



粵海廣南(集團)有限公司

GDH GUANGNAN (HOLDINGS) LIMITED

(Formerly known as Guangnan (Holdings) Limited)
(Incorporated in Hong Kong with limited liability)
(Stock code: 01203)



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2019

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

Content

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1. About the Report

GDH Guangnan (Holdings) Limited (the “Company”) and its subsidiaries (collectively as the “Group” or “We”) are pleased to present the Environmental, Social and Governance (“ESG”) Report (the “Report”) for the period between 1 January 2019 to 31 December 2019 (the “Year”). The ESG Report summarises the Group’s effort and achievement in sustainable development over the previous year, as well as the executed ESG strategies, policies, measures and performance.

1.1 SCOPE OF THE REPORT

The Report covers of the Group’s (i) the manufacturing and sales of tinplates and related products (“tinplating business”) in the People’s Republic of China (the “PRC” or “Mainland”), including GDH Zhongyue (Zhongshan) Tinplate Industry Co., Ltd. (“GDH Zhongyue”) in Zhongshan City of Guangdong Province and GDH Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. (“GDH Zhongyue Posco”) in Qinhuangdao City of Hebei Province; and (ii) the distribution and sales of fresh and live foodstuffs (“fresh and live foodstuffs business”) in Hong Kong Special Administrative Region (“Hong Kong”), including two fresh meat processing workshops in Fanling and San Po Kong, a workplace within the slaughterhouse in Sheung Shui, one office in Wai Chai, and one document storage room in Wai Chai¹. The Report describes the management approach, policies, measures and performance in environmental and social aspects of the aforementioned two businesses during the Year. The Report does not cover the property leasing business as its revenue only accounts for less than 1% of the Group’s consolidated revenue. Environmental data summary of tinplating business and fresh and live foodstuffs business during the Year is disclosed in Appendix I: Environmental Performance Data Summary of the Report. Concerning the information about corporate governance, please refer to the Corporate Governance Report in the Company’s Annual Report of the Year.

1.2 REPORTING FRAMEWORK

The Report was compiled in accordance with the requirement of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). Concerning the disclosure requirements and content of ESG Reporting Guide, please refer to Appendix II: Content Index of Environmental, Social and Governance Reporting Guide of the Report.

¹ During the Year, the Group includes the performance of fresh meat processing workshop in San Po Kong and a document storage room in Wan Chai in the scope of the Report. Therefore, the relevant environmental data in 2018 did not include the fresh meat processing workshop in San Po Kong and the document storage room in Wan Chai.

2. ESG Governance

In order to effectively apply the sustainable development strategies of the Group and bring long-term returns for stakeholders and business development of the Group, the Group's Board of Directors (the "Board") bear the responsibility of ESG management. The Board is responsible for formulating the Group's ESG strategy and reporting, evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place to optimise the Group's governance in ESG aspect.

2.1 COMMUNICATION WITH STAKEHOLDERS

We clearly understand that corporate sustainable development is inseparable from stakeholders' opinions. Therefore, at the time we endeavour in business development, we keep close contact with every stakeholder. Through active communication with stakeholders, we understand their expectations and requirements to formulate the best sustainable development policy and carry out appropriate enhancement. Opinions from stakeholders are also beneficial for us to evaluate and identify ESG-related risks, as well as to ensure the proper and effective operation of related risk management and internal control system. Below are the expectations and requirements of the stakeholders for us and our corresponding means of communication and response.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulations Supporting local economic growth Production safety 	<ul style="list-style-type: none"> Reporting information regularly Inspections and examinations
Shareholders/ Investors	<ul style="list-style-type: none"> Returns Compliant operation Raising company value 	<ul style="list-style-type: none"> General meetings Announcements Email, telephone communication and company website
Business Partners/ Suppliers	<ul style="list-style-type: none"> Operating with integrity Performance of contracts Maintaining a stable and good relationship 	<ul style="list-style-type: none"> Business communications Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> Products and services of high quality Health and safety Performance of contracts Operating with integrity 	<ul style="list-style-type: none"> Customer service centre and hotlines Customer feedback surveys Communicating conference with customers Calling for feedback
Environment	<ul style="list-style-type: none"> Compliant emission Energy conservation and emission reduction 	<ul style="list-style-type: none"> Communicating with local environmental department Submitting reports
Employees	<ul style="list-style-type: none"> Protection of rights Occupational health and safety Remunerations and benefits 	<ul style="list-style-type: none"> Employee communication meetings Employee training Employee activities
Community and the Public	<ul style="list-style-type: none"> Improving community environment 	<ul style="list-style-type: none"> Company website Announcements

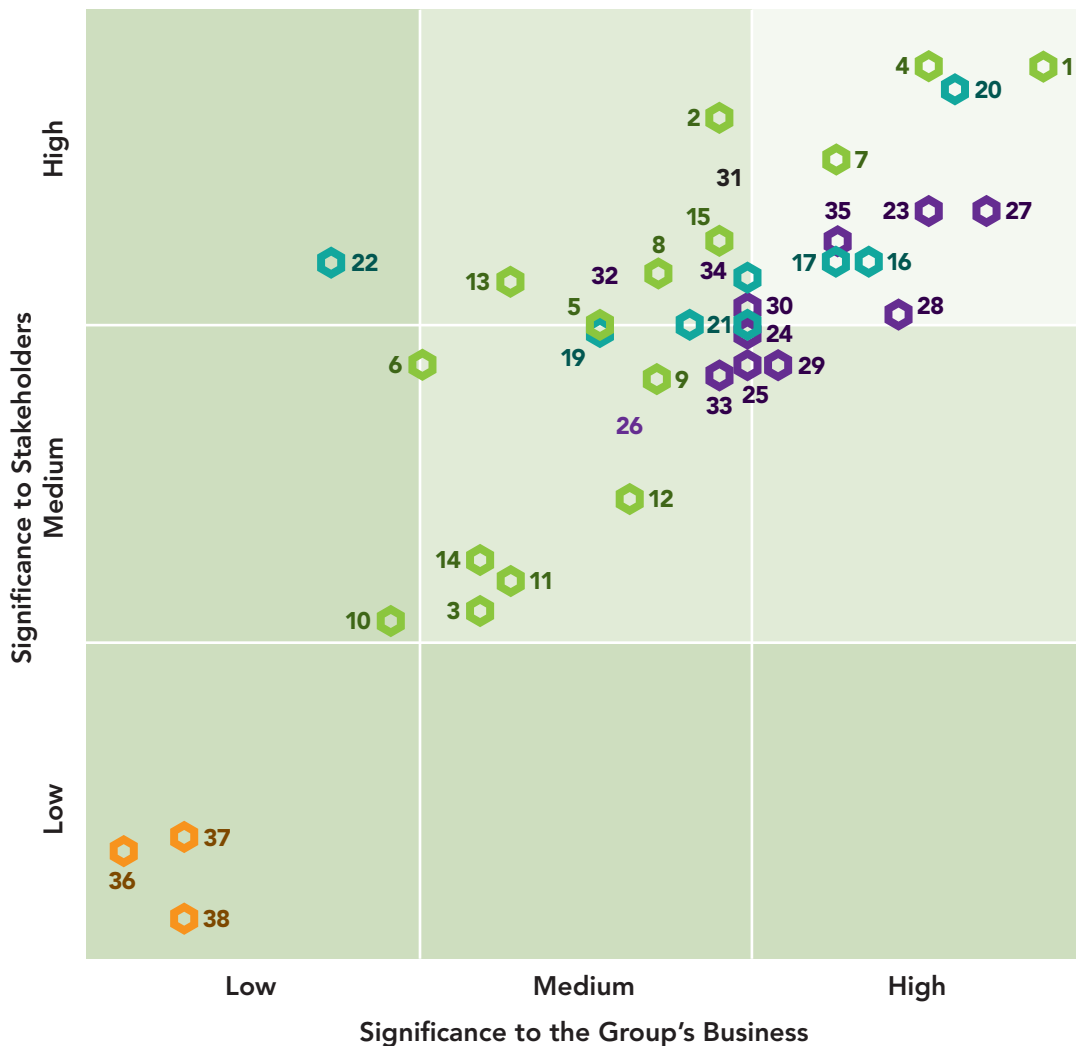
2. ESG Governance (continued)

2.2 MATERIALITY ASSESSMENT

The Group identifies ESG-related material topics through conducting a materiality assessment, which is crucial for the Group to ensure that its business objectives and developing directions meet the expectations and requirements of the stakeholders.

The materiality assessment has been conducted based on the following three main phases:

- Identifying potential material topics in respect of the Group's ESG performance that might affect its business or stakeholders according to the Group's industry and business nature;
- Inviting internal and external stakeholders to complete questionnaires to understand stakeholders' concerns on ESG-related topics and their expectations on the Group's response to and disclosure of ESG issues;
- Prioritising ESG-related topics based on a total of 98 valid questionnaires retrieved to draw a materiality matrix.



2. ESG Governance (continued)

Environment	Labour Practices	Operation Practices	Community Investment
1. Environmental Compliance	16. Employment Compliance	23. Operational Compliance	36. Charity
2. Air Pollutant Management	17. Remuneration and Benefits	24. Managing Environmental Risks of Supply Chain	37. Promotion of Community Development
3. Fleet Emissions Management	18. Working Hours and Rest Period	25. Managing Social Risks of Supply Chain	38. Poverty Alleviation
4. Wastewater Management	19. Diversity and Equal Opportunity	26. Procurement Practices	
5. Noise Management	20. Occupational Health and Safety	27. Quality Management	
6. Greenhouse Gas Emission	21. Training and Development	28. Customer Health and Safety	
7. Waste Management	22. Prevention of Child Labour and Forced Labour	29. Responsible Sales and Marketing	
8. Energy Consumption		30. Customer Service Management	
9. Use of Water Resources		31. Intellectual Property Protection	
10. Green Office		32. Research and Development	
11. Green Energy Project		33. Information Security	
12. Use of Raw Materials and Packaging Materials		34. Customer Privacy Protection	
13. Ecological Protection		35. Anti-corruption	
14. Responding to Climate Change			
15. Prevention and Handling of Environmental Incidents			

2. ESG Governance (continued)

With reference to the above materiality assessment process, the Group has identified 10 material ESG topics, and is going to respond in corresponding sections.

Material Topics	Corresponding Sections
1. Environmental Compliance	3. Environmental Protection 3.1 Management of Emissions 3.2 Management of Resources Utilisation 3.3 The Environment and Natural Resources
4. Wastewater Management	3. Environmental Protection 3.1 Management of Emissions
7. Waste Management	3. Environmental Protection 3.1 Management of Emissions
16. Employment Compliance	4. Employment and Labour Practices
17. Employees' Remuneration and Benefits	4. Employment and Labour Practices 4.2 Labour Standards 4.3 Compensation and Welfare
20. Occupational Health and Safety	4. Employment and Labour Practices 4.5 Health and Safety
23. Operational Compliance	5. Operating Practices
27. Quality Management	5. Operating Practices 5.1 Supply Chain Management 5.2 Product Quality and Safety
28. Customer Health and Safety	5. Operating Practices 5.2 Product Quality and Safety 5.3 Customer Services
35. Anti-corruption	5. Operating Practices 5.5 Anti-corruption

3. Environmental Protection

3.1 MANAGEMENT OF EMISSIONS

i. Policies on management of emissions

Tinplating Business

The Group implements the environmental policy of “Getting Reliability from Society by Clean and Environmental Protection” and implements the goals of “energy conservation, consumption reduction, pollution reduction and efficiency enhancement” in the tinplating business. We strictly abide by the laws and regulations related to environmental protection, including but not limited to the Environmental Protection Law of the People’s Republic of China and Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, and formulated environmental protection management systems. The factories of GDH Zhongyue and GDH Zhongyue Posco have obtained valid pollutant discharge permits in accordance with the requirements of environmental protection laws and regulations, and regularly submitted environmental information to relevant environmental protection departments. At the same time, GDH Zhongyue and GDH Zhongyue Posco have established comprehensive environmental management systems and hold ISO 14001:2015 environmental management system certifications.

With the aim to establish an environmental protection culture and integrate environmental protection concepts into daily operations, GDH Zhongyue and GDH Zhongyue Posco have established an Environmental Protection Management Committee. The Environmental Protection Committee is responsible for organising, supervising and implementing environmental protection work; paying attention to changes in environmental protection laws and regulations and development approaches to formulate and update internal rules and regulations; strictly implementing relevant environmental protection systems and conducting compliance evaluations to ensure the smooth undertaking of environmental protection. In addition, GDH Zhongyue and GDH Zhongyue Posco have environmental monitoring points in the plants to monitor the wastewater, exhaust gas and noise in each production workshop and discharge outlet, thereby applying informational management of emissions and establishing environmental information records. Statistical analysis on the data records will be carried out and the analysis results will be used as the basis for future management and staff training. In addition, GDH Zhongyue regularly announces the self-monitoring results of wastewater, exhaust gas and noise on its website, providing stakeholders with an open and transparent information on environmental compliance, ensuring compliant emissions in the production process and maintaining the levels of environmental protection. The Environmental Protection Committee distributes relevant management work to all levels within the tinplating business, so that all employees can implement source emission reductions and actively control, reduce and avoid the generation of pollutants.

3. Environmental Protection (continued)

In an attempt to timely and effectively tackle sudden environmental pollution incidents and minimise the impact of the incident on the environment, the Group formulated emergency plans for handling environmental incidents and related hidden danger inspection and treatment in accordance with the Emergency Response Law of the People's Republic of China, Administrative Measures for the Recording of Emergency Preparedness for Environmental Emergencies of Enterprises and Institutions and other relevant laws and regulations. In response to the potential points of possible environmental incidents in various production steps, we have formulated corresponding early warning, treatment, investigation and rectification measures to ensure that emergency work can be started and operated in a rapid, efficient and orderly manner during environmental incident. The Group held a number of environmental pollution incident drills during the Year to equip plant employees with the knowledge and practical experience in handling environmental pollution incidents to minimise environmental impact.

Employees are also an important part of emissions management. In order to improve environmental management and employees' awareness of environmental responsibility, the Group has a reward and punishment system, which rewards employees who have proposed effective improvements in emissions treatment, and holds and punishes employees accountable for negligent duties to improve employees' enthusiasm for environmental pollution prevention. At the same time, the Group values employees' knowledge of environmental protection. Therefore, the Group provided training to factory employees in the Year about treatment of industrial wastewater, exhaust gas and waste, requirements of environmental protection regulations, identification of environmental factors, investigation of environmental emergency hazards, and environmental management systems to ensure environmental compliance and to enhance source emission reduction.

During the Year, the Group continued to strictly adhere to the laws and regulations of Mainland related to tinplating business, and was not informed of any emission-related violations.

3. Environmental Protection (continued)

Fresh and Live Foodstuffs Business

The Group's fresh and live foodstuffs business, of which business nature does not involve production and breeding processes, includes the operation of livestock distribution, distribution of live pigs and foodstuffs trading in Hong Kong. Therefore, the fresh and live foodstuffs business does not produce emissions that have significant impact on the environment. The Group operates fresh and live foodstuffs business in strict compliance with laws and regulations related to environmental protection, including but not limited to the Water Pollution Control Ordinance and Waste Disposal Ordinance in Hong Kong, and complies with the regulations of the Food and Environmental Hygiene Department and slaughterhouses in Hong Kong to strictly monitor and require an appropriate treatment of emission under regulations.

During the Year, the Group continued to strictly abide by the environmental laws and regulations related to fresh and live foodstuffs business in Hong Kong, and was not informed of any emission-related violations.

ii. Management of Wastewater

Tinplating Business

In addition to complying with the Water Pollution Prevention and Control Law of the People's Republic of China, the Group operates tinplating business in accordance with various national industrial wastewater discharge standards, such as the Emission Standard of Pollutants for Electroplating, Integrated Wastewater Discharge Standard, Discharge Standard of Water Pollutants for Iron and Steel Industry and other relevant standards. The Group rigorously implements internal wastewater treatment procedures and sets up appropriate treatment equipment to ensure that discharged industrial wastewater is up to standards. The industrial wastewater generated by the tinplating business passes through the sewage treatment facility in the plant, being treated in procedures such as chemical neutralisation, hydrolysis and acidification, physical and chemical precipitation, filtration and sterilisation, till it reaches the legal standard before discharging. At the same time, the sludge generated from sewage treatment is dehydrated and sent to the hazardous waste disposal unit for treatment. For industrial wastewater that requires special treatment, such as concentrated oily wastewater, waste emulsions, waste thinner, etc., we carry out part of the processing procedures at the plant's sewage treatment facility and production department to reduce its environmental impact. It is then properly stored in a leak proof container. After completing the declaration of the government discharge information management platform, we will entrust a qualified recycler for subsequent processing.

3. Environmental Protection (continued)

The Group regularly accepts local government inspections and commissions third-party agencies to conduct wastewater inspections to ensure compliant emissions. The Group tests the chemical oxygen demand (“COD”) level and pH value of the wastewater produced by the tinplating business on a weekly basis. The Group entrusts a company that holds a local environmental certification on a quarterly basis to conduct wastewater testing, mainly including the pH value, COD, ammonia nitrogen, total amount of phosphorus, nitrogen, and chromium, etc. The relevant test results have always reached the standards required by regulations. At the same time, the local environmental protection department will monitor the pollutants amount in sewage in real time through the online sewage monitoring facility, and carry out irregular discharge inspection of the plant every year to monitor the wastewater discharge of the tinplating business. Furthermore, the Group strictly implements the “Guidelines for Environmental Suspension Operations” at all production workshops and sewage treatment stations to prevent environmental pollution incidents caused by excessive discharge of wastewater due to operational errors or emergencies.

The Group’s hazardous and non-hazardous wastewater discharges of the tinplating business are shown in the table below.

Wastewater	Unit	2019	2018
Hazardous wastewater			
Total	tonnes	390	361
Intensity	tonnes/thousand tonnes of production volume	1.40	1.13
Non-hazardous wastewater			
Total	tonnes	400,550	451,504
Intensity	tonnes/thousand tonnes of production volume	1,436.31	1,409.34

3. Environmental Protection (continued)

Fresh and Live Foodstuffs Business

The non-hazardous wastewater generated in the operation of the fresh and live foodstuffs business mainly comes from the sewage of cleaning the livestock in the slaughterhouse, the cleansing sewage from the fresh meat processing workshops and the fresh meat stalls, and the domestic sewage from the office. The sewage produced by the fresh and live foodstuffs business cleaning pigpens and live pigs does not contain substances that have a significant impact on the environment. All sewage is discharged to the sewage canals of each cleaning pen in accordance with the management procedures of the slaughterhouse. The sewage collected by the slaughterhouse will be reused after filtration and disinfection. Since the slaughterhouse was sub-leased to other operators at the same time, the water and drainage data records related to our fresh and live foodstuffs business are unable to be provided; hence we are not able to disclose the relevant data in the Report. The Group's fresh meat processing workshops are mainly responsible for the meat cutting process, and the wastewater is mainly cleansing sewage, which will be discharged into the municipal sewage system for treatment. Most of our fresh meat stalls in the supermarket are equipped with grease traps, and environmentally friendly detergents are used to clean the grease traps to reduce the environmental pollution caused by the detergents. The domestic sewage generated by the office is discharged to the municipal sewage system through the pipeline of the building for further processing. Besides, the fresh and live foodstuffs business has not produced any hazardous wastewater that has a significant impact on the environment.

iii. Management of Exhaust Gas and Greenhouse Gas Emission

Tinplating Business

The exhaust gas and greenhouse gas generated by the Group's business are mainly from the production process of tinplate and daily use of vehicles. For exhaust gas produced, the Group complies with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and the requirements of Emission Standard of Pollutants for Electroplating, Emission Standard of Air Pollutants for Industrial Furnace and Kiln, Standard for Fugitive Emission of Volatile Organic Compounds and other relevant industry standards, and strictly implement internal environmental protection management systems and exhaust emission requirements. The Group has set up gas collection hoods in the production workshops to collect exhaust gas, including organic exhaust gas, oil mist exhaust gas and chromic acid mist. We treat the collected exhaust gas, such as lye spray absorption, vacuum oil mist separation or scrubbing, and ensure that it is emitted at high altitudes in compliance with relevant emission standards. The personnel of the environmental protection department of the Group is responsible for monitoring the emission of various types of exhaust gas in the plant, and installing appropriate exhaust gas treatment facilities at the exhaust outlets to reduce the impact on the environment. The use of hydrogen and nitrogen is required in the production of tinplate. Since the related gases will not be directly burned, no exhaust gas or greenhouse gas that has significant impact on the environment will be produced.

3. Environmental Protection (continued)

Driven by our dedication to implementing the source emission reduction policy, we provide employees with the "Guidelines for the Use of Exhaust Gas Treatment Devices" to guide employees in the correct operation of exhaust gas equipment to prevent leakage or excessive emissions of exhaust gas due to operational errors. Through internal management system, providing employees with environmental protection related training, maintenance of production equipment and environmental protection facilities, etc., we are able to manage and reduce the generation and emission of exhaust gas and greenhouse gas. In addition, in order to reduce exhaust gas emitted from the use of automobiles, the Group encourages employees to use public transportation and the Group's vehicles are required to use unleaded gasoline whenever possible to reduce air pollutants and greenhouse gas emissions.

Fresh and Live Foodstuffs Business

The Group's fresh and live foodstuffs business does not involve industrial production activities and therefore no air pollutants that significantly impact the environment will be generated. The fresh and live foodstuffs business only produces a small amount of exhaust gas, which comes from logistics vehicles; and the greenhouse gas mainly comes from electricity use in offices, slaughterhouse and fresh meat processing workshops. In order to properly manage exhaust emissions from vehicles, we regularly inspect and maintain vehicles, and require drivers to switch off the engines of idling vehicles. Moreover, in order to reduce greenhouse gas emissions in daily operations, we encourage employees to use public transportation as much as possible and replace unnecessary business trips with telephone or video conferences.

The overall exhaust gas and greenhouse gas emissions of the Group in the tinplating business and fresh and live foodstuffs business are as follows:

Exhaust Gas and Greenhouse Gas	Unit	2019	2018 ²
Exhaust gas			
Nitrogen oxides	tonnes	12.87	19.85
Sulphur oxides	tonnes	0.28	0.71
Particulates	tonnes	1.32	2.50
Greenhouse gas			
Total greenhouse gas emissions	tonnes CO ₂ e	77,933	85,702
Intensity of greenhouse gas emissions	tonnes CO ₂ e/million HKD of revenue	33.19	30.35
Scope 1 — Direct greenhouse gas emissions	tonnes CO ₂ e	9,049	10,016
Scope 2 — Energy indirect greenhouse gas emissions	tonnes CO ₂ e	68,884	75,686

² The performance in 2018 did not include the performance of the fresh meat processing workshop in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

3. Environmental Protection (continued)

iv. Management of Disposal of Solid Wastes

Tinplating Business

The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations, and has formulated internal rules and regulations for waste to classify, manage and monitor waste disposal processes. The waste generated from the production of tinplate can be divided into hazardous waste (such as oily sludge, chromium-containing sludge, waste paint, waste oil residue, etc.), non-recyclable waste (such as domestic garbage, dust, etc.) and recyclable waste (such as waste paper, scrap, iron, packaging waste, etc.). We strictly regulate the treatment and classification of various types of hazardous and non-hazardous waste, and centrally store them for further disposal in accordance with laws and regulations. With reference to the national requirements for hazardous waste transfer, the Group immediately reports the hazardous waste transfer related to the tinplating business to relevant government departments and entrusts a qualified recycling company to dispose of it. The Group sends the non-recyclable waste to the local environmental and hygiene department for regular cleaning, and the recyclable waste is sold to recyclers with professional recycling technologies to improve resource reuse and reduce waste.

The Group is committed to reducing the amount of waste through environmental improvement projects. During the Year, the sludge reduction project of Zhongyue Posco was officially completed. By installing a low temperature sludge dryer, the sludge generated from the surface treatment process at the plant was dehydrated to reduce its amount and the water contained in sludge was effectively reduced from 80% to below 30%. The total amount of sludge was greatly reduced by about 70%, thereby reducing the amount of hazardous waste.

Fresh and Live Foodstuffs Business

The non-hazardous waste generated by the Group's fresh and live foodstuffs business is mainly organic waste generated by slaughtering livestock in slaughterhouse and processing fresh meat, and domestic waste from daily operations. For the sake of reducing the amount of non-hazardous waste disposal, we sell organic waste such as lard, pig head, and pig offal to collectors or recyclers to reduce the environmental impact caused by waste disposal. Domestic waste produced from daily operation will be collected and tackled by property management companies. Only a small amount of hazardous waste from daily office operations, such as replacing ink cartridges, is produced when operating the fresh and live foodstuffs business.

3. Environmental Protection (continued)

The Group's hazardous and non-hazardous waste generated from tinplating business and fresh and live foodstuffs business are as follows:

Wastewater	Unit	2019	2018 ³
Hazardous waste			
Total generated	tonnes	1,178	1,189 ⁴
Intensity	tonnes/million HKD of revenue	0.50	0.42
Non-hazardous waste⁵			
Total generated	tonnes	18,937	15,620
Intensity	tonnes/million HKD of revenue	8.06	5.53

v. Management of Noise

Tinplating Business

The Group strictly abides by relevant laws and regulations such as Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise and Emission Standard for Industrial Enterprises Noise at Boundary to manage the noise from the tinplating business. The noise is mainly the sound when operating the tinplate production equipment and its auxiliary facilities. The tinplate production plants are in semi-closed style and installed with acoustic doors and windows. The Group has taken various noise reduction measures such as acoustical isolation and noise reduction according to the characteristics of noise from the production equipment. On top of the adoption of noise reduction design and equipment, the Group has put effort in operation, including requiring employees to follow the management system to operate production equipment, prohibiting unauthorised start up and shut down of the production equipment, regularly repairing and maintaining the production equipment and choosing environmental-friendly and low-noise models when purchasing new equipment, to reduce noise generated during operation. During the Year, the Group commissioned qualified testing companies to conduct quarterly noise tests in the plants and the nearby environment and all test results were under the emission standards.

Fresh and Live Foodstuffs Business

The noise of the fresh and live foodstuffs business is mainly the noise of livestock in slaughterhouse. Livestock are placed indoors after entering the slaughterhouse to reduce the impact of livestock noise on the surrounding environment. We provide earplugs for employees to block the livestock noise to protect employees from occupational injuries.

³ The performance in 2018 did not include the performance of the fresh meat processing workshops in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

⁴ The total amount of hazardous waste in 2018 did not include hazardous waste data from the fresh and live foodstuffs business.

⁵ After the collection and analysis of the amount of non-hazardous waste generated by the Group, general waste only accounts for a small portion of the total amount of non-hazardous waste generated. Therefore, only non-hazardous waste from the production process is included in the total non-hazardous waste generated by the Group.

3. Environmental Protection (continued)

3.2 MANAGEMENT OF RESOURCES UTILISATION

We endeavour to establish an idea of conservation and promote a culture of conservation within the enterprise by implementing various energy-saving and consumption-reduction measures in the process of production and office operations, so as to actively enhance the efficiency of resource use.

i. Conservation of Energy

Direct Energy Consumption

The direct energy consumption of the Group's tinplating business is mainly from production process, daily office operations and vehicle use, including fuels such as gasoline, diesel, natural gas and ethanol fuel; while the direct energy consumption of the fresh and live foodstuffs business is mainly from vehicle fuel. Compared to tinplating business, the consumption ratio of fresh and live foodstuffs business is relatively small. Therefore, other energy saving systems apart from fleet management are mainly targeted at the tinplating business.

The Group actively establishes a "low-carbon, low-consumption" operating environment. Therefore, it has formulated approaches and management policies on energy use reduction and improvement of energy efficiency and monitors energy use. For example, the Group manages fuel use effectively through centralised procurement of stationary fuels. Drivers need to plan routes in advance and choose the shortest route before driving the vehicles. The Group also regularly arranges repair and maintenance of vehicles to improve energy efficiency. For the use of natural gas, the equipment maintenance department will regularly check and maintain gas transmission pipelines to avoid gas leakage, which causes waste, safety and environmental problems. For the use of steam, the steam use department is responsible for inspecting and maintaining steam pipelines and measuring instruments, enduring reasonable use of steam according to the assumption and recycling the heat residue and condensed water.

Regarding tinplating business, the Group continues to abide by the Energy Conservation Law of the People's Republic of China and other laws and regulations related to energy conservation. The Group also formulates policies on electricity consumption and energy conservation. GDH Zhongyue and GDH Zhongyue Posco have both established energy management systems and obtained ISO 50001: 2018 Energy Management System certifications, which meet international standards. We are actively improving the production efficiency of workshops of the tinplating business by arranging production rationally to reduce electricity consumption. In addition, we adopted an environmentally friendly furnace treatment device in metal printing of the tinplating business. By recycling the heat in the metal printing and burning it with natural gas in the environmentally friendly furnace, we make good use of thermal energy and effectively reduce the use of natural gas and greenhouse gas emissions.

3. Environmental Protection (continued)

Indirect Energy Consumption

The indirect energy consumption of the Group is mainly electricity and steam. Electricity is mainly used for operations of office and tinplating plant, while steam is used for the production process of the tinplating business. To ensure the enhancement of production quality, energy efficiency and environmental protection efficiency, the Group is committed to investing in scientific research and innovating tinplating production technology, which have a positive impact on energy conservation and emission reduction. The Group gives priority to equipment with greater energy efficiency or with an energy efficiency label when purchasing new equipment, and regularly repairs and maintains production and electrical equipment to reduce power waste. With the aim to effectively control the electricity consumption of tinplating business, we have also set clear energy saving targets and indicators for the plants to limit electricity consumption.

Energy saving and consumption reduction are the Group's consistent energy use approaches. Therefore, the Group has implemented a series of energy saving measures in the offices of fresh and live foodstuffs business and tinplating business, promoting better electricity consumption habits to employees and the importance of resource conservation and sustainable development. During the Year, the energy-saving measures adopted by the Group included regulating the air-conditioning temperature of the office according to seasonal changes and setting the temperature to not less than 26°C. Employees must turn off unused lights, air-conditioners, computers and other electrical equipment after work. Employees are encouraged to use natural light as much as possible in daily operations. Electrical appliances are regularly cleaned and maintained to keep high efficiency. By implementing the above measures, we have been able to integrate power saving habits into daily office operations.

The overall direct and indirect energy consumptions of the Group's tinplating business and fresh and live foodstuffs business are as follows:

Energy Consumption	Unit	2019	2018 ⁶
Direct energy consumption			
Natural gas	ten thousand cubic metres	414	452
Diesel	kg	4,229	29,858
Gasoline	kg	25,581	42,170
Ethanol fuel	kg	5,137 ⁷	5,664
Indirect energy consumption			
Electricity	MWh	83,426	90,180
Steam	tonnes	62,819	71,132

⁶ The performance in 2018 did not include the performance of fresh meat processing workshop in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

⁷ With the stove modification work in the canteen of Zhongshan Zhongyue, the tinplating business no longer use ethanol fuel and replace them with environmentally friendly natural gas, the Group has no relevant usage data in 2019.

3. Environmental Protection (continued)

ii. Conservation of Water

Tinplating Business

The water resource used by the Group is supplied by the local government and is mainly used in the production process and daily office operation. In addition to tap water, the tinplating business uses tower water, pure water and soft water in the electroplating production process. During the Year, we did not encounter any problems in sourcing water resources. The Group recognises that the use of water is critical in production and daily needs and pays attention to the use of water resources and established different policies and systems to regulate the water consumption in different businesses. As the production of tinplate and other steel products is water-intensive industry, the Group implements water conservation measures at different locations with water consumptions and drainage outlets. The employees at the wastewater treatment facility conduct monthly monitoring, including collecting and analysing the flow rate of the water consumption points at the industrial park, and identifying departments or workshops with larger water consumptions. Targeted corrective plans will be formulated to prevent unnecessary use of water. Appropriate water consumption targets are set up according to the operation of each production plant. Clear methodologies for reduction of water consumption, such as reminding employees to tightly turn off the taps to avoid wasting water, formulating a reasonable production plan to prevent idling water valves, etc., are adopted to strive for integrating water conservation into daily work. The equipment maintenance department will regularly check and repair water consuming facilities to prevent water leakage.

Due to the production needs of the tinplating business, the Group needs to convert raw water into pure water and soft water through a water production process. Hence, the Group attaches great importance to the reuse of water resources. GDH Zhongyue and GDH Zhongyue Posco have installed wastewater reuse devices to adopt multiple treatments, such as filtering, drug using, nanofiltration, to the concentrated water produced from the water production process and chromium-containing wastewater produced during the production process, and reuse to the production process, thereby improving water resource utilisation. During the Year, GDH Zhongyue and GDH Zhongyue Posco have reused a total of 185,722 cubic metres of water resources to the production process, which helped reduce the use of raw water. In addition, the Group attaches great importance to scientific research. Our scientific research department specialises in transforming production equipment, optimising production processes and improving wastewater recycling technology solutions, so as to improve wastewater reuse rate.

3. Environmental Protection (continued)

Fresh and Live Foodstuffs Business

The water used by the Group's fresh and live foodstuffs business is from municipal water supply and it is mainly used for cleaning livestock and daily life. The slaughterhouse uses water card, which is a stored-value card, to manage water consumption. Employees must remove the water card immediately after completing their work. We closely monitor water consumption, encourage employees to use water reasonably, and reduce waste.

The overall water consumption of tinplating business and fresh and live foodstuffs business of the Group is as follows:

Water Consumption	Unit	2019	2018 ⁸
Total	m ³	856,398	896,897
Intensity	m ³ /million HKD of revenue	364.67	317.65

iii. Conservation of Other resources

The Group promotes the concept of paperless office and encourages its employees to distribute documents electronically, so as to reduce paper used for photocopying, faxing or printing. In order to make good use of paper, we encourage employees to use double-sided and format reduced printing, set the printer to duplex printing as the default setting, reuse envelopes and packaging materials, reduce the font size and line spacing as far as possible. In addition, the Group selects green suppliers to supply environmental-friendly paper and lighter paper. The Group will continue to actively promote the aforesaid measures and continually provide employees with different environmental protection training in order to reduce resource consumption.

The overall paper consumption of tinplating business and fresh and live foodstuffs business of the Group is as follows:

Paper Consumption	Unit	2019	2018 ⁹
Total	kg	7,935	6,530
Intensity	kg/million HKD of revenue	3.38	2.31

⁸ The performance in 2018 did not include the performance of the fresh meat processing workshop in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

⁹ The performance in 2018 did not include the performance of the fresh meat processing workshop in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

3. Environmental Protection (continued)

In addition to reducing the use of paper, we have also taken measures to reduce the use of packaging materials. The Group's packaging materials are mainly used for packaging tinplate products and packaging fresh food in supermarkets. Regarding tinplating business, Zhongshan Zhongyue manages the inventory and the usage of packaging materials via an online platform of warehouse management, while Zhongyue Posco has recorded the use of packaging materials to effectively understand the monthly usage and facilitate the calculation of usage density to avoid waste. In the field of fresh and live foodstuffs business, we encourage employees in fresh meat stalls to reduce the disposal of plastic boxes. If the plastic boxes are not broken, they are cleaned and dried for reusing them to minimise the impact on the environment due to disposal as much as possible.

The overall packaging materials used by the Group in the tinplating business and fresh and live foodstuffs business is as follows:

Use of Packaging Material	Unit	2019	2018 ¹⁰
Total	tonnes	4,685	4,293
Intensity	tonnes/million HKD of revenue	2.00	1.52

3.3 THE ENVIRONMENT AND NATURAL RESOURCES

In view of the increasingly stringent environmental protection policies and requirements in Mainland, the Group has been optimising its internal management systems and enhancing the environmental protection equipment, and carried out various environmental improvement projects to eliminate the environmental impact of the business. GDH Zhongyue became a Hong Kong-Guangdong Cleaner Production Partner (Manufacturing) jointly recognised by the Department of Industry and Information Technology of Guangdong Province of the PRC and the Environment Bureau of the Government of Hong Kong Special Administrative Region, and is committed to implementing cleaner production.

¹⁰ The performance in 2018 did not include the performance of the fresh meat processing workshop in San Po Kong of fresh and live foodstuffs business and the document storage room in Wan Chai.

3. Environmental Protection (continued)

The Group will continue to pay attention to and care for the natural environment, continuously improve the management of emissions and use of resources, and strictly abide by and implement various laws and regulations related to environmental protection. We continue to improve production models and equipment, increase the utilisation rate of various resources, and strive to eliminate all hidden dangers that have an adverse impact on the environment, the Group or stakeholders. At the same time, we will continue to encourage employees to develop good habits of thrift through various policies and training activities. The Group integrates environmental protection work into all operating levels within the Group, passes environmental protection information to all stakeholders, and strives to build a good operating environment that uses and saves natural resources, leading to positive impact on the sustainable development of the planet and climate change.



3.4 DEALING WITH CLIMATE CHANGE

In recent years, climate change has attracted much attention from the international community, and extreme weather events caused by climate change have also negatively affected the enterprises. As a responsible corporate citizen, the Group attaches great importance to climate change-related events. In addition to reducing greenhouse gas emissions, the Group formulates emergency plans for possible extreme weather incidents at various operating locations and makes early preparations to reduce the risk of loss due to extreme weather. For example, in terms of preventing typhoons and floods, we have established emergency plans to prevent typhoons, floods, and natural disasters so as to minimise the impact of typhoons and floods on business operations. In the emergency plan, we clearly set out the emergency treatment process under different typhoon warning signals, including designating the chief commander, adjusting the duty, arranging the corresponding defense work of various departments, and evacuating employees to safe places, in order to respond effectively and orderly to various possible situations, reduce economic loss and casualty, and minimise the impact of climate change.

4. Employment and Labour Practices

The Group treats employees as the most valuable asset in the process of business development. Support from the employees is also the foundation to the Group's continual success. A comprehensive human resource management mechanism is established. We strive to work under the principle of people-oriented in many aspects such as recruitment and retaining of talents, remuneration of employees, training and development as well as occupational health and safety to push forward the sustainable development of human resources, expanding to the sustainable development of corporate. During the Year, the Group constantly followed the local and national laws and regulation on employment, health and safety and labour standard, including but not limited to the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Employment Ordinance and Occupational Safety and Health Ordinance of Hong Kong. The Group has not been informed of any violations of regulations regarding employment, health and safety and labour standard in the Year. The Group strives to create a harmonious, comfortable and safe working environment with pragmatic, conscientious, united and progressive attitudes. Meanwhile, a fair and just competition mechanism has been established internally to create better promotion opportunities for the employees. With regular training, employees are able to unleash their potential on personal and professional aspect, laying the foundation for their future career development. Embracing the idea of work-life balance, we have organised multiple recreational activities to enrich the lives of employees and to enhance team cohesiveness.

4.1 TALENT SELECTION

The Group believes a fine human resource is essential to stable and sustainable corporate development. Based on such idea, we have established a thorough system in the talent selection process, recruiting talents from various channels. We uphold a fair and just principle to provide equal opportunities to internal employees and external candidates. At the same time, appropriate candidates will be selected based on their experience, morality, knowledge, abilities and suitability for the job, and regardless of their ethnic group, gender, age, nationality, religion, marital status or fertility status. Apart from the recruitment, we also provide a working environment with equal opportunities, fairness, diversities and anti-discrimination in different employment stages, including but not limited to promotion, performance appraisal, training, personal development and termination.

4. Employment and Labour Practices (continued)

4.2 LABOUR STANDARDS

The Group cherishes and protects human right as well as labour right. Child or forced labour is strictly prohibited. We will review the identification document of the employees before their commencement of duty to ensure that they have reached the legal working age, avoiding any child labour recruitment by mistake. Before the commencement, employees are required to sign employment contract which explicitly stated out information such as job description, salary, working hours and venue, to prevent any forms of forced labour. Moreover, the working hours of employees are in compliance with relevant local laws and regulations and employees' consent is required upon any arrangements of necessary overtime working. They are compensated in accordance with the laws and regulations to avoid forced overtime working.

The Group continued to strictly abide by laws and regulations related to the prohibition of child labour and forced labour during the Year, including but not limited to the Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour, and the Employment Ordinance and Employment of Children Regulations of Hong Kong. No child labour under the legal working age or forced labour was employed.

4.3 COMPENSATION AND WELFARE

With the aim to attract and retain outstanding talents for ensuring the stability of business operations and meeting the needs of business development, the Group provides employees with competitive remunerations and benefits. We rigorously ensure that our employees' salaries comply with the statutory salary standards of the places where we operate. We regularly review the salary levels of employees at all levels and understand the salary situation in the industry's labour market, and strive to establish a fair, reasonable and highly competitive salary system. In addition to the salary determined based on factors such as job requirements, knowledge and skills, experience and education, we will also adjust employee compensation in a timely manner based on the results of the business performance and performance evaluation of employees. If overtime working is required, the department which is going to work overtime needs to obtain management approval first. Payment of overtime working will be settled on time as required. After receiving the employee's resignation, we will arrange a resignation interview to understand employees' reasons of departure, thereby improving the operation of the Group, and the remaining wages will be paid on time.

4. Employment and Labour Practices (continued)

The Group attaches great emphasis on protecting the rights of employees and provides relevant benefits to all employees, such as providing high-temperature subsidies, social insurance and housing provident funds for employees in Mainland, in strict accordance with the laws and regulations of the places where the business operates. Besides, we also provide other benefits for employees, including working meals, physical examinations, medical insurance, festive foods, holiday gifts, distributions of birthday cake coupons and movie coupons. In addition to statutory holidays, employees also enjoy paid annual leaves, wedding leave, maternity leave, and compassionate leave. In an attempt to improve team collaboration, working efficiency, team cohesion, and to encourage a culture of work-life balance, we held a number of after-work activities in the Year, such as ball games, chorus competitions, Women's Day celebration, team building activities, fishing competition and e-sports competitions to enrich employees' after-work life.



Women's Day celebration



Chinese New Year gala



Chorus competition



Basketball match

4. Employment and Labour Practices (continued)

4.4 DEVELOPMENT AND TRAINING

The continuous improvement of employees is the key element to long-term development of the Group. Hence, the Group has initiated a sound, fair and objective performance assessment system to encourage employees to work actively, as well as improving their performance, work ability and management level. Self-assessment and peer assessment are integrated in the performance assessment of employees. The assessment criteria include employees' capability, attitude, communication skills, and their quality such as behaviour, discipline and honesty. The management will keep a close communication with the employees during the performance assessment for providing recognition for their performance and suggestion regarding their deficiency. The results of the performance assessment will be used as an important reference for rank evaluation, rotation, position transfer, promotion and training, etc., as well as linked up with employees' year-end performance salary, so as to motivate employees for continuous improvement.

In order to align the staff career planning with the long-term corporate development, the Group formulated a training management system to create an excellent, well-trained and responsible team. The human resources department will combine the human resource needs of each department to prepare a comprehensive training plan every year to improve employees' knowledge and management skills, enhance employees' ability to perform their duties, improve work performance and increase work efficiency. New employees are required to undergo pre-employment training and pass the assessment before commencement of employment. The training content includes corporate culture, work processes, company organisational structure, management system and five management systems (quality, environmental, occupational health and safety, food safety and energy management systems). On-the-job training for employees is conducted in the form of internal and external training, and is implemented at three levels (company level, department level, and team level). In terms of internal training, in addition to the training provided by internal trainers, the Group also has a training system that seniors impart skills and experience to junior employees. After the training is completed, the Group will evaluate the implementation and effectiveness of the training by means of examinations, questionnaires and ability tests to further improve the training content. In addition, the Group also encourages employees to actively participate in external training. After the employees' voluntary application or the training recommended by the department is approved by the company, the Group will provide subsidies for the training costs. Employees can apply to the Group to participate in the self-study program during their employment. Employees who have obtained a diploma, degree certificate or professional qualification certificate can reimburse a certain percentage of tuition fees.

During the Year, in addition to pre-employment training for new employees, we have also organised training courses in different areas, such as risk management training, environmental law and other requirement training, traffic safety precautions training, Six Sigma Black Belt training, etc. In accordance with local labour regulations, we have designed special job training programmes, such as certification training for radiation staff, for employees who require specialised skills or employees who are engaged in on-site management, in order to enhance the knowledge and skills of professionals and ensure that technical personnel are certified.

4. Employment and Labour Practices (continued)

4.5 HEALTH AND SAFETY

The Group has always considered the health and safety of its employees as first priority, and has always adhered to the management policy of “Winning Employees’ Trust by Health and Safety”. At the same time, we adhere to the principle of “people-oriented”, and strengthen the occupational health and safety awareness of “Safety First, Precaution Crucial”. In order to prevent and avoid employees from occupational hazards and production safety accidents, and to comply with national laws and regulations on production safety, we have established a comprehensive set of safety management systems, formulated different rules and regulations for production safety, inspection safety, fire safety, hidden danger management and emergencies, provided employees with working safety guidelines at the same time to reduce the risk of hidden safety hazards. The Group has clearly defined the safety responsibilities of different positions, including the leadership, management and front-line employees, in the production safety responsibility system. Through clear division of labour in the organisational structure of production safety, the Group effectively implements and carries out the duty for production safety. In addition, GDH Zhongyue and GDH Zhongyue Posco have obtained ISO 45001: 2018 Occupational Health and Safety Management System Certifications.

Training is the key to ensure a safe workplace and occupational health. The Group regularly organises production safety education and training for employees. Take tinplating business as an example, new employees must receive training on regulations and systems and a three-level safety training (i.e. three-level refers to department level, team level and production position level), and pass the exam upon the commencement of work. The Group has organised various safety training in the Year to ensure all employees receive regular education and training on safety awareness, such as training on production safety standardisation, training on occupational health and safety knowledge, training on laws and regulations of production safety, training on safety operation regulations, etc., so that the employees can constantly understand production safety approaches and raise the awareness of occupational health and safety and continual improvement. Furthermore, the Group will take the safety accident cases of itself and different companies as the learning content for employees. Through the use of real accidents as case studies, the Group aims to avoid similar accidents.

To ensure the occupational health and safety of the employees, we have established rigorous safety working and fire protection guidelines, and provided employees with personal protective equipment in accordance with national and local standards, such as earplugs, masks, gloves and work uniforms, and reminded and educated employees on the proper wear and use of the equipment to maximise the protection effect. For the employees of fresh and live foodstuffs business that are required to use knives, apart from arranging regular training for them, we also equip them with appropriate personal protective equipments, such as wire gloves and non-slip shoes, to reduce the chance of injuries and accidents. In daily operations, specialised department will conduct regular safety inspections and maintenance to all environmental protection facilities, production machinery, water supply equipment, fire protection facilities, etc. to ensure that they are in good condition and reduce the risk of safety accidents. At the same time, when employees notice any machine failure, they should report the failure immediately for repairment. For example, GDH Zhongyue records every potential safety hazard, the classification of potential hazard and the respective rectification measures to ensure the safety rectification is completely implemented. Employees in special positions must obtain the national certificates before being able to work.

4. Employment and Labour Practices (continued)

Case Study of GDH Zhongyue's Safety Rectification

Case Study:

There was no training on emergency response to paint spill or leakage in the iron plant. Meanwhile, there was no equipment for emergency response for leakage, the list of the handling equipment, leakage handling guideline or leakage handling flowchart in place in the paint storage room. Employees may not be able to give prompt response when there was a leakage and this might result in health impacts on employees.

Rectification:

Training for emergency response was arranged to relevant employees, and the equipment for emergency response, list of handling equipment, leakage handling guideline and leakage handling flowchart were prepared, in order to improve the leakage-related response plan.



5. Operating Practices

5.1 SUPPLY CHAIN MANAGEMENT

An exceptional supply chain management is the foundation for a successful enterprise. Therefore, the Group maintains long-term, stable and strategic cooperative relationships with quality suppliers with enormous capabilities. The Group insists to maintain a long-term cooperative relationship with suppliers to achieve mutually beneficial and win-win situation, so as to achieve the goal of co-development with suppliers. We established a supply chain system with rigorous management procedures and strive to improve product quality by establishing standardised and systematic supply chain management. During the Year, the Group was not informed of any violations relating to supply chain management.

The tinplating business has established stringent procedures in a procurement management system, which controls the verification of suppliers and purchased products, evaluates and controls the selection of new suppliers and conducts annual reviews of existing suppliers. For the selection of new suppliers, an evaluation and review mechanism was in place in the tinplating business to ensure the compliance of suppliers and supplies quality. For example, we conduct reviews on new suppliers and verify their basic profile, including conducting on-site assessments when necessary, reviewing management system certifications, product safety certificates, business licenses and other documents to ensure the compliance of the suppliers. The Group notices that the quality of raw materials is crucial to the production of high-quality tinplate and has developed a strict division of labour from signing of contracts to the operation of raw materials testing and supervising, with an aim to ensure that the selected suppliers have relevant qualification, suitable expertise and quality, adoption of advantageous internal management system, stable quality, on-time delivery, legal compliance, etc., as well as ensuring that the suppliers are competitive and provide high-quality goods and services. Meanwhile, we regularly evaluate existing suppliers based on price, quality, delivery and other aspects. Unqualified suppliers will be eliminated to ensure the quality of products and services provided by the suppliers.

For the fresh and live foodstuffs business, the Group has established stringent procedures for the procurement process, supplier selection and evaluation. When selecting new suppliers, we give priority to potential suppliers with good reputation and conduct a preliminary review on their capability to maintain quality and safe production. Then, we conduct investigations on supplier candidates' products, production capacity, and the implementation of quality and safety management system. Also, when necessary, we would request the supplier candidates to provide samples for evaluation and inspection and conduct on-site assessment. Only the suppliers which passed the review process can be introduced to the list of qualified suppliers. To ensure that the quality of meat product is in compliance with the national and local standards, we require suppliers to provide the products' qualified certifications for safety inspection or quarantine and would not purchase meat products without qualified certificates. We evaluate existing suppliers every year based on their supply quality, safety, price, delivery and service quality to ensure that the suppliers can supply in a long-term, stable and high-quality manner.

5. Operating Practices (continued)

5.2 PRODUCT QUALITY AND SAFETY

One of the core concepts of the Group is to provide customers with high-quality and safe products. Therefore, we have established comprehensive quality management procedures to ensure product quality and safety.

Regarding the tinplating business, GDH Zhongyue and GDH Zhongyue Posco have both acquired ISO 9001:2015 quality management system certification, at the same time, GDH Zhongyue acquired FSSC 22000 food safety system certification and GDH Zhongyue Posco acquired ISO 22000 food safety management system certification. In order to provide high-quality and safe products to satisfy the growing and rigorous customers' requirements on product quality, we improve the quality management system and conduct internal reviews regularly on the implementation of the quality management system, ensuring its suitability, adequacy and effectiveness and taking timely measures for improvement. The tinplating business has a sound product quality management system from the formulation of production plans, the occurrence of quality accidents to the handling of quality accidents. This clarifies the responsibilities of each department to reduce the possibility of having quality accidents in the production process. In case a quality accident occurs, we would identify the cause of the accident immediately, determine the level of the accident and take corresponding measures. The tinplating business firmly abides by the "Four Strict Rules" to constantly seek improvements in product quality, including strictly demanding a clear analysis for reasons behind incidents; strictly requiring persons in charge to deal with incidents promptly; strictly reinforcing education to persons and groups held responsible for the incidents; and strictly formulating remedial and prevention measures. Meanwhile, employees of the tinplating business would receive training related to product quality, including training on food safety knowledge, training on judging the product standard, etc. in order to enhance the understanding of product quality.

For the fresh and live foodstuffs business, we have established a strict process on quality control for providing customers with fresh and live foodstuffs of high-quality, safety and up to hygiene standards. We strictly obey related laws and regulations, including the Public Health and Municipal Services Ordinance, Food Business Regulation, Slaughterhouses Regulation and Prevention of Cruelty to Animals Ordinance of Hong Kong, throughout business operations. The chilled meat we purchased must acquire a quarantine certificate and we will check its shelf life, temperature control during transportation, appearance, and ensure that the packaging is intact during purchase. In addition, quality control of live pigs is an important part of the operation of fresh and live foodstuffs business. Therefore, we conduct regular inspections and flight inspections (i.e. inspections without prior notice) of the farms from the list of qualified suppliers to ensure that live pigs purchased meet the supply standards of Hong Kong. According to the Basic Requirements for Animal Hygiene in Live Pig Farms for Hong Kong and Macau and Basic Requirements for Animal Hygiene in Live Poultry Farms for Hong Kong and Macau, we conduct reviews on suppliers and send live pig samples to third party testing agency for inspection. We will terminate the contract with suppliers which are associated with the illegal use of drugs, poor sanitation management or unqualified sampling. Furthermore, we conduct verification, quarantine and inspection, including group and individual inspections of live pigs, and sampling of urine for illegal drug tests, to the live pigs on the logistic vehicles to Hong Kong. The live pigs that failed in the verification, quarantine and inspection process will be rejected by the Group. Upon the arrival of live pigs at the slaughterhouse, they will be inspected by the personnel of the Hong Kong Food and Environmental Hygiene Department. Unqualified pigs will be sent to the designated locations for culling. The utensils and logistic vehicles used to process meat are cleaned and disinfected. Moreover, if any incident of death of live animals is discovered, employees must notify the Hong Kong Food and Environmental Hygiene Department immediately for culling, take pictures and records, so as to prevent any situation that could lead to the spread of an epidemic. On-site quality supervisors are appointed by the supermarket to monitor the quality of pork and the operation process in the fresh meat processing workshops. After entering the supermarket, fresh pork will be stored in the fresh-keeping warehouse. We will strictly control the sales time and temperature to ensure the hygienic condition of the process and the quality of pork.

5. Operating Practices (continued)

5.3 CUSTOMER SERVICES

The Group believes that customer opinions are the foundation for the sustainable development of an enterprise. In order to continually improve product quality and service quality, we standardise the marketing of the tinplating business to ensure the service quality and business capabilities of marketing employees. Meanwhile, the business team communicates with customers through various ways to proactively understand their needs and resolve issues related to products and services. Through conducting regular customer satisfaction surveys, we collect customers' opinions on the product quality of tinplate, service quality, delivery timeliness, price-performance ratio, etc. so as to introduce improvement measures to enhance customer satisfaction. The tinplating business also has a customer complaint handling process in place to investigate and handle complaints in a timely manner, aiming to provide customers with satisfactory and high-quality after-sales service.

Regarding the fresh and live foodstuffs business, when a customer complaint is received, the relevant departments of fresh and live foodstuffs business will comprehend the content of the complaint, grasp the situation from the related employees in fresh meat stalls, reply to the customer within 24 hours via supermarkets and take appropriate actions to avoid the same or similar situation from happening, in order to enhance customers' satisfaction. We will record the relevant complaints in detail for reference in future management.

5.4 BUSINESS ETHICS

The Group is committed to maintaining business ethics in its business operations and strictly abides by national and local laws and regulations related to privacy protection, intellectual property rights and product information, including but not limited to the Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, and the Personal Data (Privacy) Ordinance, Copyright Ordinance and Trade Descriptions Ordinance of Hong Kong. Employees are not allowed to disclose business and customer information without permission, and should not disclose the Group's trade secrets to third parties even after the termination of employment. Regarding tinplating business, employees need to understand, sign and promise to obey privacy rules in order to keep trade secrets and related information confidential. During the auction of fresh and live foodstuffs, employees must keep the information in the auction confidential, and must not disclose any information that may affect the auction results even after the auction. In addition, we also emphasise the importance of protecting intellectual property rights and prevent any infringement. We are committed to ensuring that the information provided during daily operations is clear and accurate, and prohibit any creation of false or misleading statements about the products.

The Group was not informed of any violations related to privacy protection, intellectual property rights, and product information during the Year.

5. Operating Practices (continued)

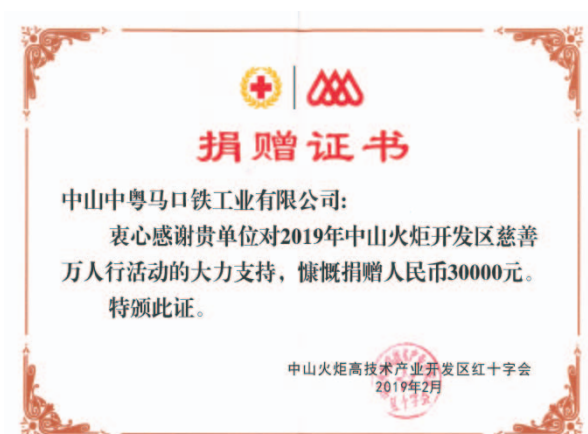
5.5 ANTI-CORRUPTION

Honesty and integrity have always been one of the Group's corporate cultures. Throughout the entire business operations, we uphold the values of integrity, ethics and honesty, and strictly prohibit all forms of bribery. The Group strictly regulates the behaviour of directors, managements and employees, and requires all employees to obey national and local laws and regulations on preventing bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong. Under the premise of ensuring absolute confidentiality, employees can report any illegal acts such as personal gain, bribery, extortion, fraud and money laundering in the course of work through the reporting channels provided by the Group to create a corruption-free corporate and social environment. The tinplating business has signed the honesty and integrity agreement, of which the probity obligation for both parties is clearly listed to follow with the telephone number of complaining and reporting to the Group, with suppliers to protect the benefits of both parties and fight against corruption. In addition, the Group requires the auctioneers of the fresh and live foodstuffs business to adhere to the principles of honesty, integrity, fairness and impartiality, and conduct electronic auctions to avoid any bribery. In the annual performance assessment, we evaluate the honesty and integrity of employees. For employees who violate our code, we will penalise them with severe disciplinary action or direct dismissal. During the Year, the Group organised various types of anti-corruption training, such as watching integrity-themed movies and organising activities on integrity culture during the disciplinary month.

During the Year, the Group was not informed of any litigation of corruption involving the Group or its employees, or the involvement in or occurrence of any violations related to anti-corruption.

6. Community Investment

The Group has always adhered to fulfilling its corporate social responsibility and spared no effort in contributing to society while continuously developing its own business. We believe that everyone is accountable to oneself, their family, their employer and the society. We also encourage employees to show their love and care for the vulnerable and disadvantaged through donations and volunteer works. During the Year, GDH Zhongyue participated in the 2019 Charity Walk in Zhongshan Torch Hi-tech Development Zone and made donation to the Red Cross of Zhongshan Torch Hi-tech Industrial Development Zone to promote the spirit of fraternity and start providing humanitarian assistance to vulnerable and disadvantaged groups, in order to support social development while developing.



As a socially responsible enterprise, we also actively show solicitude for the disadvantaged groups apart from operating a business and paying taxes. We are committed to enhancing the diversity and equal opportunities of the work environment and continued to provide employment opportunities to people with disabilities during the Year. We have always maintained a good production and operation model, actively promoted the concept of green and environmental protection and created a good development order. We have provided certain contributions to maintain social stability and build a harmonious community.

7. Honours and Certifications

The major awards and certifications obtained by the Group during the Year are as follows:

GDH Zhongyue:

- ISO 14001:2015 Environmental Management System Certification
- ISO 50001:2018 Energy Management System Certification
- ISO 9001:2015 Quality Management System Certification
- FSSC 22000 Food Safety Management System Certification
- ISO 45001:2018 Occupational Health and Safety Management System Certification
- Contract Honouring and Creditworthy Enterprise in Guangdong Province
- Environmental Integrity Enterprise
- Hong Kong-Guangdong Cleaner Production Partner (Manufacturing)

GDH Zhongyue Posco:

- ISO 14001:2015 Environmental Management System Certification
- ISO 9001:2015 Quality Management System Certification
- ISO 22000 Food Safety Management System Certification
- ISO 50001:2018 Energy Management System Certification
- ISO 45001:2018 Occupational Health and Safety Management System Certification
- Advanced Family for Workers

8. Visions of the Future

As a good corporate citizen, the Group firmly believes that striking a balance between corporate development and social responsibility is the key to its leading position in the industry. In the future, we will continue to pay attention to environmental protection, employee remuneration and care, product quality and customer service, as well as contribution to the community. We will monitor the performance of the above aspects, which lays a solid foundation for our sustainable development.

In terms of environmental protection, the Group will continue to comply with the more rigorous national and regional environmental laws and regulations, while investing resources to optimise the treatment of exhaust gas, wastewater, solid waste and other facilities and to reduce the adverse environmental impact of business operations, to maintain energy-saving works and to improve energy efficiency. In terms of employee remuneration and care, we have kept the promise of satisfying employees and production safety, provided employees with a safe and high-quality working environment, and hired more technical and managerial talents with a competitive salary mechanism. In terms of product quality and customer service, we will continue to invest resources to maintain and improve product quality in order to provide customers with quality products. In terms of community contribution, we will adhere to the original intention to bear social responsibility, actively participate in public welfare undertakings, and strive to promote the sustainable development of the community.

The Group aims to become a respected enterprise and hopes to improve business performance through the implementation of sustainable development strategies, while contributing to environmental protection and social development to create long-term value for enterprises and stakeholders.

9. Appendix I: Environmental Performance Data Summary

		Tinplating Business		Fresh and Live Foodstuffs Business		Total	
Unit		2019	2018	2019	2018	2019	2018
Greenhouse Gas							
Scope 1¹¹							
Total	tonnes CO ₂ e	9,045	10,014 ¹²	4	2	9,049	10,016
Intensity ¹³	–	32.44	31.26 ¹²	1.33	0.66 ¹²	3.85	3.55
Scope 2¹⁴							
Total	tonnes CO ₂ e	68,814	75,612 ¹²	70	74	68,884	75,686
Intensity ¹³	–	246.76	236.02 ¹²	20.79	21.02 ¹²	29.33	26.81
Exhaust Gas							
Nitrogen oxides	tonnes	12.87	19.85 ¹²	0.00	0.00 ¹²	12.87	19.85
Sulphur oxides	tonnes	0.28	0.71 ¹²	0.00	0.00 ¹²	0.28	0.71
Particulates	tonnes	1.32	2.50 ¹²	0.00	0.00 ¹²	1.32	2.50
Wastewater							
Hazardous wastewater							
Total	tonnes	390	361 ¹²	N/A	N/A	390	361 ¹²
Intensity ¹³	–	1.40	1.13 ¹²	N/A	N/A	0.17	0.13 ¹²
Non-hazardous wastewater							
Total	tonnes	400,550	451,504	N/A	N/A	400,550	451,504
Intensity ¹³	–	1,436.31	1,409.34	N/A	N/A	170.56	159.91
Waste							
Hazardous waste							
Total	tonnes	1,178	1,189	0.12	N/A	1,178	1,189
Intensity ¹³	–	4.22	3.71	0.03	N/A	0.50	0.42
Non-hazardous waste							
Total	tonnes	18,612	14,882	325	738	18,937	15,620
Intensity ¹³	–	66.74	46.48	96.16	209.96 ¹²	8.06	5.53

¹¹ Scope 1 refers to the direct greenhouse gas emissions of the Group's business, including the combustion of gasoline, diesel, ethanol fuel and natural gas.

¹² During the Year, the Group reviewed its ESG performance and data collection method, and restated part of the data.

¹³ The intensities of the tinplating business, fresh and live foodstuffs business and the total are calculated by the production volume in thousand tonnes, the sales volume in thousand tonnes and million HKD of revenue, respectively.

¹⁴ Scope 2 refers to the indirect greenhouse gas emissions of the Group's business, including the consumption of purchased electricity and steam.

9. Appendix I: Environmental Performance Data Summary (continued)

		Tinplating Business		Fresh and Live Foodstuffs Business		Total	
Unit		2019	2018	2019	2018	2019	2018
Energy Consumption							
Direct energy consumption¹⁵							
Natural gas							
Total	ten thousand cubic metres	414	452	N/A	N/A	414	452
Intensity ¹³	–	1.49	1.41	N/A	N/A	0.18	0.16
Diesel							
Total	kg	4,151	29,858 ¹²	78	N/A	4,229	29,858
Intensity ¹²	–	14.89	93.20 ¹²	22.95	N/A	1.80	10.57
Gasoline							
Total	kg	24,372	41,530	1,209	640	25,581	42,170
Intensity ¹³	–	87.40	129.63 ¹²	358.06	182.02 ¹²	10.89	14.94
Ethanol fuel							
Total	kg	5,137	5,664 ¹²	N/A	N/A	5,137	5,664
Intensity ¹³	–	18.42	17.68 ¹²	N/A	N/A	2.19	2.01
Indirect energy consumption							
Electricity							
Total	MWh	83,320	90,078	106	102	83,426	90,180
Intensity ¹³	–	298.77	281.17	31.40	28.96 ¹²	35.52	31.94
Steam							
Total	tonnes	62,819	71,132	N/A	N/A	62,819	71,132
Intensity ¹³	–	225.26	222.03	N/A	N/A	26.75	25.19
Water Consumption							
Total	m ³	851,657	887,436	4,741	9,461	856,398	896,897
Intensity ¹³	–	3,053.91	2,770.07	1,403.63	2,690.62 ¹²	364.67	317.65
Use of Packaging Material							
Total	tonnes	4,633	4,214	52	79	4,685	4,293
Intensity ¹³	–	16.61	13.15	15.43	22.38 ¹²	2.00	1.52
Paper Consumption							
Total	kg	5,852	3,630	2,083	2,900	7,935	6,530
Intensity ¹³	–	20.99	11.33	616.80	824.76 ¹²	3.38	2.31

¹⁵ Direct energy consumption includes stationary fuel consumption for production, canteens and heating, and vehicle fuel consumption, including the consumption of diesel, gasoline, natural gas and ethanol fuel.

10. Appendix II: Content Index of Environmental, Social and Governance Reporting Guide

ESG Indicators	Reporting Guideline	Page
A. Environmental		
Aspect 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.	7–14
Key performance indicator A1.1	The types of emissions and respective emissions data.	10, 12, 34
Key performance indicator A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12, 34
Key performance indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	14, 34
Key performance indicator A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	14, 34
Key performance indicator A1.5	Description of measures to mitigate emissions and results achieved.	9–12
Key performance indicator A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	13–14
Aspect A2	Use of Resources	
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	15–19
Key performance indicator A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	16
Key performance indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	18
Key performance indicator A2.3	Description of energy use efficiency initiatives and results achieved.	15–16
Key performance indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	17–18
Key performance indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	19
Aspect A3	The Environment and Natural Resources	
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	14, 19–20
Key performance indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14, 19–20

10. Appendix II: Content Index of Environmental, Social and Governance Reporting Guide (continued)

ESG Indicators	Reporting Guideline	Page
B. Social¹⁶		
Aspect B1	Employment and Labour Practices	
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, anti-discrimination, and other benefits and welfare.	21–23
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.	25–26
Aspect B3	Development and Training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	24
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 and forced labour.	21–22

¹⁶ Pursuant to Appendix 27 of the "Main Board Listing Rules", the key performance indicators under "Area B. Social" are under the provision of recommended disclosure. Therefore, the Group chooses not to disclose those key performance indicators in the Report.

10. Appendix II: Content Index of Environmental, Social and Governance Reporting Guide (continued)

ESG Indicators	Reporting Guideline	Page
Aspect B5	Supply Chain Management	
General disclosure	Policies on managing environmental and social risks of the supply chain.	27
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.	28–29
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.	30
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.	31