance in maintaining our fleet of vehicles, we had only commissioned qualified vehicle service and repair facilities that complied with relevant environmental laws to provide maintenance services to our vehicles and dispose of or recycle all related hazardous materials during the Reporting Period. For coming years, we will increase our efforts in choosing car-repair facilities that adopt the same high standards of social responsibility as ours and in monitoring the disposal of vehicular waste by requesting traceable disposal records.

In 2019, the Group did not have any cases of non-compliance or warning notices or fines or disputes in relation to hazardous and non-hazardous air emissions and wastes disposal, and polluted water discharges.

(vi) Mitigation Measures and Reduction Initiatives

As a responsible corporation, we are conscious of the effects of our business operations and activities on the environment, especially concerning the usage of expanding fleet of vehicles. We will spare no efforts in adopting policies and actions to maximize the efficient use of energy and to minimize air emissions, waste generation, and related disposal and discharges. We fully comply with all applicable environmental laws, rules and regulations in the markets we operate in during the Reporting Period.

Specifically, we insist on purchasing environmental-friendly vehicles, use only high-quality fuel, apply high-quality preventive maintenance and hazardous wastes disposal practices, although these practices will result in higher costs for us. We also advocate and educate our office staff the importance of reducing electricity consumption and have introduced measures to ensure to that end. For example, we replace conventional lighting source with LED lighting and advise our staff to turn off all use of electricity when our offices are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and to set all indoor and in-vehicle' temperature to not lower than 25°C. The Group has also invested in energy saving tools and equipment, such as energy-saving copiers and computers.

A2. Use of Resources

The Group is committed to becoming a resource-saving and environment-friendly enterprise and believes that this will not only promote a greener society but also will help us to realize savings in operating expenses. We practice the 3R principles: reduce, reuse, recycle in the daily use of resources in our business activities.

Our use of resources for 2019 were summarized below:

(i) Unleaded Petrol Fuel Consumption

As mentioned in the "Emissions and Wastes" section, the Group consumed a total of 57,090 litres of high-quality unleaded petrol fuel for our fleet of vehicles in the Reporting Period. We plan to reduce the fuel consumption by at least 5% for the coming year with the following measures:

- Use only high-quality petrol fuel in our fleet of vehicles;
- Advise and train our drivers to avoid prolonged idling and reckless driving behaviors when using our vehicles;
- Setting the temperature at not lower than 25°C at all time;
- Implement mandatory maintenance schedule among all vehicles; and
- Explore the introduction of new-energy vehicles in our fleet, such as vehicles that have hydride, all-electric and fuel-cell powertrains.

(ii) Electricity Consumption

We consumed 25,147 kWh of electricity among our offices and sale outlets in 2019. That is equivalent to approximately 276.34 kWh per employee per annum.

For the coming year, we will continue to monitor our employees on energy saving practices, and target to lower the electricity consumption by 5% with the continuous application of energy-saving practices such as:

- Turn off electrical appliances and lights when not in use;
- Install and use energy-saving electrical appliances and lighting source; and
- Control heating and cooling devices with time and temperature controls.

(iii) Fresh Water Consumption and Sourcing

Our business activities do not use a large amount of fresh water. Water is mainly used for our employees' daily general cleaning and hygiene needs. All our offices use fresh water supplied from the cities' central water supply network and we do not have any problem on the sourcing of our water needs.

We regularly remind our employees to efficiently use fresh water and to avoid excessive usage of fresh water as it is one of the most important and scarce resources on our planet.

As explained in the aforementioned "Water Pollution and Discharge" section, water consumption data were only available in our Macau headquarter offices, while other Hong Kong and Zhuhai offices' water consumption data was not available, we can only compile and analysis the Macau headquarter offices water consumption result. For 2019, our headquarters consumed a total of 10 cubic metres or 303 kg per employee per year of fresh water. For the coming year, we will continue to encourage our employees to reduce fresh water consumption by 5%.

(iv) Paper and Packaging Materials and Other Raw Materials Consumption

Apart from printing paper, the Group has no material consumption of packaging materials and other raw materials for ESG reporting purpose.

For the Reporting Period, the Group used a total of 238,500 pieces of A4 printing papers among all our offices. The Group did not consume any significant amount of packaging materials in 2019.

For the coming year, we target to reduce the overall paper consumption by 5% among our offices by promoting the following measures:

- Minimise and avoid unnecessary printing and print on both sides;
- Apply employee-specific printing technologies so that we can identify sources of heavy printing and help to reduce;
- Promote the use of electronic tickets for all ticket-related business, such as air flight, concerts, attractions and shows;
- Use recycled papers and reuse paper-made products, such as envelopes and folders;
- Replace the use of papers by sharing and storing information and documents in electronic formats and cloud servers; and
- Adopt company-wide cloud based working environment to reduce the need of printed documentation.

A3. The Environment and Natural Resources

Energy resources, in forms of fossil fuels, are essential for tourism and travel-related business. Different forms of fossil fuels, such as petrol fuel and aviation kerosene must be used in transporting tourists. The Group has always been committed to optimizing its uses of petrol fuel for its fleet of vehicles.

For the coming years, the Group will gradually introduce 'green' trips to its customers, such that shorter routing of trips and greener airplanes are to be suggested to customers. The Group continues to promote environmental education and advocacy amongst our employees to motivate environmental-friendly behaviours across our organization.

The management cogitates that resources conservation is a continuing practice which will benefit both the environment as well as our operations over time.

For the Reporting Period, the Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners that we violated any environmental rules and regulations, polluted the environment or caused any environmental troubles. We aim to achieve zero complaint on pollution issues for the coming years.

A4. Climate Change

After communication with the stakeholders and considering current global environmental conditions, the Management Team has identified that global warming and vehicular emissions are the two most significant climatic issues that may impact the Group. These two climatic issues do not only affect the environmental conditions at large, they will also affect the Group's operations.

In addition to complying with all applicable legislatures, laws and regulations in protecting the environment, the Group makes every effort to contribute to minimizing its impacts on climate change, especially when operating its fleet of vehicles.

To this end, the Group vigorously adopts the following practices to reduce the GHG emissions when operating its vehicles:

- Use only high-quality petrol fuel in our fleet of vehicle;
- Advise and train our drivers to avoid prolonged idling and reckless driving behaviours when using our vehicles;
- Set the temperature at no lower than 25°C at all time;
- Implement mandatory maintenance schedule among all vehicles; and
- Explore the introduction of new-energy vehicles in our fleet, such as vehicles that have hydride, all-electric and fuel-cell powertrains.

The Group also aims at reducing its carbon footprint by implementing energy-saving measures to reduce the use of electricity. These measures include:

- Turn off electrical appliances and lights when not in use;
- Install and use energy-saving electrical appliances and lighting source; and
- Control heating and cooling devices with time and temperature controls.

Furthermore, we support reforestation and the implementation of a paperless office to curb our contributions to global warming.

For the Reporting Period, the Group's business operations and activities, except for the above issues, did not lead to any events or issues that might impact the climate or result in the change of the climate significantly.

B. SOCIAL

2.1 Social Areas

Introduction

The Group aims at creating social values while maintaining profitability in a sustainable manner. In order to accomplish this, the Group upholds transparency and equality in communicating with its customers and all other stakeholders including employees, suppliers, investors, local communities and the government agencies. Moreover, when formulating and implementing our ESG strategies and policies, the Group incorporated not only its own long and short-term goals, but also with full consideration of major stakeholders and the society with the belief that this will ultimately benefit the stakeholders and the general society at large.

2.2 Employment and Labour Practices Areas and Aspects

As the travel industry is service oriented in which human capital is generally its largest asset, the management believes that a diverse, inclusive and equitable workforce will enhance the commitment, passion and communication skills when dealing with our customers. The Group had a total of 91 staff among its offices and sales outlets in Macau, Hong Kong and Zhuhai, the People's Republic of China (the "PRC") at the end of the Reporting Period. In managing the hiring process, compensations and employees' rights, the Group complies strictly to all applicable laws, rules and regulations in all jurisdiction it operates including but not limited to the following:

Relevant Legislation

Nature of Legislation

Jurisdiction: Macau

Law No. 4/98/M

Law No. 7/2008

Law No. 21/2009

Framework Law on Employment Policy and Worker's Rights

Labour Relations Law

Law on Employment of Non-Resident Workers

Jurisdiction: Hong Kong

The Employment Ordinance

(Chapter 57 of the Laws of Hong Kong)

The MPF Schemes Ordinance

(Chapter 485 of the Laws of Hong Kong)

Employment Framework and Employee Rights

Mandatory Provident Fund

Jurisdiction: PRC

"Labor Law of the PRC"

《中華人民共和國勞動法》

Employment Framework and Employee Rights

We have invested heavily to provide and maintain a safe, health and equitable working environment for our employees. We do not discriminate candidates and employees on basis of gender, age, marital status, ethnicity, sexual-orientation or religion.

All employees work on a 48-hour work schedule per week and, because of the nature of the travel industry, all employees work on a rotating schedule. All new employees receive an Employee Handbook which stipulates the basic code of conducts, terms and conditions of employment as well as employees' rights and statutory benefits including holidays and leaves, appraisal and promotion, insurance, confidentiality, etc.

B1. Employment

(i) Employment Mix

At the end of 2019, the Group employed a total of 91 employees in Macau, Hong Kong and Zhuhai offices and sales outlets. The Group's employment mix had the following features:

- On gender mix – 61 or 67% % were male and 30 or 33% were female.
- On geographic mix – 75 or 82.5% of our employees worked in Macau offices and sales outlets, 5 or 5.5% worked in Hong Kong office, and 11 or 12% worked in Zhuhai office. The distribution was normal as the Group derived almost all revenues from the Macau market, and Hong Kong and Zhuhai offices were for customer liaison purposes.
- On roles mix – 11 or 12% were on managerial roles, 25 or 46.2% were skilled operational staff, and 38 or 41.8% were general staff. The distribution was normal as per the nature of the works.
- On age mix – 44 or 48.3% were under 30 years old, 25 or 27.5% were between 31 to 40 years old, 16 or 17.6% were between 41-50 years old, 5 or 5.5% were 51-60 years old, and 1 or 1% over 60 years old. The distribution was normal as per the nature of the works.
- The Group had 89 or 97.8% workforce on full-time, and only 2 or 2.2% part-time employees at the end of the Reporting Period.

Figure 1: Employment by gender

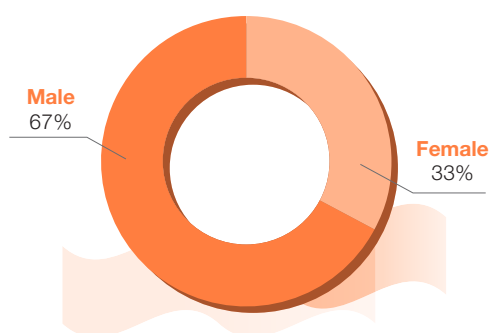


Figure 2: Employment by type

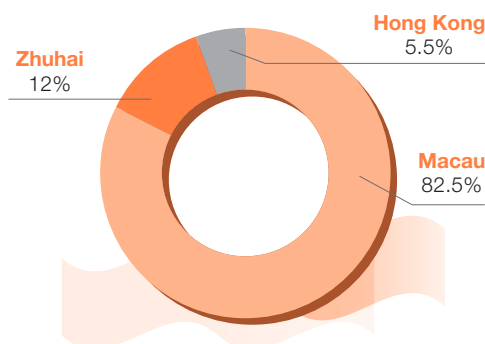


Figure 3: Employment by age group

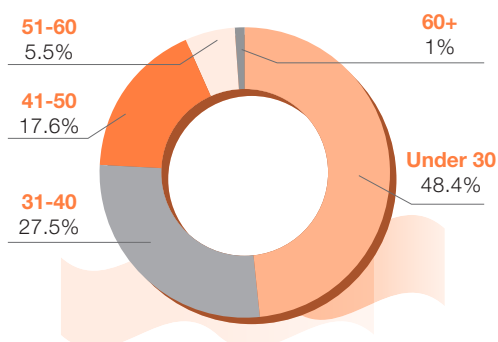
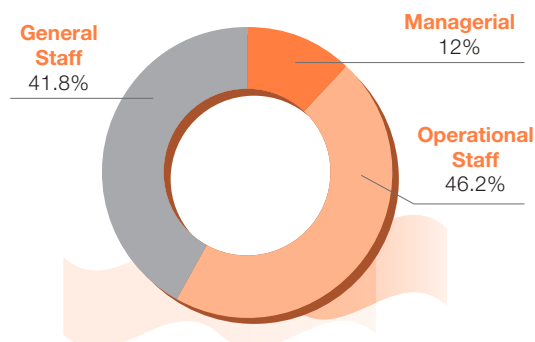


Figure 4: Employment by Employee category



(ii) Employment Turnover

The Group had a total of 91 employees among its offices and sales outlets at the end of 2019, an increase of 25 employees from 2018. The Employee Turnover Rate in 2019 was 66.2%. The high rate of turnover was mainly due to the nature of seasonal fluctuation and ease of job changes of our tourist business, which is an industrial norm.

(iii) Employee Compensation & Package

The Group operates a number of offices and sales outlets in Macau, Hong Kong and Zhuhai. It follows strictly respective laws, rules and regulations relating to employment and talent management in all jurisdictions that it operates including the Labour Relations Law (Macau), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Labor Law of the PRC"《中華人民共和國勞動法》. These laws and regulations set out the basic terms and parameters for the Group in setting policies regarding employees' rights, compensations and statutory benefits and entitlements, such as MPF and other retirement contributions, holidays and leaves, health and accidental insurance.

The Group firmly believes that a well-balanced compensation policies and talent management is critical to a sustainable growth and to development of long-term competitiveness for the Group. In determining compensation and packages for employees, the Group considers employees' competency, qualifications, work experience and prevailing compensation benchmarks in the labour market. The management awards bonuses in amounts and at intervals on discretionary basis to outstanding employees based on their performance.

During the Reporting Period, the Group honored all its obligations with regards to paying the salaries and wages, statutory benefits and agreed benefits under the signed employment contracts. The Group received no complaints nor any dispute in relation to all aspects of employment and labour practices in 2019.

The Group is confident to continuously attract competitive talents for the coming year.

B2. Health and Safety

Our business involves the operation of a fleet of vehicles, thus maintaining a safe and accident-free work environment is of utmost importance to our Company. We insist on selecting the most experienced drivers through a rigorous screening processes and provide our drivers with on-the-job training from highly regarded driving instructors.

The Group's Employee Handbook describes clearly the procedures for employees to adhere to when handling accidents. The Group complies strictly with all relevant laws, rules and regulations relating to safety and health requirements of Macau and Hong Kong including the Occupational Safety And Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Employees Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). In addition, the Group provides applicable statutory insurance coverage for qualified employees including social insurance, group health insurance and occupational accident insurance. These policies and insurance together form a worry-free environment for our employees.

The Group organizes regular on-the-job training for our employees to promote occupational safety and health in the workplace. The Group has also equipped all our vehicles and offices with all the necessary safety tools and equipment.

In 2019, the Group did not have any work-related accident or safety issues, and there was no claim or dispute arising from health or safety matters. For the coming year, we will continuously monitor and audit our safety performance closely and are confidential to maintain zero-accident for all our business activities.

B3. Development and Training

The Group understands, thoroughly, a well-trained workforce is vital to the Group's continuous business growth and success, therefore, the Group integrates on-the-job trainings to fortify employees' skills and capabilities from senior and more experienced staff. In addition, a few days of familiarization training program is given to all incoming staff, followed by an induction training during the 3 months' probation period. Employees are also encouraged to take external training programs relevant to their jobs and to enhance their professional skills. Employees are encouraged to make suggestions on training needs to the management. The management will review and approve all training suggestions. The Group's Human Resources department will help to organize all approved training and bear related costs.

The Group recognizes the need to introduce a proper and structured training and development program for its staff as it expands its business. For the coming year, the Group will gradually implement structured training and development programs for its workforce.

B4. Labour Standards

The Group is committed to total compliance with all applicable employment laws including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other related labour laws and regulations in Hong Kong, Macau and other operating regions to prohibit any child and forced labour employment. We do not employ any person below the age of eighteen years at any of our offices. We require all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment to combat against illegal employment of child labour, underage workers and forced labour. The Group also monitors closely that no such violations exist in all offices and sales outlets and that all our suppliers are expected to follow the same standard of labour practices when working with us.

In 2019, the Group was not found in violation of any relevant laws and regulations in relation to the prevention of child and forced labour. For the coming year, we will maintain our zero tolerance to forced and child labour.

2.3 Operation Practices Areas & Aspects

B5. Supply Chain Management

The Group normally has 3 types of purchases: purchase of hotel rooms for wholesaling and retailing, purchase of cars to provide rental car services, and general office stationeries and utensils.

The first type is the Group's largest source of revenue. This business model is extremely price-sensitive to the price of hotel rooms. Most of the hotel rooms are purchased in bulks hotel rooms through purchase agreements with a limited number of hotels to drive down the costs of hotel rooms. To manage the purchase of hotel rooms, very structured purchase procedures were developed and adhered to in all hotel purchase situations which fall into three categories:

1. Purchase of Hotel Rooms under Guaranteed Room Agreement;
2. Purchase of Hotel Room under Allotment Agreement; and
3. Purchase of Hotel Room without Agreement.

These procedures were designed to assure supply of hotel rooms in lowest possible prices while maintaining a degree of flexibility to accommodate fluctuations in hotel room prices.

For the purchase of vehicles, which are major investments and fixed assets, the Group applies strict policies and procedures to monitor and control the entire vehicle purchase process. These policies and procedures identify clear responsibilities and approval authority for different value of vehicles to be purchased. For example, for vehicles valued below HKD10,000, the authority to approve rests with the Group's deputy general manager; while the purchase of vehicles above HKD10,000 in value requires the approval of the Group's CEO. Splitting of purchase into smaller purchase orders to bypass the approval limits is strictly prohibited.

The Group's deputy general manager is responsible for approval of all purchases of office stationeries and equipment.

Suppliers of services are selected on competitive basis. Prices, qualities and flexibility in payment terms are the main considerations. The Group keeps an approved supplier list which will be updated regularly.

To support the local community, the Group gives preferential status to local suppliers in sourcing its services and equipment. For 2019, nearly all its purchases of services, supplies and equipment were sourced from local suppliers or agents.

The Group will continuously monitor changes to its supply chain and make necessary adjustment if necessary, to ensure quality and competitive products and services are purchased.

B6. Product Responsibility

Being a major hotel room wholesaler, the Group is extremely conscious of the product quality and responsibilities stemming from the hotel rooms it wholesales and ultimately offered to end consumers. To ensure the quality of hotel rooms it wholesales, the Group selects hotels that are willing to agree to a Hotel Room Guarantee Agreement, which allows it to collect direct feedbacks from patrons of its hotel rooms to evaluate the experience of the hotel rooms and quality of hotel services such that consumers have a safe and pleasant stay.

For car rental business, the Group insists on hiring highly competent and experienced drivers and applies preventive maintenance to its fleet of vehicles. The group believes that well-experienced drivers and well-maintained vehicles together are the best assurance of safe and healthy service experiences for car rental customers. The Group from time to time collects feedback from its car rental customers to evaluate the condition of vehicles, as well as, the services quality of the drivers.

For the Reporting Period, the Group did not receive any quality complaints or claims against its products including hotel rooms and car rental services it offers. The Group will continue to provide and maintain top service quality to its clients in coming year.

Intellectual Property Rights

The Group aspires to protect its own Intellectual Property Rights (“**IP Rights**”) and respects third party’s IP Rights and strictly complies with all related applicable laws and regulations.

We registered six trademarks for its various platforms and travel-related services. We will constantly monitor the validity of these trademarks and shall take the necessary action to protect our IP rights.

The Group’s policy is to observe third party IP rights, especially in computer software, and requires employees to purchase business software from the patent right holders or their authorized agents. No unauthorized software is allowed to be installed in company’s computers or servers for uses.

For the Reporting Period, there was no infringement by third parties on our IP Rights or by ourselves to any IP Rights of third parties reported and the Group will continue to enforce our measures to maintain our clean record on intellectual property rights.

Privacy Protection

The Group is fully aware of its obligation to safeguard the large volumes of personal information it collects when conducting our business activities. Such kind of personal information is extremely sensitive and important, and by law must be kept confidential and be protected.

Strictest possible policies are applied to prevent our employees from accessing and/or disclosing any private and confidential information without approval from management. As clearly stated in the Employee handbook and relevant employment contracts, all employees are prohibited, whether during employment, or after, irrespective of the circumstances of termination, to disclose to any other person, firm, company, press, media, or trade association any confidential information of the Group's potential, actual or past customers. Employees are to return to the Group all private and confidential information they may hold upon their termination. The Group may take legal action against any privacy violation.

We have also implemented and enforced management rules on information technology covering protection procedures for information security, as well as, handling processes and application procedures. The Group applies the latest information technologies to continuously, where possible, monitor, maintain and update all hardware, software and security systems to prevent unauthorized access and hacking attacks to our information systems at any time.

In 2019, we did not received any case filed against us nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any jurisdiction in which we operated. The Group will continue to implement measures to safeguard privacy and confidential information.

B7. Anti-Corruption

The Group recognizes its social responsibility to safeguard the assets and interests of all our stakeholders including investors. We operate with a high standard of ethics, integrity and impartiality, and adopt a zero-tolerance approach to bribery, extortion fraud, and money laundering along with clear internal-control policies.

All our employees and suppliers must follow our strict but clear internal-control policies and well-structured business processes that are designed to prohibit bribery and corruption in any form. These policies have been effectively communicated to all staff and in all jurisdictions we operate. It is clearly stated in our employment contracts and Employee Handbook that all employees are prohibited to demand or accept any undue advantage (such as money, favours, gifts, discounts, services, loans, contracts etc.) from any person including the clients, contractors, suppliers, under any circumstances. Employees are not allowed to offer to any person including the clients, contractors, suppliers, under any circumstances, any undue advantage (such as money, favours, gifts, discounts, services, loans, contracts etc.) in order to obtain or retain business or other improper advantage.

Anti-corruption training are provided to employees in induction training, and senior management and directors are encouraged to attend special anti-corruption courses organized professional bodies such as the HKEX. During the Reporting Period, the Group did not have any bribery or corruption cases reported. The Group will monitor closely making sure that no bribery or corruption cases will happen in the coming years.

B8. Community Investment

In 2019, the Group continued to contribute to the society by having created employment for many young professionals. Moreover, the income-growth opportunities we created for all our staff will not only improve their quality of lives but that of the communities they reside in.

The Group supported the Hong Kong Community Chest with a modest donation of HKD650,000, and participated in the Macau Walk for Millions. It also actively supports and encourages employees and their family members to be involved in charitable, volunteering, cultural, educational and community support services. In 2019, Macau was hard hit and flooded by a typhoon, and immediately after the occurrence of the disasters, the Group sent its employees to assist on safe keeping and cleaning up the streets in the local community. The Group continues to encourage and educate all our employees to adopt green practices and to participate in environmental protection activities.