



KINGWELL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1195

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

2018

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

This Environmental, Social and Governance Report (the “ESG Report”) summarizes the environmental, social and governance initiatives, plans and performance of Kingwell Group Limited (the “Company”, collectively with its subsidiaries, the “Group” or “We”) and demonstrates its commitment to sustainable development.

The Group adheres to the management policies of sustainable environmental, social and governance (“ESG”) development. We are also committed to handling the Group’s environmental, social and governance affairs effectively and responsibly, which becomes a core part of our business strategy. We believe this is the key to our continued success in the future.

The ESG Governance Structure

The Group has established the ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments of the Group and is responsible for collecting relevant information on our ESG aspects for the preparation of the ESG Report. The Taskforce reports to the Board of Directors (the “Board”), assists in identifying and assessing the Group’s ESG risks and the effectiveness of the internal control mechanism. The Taskforce will also examine and assess our performance in different aspects such as environment, health and safety, labour standards, and product responsibility in the ESG aspect. The Board sets the general direction of the Group’s ESG strategy and ensures the effectiveness of ESG risk control and internal control mechanism.

SCOPE OF REPORTING

Unless specified otherwise, this ESG Report covers the Group’s policies, compliance issues as well as environmental key performance indicators in two subject areas, namely, Environmental and Social of its key business operation (“key operation”, accounting for 100% of the Group’s total revenue) in Hubei office in Mainland China from 1 July 2017 to 30 June 2018. We will continue to expand the scope of disclosure in the future after the Group’s data collection system becomes more mature and the sustainable development work is enhanced.

REPORTING FRAMEWORK

The ESG Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “ESG Reporting Guide”).

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 30 June 2018 (the “Reporting Period”).

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and ESG issues. In order to understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences and electronic platforms. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major functions have participated in the preparation of the ESG Report to assist the Group in reviewing its operations and identifying relevant ESG issues and assess the importance of related matters to our business and each stakeholder. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The following table is a summary of the Group's material ESG issues included in this report:

The ESG Reporting Guide	Material ESG aspects of the Group	
A. Environmental		
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During the year ended 30 June 2018, the Group confirmed that it has established appropriate and effective management policies and control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG Report or our performance in sustainable development and email to 1195@kingwellgroup.com.hk.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and Key Performance Indicators (“KPIs”)

The Group adheres to the strategy of sustainable development during the operation. With the aim to reduce energy consumption and carbon emissions, the Group has always been exploring operating models that have less harmful effects on the environment, recognising the importance of good environmental management, and striving to protect the environment in order to fulfill the Group’s commitment on social responsibility.

The Group regularly follows the latest national and regional environmental protection laws and regulations, thereby focusing on strengthening environmental protection measures in order to comply with related local laws and regulations and fully implement environmental policies. The Group complies with applicable laws and regulations, including “Environmental Protection Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Atmosphere Pollution”, “Water Pollution Prevention and Control Law of the People’s Republic of China”, and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”, etc.

The responsible persons in charge of the Group’s environmental affairs supervise the implementation of the above measures and relevant environmental protection policies. Under the stringent supervision and guidance, various departments endeavor to implement the environmental protection policies of the Group and ensure that all operation processes have complied with legal requirements. The responsible persons of environmental protection continue to review the policies and implementation procedures of the Group and report to the management appropriately. Suggestions would be made if necessary.

During the Reporting Period, the Group did not have any violations of relevant local environmental laws and regulations in relation to exhaust gas and greenhouse gas (“GHG”), emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that have a significant impact on the Group.

Exhaust Gas and GHG Emissions

Exhaust Gas Emission

Due to our business nature, the Group does not generate significant amount of exhaust gas emissions directly during its operations.

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

General Disclosure and Key Performance Indicators ("KPIs") (Continued)

Exhaust Gas and GHG Emissions (Continued)

GHG Emissions

The principal GHG emissions of the Group are direct GHG emissions from gasoline generated through transportation (Scope 1), energy indirect GHG emissions generated from purchased electricity (Scope 2) and indirect GHG emissions generated from water consumption and paper consumption (Scope 3). The Group actively adopts electricity conservation and energy saving measures to reduce GHG emissions, including:

- Adopts measures for environmental protection and energy conservation actively. Relevant measures are described under "Electricity and Energy Consumption" in Section A2;
- Adopts measures to save water and reduce paper consumption actively. The relevant measures will be explained in the section "Waste Management" and the section "Water Consumption" in Section A2;
- Conducts monthly vehicle maintenance to reduce fuel consumption effectively, thereby reducing carbon emissions and exhaust emissions;
- Phases out any vehicles that fail to satisfy the standards of the national and regional emission policy, purchases regular diesel and gasoline for vehicles, and conduct annual inspections to ensure the compliance with national emission standards; and
- Reduces the number of business trips through utilizing electronic communication such as video conference and WeChat meetings.

The employees' awareness of reducing GHG emissions has increased through these GHG emission mitigation measures.

The summary of GHG emissions performance:

Indicator ¹	Total emissions (calculated in tonnes)	Intensity – Total GHG emissions per employee (tonnes/employee) ²
Direct GHG emissions (Scope 1) – Gasoline	13.54	1.231
Indirect GHG emissions (Scope 2) – Electricity	11.71	1.065
Indirect GHG emissions (Scope 3)	0.27	0.025
– Paper waste disposed at landfills	0.08	0.008
– Electricity used for processing fresh water	0.17	0.015
– Electricity used for processing sewage	0.02	0.002
Total GHG emissions (Scope 1, Scope 2 and Scope 3)	25.52	2.321

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

General Disclosure and Key Performance Indicators ("KPIs") (Continued)

Exhaust Gas and GHG Emissions (Continued)

GHG Emissions (Continued)

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of China's regional power grid basis, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX and the latest "Greenhouse gas reporting conversion factor 2017" issued by Department for Environment, Food & Rural Affairs of British's Government.
2. As at 30 June 2018, the Group's key operation had 11 full-time employees in total. The data is also used for calculating other intensity data.

Domestic Sewage

The Group also discharges domestic sewage during daily operation, which is discharged into the urban sewage pipe network after being purified by the underground sewage treatment facilities.

As the waste water discharged by the Group will be disposed through the municipal sewage pipe network to the regional water purification plant, the water consumption amount of the Group is considered as the discharge of sewage. The data on the discharge of sewage will be described in the section "Water Consumption" in Section A2.

Waste Management

The Group adheres to the waste management principles and strives to properly manage and dispose all wastes produced by our business activities. Our waste management practice has been compiled with laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's business activities mainly consist of papers and ink cartridges. After being collected and sorted by the Group, such wastes will eventually be collected and processed by general waste service providers. Recyclable wastes (such as paper) will be recycled for reuse.

We regularly monitor the consumption volume of paper, toner cartridges and ink cartridges and have implement a number of reduction measures. The Group's offices have also provided suitable facilities and encouraged our staffs to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

General Disclosure and Key Performance Indicators ("KPIs") (Continued)

Waste Management (Continued)

The summary of major non-hazardous wastes discharge performance:

Category of waste	Total discharge	Intensity – Total non-hazardous wastes discharge per employee (unit/employee)
Paper	6.00 boxes	0.545 boxes
Ink cartridges	3.00 units	0.273 units

During the Reporting Period, the Group recycled 4 boxes of paper in total.

Due to our business nature, the Group does not directly produce hazardous wastes during its operations.

Digitalized Office

The Group is committed to establishing an electronic automated office. The office makes full use of the online system, while general business notices and data transmissions are conducted through the internet system, and has established electronic workflows. Printing and copying are minimized to the largest extent to reduce paper usage, while double-side printing is also encouraged in the office. The use of used envelopes and the reuse of used paper, cartons, envelopes and folders are also encouraged. The office is responsible for supervising the amount of paper usage and the waste paper is collected and disposed by the administrative department and the office. Reusable paper products, such as briefcases, envelopes, etc. are collected and recycled while the use of disposable paper products, such as paper cups and paper towels, are encouraged to minimize to the largest extent. In addition, the Group also places "Green Message" reminders on office equipment to further enhance employees' environmental awareness. The employees' awareness of waste management has increased through these waste management measures.

A2. Use of Resources

General Disclosure and KPIs

With the aims to actively promote the effective use of resources, the Group monitors the potential impact of business operations on the environment at real time and promotes green office and operating environment by adopting four basic principles, i.e. reduce, reuse, recycle and replace, thus minimizing the impact of the Group and its subsidiaries on the environment.

The Group has formulated policies and procedures related to environmental management to manage the use of such energy like water, electricity and oil by monitoring monthly usage statistics, focusing on management of key energy-consuming equipment, and regulating the operation procedure of equipment, in order to use the energy fully and efficiently.

A. ENVIRONMENTAL (Continued)

A2. Use of Resources (Continued)

General Disclosure and KPIs (Continued)

The Group strictly complies with the “Water Law of the People’s Republic of China”, “Electric Power Law of the People’s Republic of China”, “Law of the People’s Republic of China on Conserving Energy”, and other relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance of the above laws and regulations.

Electricity and Energy Consumption

The major energy consumption of the Group during its daily operation is electricity consumption in the operation, and gasoline consumption via transportation.

The Group has formulated rules and regulations to achieve the goal of electricity saving and efficient consumption. The relevant specific measures are as follows:

- Selects energy-efficient equipment and electrical appliances for production, office, and domestic electricity use, and gradually replace obsolete equipment with energy-saving certified alternatives;
- Forbids the use of large-power electrical appliances, such as heaters, kettles, refrigerators, etc., to avoid electricity overload. Employees should turn off all electrical appliances that come with them when they leave office;
- Turns off all the unnecessary lights, air conditioners, computers and other office equipment in office areas, conference rooms and corridors when they are not in use to avoid any waste;
- Uses energy saving bulbs/LED lamps instead of traditional lamps;
- Forbids the run of idle equipment, unreasonable electric wiring distribution, etc.;
- Avoids the waste of electricity by strictly regulating the use of air conditioners;
- Let the employees to turn off their computers (host/monitor) when they go out for a long time, and switch them to standby or sleep mode when they go out for lunch; and
- Enhances the maintenance and overhaul of equipment, maintain the best condition of all electronic equipment for effective use of electricity.

The employees’ awareness of energy conservation has increased through these energy-saving measures.

A. ENVIRONMENTAL (Continued)

A2. Use of Resources (Continued)

General Disclosure and KPIs (Continued)

Electricity and Energy Consumption (Continued)

During the Reporting Period, the energy consumption of the Group and its intensity were as follows:

Type of energy	Energy consumption	Intensity – Energy consumption per employee (unit/employee)
Gasoline	5,000.00 litres	454.545 litres
Electricity	18,000.00 kWh	1,636.364 kWh

Water Consumption

The water consumption of the Group mainly comes from the office water consumption. We encourage all employees and customers to develop the habit of conserving water consciously. The Group has been enhancing its water conservation promotion. Pantry and washrooms are posted with environmental messages to remind employees for water conservation, which results in further enhancing our employees' awareness in water conservation.

Due to the nature of the business of the Group and its operations mainly in the cities, the procurement of suitable water sources is not relevant to the Group.

The employees' awareness of water conservation has increased through these water conservation measures.

During the Reporting Period, the water consumption (i.e. wastewater discharge) of the Group and its intensity were as follows:

Water consumption (calculated in cubic meters)	Intensity – Water consumption per employee (cubic meters/employee)
240 cubic meters	21.818 cubic meters

Use of Packaging Material

Due to our business nature, the Group does not produce any final products nor does it have any industrial facilities. Thus, it does not use any significant amount of packaging materials during its daily operations.

A. ENVIRONMENTAL (Continued)

A3. The Environment and Natural Resources

General Disclosure and Key Performance Indicators

The Group focuses on our business impact on the environment and natural resources and pursues the best practice with the environmental protection. In addition to complying with relevant environmental laws and regulations and international standards to properly preserve the natural environment, the Group has integrated the concept of environmental protection and natural resource conservation into its internal management and daily operations with the aim of achieving environmental sustainability.

Working Environment

The Group is committed to providing employees with a comfortable and green working environment to enhance work efficiency. The Group maintains office discipline and environmental hygiene and keeps the personal office area and public areas clean and tidy. Our staff will monitor the condition of the workspace from time to time to set up emergency plans in advance, and adopt prevention and control measures to identify problems and risks. We will deal with the identified problems and potential risks in time to maintain a sound working environment.

On the other hand, the Group regularly monitors and measures indoor air quality in the workplace. The Group maintains indoor air quality and filters pollutants and dust by using air purification equipment in the workplace and cleaning air conditioning system regularly.

B. SOCIAL

B1. Employment

General Disclosure

The success of the Group is highly dependent on its capability to attract, cultivate and retain employees. Because employees are the largest and most valuable asset and the core competitive advantage of the Group. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardizes labour employment management, and protects employees' occupational health and safety. The Group also enhances democratic management, protects the vital interests of employees, and fully respects and values their enthusiasm, initiative and creativity in order to build a harmonious staff relationship.

The Group actively complies with laws and regulations, including but are not limited to, the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China" and "Regulations on Work-related Injury Insurances". The Group has accordingly formulated a series of relevant personnel management policy to guide employees to actively integrate personal pursuits into the long-term development of the Group.

During the Reporting Period, the Group did not aware of any material non-compliance of laws and regulations in respect of human resources.

B. SOCIAL (Continued)

B1. Employment (Continued)

General Disclosure (Continued)

Compensation and Benefits

The Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competitiveness, incentives, reasonableness, and legality. The remuneration of the employees of the Group comprises basic salary, performance bonus, overtime payment, position subsidy, related subsidies and other various bonuses. In addition, the Group conducts annual assessments in accordance to changes in macroeconomic factors (e.g. national policies and price levels), industry and regional remuneration levels, changes in the Group's development strategy, and the overall effectiveness of the Group, and makes corresponding adjustments to staff remuneration.

The Group has signed and executed labour contracts with employees in accordance with the "Labour Contract Law of the People's Republic of China". The signing rate of the labour contracts is 100%. In accordance with the law, the Group legally pays "five social insurance and one housing fund" for its employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, to ensure that employees covered by social insurance.

The Group earnestly safeguards the legitimate interests of labour in accordance with the requirements of the national and local laws and regulations (e.g. the "Labour Law of the People's Republic of China"), respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest times and holidays. Following the "Regulation on Paid Annual Leave for Employees" and other relevant regulations, we implement the paid leave policies for employees to pay overtime wages for labour that exceeds statutory working hours. In addition, employees are allowed to apply for flexible working schedule based on their job requirements.

Employment, Promotion and Dismissal

The Group has continuously established and improved its recruitment system. In the recruitment process, we standardize the hiring procedures and recruitment principles, adhere to the hiring principles of morality, knowledge, ability, experience and fitness applicable to job positions as well as the principles of justice, fairness, equality, and openness, so as to continuously attract talents.

The Group specifies the basis and process for staff promotion, transfer and demotion management, regulates the departure process, and protects the interests of both employees and the Group.

The Group has implemented a fair and open assessment system to provide employees with opportunities for promotion and development based on their work performance and internal assessment results so as to explore their potential at work.

B. SOCIAL (Continued)

B1. Employment (Continued)

General Disclosure (Continued)

Equal Opportunity

The Group strictly complies with national and local government regulations by adopting a fair, equitable and open recruitment process and developing relevant system files to eliminate discrimination in the recruitment process. Employees faces no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality and thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion. In the Group, male and female staff received the same remuneration with the same job duties. The Group endeavors to attract professionals with diverse backgrounds to join us.

B2. Health and Safety

General Disclosure

The Group recognises the importance of the health and safety of its employees, commits itself to providing employees with a healthy, safe and comfortable working environment and strives to eliminate potential health and safety hazards at workplaces. We enforce relevant laws and regulations such as the “Labour Law of the People’s Republic of China”, “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases” and “Fire Protection Law of the People’s Republic of China”, etc.

During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and no claims or compensation were paid to our employees due to such events. No material non-compliance of laws and regulations relevant to health and safety of employees were found.

Internal Health and Safety Management System

The Group maintains an internal audit and inspection system to ensure the health and safety of customers and employees during the operation. The review process is designed to ensure that the workplace is under constant monitoring and to identify and correct the deficiencies that do not meet the standard. The Group regularly inspects and reviews the safety issues of offices and actively encourages employees to report health and safety incidents and risks.

We also arrange body checks for employees. We particularly pay attention to employees who have abnormal examination results and give them treatment advice.

Fire Safety

The Group has also formulated fire safety systems in accordance with the “Fire Protection Law of the People’s Republic of China” and the “Provisions on the Supervision and Administrator of Fire Protection of Construction Projects”. Fire drills are conducted to raise the staff’s awareness of fire prevention, instruct staff to use fire extinguishers properly and improve the fire evacuation plans. We also have first aid kits and fire extinguishers in different places of workplace and mark the place clearly in response to emergencies.

B. SOCIAL (Continued)

B3. Development and Training

General Disclosure

Training Management

The Group focuses on the internal management training and the establishment of development system. Employees at all levels can satisfy their needs of training through multiple training courses to enhance their skill sets. Through these trainings, not only do they boost the sustainable development of the Group, but also facilitate the personal growth and development of employees.

The management formulates annual training proposals of the Group. The management regularly reviews the effectiveness of the training courses, so as to help to improve the effectiveness of the Group's training system. The Group regularly holds staff sharing sessions to help dealing with employee problems during works. The Group also provides allowances, remuneration and promotion incentives to encourage employees to participate in external training courses, such as sponsoring staff to attend the continuous professional development courses for accountants.

The Group also recognizes the importance of occupational safety training to protect the personal safety of employees. The relevant policies have been described in detail in sections B2 "Fire Safety".

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

The Group complies with the "Labour Law of the People's Republic of China" and the "Provisions on the Prohibition of Using Child Labour" promulgated on and effective from 1 December 2002 with respect to the employment of youths under 16 years of age and their legal rights.

It strictly prohibits the use of any child and forced labour by its mainland China operations. The Group demands all new employees to provide true and accurate personal information when they join the Group for the recruitment staff to stringently verify their information including, among other things, body check results, academic certificates, identity card and hometown information. It also conducts regular reviews and checks to guard against child or forced labour in its operation.

Furthermore, employees of the Group work overtime on a voluntary basis to prevent any breach of labour standards and duly protect employees' rights. The Group also prohibits any punishments, management methods and behaviors involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment (including inappropriate languages, postures and physical contact), etc. against its employees for any reason.

At the same time, the Group also never uses the administrative supplies and services of those vendors and contractors whose record of use of child or forced labour is known.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to the prevention of child or forced labour.

B. SOCIAL (Continued)

B5. Supply Chain Management

General Disclosure

The Group also places high importance on the management of potential environmental and social risks of its supply chain when it procures raw materials. It has established a stringent and standardised procurement system and a supplier selection process which also take environmental and social risk control of suppliers into account in order to regulate the procurement system and control costs effectively and enhance the transparency of procurement management.

Supplier Assessment

The Group expects its suppliers to fulfill the standards of the terms of environment, quality, society, corporate governance as well as commercial ethics. We also require our suppliers to deliver positive influences on the environmental and social matters, the scopes of which mainly include operational compliance, employees' security and health, social responsibility, commercial ethics and environmental protection.

We will terminate supply contract with those enterprises or suppliers that may cause severe contamination or seriously social harms or have caused material environmental or social accidents.

Through the above assessment process, we could minimize potential environmental and social risks of supply chain.

Fair and Open Procurement

In strict compliance with the "Bidding Law of the People's Republic of China" and other regulations, the Group makes procurement on an open, fair and impartial basis without any discrimination against any particular supplier nor corruption and bribery. Employees and any party related to the relevant supplier are forbidden to take part in the subject procurement. The Group stresses the integrity of its suppliers and business partners. We only select suppliers and business partners with good business track records and no material non-compliances or unethical behaviours.

B6. Product Responsibility

General Disclosure

Product Responsibility

We actively safeguard the quality of our products with our internal control process. We also maintain on-going communication with our customers to ensure understanding and satisfaction of their demand and expectations, as well as to constantly improve our services by knowing their satisfactory rates. We zealously complies with laws and regulations in relation to consumers' rights such as the "Law of the People's Republic of China on Protection of Consumer Rights" and the "Advertising Law of the People's Republic of China".

The Group has its channel for complaint so that customers can complain directly to the Group's office. Our administrative department will record the complaint suggestion and handles the relevant complaints.

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

General Disclosure (Continued)

The Group is aware that good customer service is the key influential factor of our success. It has always been our primary mission to protect and assure customers' privacy. The personal information of our customers is collected and used in a responsible and non-discriminatory manner, by restricting the actual use of information to the purposes stated in the contract. We have formulated stringent policies regarding collection and utilization of personal data according to our major operations, and relevant private information will be kept in a dedicated locked safe box. Anyone is not allowed to take away and use these information without the permission of the senior management.

The Group respects intellectual property rights of other enterprises, including patents, trademarks, trade names and trade secrets. Any infringement of the rights, or enticement or encouragement to former or current employees of other companies to infringe intellectual property rights are strictly prohibited in the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with product and service quality-related laws and regulations.

B7. Anti-corruption

General Disclosure

Anti-corruption

The Group believes that an honest corporate culture is the key to our continued success, and thus we attach great importance to anti-corruption work and system building and commit ourselves to building an honest and transparent corporate culture. We strictly comply with the requirements under laws and regulations such as the "Company Law of the People's Republic of China", the "Bidding Law of the People's Republic of China" and the "Interim Provisions on Banning Commercial Bribery".

The Group's major operations formulated such policy on control and prevention of bribery, extortion, fraud and money laundering between shareholders and related parties in each business operation and trade activity.

During the Reporting Period, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

B. SOCIAL (Continued)

B7. Anti-corruption (Continued)

General Disclosure (Continued)

Internal Control System

The Group has an anti-bribery function which is responsible for developing the overall framework of anti-bribery and anti-corruption policies and procedures, as well as guiding and monitoring the implementation of such policies and procedures in different aspects of the Group's operations. The subsidiaries of the Group will report, without delay, any suspected bribery and corruption to the Group's responsible officer, who will then carry out further investigation and determine appropriate course of action as and when necessary.

Furthermore, our finance department and audit department (where our chief executive officer is the responsible officer) are responsible for regular monitoring and checking all non-operational capital flow activities of its major businesses. The Group has also formulated an anti-fraudulent system to normalize whistle-blowing, investigation, handling, assessment and remedial action process.

The Group places a great deal of importance on preventing bribery and corruption during the procurement process and has established relevant management protocol and systems, which are described in the section headed "Fair and Open Procurement" under Aspect B5.

Whistle-blowing System

The Group has also established a whistle-blowing system, whistle-blower protection policy, as well as designated report hotline, which stipulates provision of whistle-blowing process and standard treatment time. The whistle-blowing system allows all staffs and independent third parties (including, amongst others, customers and suppliers) who are in contact with the staffs to report in an anonymous calls and e-mail way to the management, including negligence, corruption, bribery and other misconduct. The management will process the reports promptly, fairly and confidentially. On the other hand, the whistle-blowing system also ensures that whistle-blowers will not be treated unfairly because of reports, the whistle-blowers will not face unfair dismissal, unwarranted disciplinary actions, etc.

B8. Community Investment

General Disclosure

Corporate Social Responsibility

The Group believes it is our responsibility to contribute to the society. As a responsible corporate citizen, the Group always strives to support various charitable and community activities and hope to contribute to society professionally. The Group actively performs its social responsibility as a corporate citizen.

The Group hopes to develop a sense of social responsibility among its staff. As such, staffs are encouraged to make a greater contribution for the society by participating in charitable activities during office hours and spare time. They also take part in environmental and charitable activities and are encouraged to make donations to assist underprivileged students and children and engage in social services. We believe that the participation in activities that repay the society will increase the civic awareness of our staff and set up correct values.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs

Aspect A1: Emissions

General Disclosure

Description

Section/Declaration

	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions – Exhaust Gas and GHG Emissions, Domestic Sewage
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions – Exhaust Gas and GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Not applicable – Explained
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions – Exhaust Gas and GHG Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

Aspect A2: Use of Resources

General Disclosure

	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Electricity and Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Electricity and Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable – Explained

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Working Environment
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Labour Standards

**Subject Areas, Aspects,
General Disclosures and KPIs**

Description

Section/Declaration

Aspect B5: Supply Chain Management

General Disclosure

Policies on managing environmental and social risks of the supply chain.

Supply Chain Management

Aspect B6: Product Responsibility

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Product Responsibility

Aspect B7: Anti-corruption

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

Anti-corruption

Aspect B8: Community Investment

General Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

Community Investment