



Dragonite International Limited

叁龍國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 329)

Environmental, Social and Governance Report 2016

Dragonite International Limited (the “Company”, “We” and “Our”, and together with its subsidiaries the “Group”) hereby presents this Environmental, Social and Governance report (“ESG Report”) for the year ended 31 December 2016 (“Year 2016”). The board of directors of the Company is responsible for our Environmental, Social and Governance (“ESG”) strategy and reporting. We have identified relevant ESG issues and assess their materiality on our businesses as well as our stakeholders, through reviewing our operations and holding internal discussions. To comply with the requirements set forth in Appendix 27 Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules issued by the Hong Kong Stock Exchange (the “ESG Guide”), disclosures relating to the material ESG issues identified have been included in this ESG Report pursuant to the General Disclosure requirements of the ESG Guide.

A. Environmental

A1 Emissions

The Company acts as an investment holding company. During Year 2016, its subsidiaries were principally engaged in production and sales of a series of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong.

For the production and sales of health care and pharmaceutical products businesses, our Group is committed to manage our emission of exhaust air, greenhouse gas, sewage, dust, and disposal of municipal waste and hazardous waste. We are committed to meet the requirements as stipulated in the national/local environmental laws and regulatory requirements. We have taken into consideration the environmental sustainability into our business processes, and have dedicated senior management to monitor our environmental performance regularly.

For the security trading and investments, money lending and wine trading businesses, our Group does not have significant air emissions or other discharges, besides the non-hazardous solid wastes generated in our offices and warehouses during our operations. Principles of reducing, reuse, and recycle are applied in minimizing waste generation. Awareness is promoted among our employees, and various green measures are implemented in office area.

No cases of non-compliance were noted during the reporting period.

A2 Use of Resources

Our Group is committed to conserving resources in our business activities, including on use of energy, water, paper, and production raw materials. We aim to reduce the use of resources and corresponding carbon footprint through adoption of various green initiatives. Green awareness is promoted among employees in order to drive their behavioural changes. In manufacturing activities, resources consumption is monitored regularly. Green measures on deploying energy-efficient equipment and adoption of resource conserving process are implemented in pursuing our commitment.

A3 The Environment and Natural Resources

Our Group is committed to monitoring possible environmental impacts of our business operations and investment portfolio, and to implementing measures to control the adverse impacts, in order to generate long-term values to our stakeholders as well as the whole community.

In order to implement the policy, we monitor our impact on the environment and natural resources. Various sources of pollution, including land, water, noise, and air, are monitored by our management. If necessary, environmental impact assessment is performed, in order to assess the environmental risk of the business activities. Necessary measures are taken to control the risk and comply with national/local laws and regulations.

B. Social

B1 Employment

Employees are the most valuable assets of our Group. We strive to attract and retain talents and reconcile economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital. In order to enhance our governance in human resources management, our directors directly involved in governing the recruitment, resignation, termination, training, promotion, working hours, rest periods, discipline, other benefits and welfare, in accordance with the relevant laws and regulations.

The salary and benefit levels of the Group's employees are reviewed annually based on the performance of employees. Our Group established a compensation practice taking into account the overall economic outlook, relevant external compensation levels as well as the requirement of internal fairness. A wide range of benefits including comprehensive medical and retirement schemes are also provided to employees. Social, sporting and recreational activities are arranged for the employees in achieving work-life balance.

We committed that nobody should be treated less favourably on his/her personal characteristics such as gender, pregnancy, marital status, disability, family status, and race. Opportunities for employment, training and career development are equally opened to all qualified employees.

No cases of non-compliance were noted during the reporting period.

B2 Health and Safety

Our Group is committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities.

Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld. Employees are committed to delivery safety initiatives in reducing the potential danger in workplace. Considering the occupational risk, proper protective equipment and guidance are provided to the employees.

Appropriate training, education, and evacuation exercise, are organized regularly. Employees are encouraged to report unmanaged workplace hazard and to suggest improvement on workplace safety.

No cases of non-compliance were noted during the reporting period.

B3 Development and Training

To accomplish the corporate objectives as well as personnel development of employees, our Group encourages and supports our employees in continuous personal and professional training. Training enhances employees' competencies and potentials in performing their jobs effectively and efficiently and leads to long-term mutual success of employees and the Group.

Depending on operational and management requirements, and skills required, we committed to creating an environment of continuous improvement through providing in-house peer learning and on-the-job coaching. We also encourage our staff to attend external training courses and seminars.

B4 Labour Standards

Our Group prohibits the engagement of any child and forced labour in any of our operations and services. Children who are identified by the local labour law should not be employed, as they reserve the right to pursue education in their childhood. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. We will also avoid engaging with suppliers and contractors that are known to employ child or forced labour in their products or services.

No cases of non-compliance were noted during the reporting period.

B5 Supply Chain Management

Our Group encourages suppliers to maintain a high standard on business ethics and conducts, with managing the environmental and social issues arising from their business operations. During the supplier selection and contract drafting processes, the following factors are considered in achieving “Green Procurement” on the Group’s supply chain:

- Use of environmental-friendly resources in provision of products/services;
- Effort on limiting emission of pollutants;
- Responsible management of environmental impacts;
- Compliance on local environmental and social law and regulations;
- Historical incidents on bribery, corruption, and money laundering;
- Existence of discrimination due to ethnicity, gender, age, disability or marital status on supplier’s recruitment;
- Provision of fair wages and all other legally mandated benefits;
- Provision of a safe working environment which complies with local laws or practices;
- Community investment initiatives and effort.

B6 Product Responsibility

Responsible Investment Policy

The Group realizes the materiality of environmental, social and governance factors in affecting the performance of business, as well as the long term impact on the surrounding communities. The investment may impact the local community, for example on living condition of local citizens, labour treatment, and natural habitats. Hence, in the process of making investment decisions, factors of ESG are integrated into our investment analysis and decision making process. As a responsible investor, we strive to incorporate ESG insight in managing our investment portfolio, in order to control undesired risk and maximize shareholders' value in long-term basis.

Product Responsibility Policy

Our Group highly values the safety and quality of our products, especially our principal operations on sales and manufacturing of health care and pharmaceutical products. We developed strong governance structure in controlling product quality, with strict compliance with the national/local laws and standards. Facilities, warehouse, hygienic condition, quality control procedures, skills and capability, and product testing procedures are examined on a regular basis. All employees across the value chain will continuously improve our product quality by achieving various quality objectives.

In the advertising and labelling of our products, government regulation is in place on ensuring the reliability and truthfulness of the advertisement information of medical products. We comply with the government regulation to advertise our product in a responsible practice. In case of any evidenced quality defect on our marketed products, product recall would be scheduled to ensure the safety of the public.

Data Privacy Policy

Protecting the security and privacy of stakeholders' personal data is important to our Group. We ensure compliance with the statutory requirements to meet a high standard of security and confidentiality of personal data privacy protection. The following data protection principles are adopted in preserving proper security and use of data:

- We only collect personal data that are relevant and required for our businesses;
- We will not share personal data to any entity that is not a member of our Group without consent unless it is required by law or it was previously notified;

- We maintain appropriate data collection, storage, and processing practices and security measures to protect against unauthorized access to personal information.

No cases of non-compliance were noted during the reporting period.

B7 Anti-corruption

Employees at all levels are expected to behave with integrity, impartiality, and honesty. Our Group does not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations that compromise the interest of our shareholders, investors, customers, and other stakeholders.

Our Group has issued relevant whistle-blowing procedures in setting up a private communication channel on reporting suspicious fraudulent actions to the Group's management directly. The conduct of employee is closely monitored by management in preventing wrong-doings. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

No cases of non-compliance were noted during the reporting period.

B8 Community Investment

As a responsible company, we aim at serving and strengthening the wider community, and encouraging employees and other stakeholders in supporting the community. We participate in volunteering and fundraising activities including donations, sponsorships, charitable contributions and voluntary commitments that align with our charitable initiatives.

Selection of supporting charities involves several considerations. We evaluate the vision and background of requesting charities in aligning with our Group's. Charities engaged in unethical activities, and those in unclear financial position, and conflict of interest with corporation/individual will not be considered.