



TIAN YUAN HEALTHCARE

天元医疗

China Tian Yuan Healthcare Group Limited

(Formerly known as City e-Solutions Limited)

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 557)



Environmental,
Social and
Governance Report
2017

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Introduction

This is our second Environmental, Social and Governance (“ESG”) report released by China Tian Yuan Healthcare Group Limited (the “Company”) that follows the reporting framework in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.



The Company, its subsidiaries and their jointly operated hotel (the “Group” or “we”) are principally engaged in the provision of integrated solutions, hotel management services, hospitality related services and reservation services in the United States of America (“the USA”). Besides, the Group also involves in securities and fund investment, money lending and related business and healthcare services. The Group’s information was included in the past annual reports. Unless otherwise indicated, the analysis of this report covers our principal activities in respect of the hospitality segment which has a more significant bearing on the environmental and social impacts brought by the Group than other segments.

The ESG report shares information about the Group’s policies and practices in relation to environmental protection, workplace quality and the involvement in community. This report covers the financial period from 1 January 2017 to 31 December 2017 (the “Reporting Period”).



Balancing the interests of our shareholders against operating in an economically efficient, socially responsible and environmentally friendly manner is the goal of our Group all along. A systematic policy and a comprehensive environmental and social responsibility reporting system are in place to ensure that our management operates the business in a responsible manner. We continue to evolve our ESG reporting to best meet our shareholder’s needs.

The management of the Group seeks to act on the direct and indirect environmental impacts of our business operations. The management of the Group believes that a responsible hotel management can create economic opportunities and can be a positive force for the environment. We continually review our business goals through the lens of sustainability and work with a variety of partners to make our environment better. We have implemented environmental strategies that improves energy efficiency, conserves water and reduces greenhouse gas emissions. We established a variety of programs and tools to help us meet our sustainability goals.

Investing in the communities where we do business is at the core of Group’s “Spirit To Serve Our Community” social responsibility. The core value of the Group – to “Serve and Give Back our Community” is intrinsic to our business. This report will demonstrate our Group’s social responsibility and community investment.

Environmental Sustainability

Emissions and use of resources

As a responsible corporation, our Group has exerted itself to control emission, in spite of the fact that our operations generate very little pollution. Policies were implemented to ensure that those emissions did not violate the National Environmental Policy Act of the USA.

In order to accomplish energy and water reduction goals, we developed a comprehensive best practice audit tool which covers a range of items from corporate re-use policies to simple best practice behaviors for lighting, appliance, heating, ventilation and air conditioning; and central plant conservation and efficiency. We tried to link the calculations to each audit point to assist our hotel with assigning an energy unit and dollar value to each behavior change or project. We implemented internal policy guiding how we manage our direct environmental impacts, including compliance with regulations, energy consumption, water use and waste disposal. We rolled out our own developed tool which is an online environmental sustainability dashboard for collecting data and calculates the hotel's carbon footprint according to our internal guidelines. It also calculates the hotel's water footprint and waste diversion rate and maintains a comprehensive list of the hotel's environmental practices.

As the Group is involved in the provision of hospitality related services, our operations did not generate any production waste or any production-related pollution. Indirect emissions, e.g. carbon dioxide emission, were released from using electricity in daily operation either in offices or the hotel. The non-hazardous waste produced from our operation includes, without limitation those produced through disposal of paper, consumption of water and use of transportation for business travel. The hazardous waste produced by our hotels from disposal of cleaning chemicals, retired light fittings and electrical equipments was handled properly in accordance with the applicable regulations and our internal procedures. The volume of hazardous wastes and non-hazardous wastes produced was low and thus we did not record the volume of the hazardous and non-hazardous waste during the Reporting Period.

Policies were implemented to reduce the emission including but not limited to promoting the use of cleaner energy and renewable energy, improving energy efficiency, encouraging greening and raising guests and employee awareness. We insisted to promote the utilization of teleconference and video conference technology to participate in meetings instead of travelling to a specific meeting location to reduce the usage of transportations. The policy imposed for strictly controlling the budget of business travelling expense was reviewed during the Reporting Period.

The carbon dioxide (CO₂) produced by consumption of electricity and natural gas during the Reporting Period was approximately 7,027,851 CO₂e kg (2016: approximately 6,601,391 CO₂e kg). The carbon dioxide (CO₂) emission released for the rental area was approximately 151 CO₂e kg/square feet (2016: approximately 156 CO₂e kg/square feet). During the Reporting Period, we are not aware of any activities which were not complied with relevant laws and regulations that have a significant impact on the Group concerning air emissions, water discharges or disposal of hazardous and non-hazardous waste.

The comprehensive analysis on the usage of electricity and water were demonstrated in the below diagrams. The analysis enables the management of the Group and the stakeholders to understand the collective environmental impacts caused by the usage of utilities of our Group and provides a tracking record of yearly usage of the resources. The management of the Group tracked the energy usage and carbon emissions for the offices and hotel rooms by using different energy metrics.

Environmental Sustainability

Electricity

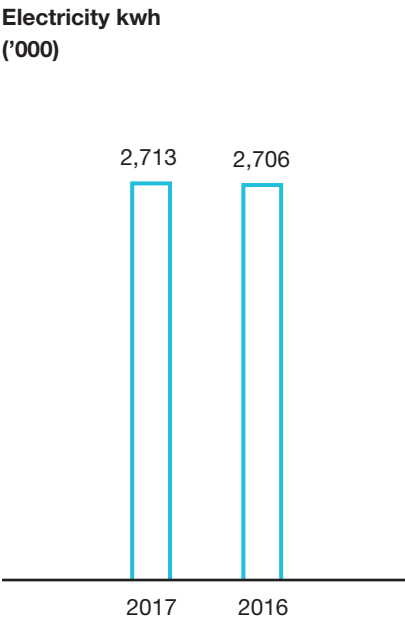
The total consumption of electricity, shown as below, was maintained at a similar level for the year 2017 and 2016 respectively:



Electricity was mainly consumed for operating our hotel business in the USA. The electricity consumed for the rental area in our hotel was approximately 74.92 kwh/square feet (2016: approximately 70.96 kwh/square feet). Our Group continued to provide different trainings in order to raise the employee's awareness on environmental protection and continued to adopt energy saving policy in the office and other working place.

We replaced halogen lighting with LEDs that would save our consumption of electricity. Electricity consumption from lighting and electrical equipment has been monitored by the management of the Group to eliminate unnecessary usage and an annual maintenance schedule was in place to ensure that equipment operated efficiently.

Air conditioning would be switched off for empty hotel rooms and offices. The use of solar energy was encouraged for common areas where applicable.



Environmental Sustainability

Water

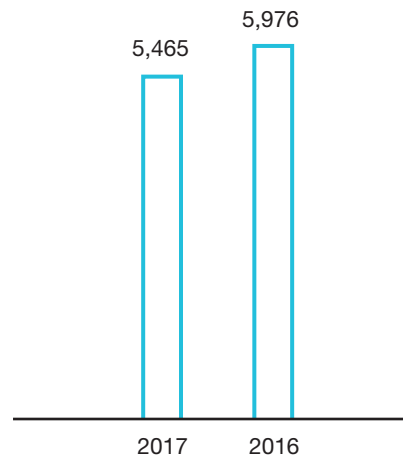
The total consumption of water is shown as below for the year 2017 and 2016 respectively:



The water consumed for the rental area in our hotel was approximately 151 gallons/square feet (2016: approximately 156 gallons/square feet). The programs implemented to reduce the consumption of water were reviewed during the Reporting Period. We installed lower flow faucet and toilet fixtures and self-closing taps. We also installed low-flow shower heads and toilets and more efficient laundry and dish washing facilities. We also installed equipment and applied innovative water treatment chemicals to optimize the water treatment in the hotels' chillers and cooling towers.

Other than equipment upgrades, close monitoring of water data enables our hotel to quickly address any leakage and inefficiencies use of water. Our Group established a standard for water sub meters and monthly sun-meter readings for the refashing facility. The meter reading provided a more detailed view of water consumption and provided earlier information for leak detection. The management of the Group is not aware of any issue in sourcing water.

**Water Gallons
('000)**



Waste

We adopted the concept of recycling throughout our operations. Recycling is one of the simplest ways to reduce waste and save natural resources while offering a better guest experience. The main natural resource that the Group consumed was paper.

Given the value of recyclables, recycling services often cost less than landfill waste disposal. We strive to reduce our waste wherever possible through reuse or donations such as donation of used soap. We work collaboratively with our recycling partners to review our waste stream and reduce the tonnage of waste that must be transported to a landfill. The management of the Group encouraged our employees to use both sides of paper to reduce the paper wastage and to operate in paperless manner.

The management of the Group reviewed the food menu in order to make use of seasoned ingredients. We joined a food donation program for food recycling purpose.

The Group selected paper based packaging materials. Although, the volume of packaging material consumed is minimal, we request our suppliers to provide us the safe packaging products which comply with the relevant regulations such as Poison Prevention Packaging Act of 1970 of the USA.

Social Sustainability

Community

The management of the Group reinforced our commitment in corporate social responsibility while we have embedded its philosophy and practice into our core values. We fulfilled our commitment to care for our communities in part through our philanthropic efforts. We continued to take steps to contribute to the sustainable development objective.

During the Reporting Period, we continued our corporate citizenship programs which can enhance the relationships with our customers and employees. The programs significantly deepen our long-time commitment to care for our society.

The management of the Group reinforced our ethical and fair business practices in the Group.

Giving our employees the opportunity to volunteer in their communities fosters a sense of greater purpose and instills a deeper level of friendliness, which translates into a richer guest experience. We make it a priority throughout the year to encourage our employees to pursue their passions and give back to their communities through volunteer initiatives.



"To SERVE" is our spirit that encompasses our Group outreach efforts to the community areas where we operate. We get involved in all the communities in which we live and work and we are committed to serve our communities.

The Group's "spirit to serve" makes our culture more vibrant, our business stronger and the world a better place. Investing in the communities where we do business is at the core of the Group's "Spirit To Serve Our Communities" social responsibility and community engagement strategy.



Social Sustainability

Corporation events

Our employees participated in the relief during the disaster caused by Hurricane Harvey. Hurricane Harvey brought catastrophic rainfall-triggered flooding in the Houston metropolitan area in the USA, leaving a path of destruction in its wake. Our employees take pride in providing aid during these times of crisis by working systematically to prepare our communities for disasters, as well as helping residents recover when these tragedies occur. We crafted a philanthropic disaster response strategy so that we can respond quickly and effectively to the disaster. After Hurricane Harvey's landfall, our staff mobilized their capabilities and resources to assist with the relief and recovery efforts. The Group launched the loyalty programs which provide the option of donating points as contributions to the American Red Cross for the disaster of Hurricane Harvey.



Our employees provided help for people who are unable to evacuate from their home because of the disaster of Harvey Hurricane. From putting boats into service to reach neighbors seriously affected by Harvey's flooding, to working with the Houston Pregnancy Help Center, making sure the victims can receive timely support.

We collected the items that will directly benefit the affected residents of the greater Houston area. We donated goods such as beds, bed sheets, pillows, and blankets to families in need aftermath of Hurricane Harvey.

Moreover, we participated in food sharing event of the Houston Food Bank to help local low-income families to obtain food. The event aims to raise the sense of urgency of the employees created by Hurricane Harvey.

The Group has supported a family through the Houston Children's Charity. This year, the Company was paired with a mother and her children who had lost their beds due to Hurricane Harvey, and were sleeping on the floor. We donated the beds, other necessities and gifts directly to the family.

Social Sustainability

Other events we organized for our employees during the year 2017:

- Celebration of Associate of the Month;
- Monthly Birthday and Anniversary Celebrations;
- Family party in Christmas;
- Food Drive for Thanksgiving;
- Donation of school supplies, etc.



Employment

Employees are an important part of our long-term development, and we strive to develop a harmonious workplace in order to increase the sense of belonging of every employee in our Group. We understand the importance of supporting the causes that the employees care about. An ideal working environment, where the management of the Group continually to develop employee's talent and reward for their performance, is the key in delivering outstanding results for our communities and stakeholders.

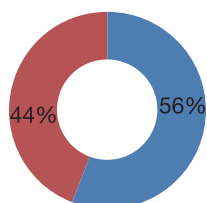
Our human resources policy aims to foster our colleagues' passion and enable our employees to be catalysts of positive change in many ways. This includes nurturing the talents of colleagues by providing equal opportunities for promotion, supporting their lives and warfare and creating opportunities to make a contribution to the society.

As at 31 December 2017, our Group had a total of 148 employees (2016: 140 employees).

The following diagrams show the percentage of employees by gender for the year 2017 and 2016 respectively:

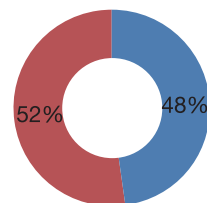
Gender 2017

■ Female ■ Male



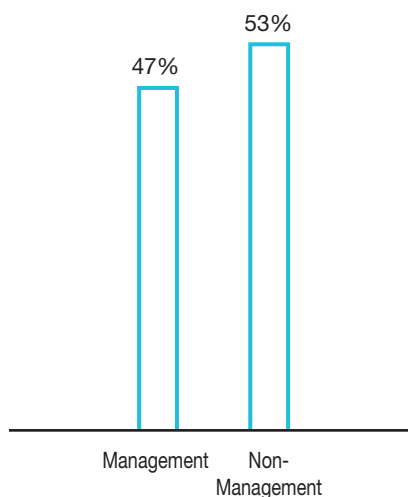
Gender 2016

■ Female ■ Male

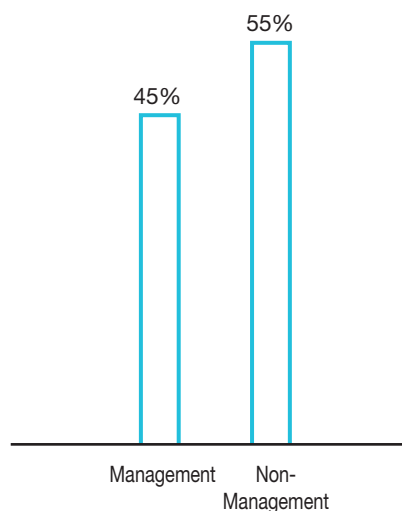


The following diagrams show the percentage of the employment type of the employee for the year 2017 and 2016 respectively:

Employment Type 2017

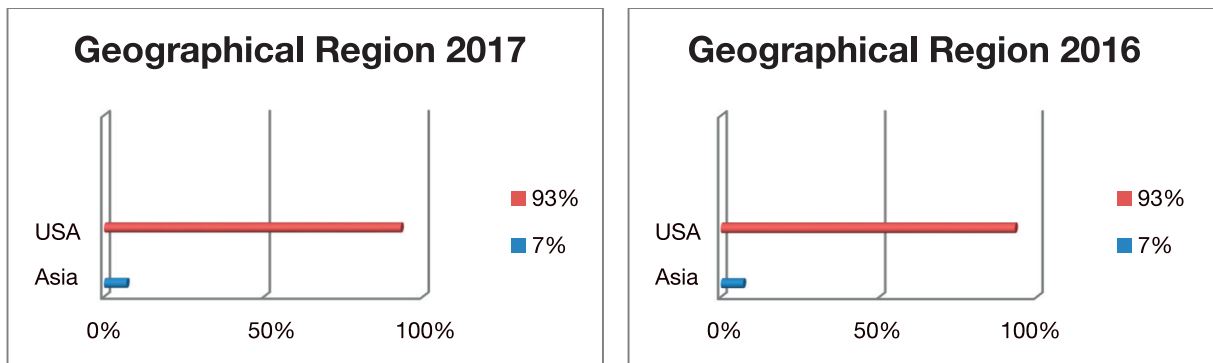


Employment Type 2016



Employment

The following diagrams show the percentage of employees by geographical region for the year 2017 and 2016 respectively:



The management of the Group reviewed the policies to ensure the Group comply with Fair Labour Standards Act and Employment Act of the USA and other relevant applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity and other benefits.

The management of the Group encourages the career development and progression of its employees. This includes offering promotional and career development opportunities to well qualified individuals within the Group. It is the responsibility of our management to discuss with employees in relation to their future career goals within the Group as part of the performance appraisal process. Each General Manager should identify employees who have demonstrated high potential, leadership and a willingness to relocate to further their careers through a commendable performance appraisal, and notify Corporate Human Resources of these individuals.

Since any employment with the Group is based on mutual consent, both the employee and the management of the Group have the right to terminate employment at will, with or without cause, at any time. The management of the Group encourages employees to give adequate notice of intention to resign. Generally, employees will be permitted to work through their specified resignation date, except when continued employment could be detrimental to operations or employee morale. What constitutes adequate notice will vary depending on the employee's position and length of service. Final payment arrangement strictly followed the relevant applicable laws and regulations for the resigned employees.

Policies were adopted to monitor the employee's working hours and rest periods. Over time payment policy was reviewed by Human Resources Department to ensure that the employees are able to get their over time payment in accordance with the relevant applicable laws and regulations.

Policies were imposed to ensure that the Group complies with Fair Employment Act of the USA. During the Reporting Period, the management of the Group reviewed the human resources policy aiming at providing equal opportunities to foster a working environment in which each employee is treated equally, and ensuring that we have an appropriate diversity of skillsets and backgrounds to leverage on the strengths of each employee for our continued success.

The management of the Group reviewed the equal opportunity policy during the Reporting Period to ensure equal employment and advancement opportunities are provided to all individuals. Our employment practices and hiring procedures are free from discrimination of applicant's race, color, religion, sex, national origin, marital status, sexual orientation, age, disability or any other characteristic. All applicants should be pre-screened according to guidelines established for each open position. These guidelines will consist of application and/or resume review of work history in comparison to minimum position criteria.

Employment

Employment interviews are arranged in an objective process. The aim of interviews is to verify the applicant's knowledge, skill, ability and experience. In order to verify an applicant's ability to perform the essential components of the job, tailored made questions may be asked or used. Questions or pre-employment tests used to probe any applicant's physical or mental disabilities are prohibited. If an applicant discloses presence of either a physical or mental disability and expresses a need for reasonable accommodation to perform the essential job responsibilities, the Group will explore the issue of the disability and evaluate the need for reasonable accommodation in order to provide equal opportunity for the applicant to be considered for employment.

Training programs were provided for the interviewer aiming at increasing the employment skill and the successful rate of employment.

Policies, prohibiting discrimination against any applicant or fellow employee on the basis of a disability, were reviewed during the Reporting Period. The policies were imposed to ensure that the Group complies with Employment Non-Discrimination Act of the USA. Reporting channel for bringing to the attention of the management any type of discrimination in the workplace were opened. Employees can raise concerns and make reports to the management anytime they found there are unlawful discrimination.

Our Group strives to maintain a working environment which is free from harassment of our employees. Policies prohibiting discrimination and harassment were reviewed during the Reporting Period. The policies were imposed to ensure that the Group comply with Civil Rights Act of the USA. If an employee feels harassed in any way that the employee believes violates the Group's policy or finds the conduct of any other relevant people violating the Group's policy, the employee can immediately report the incident of harassment to the management of the Group. The management of the Group shall keep the confidentiality of the identity of the reporting staff. To ensure all our employees fully understand the Company's position on harassment and the procedures to follow if any form of harassment is discovered in the work place, the management of the Group requires that the policy be reviewed by employees during orientation and again on an annual basis.

Health and Safety

We recognise the importance of effectively managing health and safety of our employees. This is achieved through the identification, elimination of risks to the health and safety to our employees. We have elevated efforts to care the welling being and health of our employees by offering healthy meals at little cost and educating them to do the pre-shift stretching exercises. We provide comfortable lounges where our colleagues can take rest during breaks. We promote a smoke-free working environment whereby all workplace are required to provide separate, designated smoking areas for use by employees.

Policies were implemented to ensure the middle level management of the Business Units reports annually to the management of the Group regarding arrangements for health and safety, including control measures for identifying any risks in respect of fire and electricity.

Our Safety and Security Committee reviewed the safety and education programs for our hotel and workplaces during the Reporting Period. Safety programs for all employees are intended to identify and correct potential hazards as well as to provide ongoing education and training in respect of safe working habits.

The Safety and Security Committee continuously monitor that the policies adopted by the Group were executed effectively which including but not limited to:

- Providing overall guidance and direction for the Group's safety and loss control program;
- Evaluating, analyzing and correcting safety and security problems;
- Monitoring inspection reports to ensure corrective action is taken;
- Promoting and implementing safety awareness and training programs for employees;
- Evaluating new and existing facilities, equipment and procedures related to safety and security; and
- Maintaining accurate and complete meeting and activity records and reports.

The program –“AboutME” was designed for caring our employees in terms of their health and wellness, continuing education and other support services and providing support as possible.



The Group's approved provider of Management Food Safety Training is the Training Achievement Program Series (TAP). TAP provides easy access for management associates to receive online Food Safety Training, and provides senior leaders & administrators with Food Safety Certification resources and instructions. The final certification is provided by the National Registry of Food Safety Professionals (NRFSP) and satisfies the requirements of the Group's quality assurance audit. The Group's proprietary program "Great Food Safe Food" must be completed for every non-management food handler prior to preparing food or operating food preparation machinery.

Health and Safety

The health plans including but not limited to life insurance, medical, dental and disability insurance were continued to be offered for our employees. The disability insurance provides partial income benefits to employees of serious illness or injury which leads to total disability. The Company offers confidential and voluntary assistance for the employees who are struggled in living.

We strive to enhance the injury and illness prevention through more robust post-incident investigations. In order to prevent the injury and illness, we designed the programs for preventing injuries and providing assistance to the employees in handling claims from insurance company. The programs also provide any necessary help for the recovered employee back to work from injury.

Our Group implemented the Safety Rule which was reviewed by Our Safety and Security Committee during the Reporting Period. Each employee is required to obey the Safety Rule in accordance with the guideline set out by the Group and the employees are requested to work cautiously especially when the employees performed their tasks which may get themselves in injured. In case any employee injured in workplace, the employees must report the injury case to management in accordance with the guideline. According to our guideline, disciplinary action may be imposed for the employees who violate safety standards or who fail to report the dangerous and hazardous situation.

Our Group posted adequate safety and health notices at our facilities, including the job safety and health protection poster that fulfilled the Occupational Safety and Health Act of 1970 of the USA ("OSHA"). We have provided adequate training to the employees for preventing from injury when they performed their duties. Employees are informed of the reporting procedures of injury in the training course. We maintain all OSHA records for five years. All recordable injuries were recorded onto the OSHA log as quickly as possible after the occurrence.

Proper system was set up for recording the injury or illness which results in death, days away from work, restricted work, re-designation, medical treatment beyond first aid, loss of consciousness, or diagnosis of a significant injury or illness by doctor or other licensed health care professional. Employees and former employees can access to their injury and illness reporting forms.

We recorded a total of 247 lost work days for the Reporting Period.

Development and Training

The management of the Group recognizes the importance of the growth of our employees in sharpening the Group's competitive edge. We reviewed the promotion scheme offering for the employees who obtained qualification related to their work. The incentive program awarding the employees who successfully complete the courses for improving their job performance was reviewed during the Reporting Period. Extra consideration will be given in promotion appraisal for the employees actively joining training courses.

The training programs were designed for each level of employees to ensure that each employee in our Group understands and reinforces the "The Spirit of Care" and how his or her behavior conveys our promise to care for others. We continually convey and seek to model "The Spirit of Care" to our employees to put into practice the sincerity and depth of our values and to inspire our employees to help us demonstrate these principles.

Moreover, the Group provided training to help the middle level management to create, execute and measure critical work goals in accordance with the Group's business goals. We have brought together senior supervisors from across the Group to share the Group's goals and missions and their management experience. The Group meeting encourages the middle level management to ignite both their minds and hearts so they can lead with total commitment. The program was designed to develop great leaders focusing on the success of the hotel and growth of the brand.

The front line employees were provided with training to ensure that they were motivated and empowered to deliver guest service. Formal training relating to beverage service is part of the orientation process for all employees who serve alcoholic beverages, or those who have contact with departing guests that have been drinking. Trainings were provided before employees assume their responsibilities. The training programs for front line employees that incorporate all required technical, soft skill and on-the-job training activities before put them on work, were reviewed by the management of the Group during the Reporting Period.

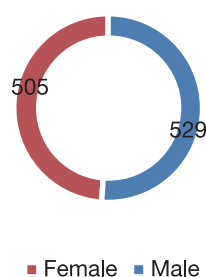
Other training programs were arranged including but not limited to the following:

- Safe Lifting and Back Safety
- General Facility Housekeeping
- Fire Safety and Evacuation
- OSHA/Accident Prevention

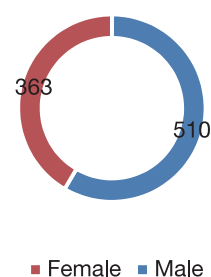
Development and Training

The following diagrams demonstrate the training hours completed per employee by gender for the year 2017 and 2016 respectively:

Training hours by gender in 2017

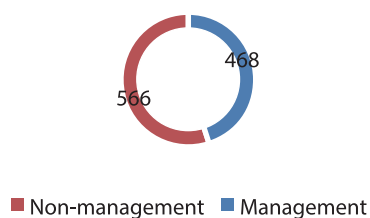


Training hours by gender in 2016

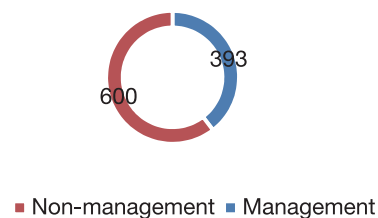


The following diagrams demonstrate the training hours completed per employee by employee category for the year 2017 and 2016 respectively:

Training hours by employee type in 2017



Training hours by employee type in 2016



Labour Standards

Policies implemented for the compliance with the Fair Labor Standards Act and Child Labor Laws of the USA were reviewed by the management of the Group during the Reporting Period. Strict human resource policies were continuously imposed to ensure that employees work out of their own volition and there is no forced labor.

We have an independent and externally hosted whistleblowing channel which allows anyone to raise concerns and seek guidance on a broad range of issues.

There were no child and forced labor employed for the year 2017 and 2016.

Supply Chain Management

Our suppliers play an important role in upholding our Group's reputation for excellence with customers and other stakeholders. We expect our suppliers to uphold high ethical standards and follow all applicable laws. We encourage our suppliers to identify and promote opportunity for diverse and minority-owned businesses, including small and medium enterprises. Adhering to these principles and doing business with those who do the same will help us maintain a competitive advantage and gain the confidence of our associates and customers.

The management of our Group believes that our supply chain management can develop innovative products and programs to deliver superior performance and meet our sustainability goals. We established a supply chain team and continually collaborated with our suppliers to advance the sustainability of their products to save the resources and include more sustainable materials. We prioritised to purchase environmental friendly products such as "room-ready" towels, recycled material pens, low VOC paint, biodegradable laundry bags, low-energy light bulbs and coreless toilet paper.

We worked closely with one of the largest professional procurement companies serving the hospitality industry in the USA, to source most of the food and beverage and facilities. We established our sustainability goals, including but not limited to:

- Striving to ensure that our suppliers will have sustainability policies;
- Identifying different product categories and championing improved sustainability in these categories;
- Working with key strategic suppliers to improve the sustainability practices of their companies, as well as the sustainability of products.

The procurement conduct guide specifying the requirement of selecting the suppliers was reviewed by the management of the Group during the Reporting Period. We expect our supplier partners to follow the guidelines as outlined below:

- Respecting the principles of human rights;
- Complying with all applicable local and national labor laws especially as it as relates to discrimination, minimum wage, overtime and maximum working hours;
- Ensure all work is out of one's volition and workers should be free to terminate employment with reasonable notice;
- Complying with applicable labor law, in particular in connection with child labor;
- Upholding a safe and healthy work environment;
- Minimizing the impact of their operations on the environment and obtaining all necessary environmental permits and registrations;
- Following all applicable laws regarding prohibition of specific substances and/or ingredients and regulations for handling, recycling and disposal of all waste types;
- Undertaking ongoing efforts to reduce their operational impact on the environment.

Preference will be given to the suppliers:

- Indicating preference for use of eco-friendly recycled materials and products;
- Indicating preference for ISO 14001 certified vendors;
- Declaring the use of eco-friendly/recycled paper unprinted materials.

Product Responsibility

Product quality

We strive to constantly refine luxury to align with evolving customer expectations by instilling a culture of continuous improvement and ensuring that the customer satisfaction can be addressed through the use of performance indicators.

To gain a deeper understanding of the experience of our customers, we gather feedbacks from our customers through our interactions with optional surveys available in hotel rooms and through mystery shopper reviews of our service. The feedbacks gathered from the customers allows our management to better understand and manage our customer's satisfaction. In case there is any negative response gathered from our customers, the management of the Group will analyze the cause and will take follow-up actions accordingly. Our guest satisfaction survey program was designed and implemented to identify the key drivers of customer satisfaction and loyalty, which provide information to ensure that we are able to optimize a guest's experience.

Policies imposed on handling the customer complaints were reviewed by the management of the Group during the Reporting Period. Our customers are provided with a proper platform to give feedback to our services. The mechanism of complete handling was reviewed to ensure that the management of the Group can manage each of the complaints. The training programs in handling complaints were provided to each level of employees especially the newly employed front line employees.

Moreover, policies imposed to ensure the compliance of the Product and Safety Act of the USA, such as strictly selecting of suppliers, procuring the reputable products which comply with the related legislation of safety, were reviewed. During the Reporting Period, we did not receive any complaint on our services from any government departments in the USA relating to health, safety and privacy matters. We also did not have any product recalls for safety or health issues during the Reporting Period.

We provide Management Food Safety Training which is Training Achievement Program Series ("TAP"). TAP provides easy access for employees to receive online food safety training, and provides senior employees with Food Safety Certification resources and instructions.

Policies were in place for the Group to ensure the compliance of Little FTC Acts of the USA for our marketing activities. In 2017, the Group had zero incident of non-compliance with laws and regulations, including legal requirements of marketing and advertising practices. Our supply chain management and procurement policy ensure our products provided were properly labeled. The supplier who has the record of compliants in respect of labeling may be put into our supplier black list.

Privacy policy

Policies were imposed to ensure the compliance of Privacy Act of the USA. The Group is committed to respect and safeguard the private information of any individuals.

We imposed strict procedures in dealing with collecting, retaining, and disclosing personal information, and the management of the Group also avoids inappropriate or unnecessary disclosures of information. Procedures of handling privacy information for all personnel whose job duties involve collecting, retaining, using, or releasing personal information was in place. We retained only such personal information, as it needs for effectively conducting business and administering its employment and benefit programs.

Product Responsibility

The policy was implemented to ensure that the management of the Group takes all possible steps to ensure all personal and job-related information is accurate, complete, and relevant for its intended purpose. Policies were imposed to notify the affected person for the utilization of the personal information. The release of information, which may cause any effect on the Group, was strictly limited to authorized persons.

Policies were implemented to keep the sensitive information protected. An authorized employee who is eligible to access confidential information is requested to sign the non disclosure agreement. Any employee who discloses sensitive business information without approval will be subject to disciplinary action. This applies to information concerning all phases of the Group's operations so that the integrity of such information is preserved.

Intellectual property rights

The policy for protecting the intellectual property rights was reviewed during the Reporting Period. We are alert to register self-developed systems, trademarks and several domain names in the USA. Our Group adopted necessary procedure to prevent our employees to download any freeware or shareware through our server. During the Reporting Period, the Group was not aware of any infringement of intellectual property rights owned by third parties or by any third parties of any intellectual property rights owned by us.

Anti-Corruption

The management of our Group believes that business ethics is vital to our success. We have our business conduct guide to advise our employees on laws, practices and procedures relating to a wide range of business issues, including antitrust, unfair competition, political contributions, abuse of purchasing power, commercial and political bribery. The guide is reinforced by a range of policies across all our operations and markets, which are regularly reviewed and updated to help ensure we act in a responsible manner. Our Anti-Bribery and Corruption Policy provides for the prohibition towards corruption and the payment or receipt of bribes for any purpose. This Policy clearly specifies the meaning of bribery and corruption and our position on facilitation payments and gifts.

Our business ethics training program reinforces the importance of corporate values and ethical responsibility to the continued success of our business. We provided mandatory training courses including face-to-face training to ensure our employees recognize and avoid any potential instances of corruption. We especially enforced the training on anti-bribery and corruption risks and regulations targeting in particular the employees involved in dealing with third parties.

Whistle Blowing Policy

The whistle blowing policy was reviewed by the management of the Group during the Reporting Period. The policy concerns an action that may be unlawful (including criminal offenses or breaches of civil laws and regulations) or falls below established standards and that might jeopardize the reputation of the Group. The launching of our whistle blowing policy allows our stakeholders and outsiders to raise their concerns through different communication channels in any language. The management of the Group believes that the policy is able to improve the efficiency of escalating of significant issues to the management of the Group and enhance the effectiveness of investigations. We especially emphasize some criminal or unethical conducts which may cause a legal obligation on the part of the Group such as money laundering, fraud, bribery, corruption and serious irregularities in financial reporting.

Policies were imposed to ensure the Group to comply with Money Laundering Control Act of 1986 and US Foreign Corrupt Practices Act 1977 of the USA. The whistle blowing policies were posted on employee notice boards and the intranet for transparency and ease of access by employees. The whistle blowing policies were included in the training material for all new employees.

For the Reporting Period, there is no legal case regarding corruption, bribery, extortion, fraud and money laundering practice brought against our Group and our employees.

Anti-Corruption

Conflict of Interest

The guidelines on conflict of interest were established and implemented for the avoidance of conflict of interest between employee's personal interests and those of the Group. Policy was imposed to comply strictly and in all respects with the various federal and state antitrust laws of the USA that affect the hospitality industry. There shall be no exception to this policy, nor shall it be compromised or qualified by any person acting for or on behalf of the Company.

According to the guideline on conflict of interest, it is every employee's obligation to put the Group's business interests first in all business dealings with outside vendors, etc. Employees have an obligation to conduct business dealings within the guidelines that prohibit actual or potential conflicts of interest. Transactions and business dealings with outside firms are highly monitored. Any unusual gain designed to ultimately benefit the employee are strictly prohibited. If an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that he or she discloses the existence of any actual or potential conflict of interest by completing and forwarding the Standards of Conduct Agreement to Human Resources department as soon as possible so that safeguards can be established to protect all parties.

Any inside business information of our Group are prohibited to be shared and disclosed with unauthorized person. Accepting gifts, favors or entertainment (for himself or herself or any member of his or her family) which are substantial or otherwise beyond those generally acceptable in a business context from any person or organization known through or in connection with his or her employment with the Group or engaging in any fraudulent, illegal or dishonest conduct, whether in the connection with his or her employment or otherwise was strictly prohibited. Any improper transfer of material or disclosure of information, even though it is not apparent that an employee has personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice will be subject to disciplinary action or even possible termination of employment and legal action.