



金涌投資有限公司  
**GOLDSTREAM INVESTMENT LIMITED**

[Incorporated in the Cayman Islands with limited liability]

[Stock Code : 1328]



**2019**

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# Contents

Page

About the Report	2
Managing the ESG Impact of the Group	4
Stakeholder Engagement	5
Materiality Assessment	6
Environmental	7
Emissions	
Use of Resources	
The Environment and Natural Resources	
Social- Employment and Labour Practices	12
Employment Practices	
Health and Safety	
Development and Training	
Labour Standards	
Social- Operating Practices	19
Supply Chain Management	
Product Responsibility	
Anti-Corruption	
Social- Community	25
Community Investment	
Hong Kong Stock Exchange “Environmental, Social and Governance Reporting Guide” Content Index	26

# 1. About the Report

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## 1.1 Introduction of the Report

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This report is the 2019 Environmental, Social and Governance ("ESG") report (the "Report") of Goldstream Investment Limited (the "Company") and its subsidiaries (collectively, the "Group") which summarizes the economic, environmental and social responsibilities of the Group during the financial year of 2019. It demonstrates our long-term commitment in ensuring that our businesses are economical, socially and environmentally sustainable.

In preparing the Report, the Group has complied with the "Comply or Explain" provisions in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and in accordance with the practical circumstances of the Company. A complete list of index in compliance with the Guide is also available at the end of this report for reference.

The board (the "Board") of directors ("Directors") of the Company acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge, the Report addresses all material issues in respect of the Group's ESG obligations and fairly presents the ESG performance and commitment of the Company. The Board confirms that it has reviewed and approved the Report.

## 1.2 Business of the Group

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The Group is one of the leading customer relationship management ("CRM") outsourcing service providers with business focus in Hong Kong, Macau and the People Republic of China (the "PRC") markets. The Group has established four CRM service centres and the current production capacity is at an impressive level of over 4,500 seats. The Group's CRM services assist customers to connect with their client using communication and computer.

The Group is also engaged in investment management ("IM") business since late 2018. The Group's IM business is a multi-manager, multi-strategy, and multi-asset investment and wealth management platform powered by human and artificial intelligence. The Group's IM business focuses on using both fundamental analysis and algorithms to analyze investment ideas and investment behaviour of the people who generate these ideas to make investment decisions. The Group employs quantitative methodologies and algorithms, while working alongside with our pedigreed and emerging portfolio managers in all aspects of investment management, including industry research, portfolio construction, trade execution, asset allocation, risk management and operations.

Many of the Group's IM business's portfolios compose of China and the world assets. We assist Chinese capital investing in the global market and world capital in the Chinese market. The Group's IM business is built upon an institutionalized investment platform, enabling the best fund managers and traders to provide best-in-class solutions to professional investors.

The Group holds Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) licenses issued by the Hong Kong Securities and Futures Commission. The Group's IM business has offices in HongKong, Beijing, Shanghai, and Shenzhen.

The Company has been listed on the Main Board of the Stock Exchange (stock code: 1328) since 25 May 2009. For more information about the Group's business, please refer to its 2019 Annual Report.

## 1.3 Reporting Scope

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The reporting period of the Report covers the financial year from 1 January 2019 to 31 December 2019.

The scope of the Report includes the environmental and social performance of the Group's CRM service ("CRMS") and IM businesses, and covers the main operations of these 2 businesses in the PRC, Hong Kong and Macau.

The content of the Report focuses on material issues - based on the Group's most significant social and environmental impacts, as well as the areas that are of the greatest interest or concern to stakeholders - identified through a comprehensive materiality assessment, which included stakeholder engagement. Details of the process are set out in the "Stakeholder Engagement" and "Materiality Assessment" sections of this report.

For details of the Group's corporate governance, please refer to the Corporate Governance Report included in its 2019 Annual Report.

## 1.4 Sources of Information

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The information disclosed in this report is mainly sourced from internal files of the Company and public information in the market. All information contents have been reviewed and confirmed by the Group's management and the departments in charge.

## 1.5 Feedback and Get the Report

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This report is available in English and Traditional Chinese for readers to refer to, and based on environmental protection considerations, we recommend reading the electronic version of the Report, which is available in the "Financial Statements/Environment, Social and Governance Information" category of the SEHK website or on the Group's website. We welcome readers to contact us through the following contact methods. Your comments will assist us in further refining this report and enhancing the group's overall environmental, social and governance performance.

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## 2. Managing the ESG Impact of the Group

Since its inception, the Group has always been adhering to the concept of "creating value for society", combined with corporate positioning and its own business situation, and strive to continuously explore and progress in investment product innovation, service quality, employee development and community public welfare, in order to meet the internal needs of company development while actively assuming social responsibility, to achieve balanced development of the environment, economy and society.

In order to effectively implement the relevant work of ESG management, the Group has established a top-down ESG management system, set up a board-led, ESG Executive Committee as the core, ESG working group for the implementation of the main multi-level internal ESG management structure, to ensure that the Group implements sound and good ESG management.

The Board has overall responsibility on decision-making regarding the ESG management and reporting. The ESG executive committee reports to the Board and oversees the Group's ESG strategies, daily operations and risk management. It monitors ESG related matters in operation, reviews feedback of stakeholders and updates respective policies and is responsible for disclosure. The working groups support the ESG executive committee by monitoring and collecting relevant data. The Group always prioritizes stakeholders' views, comments and recommendations. Materiality assessment would be carried out for ESG strategy formulation. This helps the Group to understand, manage ESG risk and create values for all stakeholders.



In 2019, our ESG executive committee focused on:

- Corporate Governance.
- Use of resources, environmental policies and performance.
- Commercial opportunities - leveraging the investment portfolios to attract more investors amidst U.S. trade tensions and the social unrest situation.
- Compliance - managing issues and ensuring our services and investment products comply with the relevant laws, rules and regulations.
- Health and safety.
- Relationships with employees, customers and suppliers.
- Customer satisfaction - raising CRMS business's customer satisfaction level via numerous initiatives, such as allowing call receivers to rate the call quality after each conversation.
- Information security and data privacy - improving the current data privacy policy of the Group by defining rules and principles for collecting and processing personal data, covering due care, purpose, limitation, authorization, choice and consent.

### 3. Stakeholder Engagement

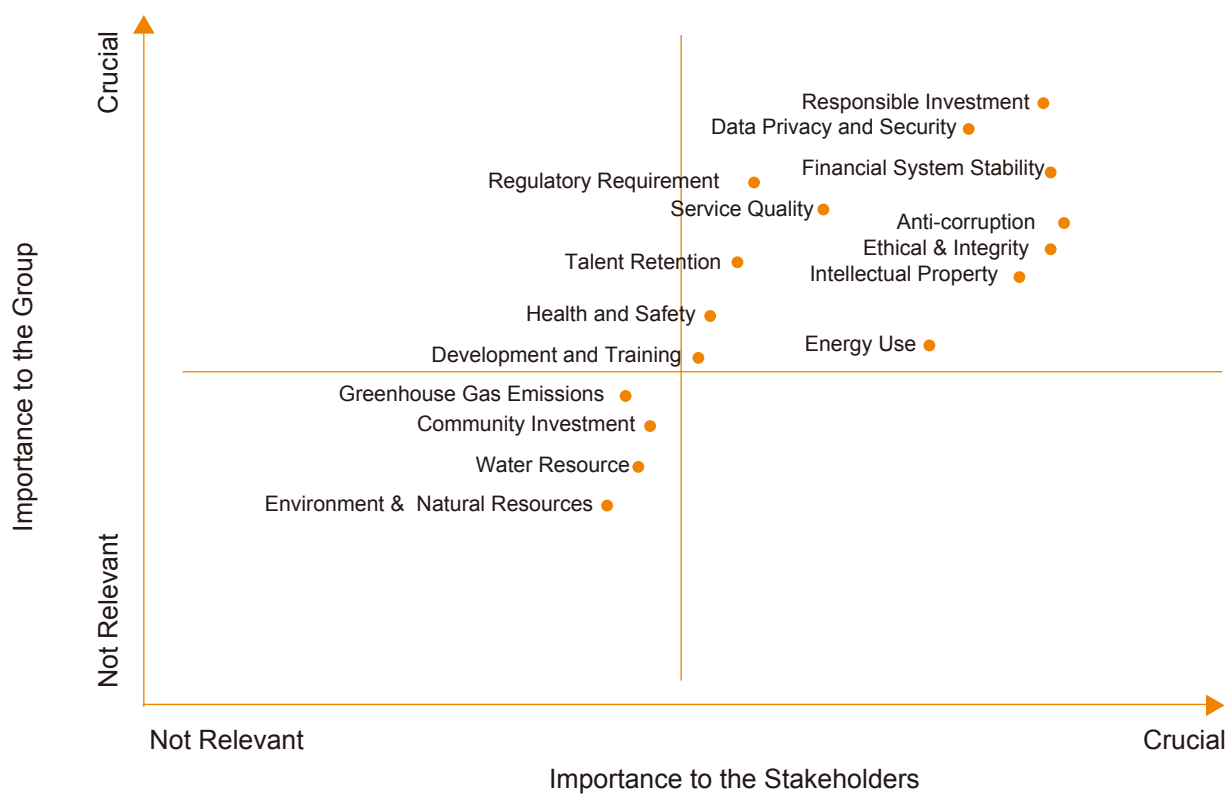
In the course of its continuous corporate development, the Group has maintained close communication and interactions with its stakeholders, and has taken the demands of various parties into consideration during its decision making process. The Group lays down various communication objectives and communication means that are targeted at each of its stakeholders, and obtains their views and suggestions regarding the Group's business development in a timely and accurate manner, in order to identify the Group's material environmental, social and governance issues. These issues are then subject to analysis and adjustment based on the Company's actual conditions, such that they will eventually provide an important reference for the Group's corporate decision making.

The Group had identified the following key stakeholder groups. The Group has been continuously optimizing and strengthening the accessibility and efficiency of the communication channels during the process, in order to improve the bridges of communication between the Company and its stakeholders.

Stakeholder	Engagement Method	Communication Objectives
Customers	<ul style="list-style-type: none"> <li>• Business relationship</li> <li>• Account management</li> <li>• Satisfaction survey</li> <li>• Conference and event</li> </ul>	<ul style="list-style-type: none"> <li>• Understand customers' views on the Company products and services.</li> <li>• Ensure the quality and reliability of the CRM services.</li> <li>• Make investment decisions that foster sustainable markets.</li> <li>• Develop marketing strategies which are in line with customers' needs.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Performance review and annual appraisal</li> <li>• Training</li> <li>• Internal communication channels such as emails, notice boards and hotline</li> <li>• Periodic team event</li> </ul>	<ul style="list-style-type: none"> <li>• Allow employees to understand the Group's development direction.</li> <li>• Understand the views of employees on the Group's development.</li> <li>• Strengthen team cohesiveness.</li> <li>• Collect suggestions for improvement from employees.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Business review meeting</li> <li>• Suppliers' satisfactory assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure its suppliers providing products and services up to the required standard and operating in compliance with applicable laws and regulations.</li> <li>• Create a cooperative atmosphere of mutual trust.</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Government communication</li> <li>• Mail</li> <li>• Notice</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfill the compliance requirements of the regulatory authorities.</li> <li>• Maintain good relationship with the local government.</li> <li>• Pay taxes according to laws.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Annual and interim reports</li> <li>• Annual and extraordinary general meetings</li> <li>• Feedback to media inquiry through conference and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Explain the latest development of the Group to shareholders and investors.</li> <li>• Gain shareholders' and investors' support for management decisions.</li> <li>• Generate investment returns for shareholders.</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Participation in local community activity</li> </ul>	<ul style="list-style-type: none"> <li>• Promote economic development for the communities where it operates.</li> <li>• Create social values for the communities where it operates.</li> </ul>

## 4. Materiality Assessment

For the purpose of this report, a list of ESG issues that are potentially material to the Group was composed in the context of its business and day-to-day operation. A materiality matrix was developed from the result of stakeholder questionnaires conducted with both internal and external stakeholders. The materiality assessment and prioritization shown below took into account of two dimensions, i.e. the importance of issues to stakeholders and to the Group. The Group's ESG management and disclosure are based on the assessment result.



## 5. Environment

The responsibility of the Group towards sustainable development is trying to improve the Group's environmental performance for its business, specifically with the use of technologies that reduce the use of resources and achieve maximum efficiency when rendering its services.

The CRMS and IM businesses of the Group do not have a heavy impact on the environment. However, it is necessary to acknowledge that, in its daily activities, the Group's main environmental impacts are:

- resource consumption like paper, energy and water;
- generation of waste; and
- direct emissions of greenhouse gases, mainly from electricity consumption.

Therefore, the Group wants to develop sustainable environmental policies and reduces its impacts to the environment in its existing facilities. The Group's subsidiaries have implemented several initiatives to minimize the environmental impact. Campaigns to save the consumption of electricity, power, water and paper are initiatives that the Group undertook during the reporting period.

The Group has implemented measures such as Environmental Policy and Target Indicator Management Program Control Procedures (環境方針、目標指標管理方案控制程序) and Environmental Control Procedure (環境運行控制程序) for all the subsidiaries. Such policies established a fundamental basis which governs the environmental activities of the Group that all employees should take part in.

Further, China Elite Info. Co., Ltd. ("China Elite"), one of the subsidiaries of the Group, engages in CRMS business obtained ISO 14001 Environmental Management System certificate for its call centres and offices. The ISO14001 standard provides a framework that a company can follow to set up an effective environmental management system. It gives the management and employees of the Company as well as external stakeholders an assurance that environmental impact is being measured and improved.

The Board is committed to reducing environmental impact from the business operations. The Group strives to improve the energy efficiency during the operation and reduce the emission of greenhouse gas, aiming to realize a low carbon society.

By establishing a sound environmental management system, the Group constantly monitors and reviews the energy usage, e-waste and non-hazardous waste during the operation, through strictly controls the emissions.

In establishing internal policies, the Group had strictly complied with the relevant laws and regulations on environmental protection.

During the reporting period, the Group was not aware of any material non-compliance or any violation with relevant environmental laws and regulations.




## 5.1 Emissions

The working environment of the Group's CRMS and IM businesses are indoor offices located in the PRC, Hong Kong and Macau without any industrial plants and therefore, the types of emissions of the Group are limited to nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") air emissions, greenhouse gas ("GHG") emissions, non-hazardous waste and wastewater discharge.

### 5.1.1 Air emissions

The Group's air emissions mainly comprise emissions from office facilities, the exhaust from vehicles and the gaseous fuel consumption. Hence, the administrative department ensures that such exhaust meets national standards and encourages the staff to maintain indoor ventilation as much as they can.

Table below is the Group's NOx, SOx and PM air emissions data.


	2019		
	Air Emissions	Amount	Intensity (Consumption / Headcount)
	NOx emission	1,063.13g	0.59g
	SOx emission	89.35g	0.05g
	PM emission	78.27g	0.04g

### 5.1.2 Greenhouse gas emissions

The Group responds to the challenges posed by climate change through ongoing efforts to reduce its GHG emissions. Accurate measurement based on GHG protocol gives us an accurate picture of our direct and indirect contribution to greenhouse gas emissions.

The consumption of electricity at offices and call centres is the primary source of GHG emission. The second primary source of GHG emission is the gaseous fuel consumption for company vehicles.

During the reporting period, the Group's GHG emissions equated to a total of approximately 32,723 tonnes of CO2 equivalent ("tCO2e") and the detailed summary of the GHG emissions is shown as below:

	2019		
	Greenhouse Gas Emissions	Amount	Intensity (Consumption / Headcount)
	Scope 1 Direct GHG emission Petrol consumption	16.52 tCO2e	0.009 tCO2e
	Scope 2 Indirect GHG emission Electricity consumption	3,277.84 tCO2e	1.84 tCO2e
	Total GHG Emissions	3,294.36 tCO2e	1.85 tCO2e

### 5.1.3 Waste

The wastes generated by the Group's call centres are strictly segregated and disposed of in accordance with regulatory requirement. The wastes are generally categorized as e-waste and non-hazardous waste. For the purpose of resource conservation and environmental protection, wastes are further classified as reusable and recyclable and the Group is committed to reusing, recycling and reducing the wastes generated by the Group.

The e-wastes generated by the Group's operations mainly consist of old computers, electronic components, servers, headset and motherboard. The non-hazardous wastes generated by the Group's operations mainly consist of paper, printing supplies of our offices and domestic wastes.

For e-wastes, all unused computer hardware were disposed of by methods of avoiding landfill, primarily through supplier reclamation and responsible disposal vendors.

For non-hazardous wastes, consumption volume of paper is regularly monitored and the Group has implemented a number of reduction measures, including to:

- encourage double side printing; and
- encourage using electronic channels for internal correspondence and communication.

The quantitative data on the total volume of hazardous and non-hazardous wastes produced and the intensity was not disclosed due to the data collection mechanism still being developed.

### 5.1.4 Waste water

The main categories of waste water the Group discharged are domestic sewage from toilets and waste water generated during the cleaning of vehicles and the floor. Call centres at Guangzhou are equipped with septic tanks of which cleaning work is being carried out regularly. In addition, staff of the Group are encouraged to save water and adopt waterless cleaning or wiping to clean vehicles and the floor.

## 5.2 Use of Resources

The Group operates all the call centres and is a labour intensive business. The consumption of resources in its daily operations is relatively more significant than the IM business, which belongs to financial industry. According to the characteristics of each industry, the Group formulated relevant environmental policies to utilize resources efficiently and mitigate the adverse impact to the environment. The Group acknowledges the GHG emissions as a business risk and opportunity, and highlights the critical role CRMS and IM businesses can play in assisting its customers and communities move towards a low-carbon future and become more resilient to a changing climate.

The Group addresses GHG emissions in two key areas:


- minimising the Group's emissions by identifying opportunities to improve the energy efficiency mainly of its call centres, through more efficient equipment and technologies, renewable energy sources and storage, and emissions intensity targets; and
- enabling low-carbon economic growth by making energy-efficient technology more accessible across networks of the Group, and working with governments on policies that encourage and incentivise low-carbon innovation.

### 5.2.1 Energy consumption

As the group has more than 2,000 service desktops for the CRMS business, it uses extensive amount of energy, especially servers, computer desktop and air conditioners usage. Electricity is the major energy resource in the Group's operations. Therefore, the majority of its energy saving projects focus on reducing its electricity consumption.


The Group has formulated policies and guidelines related to the environmental management, including energy management. For example, energy saving lighting system are used at call centres and offices. IT department purchases energy saving rating electric appliances to replace old electric appliances. All call centres service desktops have set to hibernate mode when the desktop machines are unused for more than 30 minutes. Cooling system for call centres have been upgraded by using environmentally friendly refrigerant and the temperature is set to 25°C during summer. The thermostat is set to the highest acceptable temperature to save electricity. Since the implementation of such initiatives, the Group managed to lower its electricity consumption accordingly.

The electricity consumption is the largest source of GHG emissions. During the reporting period, the Group's consumption of electricity was as below:

	2019		
	Energy	Amount	Intensity (Consumption / Headcount)
	Electricity Consumed	3,659,915 kWh	2,059 kWh


The Group has 3 small vehicles. They are used for the CRMS business for company's affair transportation. The vehicles are the second largest contributor to our emissions profile.

During the reporting period, the Group's consumption of petrol was as below:

	2019		
	Energy	Amount	Intensity (Consumption / Headcount)
	Petrol Consumed	6,078.81 litres	3.42 Litres

### 5.2.2 Water

The Group's operations consume relatively less water compared with other industries and the Group does not consider this to be material to its environmental impact. However, the Group recognises that water is becoming an increasingly important issue, particularly in water-stressed regions of the world. The Group monitors and aims to reduce water usage in local by, for example, installing low-flow toilets in offices.

	2019		
	Water	Amount	Intensity (Consumption / Headcount)
	Water Consumed	34,694.73 litres	19.58 litres

### 5.2.3 Paper usage

The Group recognizes the importance of caring the environment and strives for enhanced energy efficiency within our daily operation to reduce the operating cost. Within this context, the Group has identified paper usage as a key area to address. During the reporting period, the Group used 920 reams of 500 sheets per ream A4 paper.

Through the mitigation measure we implemented last year by encouraging electronic form of communication, the result showed that the paper consumption of our corporate office decreased by 55% compared with last year.

## 5.3 The Environment and Natural Resources

The Group regards the conservation of natural resources and the reduction of pollution as an essential element of responsible and sustainable corporate management. The Group's main focus is on the following areas with the highest energy consumption:

- data servers and air conditioners at call centres;
- electronic equipment; and
- business air travels of IM business.

The Group is constantly carrying out multiple efforts to minimize the environmental impact of activities of all its subsidiaries, mainly by using technologies and monitoring the consumption of natural resources. By enhancing the efficiency, the Group can save electricity. By using video conference technology, the Group can reduce the air travel footprint and all these steps can further reduce the GHG emission.

In addition, the vast majority of materials used in the Group's business activities are electronic devices and hardware. These electrical devices contain components that cannot be disposed of together with normal household waste. Obsolete hardware requires the correct disposal methods to ensure that no pollutants are released into the environment. The Group therefore cooperates with specialized service providers who professionally process and resell used materials or dispose them in an eco-compliant manner.

During the reporting period, the Group was not aware of any significant impacts towards the environment and natural resources through daily operation. The Group complied with all relevant environmental rules and regulation in the PRC, Hong Kong and Macau.

## 6. Social - Employment and Labour Practices

### 6.1 Employment Practices

The Group employs over 1,777 employees who are valuable assets to maintain the Group's competitiveness. The Group is committed to providing a rewarding work environment that encourages the collaborations and offers its employees opportunities to learn, grow and succeed at work and in life. This commitment is incorporated into the Group's human resources ("HR") policy and employment contract.

The Group aims to attract, motivate and retain the best people for its business operations. To achieve this, the Group provides market competitive employment package consisting of monetary and non-monetary rewards for all its employees such as rewards granted to the best call center employees. The Group adheres to the principles of fairness in the provision of employment opportunities, compensation, education, performance evaluation and promotion without any discrimination on gender, age, ethnicity, religion and culture. The Group is committed to create a fair and harmonious working environment.

The working hours of employees of the Group is in compliance with the relevant requirement of the Labour Law of the PRC, the Employment Ordinance of Hong Kong and the Labour Relations Laws of Macau. Most of the employees work 5 days per week. In the event of overtime work, employee will be compensated by the Group in accordance with the applicable laws and regulations.

The Group makes contribution for endowment insurance, medical insurance, employment injury insurance, unemployment insurance, maternity insurance and housing provident fund for its employees in the PRC according to the provisions of the Social Insurance Laws of the PRC ( 中華人民共和國社會保險法 ) and the Regulations on the Administration of Housing Fund ( 住房公積金條例 ) and makes contributions to the social insurance fund for all full time employees in the PRC in accordance with the relevant provisions and local social insurance contribution policies in the PRC. For Hong Kong employees, the Group makes contributions to the Mandatory Provident Fund pursuant to the laws of Hong Kong. For Macau employee, the Group makes contributions to the Fundo de Seguranca Social pursuant to the laws of Macau. The Group constantly reviews the compensation policy to ensure that employees' remuneration is in line with the commensurate market level and employees are fairly and equally paid.

The Group also actively protects and maintains employees' rights and interests, with a strong emphasis placed on enhancing their sense of belonging and improving their benefits on an ongoing basis. The Group provides its employees with effective communication channels. Management will attend regular cross-department operation meetings to understand opinions from different parties. Update on employee activities will also be announced through the office bulletin board. The Group adopts an open-minded attitude and encourages its employees to voice out and make suggestions with a view to offering a better working environment for the employees.

Leave arrangement, allowance and benefits of employees are offered according to relevant laws and regulations, and relevant policies of the Group. The Group is committed to fostering the work-life balance of its employees and enhancing their sense of belonging. The Group has organised various activities from time to time, including tours, excursion and outdoor team training to help employees to enhance interaction and to develop team spirit.

During the reporting period, the Group did not discover any material violation of employment and labour related regulations.

### 6.1.1 Employee profile

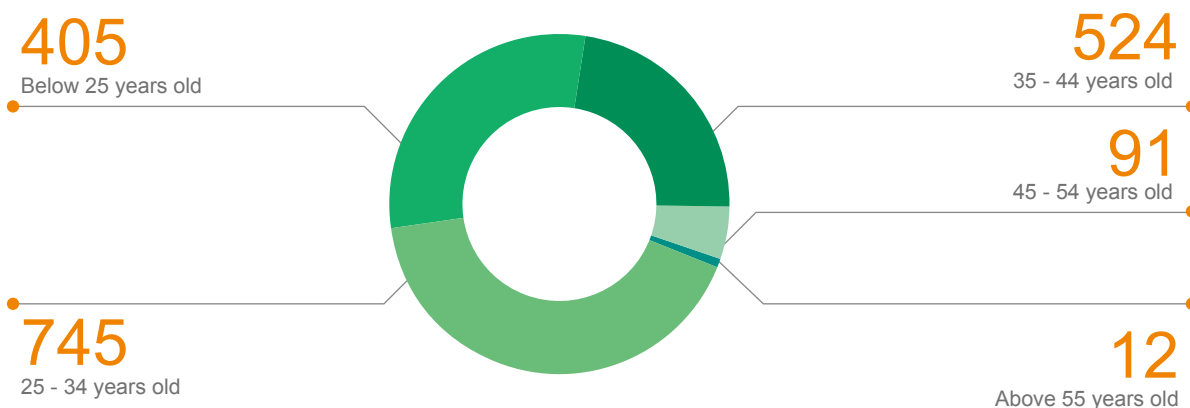
The Group understands and recognises the benefits of having a diversified staff structure and regards it as one of the important elements in sustaining a long-term competitive advantage of the Group. A multicultural company should be comprised of employees with different gender, age, skills, ethnic, educational background and experience, in order to achieve the most appropriate structure and balance.

As at 31 December 2019, the Group had 1,777 employees. The male and female ratio was about 39:61 and the Group has a relatively young workforce.

The distribution of gender, age, employment mode and location of employees for the CRMS and IM business of the Group as at 31 December 2019 were as follows:



#### By Age Level



#### By Employment Mode



#### By Location



### 6.1.2 Employee turnover

The employee turnover rate refers to the percentage of employees who leave an organization during a certain period of time. It usually includes voluntary resignation, dismissals and retirements in the calculation. Employee turnover rates can vary widely across industries. During the reporting period, the Group's employee turnover rate was 11.7%. Most of the employees who left the Group were trainees and part-time employees of CRMS business and worked in Guangzhou.

In the event of employee resignation, a minimum notice period ranging from one to three months is required, depending on the employee's job grade. Due to operational requirements, middle and senior management are required to provide a notice period of two and three months respectively.

## 6.2 Health and Safety

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Ensuring the safety of everyone involved in the operation is crucial to the Group. The Group believes most of the accidents and injuries are preventable and the Group is driving a culture where safety is an integral part of its decision making across the Group. Therefore, the Group has implemented Occupational Health and Safety Management Standard Operating Protocol (職業健康安全管理運行控制程序) to safeguard the well-being of the employees, striving to provide them with a safe, healthy and protected working environment. The Group focuses on two areas to minimize health hazards.

- Occupational health management, including ergonomics in the workplace; and
- Work safety at call centres and offices, including fire protection measures.

China Elite has obtained OHSAS 18001 Occupational Health and Safety Management System certificate. It is a framework by helping positioning policies, procedures and controls necessary to offer the best working conditions possible, aligned with the best international practices.

The Group also offers safety education and training to all employees to enhance their awareness of safety and self-protection. In addition, the Group regularly monitors and evaluates the risks of occupational hazards at the operation sites. The air quality of workplace and other occupational hazards are also inspected by the admin department in order to prevent, control and eliminate occupational hazards and improve the working environment of the employees.

As business of the Group is labour intensive, to protect the employees from fire hazards, the Group has implemented Fire Safety Management System (消防安全管理制度) and The Use and Maintenance of Fire Equipment (消防器材的使用和維護) policies. Both the policies have outline framework and the procedure to manage and mitigate the fire hazards.

In addition, the Group has coordinated or organised mandatory fire safety training. Steps taken include fire drill and evacuation training with the local fire department. The fire drills let employees know:

- The fire risk of working in a call centre;
- The locations of fire alarm system installed;
- The equipment available in the facility to combat the fire;
- The method of using the equipment in case of fire; and
- The way to evacuate in an organised manner.

For the IM business located in the Hong Kong Central district, the Group offered staff flexible working hours and working from home practice to avoid travelling during peak hours and reduce travelling altogether under the COVID-19 pandemic and social unrest in Hong Kong.

During the reporting period, there was no work-related fatalities involving employees of the Group. The Group did not discover any material violation of occupational health and safety related laws and regulation.

## 6.3 Development and Training

To retain talents, the Group invests in extensive learning and development measures and helps its employees grow in line with their respective tasks. The learning plans cover the skills required for upcoming tasks, tailored on-the-job measures, and the development wishes and preferences of the particular employee. This strengthens their sense of responsibility and willingness to learn, and ensures that employees continue to learn something new at every stage of their development.

### 6.3.1 Job specific training

For the CRMS business, its strong customer orientation requires competent employees to provide professional service. The Group therefore regularly trains its employees with regard to the products and services of its customers. The more these employees know, the more confident and self-reliant they are when dealing with the customers, and the higher the quality of services they can provide. For employees provide high degree of expertise such as technical support call, as these technologies are changing fast, it is important for the Group's employee to be constantly up-to-date. The Group's training courses therefore focus on customer communication, product knowledge, process expertise and sales training.

For the IM business, to maintain service quality and make proper disclosures to our customers when conducting its regulated business, its employees attend continuous professional training which includes attending seminars, conferences and workshops to keep them informed of the latest trends in the industry and provide them with necessary professional knowledge. The Group also provides in-house compliance training to keep them up-to-date with the latest development and best practices in conducting regulated activities. Topics covered sales skills, investment restrictions, insider dealing, AML, market manipulation, counter-terrorism financing, project management and coaching etc.



### 6.3.2 Students and school leavers

The Group's CRMS business takes great importance to trainees and initial vocational training. The Group trains young people to meet its future needs and offers them a successful start to their professional lives. The Group currently offers trainees positions in the call centres, including call specialist, IT support, administrative clerk and office management assistant. The Group offers school students the opportunity to be familiar with the company and different professions during the short internship periods.

### 6.3.3 Vocational training

In addition to the Group's internal training, employees of the CRMS business are encouraged to take up the corporate continuous online education provided by the prestigious local universities (企業大學網絡教育報考). The courses offered include computer science, information technology, telecommunications, accounting, business administration and etc. The Group will sponsor partial of the course fee.



After two and a half years of hard work, colleagues enrolled in South China Normal University in the fall of 2016 finally received their diplomas in the spring of 2019. On 27 February, 2019, Director of the Vocational Training of the University held a graduation ceremony for the students. 14 graduates attended the graduation ceremony.

### 6.3.4 Training hours

During the reporting period, the Group's employees had an average of 86 training hours.

### 6.3.5 Work-life balance

To promote a better work-life balance and create a community spirit among employees, the HR continued to organise a variety of staff activities in 2019. Some highlights include:



◀ Colleagues of CRMS business recorded company song, "Running" in May 2019.

▶ Colleagues participated in Chinese calligraphy event to celebrate Chinese New Year.



▶ The 5th "Flying Cup" Badminton Competition was held in June 2019 at the Lujing Bay Sports and Leisure Club.



▶ In order to assist employees achieving overall wellness and fit in the company culture, regular gatherings were organised for them to achieve a balance between their work and life.



## 6.4 Labour Standard

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The Group fully recognises that child labour and forced labour violate fundamental human rights and international labour conventions, and pose a threat to sustainable social and economic development. So the Group prohibits child labour and carries out examination of applicants' actual age during recruitment process, including checking the original ID card. The Group only implements the requirements of standard labour contract and will not limit the employment relationship between employees and the Group in any illegal or unfair ways.

The Group's recruitment and utilization standards are implemented in strict compliance with the relevant requirement of the Labour Law of the PRC, the Employment Ordinance of Hong Kong and the Labour Relations Laws of Macau.

During the reporting period, the Group did not discover any material violations of labour related laws and regulations.

## 7. Social - Operating Practices

### 7.1 Supply Chain Management

The Group assesses suppliers and business partners with a focus on price, quality and their business practice standards. The Group has outlined its supply chain expectations in its Supplier Code of Conduct, which serves as a guide to manage the ethical standard of suppliers. The Supplier Code applies to all third party suppliers of products or services.

During the reporting period, the Group engaged 36 principal suppliers. 22 and 14 suppliers are located in the PRC and Hong Kong respectively. The Group's main areas of spending include electronics, network equipment and office supplies as well as the procurement of services.

Electronic and network equipment include IT hardware (computers, servers, headset) and network components (chipset, cables). These items are mainly used by call specialists to provide CRM services and used by the Research and Development department, our employees, and even provided directly to the customer. The office supply includes paper, ink cartridge, furniture as well as other office amenities. The Group engaged in various suppliers for provision of information system management, operation supportive services and industrial researches.

To continuously strengthen the management of the Group's supply chain, the Group has developed guidelines for selecting suppliers. In addition to the price, the Group also assesses suppliers according to the following conditions: response time, quality of product and service, information security, reputation, availability of local support, business continuity, anti-corruption and the capability of supplying.

### 7.2 Product Responsibility

#### 7.2.1 CRMS business

The Group understands and resolves customers' problems at minimum cost to customers. The Group places a heavy emphasis on the quality of services it provides as it helps generate customer loyalty. The Group aspires to maintain high levels of service quality by considering customer needs and interests throughout its operations.

The Group is proud to offer services to more than hundred of clients: well-established customers that are leaders in sectors like telecommunications, banking and finances, healthcare, food and beverage. The Group cares for its clients' needs in an efficient and effective way. It is a priority to address their needs in a personalized way and through several technological innovations, like carried out customer service, sales management and technical support through several voices and digital channels (SMS, email, chats, social media).

The Group continuously reviews and updates its communications with customers to ensure the Group is providing customers with the latest information clearly. The Groups takes seriously its commitment to keep customer informed about services provided. To prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of services provided in the course of trade. All the front line sales employees are required to abide by the trade description requirement ( 商品條例說明 ) by signing off the agreement before starting the work.

During the reporting period, the Group complied with relevant laws and regulations relating to health and safety, advertising labelling and privacy matters relating to its services.

## 7.2.2 IM business

The Group provides investment advisory and investment management services to its clients. The Group follows a disciplined investment process with the objective of delivering long-term capital growth to our clients.

ESG assessments are embedded throughout our investment and operation process. The Group has an independent risk function to monitor the risk and performance of each investment portfolio to ensure they follow their respective investment mandate.

To archive growth of assets, each phase of management is critical. To initiate investment ideas, the Group has developed algorithms to identify investment opportunities using big data and proprietary ideas. Our systems screen and rate stock ideas using various factors, including quality, value, momentum and ESG. We deploy a number of ESG rating data providers for use in our algorithms and combined with manually analysis to identify ESG risks and as well as opportunities. The Group has taken the view that the redeployment of capital to emerging industries such as wind and solar means there will be new industrial leaders. Many companies across non-energy sectors will also enjoy opportunities brought about the changing social and environmental trends. Our investment team is constantly on the lookout for companies that are ahead of the curve when it comes to adopting and capitalizing on these new and critical ESG trends. Using both human and artificial intelligence, investment managers systematically collect and analyze ideas to construct portfolios.

The Group operates a variety of strategies and investment targets including Greater China long and short position fund, Greater China long only position fund, global macro, global healthcare industry stocks and bonds. Professional traders and operation team follow stringent control in daily execution and performance. Experienced officers monitor and execute risk management mechanism of each investment portfolio to ensure staff follow their respective investment mandate. Our investment staff are licensed by the Securities and Futures Commission (SFC) of Hong Kong and we adhere to the Fund Manager Code of Conduct and other relevant regulations in conducting the activities.

The Group has written operating and compliance procedures which all the IM staff has to comply with in conducting their business. These policies and procedures cover different aspect of investment management, including investment research, portfolio management, portfolio executions, operations, fund accounting, proper segregation of duties, ethic conducts and regulatory compliance. All employees attest annually in writing that they read and understand the requirements and will adhere to them.

Each of our licensed personnel have to meet the continuing professional training by attend relevant courses and seminars to meet the minimum number of hours required by the SFC annually to stay being licensed. The Group also provides in-house compliance training to keep our staff up-to-date with the latest industry and development and best practices in conducting regulated activities.

The Group has strict confidentiality measures for data protection, including investor information and trading information of our clients. To avoid and minimize risk of data leakage, disclosure of information limit to need-to-know basis under strict access policy. All client information is kept by dedicated personnel.

The Group promotes investor education, it held activities including strategic reports, thematic roadshow etc and . It also has formulated standards for IM marketing practices, which include the principles of true, clear and accurate information on investment styles and philosophies, which specifies that:

- employees must not, either by their action or statements, seek to mislead the market or customers; and
- when providing financial services to a customer, appropriate action shall be taken to ensure that the customer received information that is necessary.

During the reporting period, the Group did not find any irregular cases related to investment products and services.

### 7.2.3 Customer satisfaction and services complaint handling

A positive CRMS experience and smooth, trouble-free processes are prerequisites for the satisfaction of the Group's customers. The Group regularly measures the extent to which the needs and desires of its customers are fulfilled with the aid of various metrics. In addition to customer surveys, the Group conducts regular analyses of posts and feedback from customers regarding the CRM services provided by the Group.

Customer satisfaction is primarily managed by the dedicated team of the Group. Measures are then implemented by cross-departmental teams. Regular reporting to the management guarantees effective monitoring. For supportive type CRM services, the Group ensures fast in response to customer inquiries via clear responsibilities for the respective contact points.

The Group has also established complaint management process designed to identify and rectify any weaknesses. The complaint-handling mechanism is not only to collect feedback from unsatisfied customers but also to provide means for failure investigations and subsequent corrective and preventive actions. For customer complaints, it is dealt with promptly, courteously and in accordance with urgency and classification. CRMS business of the Group has set up processes to log and analyse all complaints and share with the operation team. All complaints will be resolved in a timely manner.

Delivering sustainable strategic service starts with an empathetic frontline - one that consists of service representative who can sense customers' problems and needs by putting themselves in their customers' shoes. In customer service interactions, this means feeling and anticipating a customer's distress, excitement, frustration or desires.

The challenge for the frontline employee, however, is that being in the client's shoes can be an exhausting mental task that must be repeated every few minutes. The Group's CRMS business need to reduce this stress by simplifying the job with scripts and controls to help representatives respond to customers consistently.

The Group's CRMS business centre uses a program called "Service from the Heart" as a way of identifying, collecting and sharing stories about the importance of providing empathetic service. Colleagues can nominate each other, and the best stories are shared each month via newsletter and team meetings.

For the IM business, we provide monthly newsletters to keep our clients informed about the investment environment and portfolio performance. Our investor relationship department maintains close connections with our clients and answers any queries and concerns that they might have. During the reporting period, no client complaints were received.

### 7.2.4 Intellectual property

The Group understands that intellectual property rights constitute a valuable company asset. We thus strive to both protect these rights and use them effectively.

The Group's intellectual property helps it outperform its competitors. The Group's intellectual property is a sales credential that differentiates the Group from the rest of the market and highlights to clients the significant investment the Group has made to create unique value that only the Group can offer. The Group protects, retains and leverages its ownership in the Group's intellectual property rights during negotiations and engagements with clients, suppliers and other parties. The Group does not allow any employee to use, distribute, copy or remove client materials from a client site, without a written agreement.

For the CRMS business, China Elite has been granted the copyright by the National Copyright Administration of the PRC ( 中國版權局 ) for CALLVU application software ( 盛華可視化客服軟件 ) and call centre EUC application software ( 盛華呼叫中心軟件 ).

The Group was not aware of any significant non-compliance or any violation of product liability related regulations during the reporting period.

### 7.2.5 Customer data privacy

The Group is committed to protecting personal data. It is also a prerequisite for its business activities. Customers of the Group are aware of dangers such as data abuse or lack of data security and have made data privacy a key factor for their choice of choosing our services. The Group's services therefore comply with the high data privacy standards established in the PRC, Hong Kong and Macau.

The Group aims to ensure data privacy throughout the Group and to anchor it in its systems and processes. The Group's compliance team monitors compliance with data privacy requirements. Data privacy is anchored throughout the Group with the aid of the following instruments:

- Prevention via employee training - The Group aims to ensure that every employee plays an active role in protecting data against loss or unauthorized access. The Group therefore trains employees personally on data privacy regulations. In 2019, the Group held a variety of training sessions on data privacy and information security.
- Data Privacy and Information Security Guideline - The Group has a comprehensive Information Security Management policy ( 信息安全管理制度 ) in place, where all employees are required to abide. The policy provides guidance for our people on the control validation in business process. The Group wants the data privacy deeply embedded in the operations.
- Management System Certification - The Group continues to strengthen the Client Data Protection program, which dictates how the Group protects the client's requirement. The Group has received ISO 27001 certification which is valid for three years and demonstrates that the Group is managing data safely and securely. The scope of the certification covers our client work from CRM project inception to completion as well as the Group's own business, including data, people, client's customer data and internal process.

Pursuant to contracts entered into between the Group and its customers and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486), the Group is obliged to keep all such data confidential. In the event that there is a breach of confidentiality by the Group and data is leaked to third parties, the subscribers may take legal action against the Group's customers for losses. In addition, the Group's customers may exercise their rights under the contract to terminate the contract and proceed to institute legal proceedings to claim damages for any loss sustained as a result of the Group's breach. Therefore, contracts with customers set out general terms on compensation over such circumstances to protect the interests of the Group.

During the reporting period, the Group did not discover any circumstance of consumers' personal data being stolen, altered, damaged or leaked.



## 7.2.6 Award and certification

The Group is committed to providing quality services. The Group has been awarded international certifications that support compliance for the most demanding standards in different operational aspects of the company.

These are some of the certifications that the Group's CRMS business received up to the year of 2019.

Certification	Description
ISO 9001	ISO 9001 is the international standard that specifies requirements for a quality management system. Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.
ISO 27001	ISO 27001 is an international standard regarding the information security management of a company. It is the main standard at the international level regarding information security.
ISO 14001	ISO 14001 standard demands the company to create an environmental management that includes environmental objectives and goals, policies and procedures to reach these goals, defined responsibilities, staff training activities, documentation and a system to control any changes and progress.
OHSAS 18001	OHSAS 18001 is a framework for an occupational safety and health management system. It contributes by helping positioning policies, procedures, and controls necessary to offer the best working conditions possible, aligned with the best international practices.
Business Licence for Cross-region Value-added Telecommunications Business	The licence is a recognition awarded by the Ministry of Industry and Information Technology of the PRC.
Capability Maturity Model Standard Certificate for Customer Centre	The certificate is a recognition awarded by CCM World Group.



## 7.3 Anti-Corruption

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The Group has a zero-tolerance approach to any form of corruption. The Group has carried out several measurements to prevent and address corruption cases in its subsidiaries. The Group's anti-corruption policy is included in its Code of Conduct and stated in the staff handbook with clear and concise guide. All employees must comply with the requirements as specified in the staff handbook. It is supported by training and communication program available to all employees.

Employees are required to comply with specific procedures and gain appropriate approval prior to giving and receiving corporate gifts and hospitality. The Group's risk-based approach extends to identifying high-risk suppliers and business partners. The Group's anti-corruption requirements cover suppliers through questions in the qualification process and terms in supplier contracts.

All business units have a responsibility to conduct regular risk assessment of their anti-procedures and implement remediating measures to mitigate risks.

IM business has established strict internal control system and related operational manual against money laundering. It carries out due care procedures in "know your client" procedures and identification of any suspicion in money laundering while making investment decision and operation. Group's guideline complies with various relevant applicable legislation and codes include: Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission; Anti-Money Laundering and Counter-Terrorist Financing Ordinance ("AMLO"), Guideline on Anti-Money Laundering and Counter-Financing of Terrorism.

The Group encourages employees to report known or suspected misconduct under the Group's Code of Conduct. Employees can report directly to the assigned compliance officers or escalate the matter to the senior management. They can also report anonymously through a whistle-blower mechanism by mail, electronic mail or phone.

During the reporting period, the Group complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering. There was no confirmed incident or public legal case regarding corruption in relation to the Group.

## 8 Social - Community

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### 8.1 Community Investment

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The Group is keen to participate in charitable donation and philanthropic activities to nurture a robust relationship with the communities in which it operates. Despite the absence of an explicit policy in this regard, the Group supports employees' participation in volunteer services for good causes. Employees frequently participate in various types of voluntary services including being a voluntary helper in street to provide guidance and crowd control at community events. The Group also sponsors its employees to take part in different activities organized by the local community.

The Group supports local youth employment program. It works with local colleges and offers intern position for their graduates.

The Group contributes its core expertise and knowledge of its employees to projects and programs aiming at enhancing digital literacy skills in the community. The Group has provided trainings to school leavers on how to use various IT technologies to improve their job skills.

Hong Kong Stock Exchange ESG Reporting Guide Content Index		
Aspects	Section	Page
Environmental		
A1. Emissions	5.1	8 - 9
A2. Use of Resources	5.2	9 - 11
A3. The Environmental and Natural Resources	5.3	11
Social		
Employment and Labour Practices		
B1. Employment	6.1	12 - 14
B2. Health and Safety	6.2	14 - 15
B3. Development and Training	6.3	15 - 17
B4. Labour Standard	6.4	18
Operating Practices		
B5. Supply Chain Management	7.1	19
B6. Product Responsibility	7.2	19 - 23
B7. Anti-Corruption	7.3	24
Community		
B8. Community Investment	8.1	25

