



Dynasty Fine Wines Group Limited
王朝酒業集團有限公司

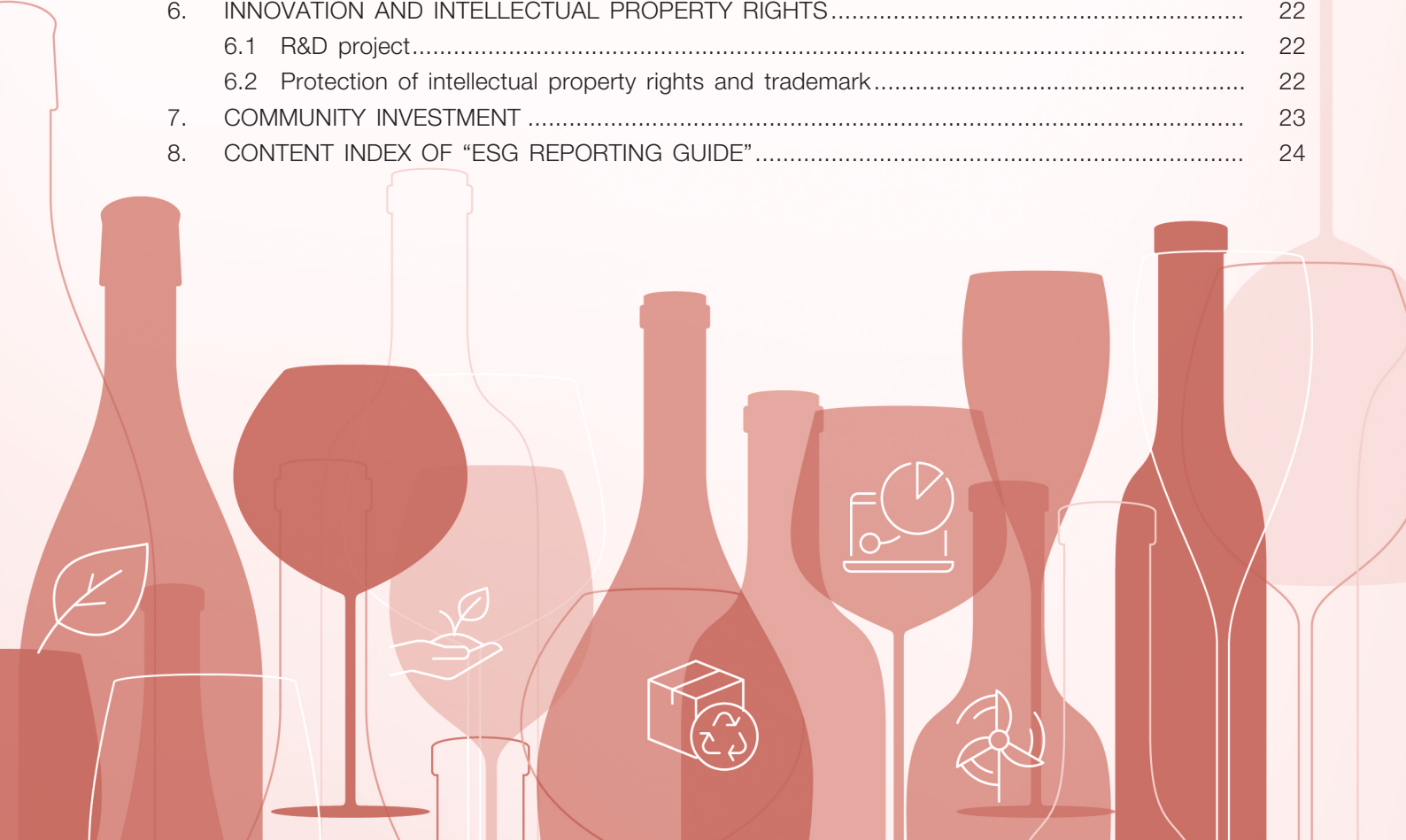
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 828

2019 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

CONTENTS

- 1. ABOUT THIS REPORT 2
 - 1.1 Introduction 2
 - 1.2 Reporting scope..... 2
 - 1.3 Reporting framework 2
 - 1.4 Contact us 2
- 2. ESG MANAGEMENT 3
 - 2.1 ESG management approach and structure 3
 - 2.2 Stakeholder engagement..... 3
 - 2.3 Assessment of materiality 5
- 3. ENVIRONMENT 6
 - 3.1 Emissions 6
 - 3.2 Use of resources 9
 - 3.3 Environment and natural resources 12
 - 3.4 Addressing climate change 12
- 4. EMPLOYMENT AND LABOUR PRACTICES 12
 - 4.1 Employment practices 12
 - 4.2 Health and safety 16
- 5. OPERATING PRACTICES 18
 - 5.1 Supply chain management 18
 - 5.2 Product quality management..... 18
 - 5.3 Customer service..... 20
 - 5.4 Business ethics 20
 - 5.5 Anti-corruption 21
- 6. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS 22
 - 6.1 R&D project..... 22
 - 6.2 Protection of intellectual property rights and trademark 22
- 7. COMMUNITY INVESTMENT 23
- 8. CONTENT INDEX OF “ESG REPORTING GUIDE” 24



Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Introduction

This Environmental, Social and Governance Report (the “Report”) summarizes the Environmental, Social and Governance (“ESG”) initiatives, plans, and performance of Dynasty Fine Wines Group Limited (the “Company”) and its subsidiaries (collectively, the “Group” or “we”) during the period from 1 January 2019 to 31 December 2019 (the “Year”), and demonstrates its commitments to sustainable development.

1.2 Reporting scope

This Report contains the policies and performance in respect of environment and society associated with the Group’s business in the production and sale of wines. The environmental policies and key performance indicators disclosed in this Report are mainly related to its wine production business, and cover its Sino-French Joint-Venture Dynasty Winery Ltd. (“Dynasty Tianjin”) in Tianjin, the People’s Republic of China (“PRC” or “Mainland China”). The scope of disclosure in the society aspect covers Dynasty Tianjin, Dynasty Fine Wines (Asia Pacific) Limited in Hong Kong, and the Hong Kong office. For information on corporate governance, please refer to the Corporate Governance Report set out in the Annual Report this Year of the Company.

Unless otherwise stated, the Group obtained the data of the ESG key performance indicators through its operational control mechanisms. The Group will continue to expand the scope of disclosure in the future after the Group’s data collection system becomes more mature and its work on sustainable development is strengthened.

1.3 Reporting framework

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). For the disclosure requirements and contents of the ESG Reporting Guide, please refer to 8. Content Index of this Report.

1.4 Contact us

For more detailed information of the Group’s environmental, social and corporate governance, please refer to the Group’s official website (http://www.dynasty-wines.com/en/inv_corporate.htm). We value the comments from our stakeholders. If you have any comments or suggestions on this Report or the overall sustainability of the Group, please feel free to contact us at esg@dynasty-wines.com.

Environmental, Social and Governance Report

2. ESG MANAGEMENT

2.1 ESG management approach and structure

The Group upholds a sustainable ESG management approach, and understands that a sound management approach can bring about long-term returns to stakeholders and the Group, and therefore it is one of the core components of its business strategy.

To effectively implement and review the ESG management approach, the Group has formulated an ESG management structure. The Board of Directors of the Group is responsible for the management of ESG, crafting the strategic direction of ESG and ensuring the effectiveness of the ESG risk control and internal control mechanism. Meanwhile, the Group has formed an ESG working group comprising the backbone members of different departments, which takes charge of the ESG data collection and inspection and evaluation of performance on environment, health and safety, labour standards, product liability etc., and reports the results to the Board of Directors in an effort to enhance and improve ESG governance performance of the Group.

2.2 Stakeholder engagement

The Group believes that engagement and opinions of stakeholders are important parts of sustainability. We stress on maintaining close contact with stakeholders. By establishing different channels for communication, we understand and respond to the expectations and requirements of stakeholders, and thus formulating and implementing strategies for improvement, in a way that the Group's business practices can meet the expectations of stakeholders. The expectations and requirements of various stakeholders for the Group and our corresponding communication and response methods are set out below.

Stakeholder	Expectations and Requirements	Communication and Response Methods
Government and regulatory bodies	<ul style="list-style-type: none">• Pay taxes according to law• Safe production	<ul style="list-style-type: none">• Regular communications with regulatory bodies• Inspection and supervision• Pay taxes on initiative
Board of Directors	<ul style="list-style-type: none">• Compliant operation	<ul style="list-style-type: none">• Board meetings• Routine communication and reporting
Shareholders, institutional and individual investors	<ul style="list-style-type: none">• Compliant operation• Transparent information and efficient communication	<ul style="list-style-type: none">• Announcements and circulars of the Company
Suppliers	<ul style="list-style-type: none">• Product quality• Fair competition• Performance of contracts	<ul style="list-style-type: none">• Regular assessment• On-site inspection• Exchange of views and visits

Environmental, Social and Governance Report

Stakeholder	Expectations and Requirements	Communication and Response Methods
Customers	<ul style="list-style-type: none"> • Quality products and services • Performance of contracts 	<ul style="list-style-type: none"> • Customer Service Center and Hotline • Customer satisfaction survey • Telephone and face-to-face meetings • Customer activities • Following visits
Environment	<ul style="list-style-type: none"> • Emissions in line with standards • Energy saving and emission reduction 	<ul style="list-style-type: none"> • Exchanges with local environment departments • Communications with local residents • Submission of report
The industry	<ul style="list-style-type: none"> • Formulating standards for the industry • Promoting the development of the industry 	<ul style="list-style-type: none"> • Participating in the forums of the industry • Inspection and reciprocal visits
Employees	<ul style="list-style-type: none"> • Health and Safety • Remuneration and benefits • Humanistic care 	<ul style="list-style-type: none"> • Routine communication and reporting • Regular appraisal of performance • Trainings and workshops
Communities and the public	<ul style="list-style-type: none"> • Promoting the development of communities • Openness and transparency of information • Compliant operation 	<ul style="list-style-type: none"> • The website of the Company • Announcements of the Company • Interviews with media
The media	<ul style="list-style-type: none"> • Compliant operation • Upholding the business ethics 	<ul style="list-style-type: none"> • The website of the Company • Press release • Announcements of the Company
Non-governmental organizations	<ul style="list-style-type: none"> • Promoting the development of communities 	<ul style="list-style-type: none"> • The website of the Company • Announcements of the Company

Environmental, Social and Governance Report

2.3 Assessment of materiality

Thanks to the participation of the employees of various key functions in the preparation of this Report, the Group was able to review its operations and initially identify potential important ESG issues as far as internal stakeholders were concerned. By conducting a questionnaire, the Group collected the opinions of various departments and business units on potential ESG issues.

The following table sets out the major ESG issues for the internal stakeholders of the Group during the Year:

ESG Indicator	Major ESG Issues	Page
A. Environment		
Aspect A1: Emissions	Environmental Compliance	6
	Exhaust Gas Management	6
	Vehicles Emissions Management	7
	Wastewater Management	8
	Waste Management	8
B. Society		
Aspect B1 : Employment	Employment Compliance	12
	Diversity and Equal Opportunity	15
Aspect B2 : Health and Safety	Occupational Health and Safety	16
Aspect B4 : Labour Standards	Prevention of Child Labour and Forced Labour	14
Aspect B5 : Supply Chain Management	Operational Compliance	18
	Management of Environmental Risks of the Supply Chain	18
	Management of Social Risks of the Supply Chain	18
	Purchasing Practices	18
Aspect B6 : Product Responsibility	Quality Management	18
	Customer Health and Safety	18
	Responsible Marketing and Promotion	21
	Intellectual Property Rights Protection	22
	Data Security	20
Aspect B7 : Anti-corruption	Customer Privacy Protection	20
	Anti-corruption	21

During the Year, the Group has established appropriate and effective management policies and monitoring systems concerning ESG matters, and has confirmed that the information disclosed in this Report meets the ESG Reporting Guide.

Environmental, Social and Governance Report

3. ENVIRONMENT

3.1 Emissions

The Group has upheld the concept of sustainability in the course of business and strived to reduce the impact on the environment during its production process. We strictly abide by relevant laws and regulations on environmental protection, including but not limited to “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution” (《中華人民共和國大氣污染防治法》), “Water Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國水污染防治法》) and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢物污染環境防治法》).

The Group has always implemented the approach of “sound system, cherishing resources, treating the Earth well and sustainable development”. Therefore, the Group has set control procedures for identification and evaluation of environmental factors to identify exhaust gas, wastewater and waste discharged during the operation, and has established environmental protection responsibility system to control and reduce the hazards to the environment generated during operation. The Group was awarded the ISO14001 Environmental Management System and Hazard Analysis and Critical Control Point (“HACCP”) certificate. We endeavor to manage various types of emissions generated during production to ensure relevant statutory requirements are satisfied. The Group actively assumes the corporate social responsibility as we have been exploiting ways of operation with less harmful impact on the environment, and thinking highly of positive environmental management to do our utmost to protect the environment.

The Group strictly complied with the environmental laws and regulations of the PRC related to wine business during the Year, and did not record any emissions-related violations.

i. Exhaust gas emissions

The Group’s exhaust gas generated by the business in the PRC mainly generated from routine use of motor vehicles. To effectively control and reduce emissions from the use of motor vehicles, the Group takes the following emission-reduction measures:

- Make full use of the seating capacity of vehicles to carry maximum number of passengers in the minimum times of ride; and
- Provide maintenance and inspection of vehicles on a regular basis.

The Group’s performance of vehicle exhaust gas emissions is summarized as follows:

Vehicle exhaust gas	Unit	2019	2018
Nitrogen oxides (NOx)	kg	406.94	374.51
Sulphur oxides (SOx)	kg	0.63	0.62
Particulate matter (PM)	kg	33.07	36.67

Environmental, Social and Governance Report

The Group uses natural gas as the fuel of the boiler in the production process, which produces no substantial air pollutants during the combustion process given the fuel characteristics of natural gas. In addition, the Group strictly complies with the “Emission Standard of Air Pollutants for Boiler” (DB12-151-2016) (《鍋爐大氣污染物排放標準》(DB12-151-2016)) of Tianjin. In summer, the Group maintains the independent operation of gas-supply production equipment. In winter, the heating system is operated together with the gas-supply production equipment to save energy. Meanwhile, the Group engages qualified third-party testing agencies regularly to test the emissions of its boilers to ensure compliance with emission standards.

ii. GHG Emissions

The Group’s GHG mainly include (i) direct emissions from regular burning of fuels during production, routine fuel consumption by vehicles and use of refrigerant, and (ii) indirect emissions of energy from purchased electricity and heating.

The GHG emissions performance of the Group is summarized as follows:

GHG	Unit	2019 ¹	2018 ²
Total GHG emissions	tCO ₂ e	6,101	8,409
Scope 1 — Direct emissions	tCO ₂ e	2,037 ³	5,103
Scope 2 — Indirect energy emissions	tCO ₂ e	4,064	3,306
GHG emissions intensity ⁴	tCO ₂ e/m ²	0.05	0.05

¹ There are changes in references applied in this section as the Group reviewed its methods of data collection and calculation during the Year. During the Year, references applied by the Group include, but are not limited to, “How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs” issued by the Hong Kong Stock Exchange, “The Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (Trial)” and “Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises in China (Trial)” issued by the National Development and Reform Commission of the PRC, and “Grid Baseline Emission Factor for China of Emission Reduction Project of 2017” issued by the Ministry of Ecology and Environment of the PRC.

² GHG emissions data in 2018 are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “Grid Baseline Emission Factor for China of Emission Reduction Project of 2017” issued by the Ministry of Ecology and Environment of the PRC, “How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs” issued by the Hong Kong Stock Exchange, “Global Warming Potential Values” from the IPCC Fifth Assessment Report, “Greenhouse Gas Inventory Guidance: Index Calculation and Effect Factor Study of Regional Transport Carbon Emission” published by Journal of Beijing University of Technology and “Provincial GHG-Inventory-Preparation-Guide” of the PRC.

³ There is a decrease in GHG emissions as the replacement of refrigerant were reduced during the Year on account of the fact that the Group’s equipment were well maintained.

⁴ The aggregate site area of the Group in this Year is 114,819 m², and the aggregate site area in 2018 was 184,500 m².

Environmental, Social and Governance Report

iii. Wastewater Treatment

The wastewater of the Group comes from the production sewage and the domestic sewage, among which the production sewage comprises the wastewater from washing the production workshop equipment, filling and cleansing bottles, boiler blowdown, water purification, etc. The domestic sewage comes from the office building, canteens, lavatories, etc. Domestic sewage is disposed through the grease trap and septic tank, and then treated at the sewage treatment station together with the production sewage. During the Year, the Group generated 75,154 tonnes of production sewage and domestic sewage in total. The Group regularly engages third-party institutions to conduct sewage testing, and its sewage discharge standards are determined according to the Tianjin's "Integrated Wastewater Discharge Standard" (DB12/356-2018) (《污水綜合排放標準》(DB12/356-2018)). During the Year, the results of the Group's wastewater testing met the statutory requirements.

In order to effectively enhance the monitoring and management of wastewater, the Group completed the construction of automatic monitoring facilities for sources of pollution at the master wastewater outlet during the Year and successfully got connected with the monitoring center of the environmental protection authority. The Group's water pollution monitoring data will be transmitted through the Internet to the environmental protection authority for real-time monitoring, ensuring the Group's discharge of wastewater is in compliance with requirements.

iv. Waste Management

The Group takes a classification-based approach to the management of non-hazardous and hazardous waste generated in the course of business operation. Non-hazardous wastes generated by us include wine lees and general waste, waste paper, glass and plastic. In the process from processing grapes to winemaking, we will produce wastes such as grape stems, grape seeds and grape residue. The de-stemmed grapes are pressed and crushed. The grape residue, including grape skins and grape seeds, precipitates and forms wine lees and are brewed with the wine liquid to help enhance the taste of the wine. Through classification, we will recycle and reuse recyclable waste to reduce the impact on the environment, while non-recyclable waste will be transported to government landfill for disposal.

For hazardous wastes, we will effectively manage and process it in accordance with relevant laws and regulations including but not limited to "National Hazardous Waste Inventory" (《國家危險廢物名錄》) and "The Measures for Administration of Joint Disposal of Hazardous Wastes" (《危險廢物轉移聯單管理辦法》) to minimize the risk of causing hazards to the environment. The hazardous waste generated by the Group during operation includes waste electronic components, lamps, light bulbs, ink cartridges, printers and monitors. We engage qualified hazardous waste transportation companies and processing units to collect and process the hazardous wastes.

Environmental, Social and Governance Report

The data of wastes generated by the Group are as follows:

Waste	Unit	2019	2018
Total non-hazardous waste	Tonnes	131 ⁵	41 ⁶
Non-hazardous waste intensity	Tonnes/tonne of production output	0.016	0.005
Total hazardous waste	kg	135	65 ⁷
Hazardous waste intensity	kg/tonne of production output	0.017	0.007

3.2 Use of resources

As energy, water resources and packaging materials are essential to the production of the Group, the Group attaches importance to resource management and use. We comply with the “Law of the People’s Republic of China on Energy Conservation” and other laws and regulations concerning energy and resources conservation, and actively promote the effective use of resources to reduce the impact on the environment while maintaining the quality of production. The Group is highly aware of the overall energy consumption. Therefore, it has established and implemented regulations related to energy management, clarifying the rules of use of various energy and the responsibilities of various departments. Meanwhile, we established a monitoring team to monitor the potential impact of business operation on the environment on a real time basis, and supervise and inspect the energy use by production systems and non-production systems.

i. Energy Management

The Group’s energy consumption includes (i) direct energy consumption, such as natural gas, gasoline and diesel, and (ii) indirect energy consumption, including electricity and heating purchased from third parties. The Group actively implements the concept of energy saving and emission reduction, and energy consumption of production equipment were reduced through maintenance and innovation of production equipment, possible arrangements for production plans to reduce equipment downtime and other measures. The Group adopts low-impact lighting systems. The Group has installed energy-saving transformers for the filling line transformer room and high-efficiency metal halide lamps and energy-efficient lights to reduce power consumption. For the purpose of effective monitoring of electricity consumption, the Group will record and compare monthly electricity consumption and natural gas consumption to monitor and analyze energy consumption, understand the effectiveness of the energy-saving measures implemented, and make timely adjustments. In addition to reducing the use of power in the production process, the Group also develops the following measures for daily operations to reduce energy consumption:

- Use daylight as much as possible and set up independently controlled lighting switches by area;

⁵ There is an increase in total non-hazardous waste as the Group started recording waste paper, glass and plastic generated during the Year.

⁶ Non-hazardous wastes generated in 2018 included 27 tonnes of wine lees, representing approximately 0.0031 tonnes/tonne of production output; 12 tonnes of general wastes, representing approximately 0.0014 tonnes/tonne of production output; and 1.8 tonnes of waste paper, representing approximately 0.0002 tonnes/tonne of production output.

⁷ The total amount of hazardous wastes generated in 2018 were 65 kg of waste electronic components (HW49 other wastes).

Environmental, Social and Governance Report

- Allow employees to wear light attires to reduce the use of air conditioner in the hot weather and on Fridays;
- Prioritize the purchase of electronic equipment with energy efficiency labels;
- Apply video conferences to replace non-essential business trips; and
- Choose direct flight for inevitable business travels.

In addition, the Group also encourages employees to develop the habit of saving electricity, and lists the requirements for the use of electronic equipment and electricity in the employee management rules, so as to work together with the Group to cultivate a thrifty and frugal atmosphere and reduce unnecessary energy consumption and reduce burden on the environment. In order to achieve the goal of saving electricity and using electricity efficiently, the Group promotes and educates its employees on emission-reduction measures to enhance their sense of environmental responsibility through different media channels such as email, posters and intranet, and encourages them to:

- Turn off the lighting equipment when leaving, and follow the rule of readily turning off the lights in an unoccupied area;
- Keep an average temperature of 27 degrees Celsius in summer and 20 degrees Celsius in winter and reduce excessive use of air conditioning and heating; and
- Turn off electrical appliances and equipment that are not necessary to use in order to save electricity during standby time.

The Group's energy consumption performance is summarized as follows:

Type of Energy	Unit	2019 ⁸	2018
Direct energy consumption			
Natural gas	MWh	5,107	5,836 ⁹
Gasoline	MWh	174	191 ¹⁰
Diesel	MWh	247	212 ¹¹
Indirect energy consumption			
Electricity	MWh	4,198	4,637 ¹²
Total energy consumption	MWh	9,726	10,876
Energy consumption density	MWh/tonne of production output	1.21	1.23

⁸ As the Group reviewed its methods of data collection and calculation during the Year, natural gas consumption is based on "The Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (Trial)" issued by the National Development and Reform Commission of the PRC, and gasoline and diesel consumption are based on the Energy Statistics Manual from the International Energy Agency.

⁹ The natural gas consumption in 2018 was 544,000 m³, and is converted into 5,836,361.57 kWh using the energy conversion calculators provided by U.S. Energy Information Administration.

¹⁰ The gasoline consumption in 2018 was 20,500 litres, and is converted into 190,991.08 kWh using the energy conversion calculators provided by U.S. Energy Information Administration.

¹¹ The diesel consumption in 2018 was 19,900 litres, and is converted into 211,666.88 kWh using the energy conversion calculators provided by U.S. Energy Information Administration.

¹² Electricity intensity for the year 2018 was 615.02 kWh/tonne of production output.

Environmental, Social and Governance Report

ii. Water Management

The use of water resources of the Group includes water for production and for domestic use. In order to prevent the wine from contamination, all the glass bottles used are required to undergo washing procedures before wine bottling. The Group procures glass bottles with high-hygienic standards and washes them under high pressure to reduce the amount of water used in the cleansing process. The Group strictly implements the annual consumption of groundwater as approved by the Tianjin Water Conservation Office. The actual consumption cannot exceed the planned targets.

The Group's water consumption performance is summarized as follows:

Water Resources	Unit	2019	2018
Total water consumption	m ³	110,882	108,600
Intensity of water consumption	m ³ /tonne of production output	13.81	12.31

During the Year, the Group implemented a series of water-saving and energy-saving programs, such as "Pure Water Production Equipment Renovation Program" and "Program for the Increased Use of the U.S. Gamajet Cleaning Nozzles" to reduce water for production use. In order to reduce water for daily domestic use, the Group regularly checks the water readings, identifies hidden leaking pipes and repairs them immediately when found, and uses double flush toilets. Based on our production model and the geographical location of plants and offices, we have no difficulty in sourcing water that is fit for purpose.

iii. Use of Packaging Materials

The Group mainly produces wine products, and the main packaging materials include cartons and paper products and glass wine bottles. During the Year, the Group improved the production conveyor and increased the spacing of glass wine bottles to reduce damage to glass wine bottles due to collisions, thereby reducing unnecessary consumption of packaging materials.

The Group's performance on the consumption and intensity of packaging materials is summarized as follows:

Packaging Materials	Unit	2019	2018
Consumption of packaging materials	Tonnes	7,120	7,870
Cartons and paper products	Tonnes	932	450 ¹³
Glass wine bottles	Tonnes	6,188	7,420 ¹⁴
Intensity of consumption of packaging materials	Tonnes/tonne of production output	0.89	0.89

¹³ The intensity of cartons and paper products for the year 2018 were 0.05 tonnes/tonne of production output.

¹⁴ The intensity of glass wine bottles for the year 2018 was 0.84 tonnes/tonne of production output.

Environmental, Social and Governance Report

3.3 Environment and natural resources

In response to increasingly stringent policies on environmental protection, the Group is committed to strengthening environmental management to reduce its impact on the environment and natural resources. The Group integrates the concept of environmental and natural resource protection into its internal management and daily operational activities, and strives to ensure that the treatment of waste gas, wastewater and solid wastes is compliant with relevant laws and regulations, and reduce the impact on the surrounding environment and natural resources.

In addition to complying with relevant laws and regulations, the Group also strives to reduce its environmental impact in other aspects. For example, the bottle corks used by the Group is made of dead outer layer of bark, which will not affect the trees' continued growth and at the same time reduce white pollution. While improving production efficiency, the Group actively reduces its impact on the environment, including reasonably arranging production plans and reforming equipment with lower utilization efficiency in the filling process. The Group also implements the following environmental protection measures in the office:

- Reuse envelopes, folders, file cards and other stationeries;
- Use recyclable toner;
- Assess the usage of materials to prevent excessive stock;
- Use projector to display meeting materials and avoid copying;
- Apply electronic communication software for notification to reduce the use of paper for notification documents; and
- Adopt e-approval instead of in paper form.

3.4 Addressing climate change

In recent years, climate change has become a major global issue, and the severity of extreme weather conditions arising from climate change is also on the rise, which has brought negative impacts to many companies. The Group pays close attention to climate change and related incidents, and strives to reduce GHG emissions to slow down the climate change.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment practices

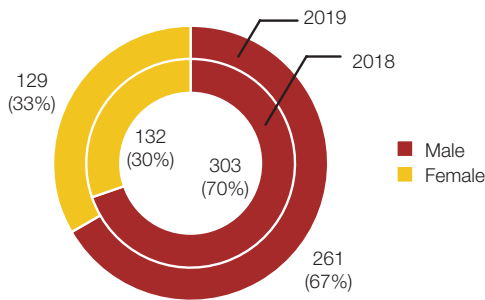
The Group regards its employees as its most valuable assets and the core of its competitive advantage. The Group maintains its advantage in human resources by recruiting new employees, developing and retaining staff to support good corporate development. We adhere to the principle of people-oriented, standardize the employment management of labour, and actively protect the occupational health and safety of employees to respect and protect the legitimate rights and interests of each employee.

Environmental, Social and Governance Report

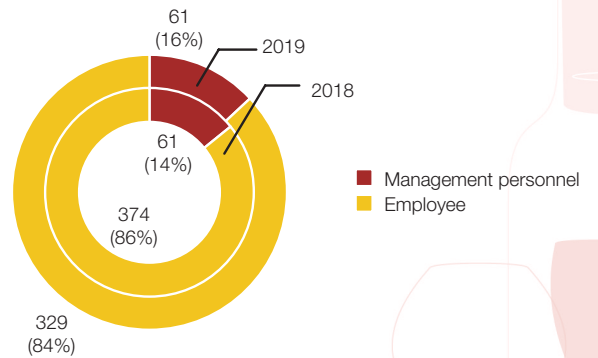
The Group has strictly complied with the labour-related laws and regulations such as the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labour Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》), “The Regulations on the Administration of Labour and Employment in Tianjin” (《天津市勞動就業管理條例》), and Hong Kong legislations, including the “Employment Ordinance” (《僱傭條例》) and “Minimum Wage Ordinance” (《最低工資條例》). The Group has established employee management systems and employment contracts in accordance with local employment laws and regulations and provides various benefits to its employees. During the Year, the Group was not aware of any material non-compliance with laws and regulations governing human resources.

As of 31 December 2019, the Group had a total of 390 employees (2018: 435) and all of them are full-time employees, whose distribution by gender, function, age group and geographical location is as follows:

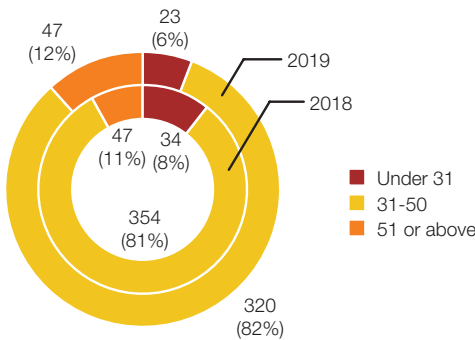
Employees by gender



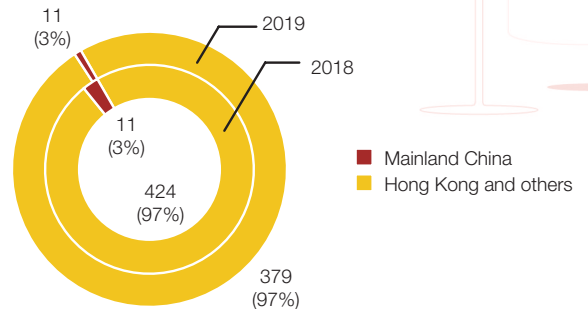
Employees by functions



Employees by age group



Employees by region



i. Talent selection

The Group strives to recruit and retain high quality staff to ensure the smooth development of the business. For that purpose, we follow an internal recruitment and promotion process to identify suitable candidates for each position. In order to improve recruitment efficiency, the Group formulates human resource plans in accordance with the needs of its corporate development strategies and production and operation objectives. The human resources department will arrange for the recruitment of staff based on the needs of each department. The Group’s recruitment activities comprise internal promotion and external recruitment, and priority will be given to employees who meet the requirements for internal promotion. External recruiters are required to undergo screening and interviews to ensure that they have the required competencies for the positions.

Environmental, Social and Governance Report

ii. Labour standards

The Group values labour rights and strictly prohibits forced labour and child labour in compliance with regulations, including but not limited to the “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》) in the PRC and the “Employment of Children Regulations” (《僱用兒童規例》) in Hong Kong. We require new hires to provide identification documents to confirm that they are of legal working age and to avoid the misuse of child labour. At the same time, to prevent forced labour, we also require relevant employee to sign an employment contract before onboarding, which sets out detailed information on the content of duties, location, working and rest time, salary, benefits etc..

The Group attaches great importance to maintaining a work-life balance of its employees. For example, we adopt a standard working hour system in Mainland China where employees work less than eight hours per day and five days a week. At the same time, the Group does not encourage working overtime. In order to reduce unnecessary overtime, employees who need to work overtime are required to submit an overtime application to the human resources department.

iii. Remuneration and benefits

The Group adheres to the principle of safeguarding the rights and interests of its employees and has established a standardized remuneration system. According to internal and external reference standards and employees’ abilities, experience and contributions, we will determine competitive salary for them. In addition to basic remuneration, the Group provides employees with overtime subsidies, performance incentives and bonuses for outstanding performance or special contributions to enhance employees’ motivation.

In accordance with the “Social Insurance Law of the People’s Republic of China” (《中華人民共和國社會保險法》), “Mandatory Provident Fund Schemes Ordinance” (《強制性公積金條例》) of Hong Kong and other relevant laws and regulations, the Group provides social security for its employees, including five social insurance and one housing fund (i.e. unemployment insurance, medical insurance, maternity insurance, work-related injury insurance, pension fund, housing provident fund), and engaged the employees in Hong Kong in the Mandatory Provident Fund Scheme. In addition, we also provide other benefits to our Chinese employees, including high temperature subsidy, heating subsidies and work uniforms. In addition to statutory holidays, employees are entitled to paid annual leave, family leave, bereavement leave, marriage leave, maternity leave and sick leave, etc.

During the Year, the Group was again awarded the “Good MPF Employer Award” (「積金好僱主」) by the Mandatory Provident Fund Schemes Authority in recognition of its efforts in fulfilling its legal obligations as an employer and providing better retirement benefits to its employees. This award represents a recognition of the Group’s commitment to protecting and enhancing its employee retirement benefits policy.

Environmental, Social and Governance Report

iv. Promotion, development and training

The Group has a clear management basis and process for the promotion, transfer and demotion of employees, as well as a standardized dismissal process to protect the interests of both employees and the enterprises. Any promotion or dismissal is based on legitimate grounds, and the Group prohibits any form of illegal or unlawful dismissal. By conducting regular performance appraisals, the Group is able to understand the performance of each employee and the result of such performance appraisals will be used as a reference for promotions. The Group also attaches importance to the development of the potential of its employees by providing them with transfer opportunities based on operational and management needs, their performance, knowledge, abilities and personal aspirations, with a view to achieving the goal of “making the best use of talent and matching their abilities with their jobs” and providing them with greater prospects for growth. Upon receiving the notice of resignation, the Group will interview the employee to find out the reason of resignation and terminate the employee’s contract, transfer social insurance and pay the balance of salary in accordance with regulatory requirements.

The Group provides pre-onboarding and on-the-job training to its employees to effectively enhance their quality and capability. The Group provides all new employees with pre-employment training, which includes training on the Company’s policies and job-related knowledge, to ensure that new employees have the required competencies for relevant positions and can adapt to the work quickly. Transferred employees are also required to undergo technical training to ensure that they are equipped with the skills required for their new positions. The Group also provides on-the-job training to its employees to enhance their job skills and management knowledge according to the needs of business and production development, and the training covers a wide range of areas, including food safety, quality control, production technology, etc. In addition to internal training, the Group organized a number of external training courses during the Year, such as vocational skills certification for sommeliers and winemakers, and provided funds for external training to enhance the professional competence of its staff.

v. Equal opportunity and anti-discrimination

The Group strictly abides with the “Special Rules on the Labour Protection of Female Employees” (《女職工勞動保護特別規定》) in China, the “Hong Kong Bill of Rights Ordinance” (《香港人權法案條例》) and relevant laws and regulations, and does not tolerate any acts of discrimination, harassment or abuse in the workplace. The Group adheres to the principle of equality, eliminates discrimination in the recruitment and operation process, to ensure that no employee is discriminated by reason of race, gender, age, ethnicity or religion and other factors, and all employees are entitled to fair treatment in every aspect including recruitment, salary, training, promotion, and with equal pay for equal work for men and women.

Environmental, Social and Governance Report

4.2 Health and safety

The health and safety of our employees is the foundation of the Group's operations. In view of this, the Group has established a safety policy of "safety first, prevention focus". The Group strictly complies with national and local laws and regulations relating to labour safety, including but not limited to the "Production Safety Law of the People's Republic of China" (《中華人民共和國安全生產法》), the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" (《中華人民共和國職業病防治法》), "Occupational Safety and Health Ordinance" (《職業安全及健康條例》) of Hong Kong and the Occupational Health and Safety Guidelines by the Labour Department of Hong Kong.

During the Year, the Group did not record any accidents that resulted in death or serious physical injury, and no claims or compensation were paid to its employees due to such accidents. No non-compliance with laws and regulations relevant to health and safety of employees were found. The total number of working days lost due to work-related injuries for all of the Group's employees was 269 days (2018: 475 days).

i. Production safety, investigation on potential hazards and emergency response system

In order to implement production safety in an effective and comprehensive manner, the Group has formulated a production safety responsibility system, under which representatives from different departments are appointed to form a production safety committee. The production safety committee is responsible for preparing emergency rescue plans for production safety accidents, organizing drills and exercises, conducting safety inspections, investigating hidden hazards and supervising rectification, reporting production accidents, setting annual production safety goals, and holding monthly production safety meetings to study and guide the safety production of all units and departments. The production safety responsibility system clearly defines the responsibilities of each employee or department concerned, and the production safety committee helps the Group to monitor the production safety and to allocate safety tasks to each department and unit so that all employees can work together to achieve production safety goals.

In order to systematically prevent production safety accidents, the Group has established a system of production safety inspection and investigation on potential hazards and management in accordance with the "Production Safety Law of the People's Republic of China" (《中華人民共和國安全生產法》), requiring management at all levels to investigate and manage potential hazards in all units and departments under their purview. The Group conducts a variety of inspections, including comprehensive, specialised, seasonal, holiday and daily inspections, as required by the system. All units and departments are also required to record, report and manage potential hazards in regular working days. With the cooperation of our staff at all levels, we are able to identify and manage potential safety hazards to reduce the occurrence of production accidents and ensure the safety of our employees.

Environmental, Social and Governance Report

In addition, the Group has prepared a comprehensive emergency response plan for production safety accidents in accordance with the “Emergency Response Law of the People’s Republic of China” (《中華人民共和國突發事件應對法》) and other relevant laws and regulations, so as to effectively respond to production safety accidents. The Group has put in place a well-developed emergency response system structure, and formulated response plans for various potential accidents, including hydrogen sulfide poisoning accidents, electric shock accidents, fire accidents and special equipment accidents, based on the identified sources of danger and the types of accidents and risks and hazards that may occur. The Group has also implemented emergency management, including the allocation of emergency command centres and on-site handling leading teams in the event of an accident, as well as directing rescue and aftermath work, in order to systematically respond to all kinds of accidents and minimise losses.

ii. Health management of employees

The Group has established a clear health management system for production line employees in order to understand their health conditions and prevent work-related injuries at the earliest possible time, and requires production line employees to undergo a health examination once a year and obtain a health certificate before performing their duties. In addition, the Group has formulated a management system for labour protection products according to the “Provisions on the Supervision and Administration of Labour Protection Articles” (《勞動防護用品監督管理規定》) in China, and provides employees with labour protection equipment with product certificates and instructions based on the need of their positions, for the purpose of protecting their health and safety.

iii. Education and training

The Group provides safety knowledge training to enhance employees’ knowledge on safety. New employees must qualify for the safety education before performing their duties, and the time spent on safety education should be no less than 24 hours. The training includes laws and regulations and standards related to safety production and occupational health, general safety and technical knowledge, production characteristics, accident cases, safety production and occupational health management rules and regulations, safety precautions, occupational health and occupational disease prevention, etc. At the same time, the Group provides safety training on the hazards that current employees may face at work. For example, the Group provided laboratory safety training to the quality inspection staff this year, including laboratory safety precautions, operation restrictions and techniques, emergency treatment of chemical reagent burns, reagent storage requirements and gas cylinder safety, etc., providing its staff with work-related safety knowledge to prevent and reduce the hazards caused by accidents. The Group also informs employees of safety inspections, statistics on occupational injuries and illnesses and other safety-related matters, and conducts rescue and fire escape drills on a regular basis in accordance with emergency plans to enhance employees’ safety awareness.

Environmental, Social and Governance Report

5. OPERATING PRACTICES

5.1 Supply chain management

Excellent supply chain management is an important part of the Group's efforts to produce high quality products. The Group has established a fair, transparent and systematic supplier selection process to improve product quality. During the Year, the Group was not aware of any non-compliance incident related to supply chain management.

The Group has established a supplier review system for systematic supply chain management. In selecting new suppliers, the Group will evaluate the performance of candidate suppliers in terms of production scale, production capacity, testing capability, quality management system, product quality certification and other factors. After the qualifications of the candidate suppliers are verified, we will make small purchases during the one-year inspection period to ensure product quality. The Group will also conduct an annual assessment of existing suppliers and score them on various aspects such as quality of supply, delivery time, price and services. Suppliers which are qualified will be included in the list of qualified suppliers, and those unqualified will be eliminated. At present, we have more than ten long-term major grape juice suppliers, mainly located in Tianjin, Hebei, Ningxia and Xinjiang. All suppliers that the Group cooperates with are in compliance with the Group's systems and requirements, and maintain good cooperative relationships. Furthermore, during the Year, the Group replaced imported parts with filling equipment parts produced by China to reduce the delivery period of purchased parts, which contributes to the reduction of environmental impact in the supply chain.

As raw materials are critical to product quality, the Group has developed different requirements for specific purchases in order to ensure the quality of raw materials. For materials having direct contact with wine, the Group has set stringent requirements on the factory inspection reports, packaging and transportation methods of suppliers, including the identification of raw materials with clear product name, expiry date, storage temperature, etc., and confirmation that the quality of raw materials can be properly maintained during storage and in the process of packaging. At the same time, to ensure that the supplier has conducted a satisfactory inspection, the Group will verify whether the supplier's calibration records of inspection, measuring and testing equipment are complete upon receipt of goods. The Group will also reject goods that do not meet the requirements under the non-conformity management system, and return goods or replace with satisfactory goods, as part of its efforts to ensure the quality of products.

5.2 Product quality management

As a wine producer, the Group's product will have direct effect on the health of its customers. Therefore, the Group attaches great importance to the quality of its products. The Group strictly complies with relevant laws and regulations, including but not limited to the "Food Safety Law of the People's Republic of China" (《中華人民共和國食品安全法》) and the "Food Safety Ordinance" (《食品安全條例》) of Hong Kong, and is committed to providing high quality, safe and hygienic products to its customers. In addition to monitoring the quality of the raw materials supplied by our suppliers, we have also established controls on product quality and food safety to manage the production process and safety of our products.

Environmental, Social and Governance Report

Under the product quality and food safety control program, each department has a certified food safety manager who is responsible for implementing measures on quality and food safety. Staff responsible for key positions in food safety related production, quality, skills and inspection must be qualified and receive regular food safety training. The Group has established a health management system for production line employees and requires them to undergo health check once a year. For the sake of food safety, if an employee is found to have a contagious disease or skin disease during a health screening, the employee will be reassigned to a post that does not involve contact with food production or other work that does not affect food safety.

The premises and equipment of product production and preservation are also an important part of efforts to ensure product quality. Different functional departments are responsible for different aspects of food safety management during procurement, transportation, preservation, etc. The Group has also established requirements and regulations for production sites and equipment, including the factory environment, warehouses, production equipment and facilities, cleaning and disinfection systems, etc., to ensure environmental hygiene and cleanliness and to avoid contamination of products. At the same time, the Group has established systems for raw and supplemental material control, process technology management, production hygiene management and production process control to ensure food safety from raw and supplemental materials to the production process. The production process of wine involves a number of steps. The Group monitors and inspects each step in the production process, and conducts tests in its in-house laboratory and entrusts qualified inspection agencies to carry out inspection, ensuring that the products comply with standards and regulatory requirements. The Group also carries out batch management of raw wines, products and materials at all stages of the production process to ensure effective product traceability. After the wine is made, the Group will carry out a thorough physical and chemical test, and only after all the indicators have been passed will the process of sterilization, filtering and bottle filling be commenced. For the packed finished wine, the Group arranges inspectors to perform visual inspections to ensure that the products meet the packaging requirements.

For the finished and bottled wines, the Group has established regulations for the storage and warehousing of the products to manage the quality of the finished products. The Group has standardized the management of the finished wine warehouse and formulated corresponding systems and requirements for the storage, transportation, entry and exit of finished wine to ensure the quality and safety of the finished wine. In order to manage our products systematically, we have set up comprehensive record requirements for our products and require our staff to keep records of the storage, transportation, entry and exit of finished wine. When the products are shipped out of the warehouse, the Group also requires its staff to keep electronic records of the products, recording information such as the production date, product name, batch number, quantity and inspection certificate number, which will facilitate quick reference in the future, meet the requirements of food safety traceability and ensure product safety. In addition, for the transportation and delivery of products, we provide transportation and sales personnel with guidelines for the transportation and delivery process to reduce the risk of product quality problems due to improper transportation or methods of delivery.

For raw materials, semi-finished products and products that do not meet the requirements in terms of packaging, storage, production methods and quality, the Group will issue a notice of non-conformity, and label and handle them. The quality control department will hold quality meetings from time to time to analyse the causes of non-conforming products, take corrective measures, and if necessary, revise relevant guideline documents and provide relevant training for employees to prevent the recurrence of related quality problems. At the same time, the Group

Environmental, Social and Governance Report

has assigned food safety officers and formed self-inspection teams in the production workshops of each department to conduct regular quality inspections to minimize the occurrence of quality problems.

In order to ensure product quality, the Group has established a return and replacement process for products that meet the return and replacement category and have completed the identification for return and replacement. The Group has also formulated an unsafe food recall management system in accordance with the “Administrative Measures for Food Recalls” (《食品召回管理辦法》) to safeguard the health and safety of its customers. The Group has set up a recall team, which is responsible for recalling unsafe food products that have come to the Group’s attention through self-inspection and self-examination, reports from the public, and notification from operators and supervisory authorities. During the recall process, the recall team will communicate, report or make announcements with the Group’s general manager, the district market supervisory authority or the State Administration for Market Regulation as necessary to properly and effectively conduct the recall.

During the Year, the Group did not receive any incidents of unsafe food related to the Group, nor were there any product recalls due to health and safety concerns.

5.3 Customer service

The Group attaches great importance to customer service and believes that feedbacks from customers forms part of the foundation for the Group to make improvement and progress. The Group collects customer complaints through distributors and customer service hotline, responds positively to them and makes improvements. The Group also has a product recall and traceability system to ensure product quality and customer safety.

The Group conducts an annual customer satisfaction survey to analyse the satisfaction of new customers and customers with high purchase volumes of our products. The Group will analyse complaints and comments from customers, suppliers and partners, and take appropriate measures to make improvements. The Group also attaches great importance to the sales approach of its products and will only select distributors with good marketing practices and reputation. The Group will also manage and monitor the performance of its distributors to ensure that customers receive quality service in the purchasing process.

5.4 Business ethics

The Group is committed to maintaining business ethics in its business operations, attaches importance to information management, privacy protection and product information requirements, strictly complies with relevant laws and regulations, strives to operate in a manner that does not harm the interests of others, and actively minimizes the risk of damage to the Group’s interests.

i. Information management and privacy protection

The Group strictly complies with relevant laws and regulations on privacy protection, including but not limited to the “Regulations of the People’s Republic of China for Safety Protection of Computer Information Systems” (《中華人民共和國計算機信息系統安全保護條例》) and the “Personal Data (Privacy) Ordinance” (《個人資料(私隱)條例》) of Hong Kong. The Group respects and is committed to safeguarding customer information and

Environmental, Social and Governance Report

will only use the information collected for the purpose for which the customer has given prior authorization. We have formulated a server and server room security management system to strengthen the security management of the server and ensure the safe and stable operation of the information system by standardizing information storage, data backup, maintenance and failure management. In addition, the Group has established a computer security management system to manage the use of employees' computers, including confidentiality and virus protection to reduce the risk of information leakage.

In order to protect customer information and trade secrets, the Group requires employees who come into contact with such information to sign a confidentiality agreement, undertaking to keep such information confidential during their employment and after leaving the Group. The customer data collected by the Group is confidential and only used by designated employees with authorization. Employees are prohibited to disclose confidential information without permission, and relevant employees who violate the rules will be demoted, transferred, paid reduced or suspended to enhance information protection.

ii. Advertising, labelling and sales

The Group strictly complies with the "Advertising Law of the People's Republic of China" (《中華人民共和國廣告法》), the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" (《中華人民共和國消費者權益保護法》), the "Trade Descriptions Ordinance" (《商品說明條例》) and the "Food and Drugs (Composition and Labelling) Regulations" (《食物及藥物(成分組合及標籤)規例》) of Hong Kong and other relevant laws and regulations in relation to food advertising and labelling. The Group avoids the use of inappropriate or exaggerated promotional techniques in the design of advertising content, and ensures that advertisements and product labels comply with the relevant legal requirements in the countries where they are sold in order to protect the interests of consumers. As for sales activities, the Group provided sales knowledge training to sales staff during the Year to prevent any irregularities in sales and promotions and to provide the best quality services to customers.

During the Year, the Group did not receive any illegal or non-compliant matter relating to advertising, labelling and sales activities.

5.5 Anti-corruption

The Group is committed to creating a clean corporate culture and attaches great importance to the fight against corruption and the promotion of probity. The Group adopts a zero-tolerance attitude towards the acts of corruption and bribery and strictly complies with relevant laws and regulations such as the "Criminal Law of the People's Republic of China" (《中華人民共和國刑法》), the "Anti-Unfair Competition Law of the People's Republic of China" (《中華人民共和國反不正當競爭法》) and the "Prevention of Bribery Ordinance" (《防止賄賂條例》) of Hong Kong, prohibiting any employee from engaging in acts of bribery, embezzlement or money laundering to prevent corruption and bribery. We will terminate the employment contract with any employee who is involved in bribes or corruption.

The Group has established the principle of avoidance, which prohibits the recruitment of immediate family members of middle-level and above employees, and prohibits middle-level and above employees from transferring their relatives to work within their own purview. Employees

Environmental, Social and Governance Report

who already have kinship are not allowed to work in the same position. For the purpose of reducing the risk of corruption, employees should also avoid any interest in business related entities. In addition, the Group's leaders and cadre-level employees are required to comply with the "Disciplinary Provisions of Nine Forbidden Behaviors for the Leaders and Cadres of the Food Group System" (《食品集團系統領導幹部廉潔從業『九不准』紀律規定》), which specifies the integrity requirements for managers, such as not using their positions to seek personal gain. The Group has established report mailbox, telephone call and email for employees to report in order to effectively prevent corruption. Employees who violate the disciplinary regulations will be dealt with by the Group in an organizational or disciplinary manner, while those suspected of violating the law and committing crimes will be transferred to the relevant authorities and may be subject to prosecution for their legal responsibilities in accordance with the law.

During the Year, the Group did not receive any lawsuit alleging corruption against the Group or its employees, nor was there any anti-corruption related irregularities involved or discovered.

6. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS

6.1 R&D project

The Group regards R&D and innovation as a significant part for maintaining its competitiveness, with commitments to developing new products, improving production techniques as well as R&D of production technology. During the Year, the Group developed Dynasty Air Dry Wine series, Dynasty Classic Wine series, Dynasty Jiuxiang Rose Liqueur series, and Dynasty Merlot Dry Red Wine series. In addition to the newly-developed products, the Group has improved the filling process and tested a variety of auxiliary materials to reduce production costs, and it also conducted the technical R&D and stockpiling on sweet white wine and Brandy series products to enhance product quality and meet market needs.

6.2 Protection of intellectual property rights and trademark

With continuous investment in R&D, the Group has developed a number of new technologies or device designs every year. With a view to maintaining our competitive position and safeguarding our interests, the Group applied to the China National Intellectual Property Administration (CNIPA) for patents in accordance with the "Patent Law of the People's Republic of China" and the "Patent Regulations" of Hong Kong. During the Year, the Group had 14 authorized patents in total, which mainly are new utility model patents such as grape growing, wine gift boxes and wine production devices, thereby contributing to the enhancement of the Group's product quality and production efficiency.

While safeguarding its own intellectual property rights, the Group will never infringe the copyright of the commodities of other individuals or other enterprises. The Group also values its own trademark protection and actively abides by relevant laws and regulations including but not limited to the "Trademark Law of the People's Republic of China" and the "Trade Marks Ordinance" of Hong Kong. When purchasing packaging materials, the Group will clearly set out in contracts the period and scope of the supplier's use of the Group's trademarks, to prevent from misapplication, therefore safeguarding the Group's interests.

Environmental, Social and Governance Report

7. COMMUNITY INVESTMENT

The Group proactively fulfils its corporate social responsibilities, while promoting economic development and caring a lot about the needs of special groups and communities in the society, so as to grow hand in hand with the community. The Group encourages employees to participate in various charitable activities and contribute to social development.

During the Year, the employees of the Group and Tianjin Beichen Xiaodian Xiuhe Garden (天津市北辰小淀秀河花园) launched a volunteer activity on the theme of “The Community and Dynasty Work together for Co-development”. Our employees cooperated with each other to carry out clean-up activities in the district, with a view to promoting the spirit of helping others with real actions, and conveying the concept of cooperation and common development.



The Group also launched a charitable book donation activity called “The Family-like Tianjin and Gansu Write a Chapter of Friendship” with Wencha Primary School in Laojunpo Town, Huining County, Gansu Province. The employees of the Group collected nearly 600 books related to humanities and social sciences, purchased new stationery and donated them together with the books to Wencha Primary School to enrich the educational resources of the school. This charitable book donation activity not only embodied the love and social responsibility of the employees of the Group, but also improved the learning conditions for local pupils and lent a helping hand in tackling poverty alleviation.



Environmental, Social and Governance Report

In addition to organizing and participating in voluntary and donation activities, the Group has also advocated the spirit of “Targeted Poverty Alleviation through Technologies”, and supported the poverty alleviation plan with its own winemaking technologies, and collaborated with Tianjin Food Group Trading Co., Ltd.* (天津食品集團商貿有限公司) and Lanzhou Jiuxiang Rose Biological Technology Co., Ltd.* (蘭州九香玫瑰生物科技股份有限公司) to jointly carry out R&D, production and market development of the Dynasty Jiuxiang Rose Liqueurs. The three parties made joint efforts to conduct the work such as packaging design, label inspection, wine design, process design and trial production of the Dynasty Jiuxiang Rose Liqueurs, successfully completed the production of the first batch of samples, and were unanimously affirmed by the participants at the poverty alleviation meeting in Qingyang City, Gansu Province. Rosa sertata x Rosa rugosa (苦水玫瑰), originated from Yongdeng County, Gansu Province, was used in this project as a raw material for production, which enhanced the specialty rose industry in Gansu, promoted the economic and sustainable development of Rosa sertata x Rosa rugosa industry in Yongdeng County, thereby contributing to the local poverty alleviation campaign.

8. CONTENT INDEX OF “ESG REPORTING GUIDE”

ESG Indicator	Reporting Guide	Section	Page
A. Environment			
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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment — Emissions	6
KPI A1.1	The types of emissions and respective emissions data.	Environment — Emissions	6
KPI A1.2	GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Emissions	6
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Emissions	6
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Emissions	6
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environment — Emissions	6
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environment — Emissions	6

* For identification purposes only

Environmental, Social and Governance Report

ESG Indicator	Reporting Guide	Section	Page
Aspect A2	Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Use of Resources	9
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environment – Use of Resources	9
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment – Use of Resources	9
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environment – Use of Resources	9
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environment – Use of Resources	9
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environment – Use of Resources	9
Aspect A3	The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's material impact on the environment and natural resources.	Environment – Environment and Natural Resources; Addressing Climate Change	12
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment – Environment and Natural Resources	12
B. Society			
Employment and Labour Practices			
Aspect B1	Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment – Employment Practices	12
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment – Employment Practices	12
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	No disclosure for the current year	–

Environmental, Social and Governance Report

ESG Indicator	Reporting Guide	Section	Page
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.	Employment – Health and Safety	16
KPI B2.1	Number and rate of work-related fatalities.	Employment – Health and Safety	16
KPI B2.2	Lost days due to work-related injury.	Employment – Health and Safety	16
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment – Health and Safety	16
Aspect B3	Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment – Employment Practices	12
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment – Employment Practices	12
KPI B3.2	The average training hours completed per employee by gender and employee category.	No disclosure for the current year	–
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.	Employment – Employment Practices	12
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment – Employment Practices	12
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No disclosure for the current year	–
Operating Practices			
Aspect B5	Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management	18
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management	18
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	Operating Practices – Supply Chain Management	18

Environmental, Social and Governance Report

ESG Indicator	Reporting Guide	Section	Page
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.	Operating Practices – Customer Service; Business Ethics	20
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Quality Management; Customer Service	18; 20
KPI B6.2	Number of complaints received related to products and services and how they are dealt with.	No disclosure for the current year	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation and Property Rights – R&D Project; Protection of Intellectual Property Rights and Trademark	22
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Product Quality Management	18
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Business Ethics	20
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.	Operating Practices – Anti-corruption	21
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices – Anti-corruption	21
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operating Practices – Anti-corruption	21

Environmental, Social and Governance Report

ESG Indicator	Reporting Guide	Section	Page
Community			
Aspect B8	Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	23
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	23
KPI B8.2	Resources contributed (e.g. money and time) to the focus area.	No disclosure for the current year	—