



萬隆控股集團有限公司
Ban Loong Holdings Limited

Incorporated in Bermuda with limited liability
Stock Code : 30

2018-19

Environmental, Social and
Governance Report





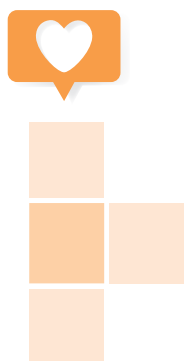
BAN LOONG HOLDINGS LIMITED

Environmental, Social And Governance Report 2018-19



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ABOUT THE GROUP

Ban Loong Holdings Limited (“Ban Loong” or the “Company”) is a company incorporated in Bermuda and listed on the Main Board of the Hong Kong Stock Exchange, whose principal activity is investment holding. The operations of the Company and its subsidiaries (collective referred to as the “Group”) are mainly involved in three identified business segments, namely, the money lending segment, the trading segment and the mining segment.

MONEY LENDING SEGMENT

The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited (“Ban Loong Finance”), a licensed money lender under the Group. Its business primarily focuses on providing short-term personal and corporate loans. To safeguard assets of the Group, the management and credit control team will review and assess the credit risk of each loan application carefully to ensure recoverability of each lending. The Company will continue to take a pragmatic approach in its money lending business to adapt to the market environment and the money supply market and to counteract market challenges from time to time. The management expected the money lending segment will still be one of the major revenue and profit contributors of the Group in the coming years.

TRADING SEGMENT

The trading segment refers to the trading of goods and commodities in China and Hong Kong by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited

(萬隆興業商貿(深圳)有限公司) (“Wan Long Xing Ye”) and by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited (“Wan Long Xing Ye HK”), respectively. Wan Long Xing Ye carried out trading of goods and commodities business in China, which was principally engaged in the trading of refined edible oil and sugar. Wan Long Xing Ye HK carried out trading of goods and commodities business in Hong Kong, which was principally engaged in the trading of cosmetic products and personal care products. The management will continue its plan to increase the size of trading volume with a view to achieve economy of scale and improve the gross profit margin. The segment is expected to remain as the main revenue contributor of the Group in the coming years.

MINING SEGMENT

The mining operations segment refers to the exploration and exploitation of mineral resources in China by Jun Qiao Limited and its subsidiaries (the “Jun Qiao Group”). As disclosed in the Company’s announcement dated 31 January 2019, the Company entered into a sale and purchase agreement with an independent third party purchaser to sell the Group’s 60% shareholding in Jun Qiao, the holding company of the Group’s interest in the Mining Assets, for a cash consideration of HK\$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the Recovery Actions. As such, it has been deconsolidated.

We believe incorporation of the principle of sustainable development into operation is the only key to long-term growth and creation of benefits to our stakeholders. During the year, while expanding all business segments, we are also actively identifying risks and opportunities in relation to sustainable development, as well as striving to enhance our performance in terms of the environmental, social and corporate governance.

To ensure effective use of resources, the Group has already formulated a set of office guidelines for environmental protection for its staff's reference. By helping the staff form good habits, it is hoped that a culture of energy and resources saving can be fostered.

As trading segment is one of our key businesses, we maintain close connections with our vendors and create a channel to receive feedbacks from them so as to ensure effective management of social and environmental risks within the supply chain. Environmental, social and corporate policies will be taken into account when selecting our vendors to minimize any risk in relation to sustainable development.

During the year, sugar and personal care products have been newly added to the product range of our trading segment, which means comprehensive monitoring of the risk in relation to product liability is necessary. The Group has always upheld its system for product liability to establish approaches and measures for handling incident for its staff's reference and execution.

The importance of business operations with honesty and integrity is self-evident. As such, we provide trainings to all employees to make sure that they are faithful and self-disciplined. Relevant administrative system has also been set up to eliminate the risk of corruption as far as possible.

It comes to our awareness that there is quite a large room for improvement in Ban Loong's sustainable development. In the near future, we will try our best to understand all the needs and opinions of each of our stakeholders and improve the Group's performance in the environmental, social and corporate governance.

Ban Loong Holdings Limited
Chow Wang

Deputy Chairman & Chief Executive Officer

ABOUT THIS REPORT

The Group is pleased to present this third Environmental, Social and Governance Report (the “ESG Report” or the “Report”). This ESG Report is prepared in accordance with disclosure obligations under the “comply or explain” provisions contained in the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The purpose is to allow all stakeholders to learn more about the Group’s progress and development direction in respect of operation and sustainable development. The Group understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility during our course of business in order to better respond to the changing needs of the advancing society. This report is prepared in both Chinese and English and is published on the websites of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company (<http://www.0030hk.com>). In the event of any contradiction or inconsistency, the Chinese version shall prevail.

APPLICABLE SCOPE AND REPORTING PERIOD OF THE REPORT

This report covers the Group’s overall environmental, social and governance performance and selected key performance indicators (“KPI”) during 1 April 2018 to 31 March 2019 (the “Reporting Period”). A complete index is appended in the last chapter hereof for reading this Report in accordance with the ESG Guide. The Scope of this report is consistent with that of our second ESG report published last year. To facilitate readers’ comparison of the Group’s annual performance, the report structure is approximate to the second report. The Group has been continuously improving internal data collection procedures and gradually extending our work relating to the environment, society and governance. We will continue to expand the scope of disclosure until it contains full coverage of all of our operations.

CONFIRMATION AND APPROVAL

The information contained herein is sourced from official documents and statistics data of the Group, and management and operation information collected in accordance with the Group’s systems. This report was approved by the board of directors on 24 June 2019.

Feedback

OPINIONS AND FEEDBACK FROM STAKEHOLDERS

The Group values the opinions of stakeholders. If you have any question or recommendation about the content or form of reporting of this report, you are welcome to contact the Group through the following methods:

Address: Room 2709-10, 27/F, China Resources Building,
No. 26 Harbour Road, Wanchai, Hong Kong

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STAKEHOLDERS ENGAGEMENT

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Stakeholders' engagement is essential to the formulation of strategies for sustainable development. It allows the Group to understand risks and opportunities. The Group has identified key stakeholders that are important to the Group's business and established various channels for communication.

| Stakeholder | Expectation | Engagement Channel | Measures |
|-----------------------------------|--|---|--|
| Government | <ul style="list-style-type: none"> – To comply with laws – Proper tax payment – Promote regional economic development and employment | <ul style="list-style-type: none"> – On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval – Public information disclosed in HKEXnews website, such as: annual reports, interim reports and announcements – Company website | <ul style="list-style-type: none"> – Operated, managed and paid taxes according to laws and regulations, strengthened safety management; cooperated with government's supervision, inspection and evaluation (if any); and actively undertook social responsibilities. |
| Shareholders and Investors | <ul style="list-style-type: none"> – Return on investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders – Business risk management | <ul style="list-style-type: none"> – Annual general meeting and other shareholder meetings – Public information disclosed in HKEXnews website, such as: annual reports, interim reports and announcements – Meeting with investors and analysts – Company website | <ul style="list-style-type: none"> – Issued notices of general meeting and proposed resolutions according to regulations; disclosed Group's information by publishing announcements/circulars and periodic reports in the year; carried out different forms of investor activities with an aim to improve investors' recognition; such as holding results briefing; disclosed company contact details on website and in reports to ensure all communication channels are available and effective. |
| Employees | <ul style="list-style-type: none"> – Safeguard rights and interests of employees – Occupational health and safety – Working environment – Career development opportunities – Self-actualization | <ul style="list-style-type: none"> – Regular meetings – Training, seminars – Cultural and sport activities – Intranet and emails – Performance appraisal | <ul style="list-style-type: none"> – Provided a healthy and safe working environment; developed a fair mechanism for promotion. |

STAKEHOLDERS ENGAGEMENT

| Stakeholder | Expectation | Engagement Channel | Measures |
|-----------------------------------|---|---|--|
| Customers | <ul style="list-style-type: none"> – Safe and high-quality products – Stable relationship – Information transparency – Integrity – Business ethics | <ul style="list-style-type: none"> – Company website, Brochures, Public information disclosed in HKEXnews website, such as annual reports, interim reports and announcements – Email and Customer service hotline – Feedback forms – Regular meetings | <ul style="list-style-type: none"> – Strengthened quality management to ensure stable service quality; and entered into long-term strategic cooperation agreements. |
| Suppliers/ Partners | <ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fair and open – Information resources sharing – Risk reduction | <ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls and interviews – Regular meetings – Review and assessment – Email, circulars and manual – Company website | <ul style="list-style-type: none"> – Performed contracts obligation according to agreements; enhanced daily communication; and established long-term cooperation with quality suppliers and contractors. |
| Peer/Industry Associations | <ul style="list-style-type: none"> – Experience sharing – Corporations – Fair competition | <ul style="list-style-type: none"> – Industry conferences – Site visit | <ul style="list-style-type: none"> – Stuck to fair play, cooperated with peer to realize win-win results, shared experiences and attended different seminars of the industry so as to promote sustainable development of the industry. |
| Market Regulator | <ul style="list-style-type: none"> – Compliance with the law and regulations – Information disclosures | <ul style="list-style-type: none"> – Information disclosure – Reports | <ul style="list-style-type: none"> – Complied with regulatory requirements in a strict manner; disclosed and reported real information in a timely and accurate manner according to law. |
| Public and communities | <ul style="list-style-type: none"> – Community involvement – Social responsibilities – Employment promotion | <ul style="list-style-type: none"> – Voluntary work – Charity and social investment | <ul style="list-style-type: none"> – Gave priority to local people seeking jobs from the Company so as to promote community building and development; protected the communities' ecological environment; and provided timely compensation and assistance. |

The Group believes that it is the social responsibility of all corporations to ensure that emissions of pollutants and resource consumption are minimized and carbon emissions are reduced. For such purpose, the Group formulates and implements "Environment and natural resources policy", aims to achieve its stated goals by reducing carbon dioxide emissions, resource consumption and waste production.

A1. EMISSIONS MANAGEMENT

Exhaust Emission

The exhaust emission of the Group mainly derives from the fuels used by vehicles. As at 31 March 2019, the Group's vehicles had consumed an aggregate of 29,520 litres of gasoline with the driving mileage of approximately 40,000 km in total. Due to the business nature of the Group, employees take public transport to visit customers' companies and vehicles of the Group are used only in special cases. Meanwhile, the Group encourages employees to take public transport whenever possible for meetings or activities and to reduce the use of private cars. For activities at nearer destinations, the Group encourages employees to walk as far as possible instead of taking transportation. The Group will try its best to set up video conferences to allow its employees to conduct remote meetings with various customers at any time.

During the Reporting Period, exhaust emissions were as follows:

| Type of Exhaust | Amount of Emissions (kg) |
|--------------------|--------------------------|
| Nitrogen oxides | 2.99 |
| Sulphur oxides | 0.43 |
| Particulate matter | 0.22 |

Greenhouse Gas Emissions

Based on the business nature, the Group's main sources of greenhouse gas emissions are direct emissions from vehicles, indirect emissions from electricity consumption for office operation and indirect emissions from employees taking planes for business trips. The Group attaches great importance to adopting the energy saving initiatives as mentioned in the section "Use of Resources" and reduce the impact of these emissions on the environment by monitoring energy consumption and reducing itineraries which require the Group's senior management taking private cars.

Greenhouse gas emissions are partly generated from combusting gasoline by the vehicles owned by the Group. Meanwhile, greenhouse gas emissions are also generated from electricity consumption for the Group's office operation. The Group aims to reduce electricity consumption in daily operation as the amount of indirect greenhouse gas emissions depend on the units of electricity consumed. Specific measures adopted by the Group to reduce electricity consumption are set out in the section headed "Use of Resources – Electricity" of this Report.

During the Reporting Period, employees travelled by plane 12 times for business trips. Those trips by plane generated an aggregate of 1.86 tonnes of carbon dioxide emissions. Employees only take plane for business trips when necessary as the Group pursues the policy of emissions reduction. Under normal circumstances, the Group will arrange for conference calls or video conferences instead of face-to-face meetings to reduce indirect greenhouse gas emissions from transportation.

ENVIRONMENTAL ASPECTS

During the Reporting Period, greenhouse gas emissions were as follows:

| Greenhouse Gas Emission | Tonnes of carbon dioxide equivalent |
|--|-------------------------------------|
| Scope 1 – direct emissions of greenhouse gas Fossil fuel burning – mobile sources | 79.94 |
| Scope 2 – indirect energy emissions of greenhouse gas Purchased electricity | 13.83 |
| Scope 3 – other indirect emissions of greenhouse gas Business trips by plane | 1.86 |
| Total | 95.63 |

Waste and Sewage

Major wastes generated by the Group are non-hazardous wastes, including office papers, newspapers and other domestic wastes. During the Reporting Period, our Shenzhen Office produced 50 ton of nonhazardous wastes (food packaging) in total, all of which were sorted and recycled by qualified contractors. No hazardous waste was produced.

The Group places high attention to proper disposal of wastes and has clearly set out ways of office waste disposals, including general waste, toner cartridges, waste paper, computers with related accessories and batteries, in the “Environment Guidelines”. It has established a waste sorting system for recycling and contacted contractors to recycle used toner cartridges from time to time to reduce wastes.

The Group is committed to reducing waste production and encourages employees to recycle stationery and reduce waste with an aim to reduce waste production from the source. Moreover, the Group has adopted a digital operation model to centralize the handling of documents and regularly convey environmental protection messages to employees. Permission is also required for printing in the office for statistics and adjustments in respect of paper usage in order to enhance resource utilization.

No hazardous sewage was generated by the Group during the Reporting Period. As sewage volume depends on water consumption, specific measures have been adopted by the Company to reduce water consumption, details of which are set out in the section headed “Use of Resources – Water” of this ESG Report. Besides, sewage generated from the Group is from the daily use of employees, which will be discharged from local water pipelines to sewage treatment plant for treatment.

A2. USE OF RESOURCES

The Group attaches great importance to the effective use of resources and is committed to reducing waste of resources in daily operation. During the Reporting Period, the Group has complied with relevant laws and regulations in relation to the use of energy. The Group has not engaged in the manufacturing business, and no packaging materials were used. Resources used by the Group were mainly electricity, water and paper.

Electricity

The Company acknowledges the importance of energy saving and the fact that reducing electricity consumption will indirectly reduce greenhouse gas emissions so the Group has promoted various energy saving strategies. To strengthen each employee's awareness on environmental protection and energy saving, the Group has placed reminders of "For electricity saving, please switch off the light when leaving" at prominent places in the office. The Group encourages employees to set office air conditioner at a moderate temperature and switch them off when they are not in use to reduce electricity consumption.

All electricity consumption by the Group was directly from daily office operation. During the Reporting Period, total electricity consumption of the Group amounted to 16,800 kWh.

Water

The Group has consumed 180 cubic meters of water this year. Meanwhile, the Group endeavored to reduce water usage, for example, promote to and educate employees to save water regularly, place water saving slogans in prominent places and encourage water conservation and report to the property management company to fix dripping taps immediately when the taps are broken. During the year, the Group did not encounter any problems in purchasing water sources.

Paper

The Group has implemented environmental protection measures to minimise paper usage at the office. Employees are encouraged to use both sides of paper, and the back of single-sided documents is used for printing or as draft paper. If possible, employees may use the suitable font size and indentation to minimise the pages. Besides, electronic media is recommended for circulation and communication so as to minimize paper usage. During the Reporting Period, the total office paper consumption was 0.03 tonnes.

During the Reporting Period, total resource consumption was as follows:

| Use of Resources | Unit | Amount |
|-------------------------|--------------|--------|
| Electricity consumption | kWh | 16,800 |
| Water consumption | cubic meters | 180 |
| Paper consumption | tonnes | 0.03 |

The Group will keep recording its resource consumption for reviewing effectiveness of its conservation measures in the future and formulating more specific improvement measures and objectives.

ENVIRONMENTAL ASPECTS

The Group has set up “Office Check List” for Administration Department to monitor and ensure the measures for resources saving were fully implemented by the staff. The measures for water and energy saving, as well as paper and materials recycling are included in the check list. Managers shall propose specific remedial measures for non-compliance matters.

Energy

- Turn on the power saver mode on electrical equipment
- Turn off unnecessary electrical equipment
- Set the air conditions at room temperature (25.5°C)

Water

- Reuse sewage on green irrigation
- Report and arrange maintenance for leaking of faucet or water pipe in a timely manner

Paper

- Encourage communication via electronic means
- Use environmental-friendly paper for printing
- Select suitable size of packing paper
- Minimise usage of packing fillers
- Reuse packing paper and fillers

Other supplies

- Reuse delivery materials
- Use supplementary cleansing products
- Handle and store materials in a proper manner to avoid waste
- Use environmental-friendly cutlery

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The operations of the Office do not involve soil pollution, land erosion or biodiversity conservation. Given the impact of edible palm oil on the ecological environment, the trading business of the Group has expanded to other finished edible oil products to alleviate the impact on the environment.

The Group understands the importance of the environment and natural resources. The Group is committed to developing a sustainable environment. It emphasizes the importance of preventing the pollution of natural resources, such as rivers, air and land, in the “Code of Conduct for Staff”, and the use of biodegradable or non-phosphorus detergents is required under the “Environment Guidelines” to reduce negative impact on the environment.

The Group complies with national and regional laws and regulations such as the Environmental Protection Law of the People’s Republic of China (中華人民共和國環境保護法) and the Regulations of the Shenzhen Special Economic Zone on Environmental Protection (深圳經濟特區環境保護條例). During the Reporting Period, the Group’s Shenzhen Office has not identified any non-compliance of laws or regulations in relation to emissions or environment.

The Group will continue to implement environment-friendly practices in the Group’s operation in order to enhance environmental sustainability.

EMPLOYMENT AND LABOUR PRACTICES

The Group regards employees as the cornerstone of its corporate operation and development. Therefore, the Group attaches great importance to the training and welfare of employees, and is committed to providing a working environment with job satisfaction. The Group provides competitive remuneration and sound promotion opportunities to facilitate career development of employees. Meanwhile, the Group has adopted a series of policy measures relating to employment system, occupational safety and health, trainings as well as labour standards, with a view to achieving win-win situation between employees and employers.

During the Reporting Period, the Group strictly complied with labour legislations and related regulations in the People's Republic of China ("PRC") and Hong Kong. The Group was not involved in any violation relating to labour practices and would have a significant impact on the Group.

B1. EMPLOYMENT

The Group aims to attract and retain talents, ensures a safe and equal working environment for employees, provides development opportunities and promotes employees' health and well-being. The Group has formulated the staff manual according to relevant labour regulations, covering the Group's remuneration and dismissal, recruitment and promotion, working hours, statutory holidays, social security, and standards of other rights and benefits. The Group complies with the laws and regulations in relation to employment and equal opportunities such as the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract (Law of the People's Republic of China (中華人民共和國勞動合同法), Law on the Protection of Persons with Disabilities (殘疾人保障法), the Employment Promotion Law (就業促進法) and the Regulations on the Wage Payment to Employees of Shenzhen (深圳市員工工資支付條例).

As of 31 March 2019, the Group had a total of 27 employees, with the employee structure as follows:

| Age Group | Male Employees | Female Employees | Total |
|--------------|----------------|------------------|-----------|
| 18 to 25 | 0 | 0 | 0 |
| 25 to 30 | 0 | 1 | 1 |
| 30 to 40 | 0 | 4 | 4 |
| 40 to 50 | 15 | 5 | 20 |
| Above 51 | 2 | 0 | 2 |
| Total | 17 | 10 | 27 |

Talent Recruitment and Retention

Employees are the core assets to maintain corporate competitiveness, and the key to corporate success. The Group provides a fair and impartial talent selection system and continuously improves the system to recruit talents. The Group has formulated an annual recruitment plan and filled job vacancies based on the principle of "internal staffs superior to external candidates" in order to offer internal promotion and re-designation opportunities to existing employees. The Group recruits external candidates through the Company's website, recruitment website, job market, newspapers and media, headhunting companies and employee's referral. The Group ensures that the recruitment and promotion processes are fair, open and transparent, and selects candidates depending on objective factors such as candidates' working experience, skills, academic background, communication skills, personal qualities.

The Group adheres to the principle of employing talents with both ability and moral integrity, and regards morality, knowledge, ability and performance as the main evaluation criteria, so as to put talents at suitable positions and retain talents. The Group has formulated a set of staff performance appraisal mechanism, in which appropriate remuneration adjustment is made annually based on staff performance to reduce talent loss.

Remuneration and Benefits

We offer reasonable and competitive salary and benefits to staff. Employees are awarded salary rise and promotion based on their job performance, as well as regular results and performance appraisal. We make timely contribution to social insurances (i.e., pension, medical insurance, unemployment insurance, maternity insurance, and occupational injury insurance) and the housing fund (五險一金), social security insurance, mandatory provident fund and labour insurance in strict accordance with the Social Security Law of the People's Republic of China, the Labor Law of the People's Republic of China and the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). Apart from basic statutory holidays, wedding and funeral leave, maternity leave, work-related injury leave, annual leave, family planning leave and paternity leave, employees are also entitled to other staff benefits including luncheon and transportation allowances. These benefits boost employees' sense of belonging to the Company, create good working atmosphere and enhance corporate cohesion.

Equal Opportunity and Diversity

As a diversified enterprise, the Group strives to create a fair, diversified and harmonious working environment for employees and protect them from discrimination and harassment. The Group formulates employment policies in strict accordance with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China and provides equal opportunities in respect of recruitment, training, promotion, job transfer, remuneration, benefits, and termination of contracts. These equal employment opportunities are not affected by age, gender, physical conditions, marital status, family status, race, color, nationality, religion, political connection or sexual orientation. The Group formulates policies addressing "Promotion, Equal Opportunities, Diversity and Anti-discrimination" to make sure every staff being treated fairly in terms of recruitment process, remuneration and benefits, training opportunities, working arrangement, promotion and disciplinary punishment.

The Group also values female employees' career development and ensures that they have equal promotion opportunities as male employees. The Group also complies with the requirements under the Law of the People's Republic of China on the Protection of Women's Rights and Interests (中華人民共和國婦女權益保障法). Female employees' employment contracts will not be released or terminated during their pregnancy, maternity leave and breastfeeding period and they are entitled to basic salaries.

B2. HEALTH AND SAFETY

The Group attaches high attention to the health and welfare of each and every employee. The Group has established and implemented a "Health and Safety System", striving to build a healthy and safe working environment for our employees.

Due to our business nature, the operation of the Group's Shenzhen office mainly involves clerical work and no position has been identified as having high safety risks. However, the Group understands that our staff spend most of the time on computer work, therefore we plan to enhance education in relation to office health and safety for employees, such as promoting safety use of office equipment and correct working postures, or organize workshops for workplace stretching exercises to reduce the possibility of injury and occupational diseases.

During the Reporting Period, no serious work injury incident occurred within the Group. For laws and regulations in Mainland China in relation to the occupational health standards and safe production, there was no violation of the laws and regulations regarding the provision of safe working environment by the Group during the Reporting Period. The Group has always maintained work-related injury insurance for all employees in accordance with the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

The Group sponsors the occupational health examination before, after and during their induction for early detection of latent illness and timely medical treatments. Besides, for any staff suffering from infectious diseases, the Group will timely allow sick leaves for him/her to receive proper medical treatment and arrange segregation of relevant departments as well as vaccination for staff who have insufficient antibodies. First aid kits are also available in Shenzhen Office and labour protective equipment satisfying the national safety and health standards are also provided. In order to ensure the employee's awareness of occupational safety, all newcomers must receive safety training to identify, reduce or eliminate occupational risks.

B3. DEVELOPMENT AND TRAINING

The Group values the continuous development of staff and strives to enable our staff to grow alongside with the Group. The Group has formulated and implemented a "Development and Training System" for a comprehensive training system, which sets out the administrative duties of the officers of training teams under each department and the related policies, and provides corresponding learning and training courses for employees, thus allowing continuous updating of job knowledge and skills of employees.

In addition to the internal trainings delivered by external lecturers and the inspections and assessments afterwards, such as the finance and taxation training courses by the Finance Department to update the knowledge of finance and taxation regulations. The Group also encourages and provides subsidies to employees to participate training courses held by other institutions in a compensated way, so as to enhance job-required knowledge and enrich their skills. Besides, the "Code of Conducts for Staff" sets out training and development policies for newcomers, including the arrangements and contents of trainings, in order to help them quickly learn about job-required knowledge and adapt to the working environment.

Trainings have covered a variety of topics in order to cater the needs for employees from different departments. The number of trainees and training hours are as follows:

| Employees Training | Number of Employees Trained | Training Hours |
|----------------------|-----------------------------|----------------|
| Senior management | 4 | 26 |
| Administrative staff | 2 | 12 |

In order to evaluate employees' working performance and potential in an efficient way, The Group has established and implemented the "Employee Promotion Policy", so as to set up a fair and comprehensive competition and promotion mechanism as well as to motivate our staff to enhance their working quality and capability. Staff can apply for internal transfer within the Group according to their own personal development needs.

B4. LABOUR STANDARDS

The Group strictly complies with the laws and regulations in the PRC. The Group tolerates no child labour or forced and compulsory labour, allows no employment of child labour or forced and compulsory labour which are prohibited by international standards and relevant regulations in the PRC. Before employment, new employees shall show their ID cards to avoid child labour. In the event that there is any mistakenly-hired child labour, the Group will immediately suspend his/her work, inform his/her parents or legal guardians and return him/her to his/her residence, and bear all the costs incurred.

The Group bans the employment of forced labour in any ways and ensure all job duties are in compliance with labour contracts. It is clearly stated in the labour contracts that employees have the right to refuse any dangerous work arrangement. Our staff can immediately terminate the labor contract and obtain economic compensations if they are forced to perform such job duties by means of violence, threats or illegal restrictions on personal freedom. The Group will never force employees to work overtime. Once employees work overtime, the Group will provide compensation. If labour disputes are found, employees can seek for mediation by the labour union or labour dispute mediation committee of the Group and they can also apply for arbitration with Labour Dispute Arbitration Committee directly.

During the Reporting Period, the Group was not aware of any non-compliance regarding child labour, forced or compulsory labour in its operation.

Upholding Employee Rights

The Group is committed to protecting human rights, and has established a respectful, honest and fair working environment for employees and customers and complied all relevant laws and regulations. Laws and regulations related to employment and labour which would have significant impacts on the Group include the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. There was no significant violation by the Group during the Reporting Period.

Operational Practices

The Group believes that the best operational practices are keys to the realisation of sustainable development and long-term corporate growth. Our qualities of integrity, honesty and fairness have also been reflected in the Code of Business Conduct, Employee Code of Conduct, supply chain management, environmental protection practices and product assurance.

B5. SUPPLY CHAIN MANAGEMENT

The Group believes that establishing sustainable supply chain and facilitating interaction and communication with suppliers and banks could improve confidence of customers and other stakeholders on the Group. Therefore, the Group only maintains long-term cooperative relationships with logistics and banks with good creditworthiness, sound goodwill, quality products and services, good track record and eligibility. Focusing on establishing close cooperation relationships with suppliers, the Group has been working together with them to reduce impacts on the environment from production processes while ensuring the quality of service to customers. The Group has formulated written policies and guidance "Supplier Selection Policy" and takes the environmental, social and governance policies into consideration when managing suppliers. The Group will cease cooperation with suppliers which fail to meet its requirements. During the Reporting Period, there was no supplier which failed to meet such requirements.

Supplier Management Measures of the Group include the following:

- Suppliers' environmental, social and governance policies, including emissions, use of resources, environmental and natural resources, health and safety, staff development and training, the prevention of child labour, product responsibility and anti-corruption
- To deploy dedicated staff to work on-site in the office of the individual large suppliers to conduct continuous quality inspection
- To conduct unscheduled quality inspection
- To protect product supply and reduce risks through decentralized procurement
- To formulate acceptance criteria and procedures, which are detailed in the procurement contract, for each type of products

B6. PRODUCT RESPONSIBILITY

Providing efficient and high-quality services to customers have always been the utmost concern for the Group. The Group's objective is that customers have confidence in our services and they are provided with sufficient information to make informed choices. To improve service quality of the Group, the Company conducts site visits and regular visits in order to have in-depth understanding on actual demands and development targets of customers. By establishing long-term and good cooperation with customers, the Company has efficiently supported the economic development in the regions of operation and indirectly facilitated employment in those regions. Meanwhile, the Group has proactively acquired customer feedbacks, including feedbacks

from site visits and feedbacks by phone. Therefore, the Group has a set of policies and procedures in place to monitor and control quality, so as to ensure customers' opinions are efficiently collected and handled.

Except for the pre-market product selection and supply chain management, the Group also formulates and implements the "Product Liability System". This system classifies after-market incidents which jeopardize public health and safety by on its actual condition into ordinary, material and serious rankings. Based on the rankings, the responsible officers of the Group of each functional departments at various levels are required to respond timely so as to mitigate the hazards and risks to the social communities.

| Rankings of Product Liability Incidents | Allocation of Responsibility by Positions |
|--|---|
| Ordinary | To be handled under the authorization and instruction of accounting officer |
| Material | To be handled jointly by accounting officer and general manager |
| Serious | To be handled by joint team formed by directors and legal person of the Group and insurance company |

Quality Management

The Group cares about the health and safety of customers, so performance of product liability in all aspects is of vital importance. As to edible oil, the Group would examine Business License, Food Business License (食品經營許可證) and Food Circulation License (食品流通許可證) of refined oil suppliers and raw material manufacturers as well as the food inspection report from Quality Supervision of Food Inspection Station (Dongguan) in Guangdong Province when selecting supply goods in order to safeguard the health of customers and the public and to ensure food safety. During the year, all of the edible oil of the Group has passed the inspection.

As to trading products, when adding labels on products, the Group follows "GB 7718-2011 General Standards for the Labelling of Pre-packaged Foods" (GB 7718-2011食品安全國家標準：預包裝食品標籤通則).

In the coming year, the Group will formulate labelling management guidelines and relevant policies regarding customers' privacy to safeguard customers' information, and improve the product labelling monitoring measures.

The Group's Shenzhen Office does not involve in any advertising-related matters.

The Group complies with the provisions concerning product liability as set out under Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) and Administrative Regulations of Shenzhen Special Economic Zone on Product Quality (深圳經濟特區產品質量管理條例) and other laws and regulations. During the Reporting Period, the Group's Shenzhen Office had not identified any non-compliance of laws and regulations in relation to product liability (including customers' health, safety, advertising, labelling and customers' privacy-related matters). The Group had not received any complaint in relation to product or service and had not identified any case in relation to leakage, theft or loss of customers' information.

Protection of Customer Data and Privacy

The Group handles significant amount of personal data and credit information of customers. The Group upholds a belief that information security and privacy are key principles for operation. The Group's employees are required to sign a confidentiality agreement acknowledging receipt and agreement of their responsibility and obligation regarding the protection and non-disclosure of customer data. In addition, information can only be used in authorised business activities. Employees disclosing such information to other parties is considered as data theft. Related employees shall bear corresponding responsibility.

During the Reporting Period, there were no noted case of violation of relevant laws or regulations regarding product responsibility.

B7. ANTI-CORRUPTION

The Company is committed to upholding ethics and integrity during the operation process. No form of corruption or bribery is tolerated. Sound judgements for transactions with customers, suppliers, contractors, job seekers, colleagues or any other third party should be ensured. All applicable laws and regulations shall be duly complied with so as to always maintain the highest standard of integrity.

The Group has formulated and implemented a "Policy of Integrity Management (廉政管理制度)", under which it not only strengthens the governance of its staff teams but also requires employees to learn and enforce regulations in relation to integrity and self-discipline of leading cadres announced by Central Commission for Discipline Inspection of the Communist Party of China and the Rules of Integrity (廉政準則), and to strictly (comply with relevant laws and regulations. In addition, this system also prohibits staffs from accepting any expensive offerings such as monetary gift, credit card and cash voucher, etc. Furthermore, the "Code of Conduct for Staff" of the Group also sets forth the basic principles of anti-corruption, and states that employees should make appropriate adjustment in terms of benefits, for example, employees are not supposed to make any personal gain through the exercise of their official duties or they are supposed to avoid arousing suspicion and report to relevant authorities when dealing with business involving in their relatives' benefits in accordance with regulations.

During the Reporting Period, the Company rigidly abided by the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), China's Efforts to Combat Corruption and Build a Clean Government (中國的反腐敗和廉政建設), Anti-bribery Management Systems (反賄賂管理體系) and other laws and regulations in respect of anti-corruption, bribery, extortion, fraud and money laundering. Reference to the aforesaid laws and regulations, the Company has developed the "Anti-Money Laundering Policy", which provided that staff of the business department shall learn potential customers' background completely through consulting documentation and communicating with customers according to relevant internal guidance before commencing business dealings with them. The Company's risk management department also collects information of current customers in respect of uses of proceeds, sources of repayment funding and operational conditions. The risk management department also acquires their latest information from time to time and report to the senior management once abnormal situation is identified.

Pursuant to the Code of Conducts for Staff, employees may question suspected misconduct or misconduct orally or in writing. The Group will make every effort to treat all reports in a strictly confidential way. The identity of the reporting and complaining employee is not allowed to be disclosed without his/her consent, unless the Group is legally obliged to disclose the employee's identity and other information. In case of suspected corruption or other criminal offences, the Group will report to the applicable departments.

The Group has always strictly complied with relevant laws and regulations. During the Reporting Period, the Group had not identified any case of non-compliance of laws and regulations in relation to bribery, blackmail, fraud and money laundry nor received any relevant report.

B8. COMMUNITY INVESTMENT

The Group deeply realised the importance of returning to the society and spared no effort in providing help to community. The Group strongly encouraged its staff to participate in community activities and contribute to the sustainable development of the harmonious society.

The Group also formulates and implements the "Community Investment System", and designs the following five specific programs to give back to the community:

- Charitable donations
- Economic consultancy (i.e. provide professional advice)
- Industry driven (i.e. create more employment opportunities)
- Cooperative development
- Direct participation in community activities

Looking forward, the Group will continue to focus on community care and staff development with an aim to improve the society through participation in the community.

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| A. ENVIRONMENTAL | | |
| A1 Emissions | | |
| 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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 7-8 |
| A1.1 | The types of emissions and respective emissions data | 7 |
| A1.2 | Greenhouse gas emissions in total and intensity | 7 |
| A1.3 | Total hazardous waste produced | N/A |
| A1.4 | Total non-hazardous waste produced | 8 |
| A1.5 | Description of measures to mitigate emissions and results achieved | 8 |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved | 8 |
| A2 Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials | 8-10 |
| A2.1 | Direct and/or indirect energy consumption by type in total and intensity | 9 |
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| A2.3 | Description of energy use efficiency initiatives and results achieved | 9-10 |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved | 9 |
| A2.5 | Total packaging material used for finished products and, with reference to per unit produced | N/A |
| A3 Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources | 10 |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | 10 |

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| B. SOCIAL | | |
| Employment and Labour Practices | | |
| 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. | 11-12 |
| B1.1 | Total workforce by gender, employment type, age group and geographical region | 11 |
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| 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. | 12-13 |
| B2.1 | Number and rate of work-related fatalities | N/A |
| B2.2 | Lost days due to work injury | N/A |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | 12-13 |
| B3 Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities The percentage of employees trained by gender and employee category The average training hours completed per employee by gender and employee category | 13 |
| B4 Labour Standard | | |
| General Disclosure | 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 and forced labour. | 13-14 |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour | 13-14 |
| B4.2 | Description of steps taken to eliminate such practices when discovered | 13-14 |

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| B5 Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 14 |
| B5.2 (partial) | Description of practices relating to engaging suppliers, and how they are implemented and monitored | 14 |
| 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, labeling and privacy matters relating to products and services provided and methods of redress. | 15-16 |
| 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. | 16-17 |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | N/A |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | 16-17 |
| Community | | |
| 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. | 17 |
| B8.1 | Focus areas of contribution | 17 |