



# CHINA FORTUNE INVESTMENTS

中國幸福投資

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020







中國幸福投資 (控股)有限公司 China Fortune Investments (Holding) Limited

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# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

## **ABOUT THIS REPORT**

#### Environmental, Social and Governance to Support Sustainable Development

The global health and economic crisis resulting from the COVID-19 pandemic has intensified investors and corporate stakeholders' concern about their interest regarding environmental, social, and governance ("ESG") matters. ESG are the preferred and important factors to measure a company's non-financial performance, as well as for company valuation, risk management and regulatory compliance. It is inevitable that the ESG performance of corporations is one of the key criteria to demonstrate companies' corporate social responsibility and their sustainability in the future. China Fortune Investments (Holding) Limited (the "Company") and together with its subsidiaries, (the "Group") is pleased to present this ESG report (the "Report"), which demonstrates the ESG performance of the Group in achieving sustainable development for the future.

#### The Group's ESG Commitment

The Board (the "Board") of directors (the "Directors") of the Company understands its responsibilities and strives to perform in a way that respects and benefits its employees, customers, investors and the communities. The Board is committed to lead and steward the Group with the aim to achieve long-term returns to its shareholders, to provide a safe working environment to its employees, and to generate a positive impact on the society and the environment. By assessing and evaluating ESG-related risks and reporting performance in the course of business development, the Group is able to ensure operational reliance and compliance with the relevant legal and regulatory requirements. Both qualitative information and quantitative data have been collected for the Report to demonstrate the Group's ESG commitment and corporate social responsibility.

#### Reporting Scope

The Report summarised the policies, management approach and performance of the Group's core and material business in the retail and trading business of wine, cigar and golf products and trading of internationally renowned watch brands and luxury and prestigious jewelleries. The Group's business is mainly operated in Hong Kong. The Report was prepared in accordance with the reporting principles of 'Materiality', 'Quantitative', 'Balance' and 'Consistency'. With the aim to optimise the reporting process and expand disclosures in the Report, the Group was dedicated in gathering the relevant data, formulating, implementing and monitoring policies.

## Reporting Period

The Report illustrated and highlighted the environmental and social performance of the Group for the period from 1 January 2020 to 31 December 2020 (the "Reporting Period").

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Guide") contained in Appendix 20 of the GEM Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The Report complied with the "comply or explain" provisions of the ESG Guide.

# **ABOUT THIS REPORT** (Continued)

Reporting Period (Continued)

Reference KPIs of the ESG Guide

Key Performance Indexes (the "KPIs") Reference Table:

**Corresponding KPIs** 

in the sections of the Report

A. Environment

A1: Emissions A1.1: Emissions Data Emissions Policy and Compliance

A1.2: Greenhouse gas emissions Carbon Footprint – Greenhouse Gas

Emissions

A1.3: Total hazardous waste Air Emission

A1.4: Total non-hazardous waste Hazardous and Non-hazardous Waste

Disposal

A1.5: Measures to mitigate emissions

A1.6: How hazardous and non-hazardous waste are

handled

**A2:** Use of Resources A2.1: Direct and/or indirect energy consumption Use of Resources

A2.2: Water consumption

A2.3: Energy use efficiency

A2.4: Issue in sourcing water

A2.5: Total packaging materials used

A3: The Environment A3.1: Significant impacts of activities on the Emissions Policy and Compliance environment and natural resources

**Resources**Use of Resources

The Environment and Natural Resources



# **ABOUT THIS REPORT** (Continued)

Reporting Period (Continued)

Reference KPIs of the ESG Guide

Corresponding KPIs in the sections of the Report

B. Social

**Employment and Labour Practices** 

**B1:** Employment B1: Policies and compliance Employment Policy and Compliance

**B2:** Health and Safety B2: Policies and compliance Occupational Health and Safety Policy and

Compliance

**B3:** Development and

**Training** 

B3: Policies on improving employees' knowledge

and skills

Human Resource Development and

Training Policy

**B4:** Labour Standards B4: Policies and compliance Labour Practices and Compliance

**Operating Practices** 

B5: Supply Chain

Management

B5: Policies on managing environmental and social

risks of the supply chain

Supply Chain Management

Manufacturers and Suppliers' Engagement

**B6:** Product

Responsibility

B6:

6: Percentage of total products sold subject to

recalls

Product Responsibility and Quality

Assurance Process

Data Protection and Privacy Policy

Protecting Intellectual Property Rights

**B7:** Anti-corruption B7: Legal cases regarding corrupt practices Anti-corruption Policy and Compliance

Conflict of Interest Policy

Preventive Measures and Whistle-blowing

Procedures

Community

**B8:** Community

Investment

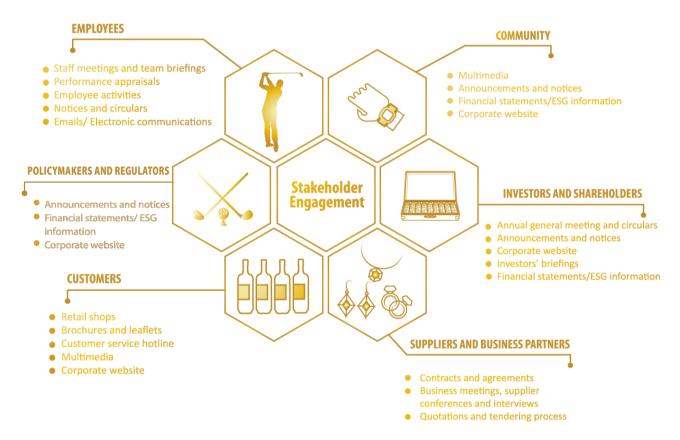
B8: Policies on community engagement

Community Care

# **ABOUT THIS REPORT** (Continued)

#### Stakeholder Engagement

Stakeholder engagement is not only important for the Group to understand its stakeholders' expectations and concerns, but it also helps to identify the risks and opportunities regarding sustainable development. The Group maintains a close tie with its stakeholders including policymakers, regulators, employees, investors/shareholders, customers, business partners/suppliers and community members. To foster collaborative relationship with all stakeholders, the Group collected thoughts and ideas and discuss and review ESG goals and risks through various communication approaches to ensure the risk management measures, internal control systems and business development strategies are in line with the Group's challenges and future growth opportunities.



### **Materiality Assessment**

The Group has evaluated the ESG risks and opportunities by assessing their importance to the stakeholders and the Group through various communication channels. This assessment helped to ensure that the Group's business objectives and development direction did coincide with the stakeholders' expectations and requirements. The Group concluded that workplace health and safety, regulatory compliance and the product supply chain are issues of high importance.



## **ABOUT THIS REPORT** (Continued)

#### Stakeholder Feedback

The Group welcomes stakeholders' comments and feedbacks regarding its approach and performance on ESG aspects as they are valuable to its continuous improvement and sustainability. If you have any questions, suggestions and recommendations to the Group, please send them to:

Address: Shops 219-222, 2nd Floor, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

Email: info@cfihk.com.hk.

## **ENVIRONMENTAL PERFORMANCE**

The Group is basically engaged in the retail and trading business of wine, cigar and golf products and trading of internationally renowned watch brands and luxury and prestigious jewelleries. While the activities of the businesses were mainly conducted indoor, minimal environmental impact was caused and the Group did not contribute to air (dust and residues), water, and noise pollution.

#### **Emissions Policy and Compliance**

The Group strictly complies with all material aspects of applicable environment protection laws and regulations. To seek long-term sustainability, the Group is committed to protecting the environment by proactively raising the environmental awareness of its employees and managing its operations at all levels in a sustainable manner. Environmental policies were established to ensure efficient use of energy and resources to minimise environmental impact and reduce emissions and cost.

#### Carbon Footprint - Greenhouse Gas Emissions

Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of equivalent amount of carbon dioxide (" $CO_2$ -e") emission. During the Reporting Period, the total operation area, comprising the Group's headquarters and retail shops, was 380.90 square metres (" $m^2$ ") (2019: 380.90  $m^2$ ) and was accounted for 100% of its GHG emissions.

# **ENVIRONMENTAL PERFORMANCE** (Continued)

Carbon Footprint - Greenhouse Gas Emissions (Continued)

The total net GHG emissions generated by the Group was 60.43 tonnes of carbon dioxide equivalent (" $tCO_2$ -e") (mainly carbon dioxide, methane and nitrous oxide) (2019: 36.63  $tCO_2$ -e), and the emission intensity was 0.159  $tCO_2$ -e/m² 3(2019: 0.096  $tCO_2$ -e/m²). The Group has made great efforts in controlling its emissions as well as its consumption of resources. Its energy conservation practices included deploying energy efficient lightings, switching off idle lightings and air-conditioning, computers and electrical appliances and equipment, using digital technology and recycled paper, encouraging the use of public transport, and using tele or video conferencing as an alternative to business travel.

Scope	Sources of GHG emissions	<b>2020</b> GHG <sup>1</sup> em	<b>2019</b> hissions (in $tCO_2$ -6	<b>2018</b>
1	Mobile - Gasoline	0.97	27.77	50.20
2	Purchased electricity	56.99	8.86	14.90
3	Disposal of paper waste Fresh water processing Sewage water processing Total GHG¹ emissions Carbon Emission intensity	2.47 N/A# N/A# 60.43	N/A# N/A# N/A# 36.63	N/A# N/A# N/A# 65.10
	per million HKD revenue <sup>2</sup>	2.59	0.58	0.52

The GHG is calculated according to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

#### Air emission

Air emission was generated from motor vehicles used by employees for commuting and transporting goods. Motor vehicles emit a considerable number of pollutants into the environment, the following table listed the air emission data of the Group.

Air Emission Types of Pollutants	2020	2019	2018
	Emission Data (kilogram) ("kg")		
Nitrogen Oxides (NO <sub>x</sub> )	0.183^	5.21	87.71
Sulphur Dioxide (SO <sub>2</sub> )	0.005	0.15	0.27
Particulate Matter	0.014^	0.38	8.40

<sup>^</sup> Estimated figures

During the Reporting Period, the total revenue of the Group was HKD 23,318,000 (2019: HKD 62,839,000).

<sup>#</sup> Data not available



## **ENVIRONMENTAL PERFORMANCE** (Continued)

#### Hazardous and Non-hazardous Waste Disposal

The operating activities of the Group did not produce any hazardous waste to the environment. Paper waste created from paper products used for office administration, marketing and product packaging were the major non-hazardous wastes generated by the Group. A total of 514.27 kg of paper related printed matters was used during the Reporting Period. Municipal solid waste was also generated by the employees, all non-hazardous waste was properly classified according to their recycling nature and was collected by the property management for recycling and disposal.

#### Use of Resources

The Group encouraged efficient use of resources by proactively raising the environmental awareness of employees. During the Reporting Period, the primary resources consumed by the Group were electricity, gasoline, paper and packaging materials.

The following table summarised the consumption of different resources by the Group.

Scope	Sources of GHG emissions	2	2020	:	2019		2018
		Consumption	Intensity	Consumption	Intensity	Consumption	Intensity
1	Mobile - Gasoline	360.00 l	0.03 tCO <sub>2</sub> -e/employee	10,440.00	0.94 tCO <sub>2</sub> -e/employee	18,535.00 l	1.12 tCO <sub>2</sub> -e/employee
2	Purchased electricity	80,263.00 kWh	210.72 kWh/m <sup>2</sup>	11,071.00 kWh	29.07 kWh/m <sup>2</sup>	18,859.00 kWh	49.51 kWh/m <sup>2</sup>
3	Disposal of paper waste	514.27 kg	0.08 tCO2-e/employee	228.00 kg	0.04 tCO2-e/employee	328.00 kg	0.03 tCO2-e/employee
	Water & Sewage processing	N/A#	N/A#	N/A#	N/A#	N/A#	N/A#

<sup>#</sup> Data not available

#### Fossil Fuel Consumption - Gasoline

The air emission of motor vehicles may affect the people and neighbouring communities through its environmental impact. The Group consumed 360.00 litre ("I") of gasoline which constituted to 1.6% of the Group's total carbon footprint. Regular vehicle maintenance was conducted to ensure optimal vehicle performance and fuel efficiency.

# Energy Consumption - Electricity

The total electricity consumption was 80,263.00 Kilowatt-hour ("kWh") and constituted to 94.3% of the Group's total carbon footprint. It was attributed to the electricity usage of lightings, air-conditioning, and electrical appliances and equipment. The Group encourages efficient energy consumption by maintaining an optimal indoor air conditioning temperature and posting signage to get employees engaged in energy saving.

#### Water Consumption

During the Reporting Period, the Group did not encounter any issue in sourcing water that was fit for purpose. The total water consumption was not available for disclosure as water usage is included in the property management fee of the commercial building where the Group is located. Besides, the amount of water used was insignificant. Nevertheless, the employees are conscientious in water conservation to avoid wasting this precious natural resource on earth.

# **ENVIRONMENTAL PERFORMANCE** (Continued)

Use of Resources (Continued)

#### Paper and Printed Matters Consumption

The total paper consumption constituted to 4.1% of the Group's total carbon footprint. Paper was used by administration, marketing, and report publication purposes during the Reporting Period. Reducing the consumption of paper and printed matters has been one of the environmental objectives of the Group, all employees are actively reusing and recycling papers products to reduce waste.

#### Packaging Materials

Packaging materials such as shopping bags and carton boxes are used for the Group's retail operations. Plastic shopping bags are procured while carton boxes are mainly provided by the manufacturers and wholesalers for product protection and transportation. Approximately 550.00 kg of packaging materials were used for product protection and transportation during the Reporting Period. The Group complies with the Product Eco-responsibility (Plastic Shopping Bags) Regulation (Chapter 603A of the Laws of Hong Kong). The Group also encouraged suppliers to use less materials or choose recyclable materials for product packaging to reduce solid waste from the use of packaging materials.

#### The Environment and Natural Resources

The Group is principally engaged in retail and trading businesses. Since its operations are mainly conducted indoor through office-based work, minimal environmental impact is caused. To seek long-term environmental sustainability, the Group has made great efforts in complying with the relevant environmental laws and regulations, controlling its emissions, as well as documenting its waste and consumption of resources in its daily operations.

#### **EMPLOYMENT AND LABOUR PRACTICES**

# **Employment Policy and Compliance**

As at 31 December 2020, the total workforce of the Group was 32 (2019: 30). The employee composition was summarised in the table below. The Group strictly complies with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong). As human resource is one of the key elements that contributes to the Group's future development and success, the Group continues to foster a sense of ownership at work by motivating employees with a positive working atmosphere, a competitive remuneration package and performance-based bonuses.



# **EMPLOYMENT AND LABOUR PRACTICES (Continued)**

#### **Employment Policy and Compliance** (Continued)

The Group provides equal opportunities to its employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. Employees' remuneration is designed to attract, retain, and motivate employees in order to maintain a fair, productive and sustainable workforce. The objective of the Group's human resource management is to reward and retain employees by reviewing their salaries and wages through the performance appraisal system. Performance appraisal is conducted annually to review employees' performance based on their achievement, and job performance against objectives and standards.

Employee Structure		2020	2019
Total number of employees		32	30
By gender	Male	90.6%	83.0%
	Female	9.4%	17.0%
By age	18-25	0%	0%
, ,	26-35	21.9%	30.0%
	36-45	62.5%	56.7%
	46-55	6.2%	13.3%
	56 or above	9.4%	0%
By employee category	Senior Management	31.2%	53.0%
	Middle Management	6.3%	37.0%
	General staffs	62.5%	10.0%
Annual Turnover Rate		16.0%	N/A#

Data not available

#### Occupational Health and Safety Policy and Compliance

Ensuring the health and wellbeing of employees is an important material aspect of the Group. In compliance with the relevant occupational health and safety regulations, and to maintain a healthy and safe working environment; the Group's risk management system including the identification, prevention and management of risks and hazards in the workplace was implemented. The following measures were taken to improve occupational health and safety:

- Height adjustable chairs have been provided to employees; and
- Air purifiers were installed in conference and meeting rooms.

## **EMPLOYMENT AND LABOUR PRACTICES** (Continued)

## Occupational Health and Safety Policy and Compliance (Continued)

The COVID-19 pandemic crisis has been putting pressure on the Group and its employees during the Reporting Period. As part of the COVID-19 countermeasures and to prevent the spread of the virus, the Group complied strictly with the virus prevention regulations as required by the Hong Kong Government, and stringent infection preventive measures were implemented to protect its employees. The Group encouraged personal hygiene by providing surgical masks and alcohol-based hand rub in its headquarters and retail shops, posters and notices were posted in the workplace to provide relevant health and safety information to employees.

The Group arranged some of its employees to work from home and to conduct business meetings online to minimise the spread of COVID-19. Employees were advised to wear masks and avoid crowded places when they were required to meet people or work outside in their local community. The Group also established a response mechanism in responding to scenarios where employees were infected by COVID-19 to minimise the impact to other employees, the neighbour of the Group and the members of the public.

During the Reporting Period, the Group was not aware of any non-compliance relating to health and safety related laws and regulations.

Occupational Health and Safety Data	2020	2019	2018
Number of work injury cases	_	_	_
Number of work-related fatalities	_	_	_
Lost days due to work injury	_	-	-
Work injury rate	_	_	_

## **Human Resource Development and Training Policy**

The Group strives to provide its employees with a decent working environment with opportunities to grow within the Group. The Group provides on-the-job training to improve employees' knowledge and skills. The Group ensures that every new employee receives proper orientation training and mentoring so that they can adapt to the new working environment.

The Group also motivates and supports employees to further develop themselves by providing education allowances. Employees are encouraged to participate in personal and professional trainings with respect to the ever-changing economy, and by adapting to the constant changes in market trends, product trends and customer expectations, they can progress on their career paths.

The following table listed the training data of the Group:

Training Hours	2020	2019	2018
Total (hours)	nil	180	240
Average training hours per employee	nil	6.0	5.3
Rate of employee trained (percentage)	nil	30	N/A#

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# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

## **EMPLOYMENT AND LABOUR PRACTICES (Continued)**

### **Labour Practices and Compliance**

The Group complies with the applicable laws and regulations on employment, child and forced labour practices. The Group's employment contract is structured to communicate important ground rules and regulations surrounding employment and labour standard, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety. It is an essential tool to define the expectations of the management and to protect employees from unfair or inconsistent treatment and discrimination.

Recruitment of employees is strictly abided by the guidelines and procedures as set out by the Group's human resource department so that suitable talents are recruited in accordance with the job requirement, relevant laws, and candidates' expectation. During the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment or promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination or other benefits and welfare.

#### **OPERATING PRACTICES**

#### **Supply Chain Management**

To ensure the supply chain is effectively managed, the Group's procurement policy is developed to procure products and services in an honest, competitive, fair, and transparent manner. Products and services suppliers are being selected based on tender terms and factors including their reputation, financial reliability, product quality and price stability. Sourcing for products and supplies are generally executed by the Group's procurement department. The approved suppliers list is updated and communicated to employees periodically.

## Manufacturers and Suppliers' Engagement

The Group is committed to collaborate with suppliers to mitigate supply chain related risks so that high quality products are provided to customers. By improving supplier relations and purchasing terms, distribution planning and logistics, and inventory levels optimization, the Group has developed a high quality and stable pool of suppliers to ensure the supply chain is operated at an effective and efficient manner. The Group had 76 products and services suppliers on the approved suppliers' list, 93.4% of suppliers were in Hong Kong, 1.3% in Mainland China, while 5.3% were in Europe and America during the Reporting Period. The Group realises the importance of using strategic suppliers who offer innovative, high quality, safe and environmentally friendly products to meet the Group's developing needs.

# **Product Responsibility and Quality Assurance Process**

The Group is committed to providing high quality products and responsible services to its customers. The Group regularly monitors, reviews, and when necessary, updates the existing policies and procedures for product quality improvement, supplier due diligence, record-keeping, customer protection and employees' training. Considerable efforts were made on redefining operations and service flow to maximise customer experience and ensure professional and attentive services are consistently provided.

The Group complies with the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations related to product and service quality.

# **OPERATING PRACTICES (Continued)**

## **Data Protection and Privacy Policy**

As a responsible enterprise, the Group complies with the Personal Data (Privacy) Ordinance (Chapter 362 of the Laws of Hong Kong). As stipulated in the Group's policy on data protection, all personal data collected from customers, employees and suppliers are protected. Company servers and computers are protected from access passwords, employees were instructed of their responsibility to ensure the safekeeping of all personal data, trade secrets and proprietary information.

#### **Protecting Intellectual Property Rights**

The Group is committed to protecting the intellectual property rights as they are important to its brand and corporate image. The Group complies with the intellectual property (the "IP") rights regulations. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

#### ANTI-CORRUPTION POLICY AND COMPLIANCE

To uphold and promote the highest standards of ethical corporate practices and to support the value of integrity and accountability, the Group strictly complies with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) with regards to corruption, soliciting or accepting an advantage, and fraudulent practices so that businesses are conducted in an honest and transparent manner. Procurement and tendering process were conducted impartially to prevent bribery or corruption. The Directors and employees must adhere to the ethical consideration when they are engaged in the Group's business activities.

## **Conflict of Interest Policy**

The Group requires the Directors and employees to avoid the conflict between personal and financial interest and the professional official duties of the Group. A situation in which the Directors or employees exercise authority, influences decisions and actions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited.

#### Preventive Measures and Whistle-blowing Procedures

The Group encourages whistleblowing whereas an employee or a third party could report any concern about suspected misconduct, malpractice, irregularities and conflict of interest to the senior management in strict confidence. The Group also requires the Directors and employees to promptly declare any conflict of interest as instructed by the management. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group, nor any corruption litigation against the Group or its employees.

#### **COMMUNITY INVESTMENT**

#### Community Care

The Group is committed to conducting business in a way which minimises any potential environmental and social impact to its stakeholders, in particular, to its employees and the community members. By promoting a green and sustainable lifestyle, the Group will explore opportunities to contribute to charitable or community events and encourage its employees to participate in related events to play a part in making a difference and strengthening the community.