



Feiyang International Holdings Group Limited

飛揚國際控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1901



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# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### Purpose of the Report

Feiyang International Holdings Group Limited ("**Feiyang**" or the "**Company**"), and its subsidiaries (collectively the "**Group**" or "**We**"), are pleased to publish its second Environmental, Social and Governance ("**ESG**") Report (the "**Report**"), which sets forth in details the Group's policies and performance in promoting sustainable development, enabling readers to understand our commitment to sustainable development. For corporate governance section, please refer to the section headed "Corporate Governance Report" in the Group's 2020 Annual Report.

### Scope of the Report

This Report covers the period from 1 January 2020 to 31 December 2020 (the "**Reporting Period**"). Unless otherwise stated, this Report covers the Group's major businesses, including (i) design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) sales of free independent traveller products ("**FIT Products**") which mainly include provision of air tickets and/or hotel accommodation; and (iii) provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers.

### Reporting Standard

In preparing this Report, we have strictly complied with the applicable disclosure requirements of the "ESG Reporting Guide" (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

### Statement of the Board

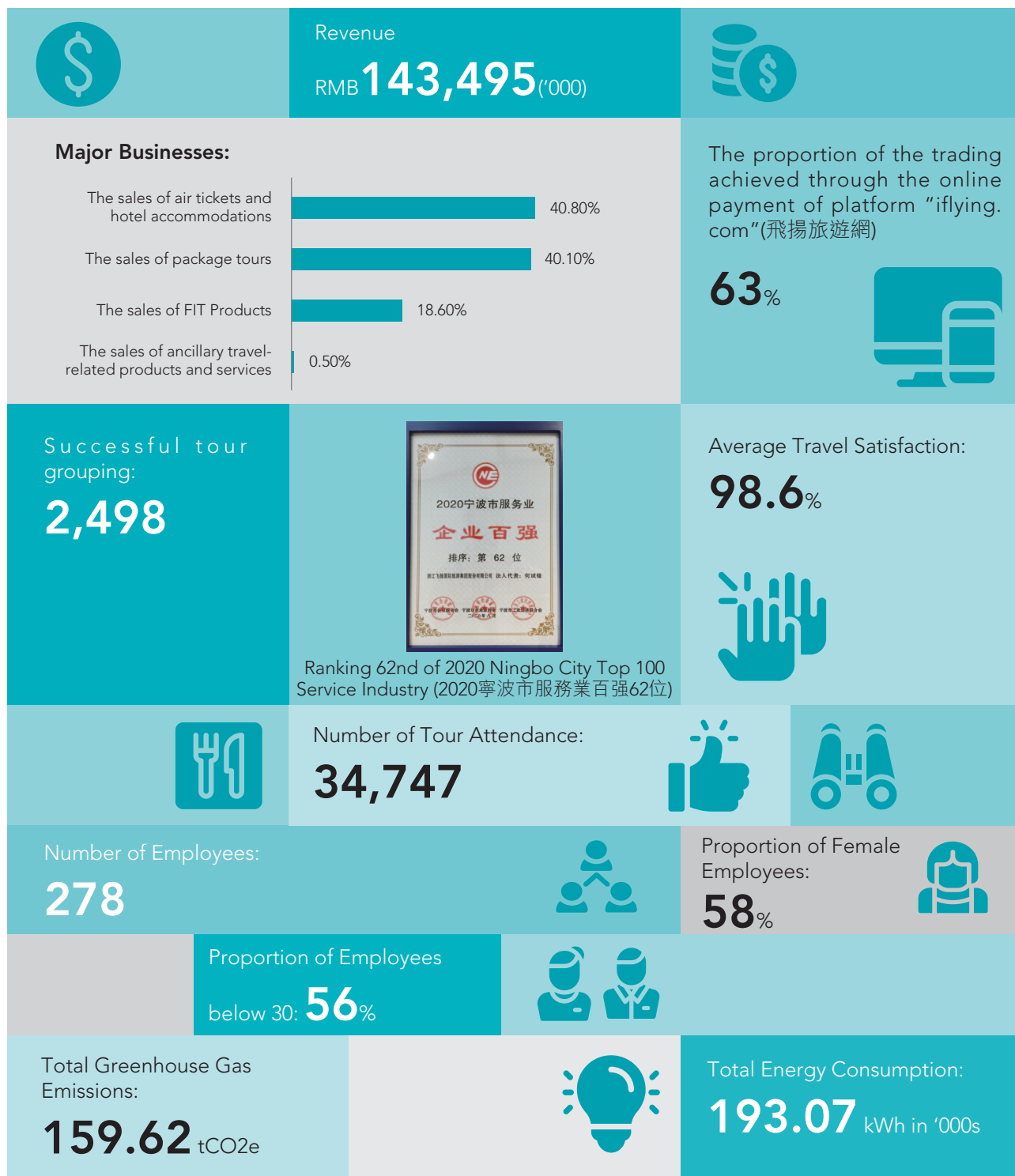
The board of directors of the Company (the "**Board**") acknowledges that it has overall responsibility for the Group's ESG strategy, and reporting and for evaluating and determining the Group's ESG-related risks. On the basis of confirmation provided by the management to the Board and through ongoing discussions between the Board and the management, the management has confirmed to the Board, and the Board believes that the Group has in place appropriate and effective ESG risk management and internal control systems.

### Feedback

We welcome any comments and suggestions on this Report and our sustainability performance. Please feel free to send your comments through the following channel. Please contact us by email at [fygd@feiyang.cn](mailto:fygd@feiyang.cn).

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2020 SUSTAINABILITY PRIORITIES



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

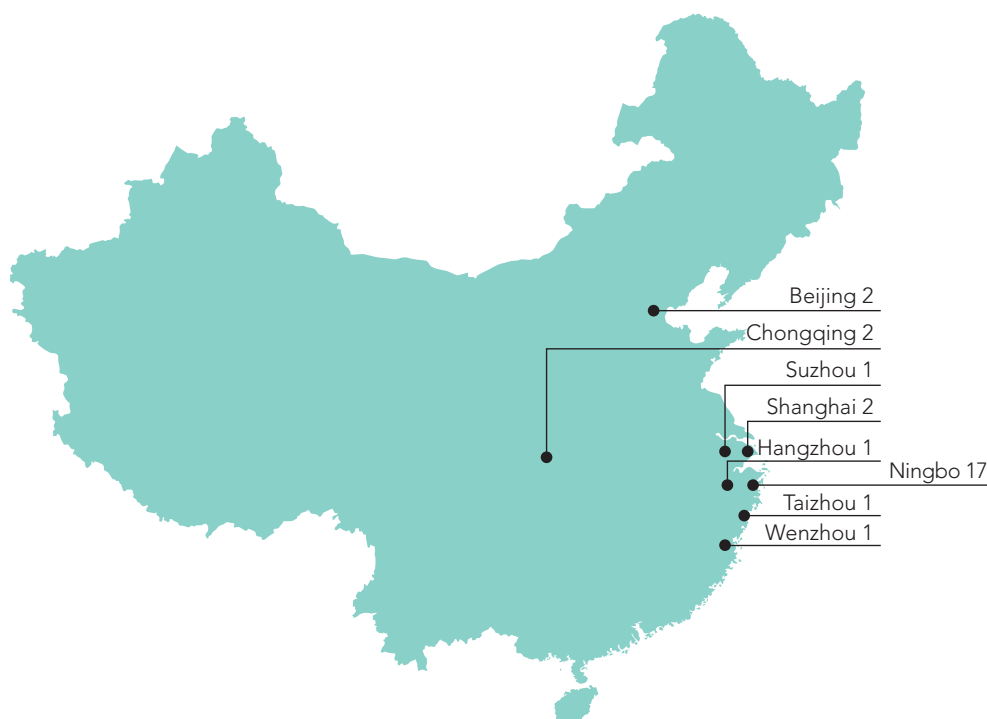
## ABOUT THE GROUP

The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the People's Republic of China ("PRC"). The Group is principally engaged in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) sales of FIT Products; and (iii) provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers.

The Group's package tours can be classified into (i) traditional package tours, which are group tours with standardised itineraries; and (ii) tailor-made tours, which are group tours with non-standardised itineraries and provide freedom for customers to select their preferred mode of transportations, hotels and tourist attractions. FIT Products mainly include air tickets, hotel accommodation and a combination of both. As the Group render services as an agent, whereby the Group is only responsible for arranging the booking of FIT Products with no control obtained over the services quality performed by airline operators, hotel operators and other travel agencies.

We mainly promote our products and services through our sales department and various other channels such as social networks, magazines and marketing events. Our tourism square has an operating area of over 5,700 square meters and a spacious hall as our headquarters in Ningbo, Zhejiang Province, as well as a venue for our promotional events and pre-travel briefing sessions with our customers. It also serves as an effective marketing tool for us to serve our customers. Customers can visit our iflying.com "飛揚旅遊網" to obtain information of travel products and services, and consult with our customer service staff online at any time.

As of 31 December 2020, we operated 27 points of sales (including tourism square, retail branches and sales offices) in 8 cities in the PRC.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SUSTAINABILITY STRATEGIES

Adhering to the corporate mission of “Making Life Journey Better”, the Group has created long-term value for the community while generating returns for shareholders through the development and management of high-quality travel services. As a responsible corporate citizen, the Group is committed to operating its business in a sustainable manner. The Group believes that the creation of long-term value depends on the sustainable development of the corporate business, supply chain and the communities in which the projects are located. The Group has formulated sustainable development related policies and create long-term value for stakeholders through four dimensions, namely Quality Service, Caring for Employees, Green Office and Community Investment.



## SUSTAINABILITY GOVERNANCE

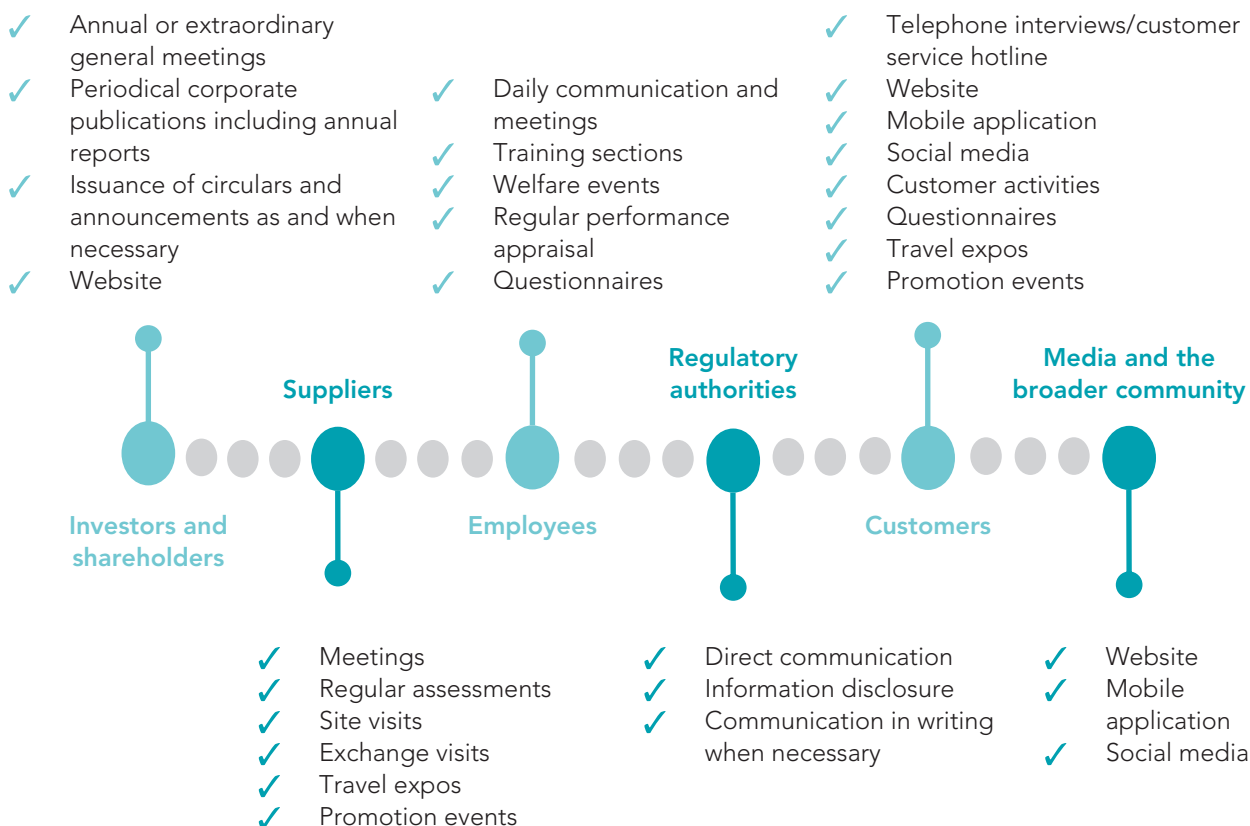
The Group is committed to improving its ESG systems on a regular basis and integrating sustainable governance into the Group’s overall planning and daily operations through clarifying the division of responsibilities. The Board is responsible for evaluating and managing material ESG issues and assumes the ultimate responsibility for the ESG work. The Board is also responsible for overseeing our risk management, which includes risks related to ESG issues, and the risk management mechanism can assist the Group to evaluate and minimise the risks that may hinder the achievement of our business objectives. For details of our risk management approaches, please refer to the Corporate Governance Report section. The Board identified the ESG issues relating to the Group with the assistance of third-party consultants based on their understanding and knowledge of the Company and the industry, and determine the priority of these issues annually by conducting online survey for the stakeholder materiality assessment with the assistance of a third party consultants, so as to select the important issues to the Group considered by both internal and external stakeholders for targeted management and disclosure.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

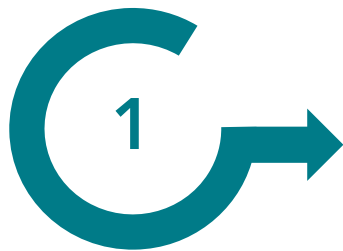
Our stakeholders are both internal and external interest groups and we are always in close communication and contact with them through various channels:

Our key stakeholders and communication channels:



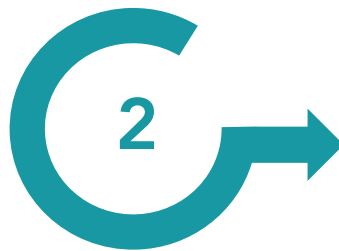
# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY ASSESSMENT ANALYSIS PROCEDURES



### ASSESSMENT

In the process of making materiality assessment, we mainly refer to the ESG Reporting Guide issued by the Hong Kong Stock Exchange to identify material issues related to the Group and make relevant disclosures in this Report.



### DETERMINE THE PRIORITY

Through a set of diverse approaches, including inviting our stakeholders to participate in online surveys on the materiality of sustainable development issues and to give advices on the Group's sustainable development policies. The results of the communication with stakeholders are consolidated and materiality matrix is prepared to define the overall materiality of each issue.



### ANALYSE ASSESSMENT RESULTS

The conclusions of step 1 and step 2 are submitted to the senior management of the Group for discussion and assessment of material issues in this Report.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Assessment

In order to understand the concerns of our key stakeholders and identify material issues of the Group, we engaged an independent third party to conduct an online survey, to undergo stakeholder engagement activities during the Reporting Period, so as to identify material issues of the Group. Based upon our existing and previous outcomes of stakeholder communication activities, industry trends and the ESG Reporting Guide of the Hong Kong Stock Exchange, we have identified 27 ESG issues applicable to the Group. During the materiality assessment process, we invited internal and external stakeholders to rank the 27 issues through online survey questionnaires. We summarised the outcomes of the stakeholder surveys and developed a materiality matrix based on the analysis outcomes. The materiality matrix can reflect the real concerns of our stakeholders on ESG issues accurately, and the analysis outcomes are used as references for the Group's strategic planning and risk management assessment and serve as the basis for preparing this Report.

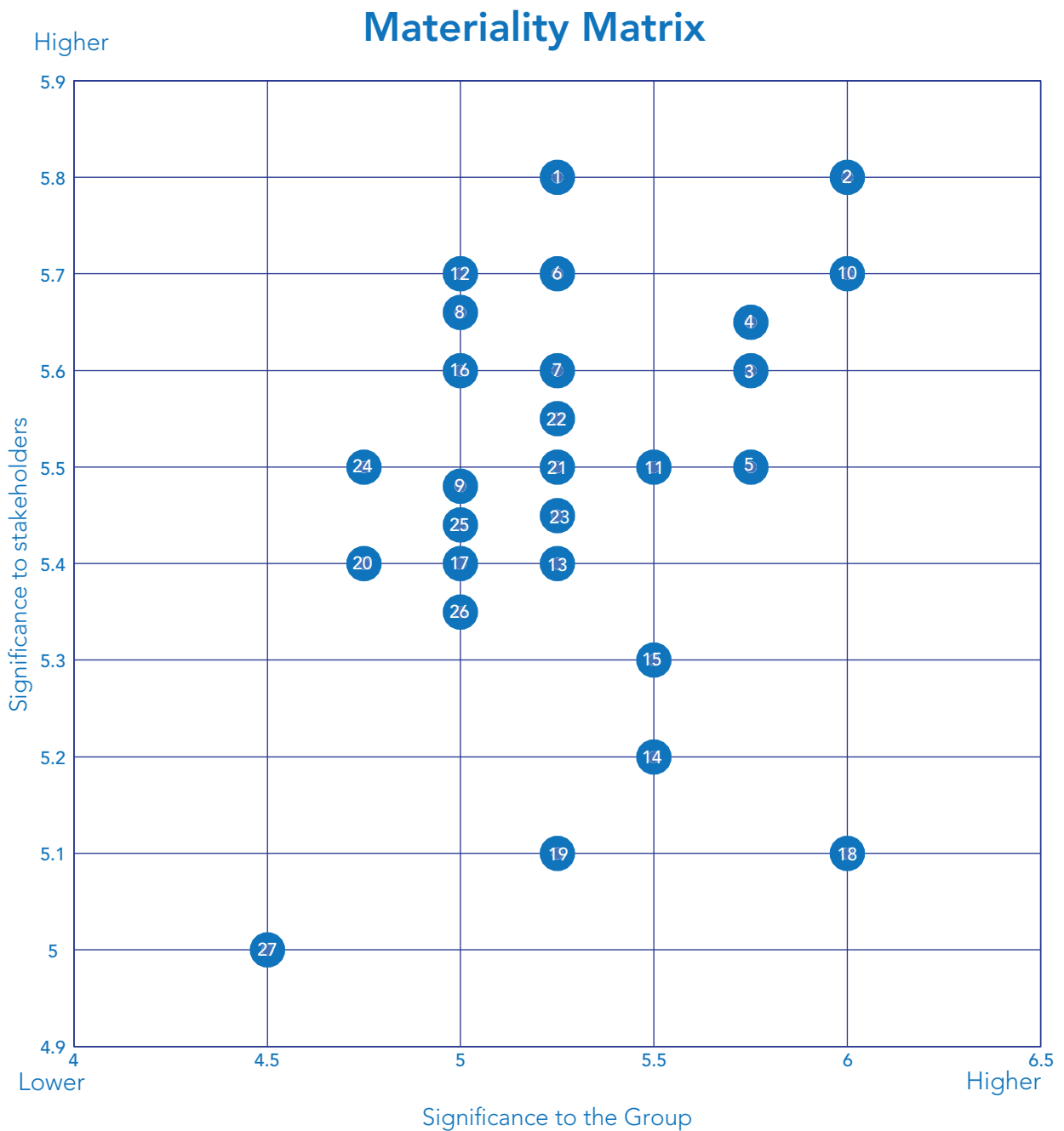
The following sets out the 27 issues related to the Group:

Products and Services	Operating Practices	Work Environment Practice
<input type="checkbox"/> (1) Product and Service Compliance <input type="checkbox"/> (2) Product and Service Quality <input type="checkbox"/> (3) Service Stability and Incidence Response <input type="checkbox"/> (4) Customer Communication and Satisfaction <input type="checkbox"/> (5) Complaint Handling <input type="checkbox"/> (6) User Privacy and Data Security <input type="checkbox"/> (7) Internet Information Security <input type="checkbox"/> (8) Intellectual Property Protection <input type="checkbox"/> (9) Technology Research and Development	<input type="checkbox"/> (10) Supplier Review <input type="checkbox"/> (11) Sustainability and Social Responsibility of Suppliers <input type="checkbox"/> (12) Anti-corruption (including bribery, extortion, fraud and money laundering)	<input type="checkbox"/> (13) Workplace Diversity, Anti-discrimination and Equal Opportunity <input type="checkbox"/> (14) Occupational Safety and Health <input type="checkbox"/> (15) Staff Training and Development <input type="checkbox"/> (16) Prevention of Child and Forced Labour <input type="checkbox"/> (17) Employment Relationship and Communication with Employees <input type="checkbox"/> (18) Talent Attraction and Employee Retention <input type="checkbox"/> (19) Employee Benefits
Environmental Protection and Green Operations	Community Contribution	
<input type="checkbox"/> (20) Greenhouse Gas and Air Emission <input type="checkbox"/> (21) Waste Disposal and Management <input type="checkbox"/> (22) Electricity and Water Conservation <input type="checkbox"/> (23) Sustainable Use of Other Resources <input type="checkbox"/> (24) Green Procurement <input type="checkbox"/> (25) Publicity and Promotion of Environmental Protection	<input type="checkbox"/> (26) Charity Activities Participation <input type="checkbox"/> (27) Charity Donation	

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Determine the priority

In order to assist us to identify the material sustainability issues relating to the business, we proactively collected opinions from various stakeholders when preparing this report, and prioritised 27 issues in two dimensions (namely "significance to the Group" and "significance to stakeholders") as followed. The following materiality matrix is presented based on the outcomes of the survey questionnaires, and it clearly shows the issues of greatest concern to stakeholders and areas that require more of our attention in future development.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. Analyse Assessment Results

Through the above materiality assessment, we have identified the following 13 issues as our material issues on sustainable development. In the future, we will continue to review our sustainability policies with a focus on the above identified material issues. Meanwhile, below material issues also are explained in details under the corresponding chapters in this report.

Material issues	Corresponding chapter/module
① Product and Service Compliance	▶ Our Commitment to the Public
② Product and Service Quality	▶ Our Commitment to the Public
③ Service Stability and Incidence Response	▶ Our Commitment to the Public — Safe Tourism
④ Customer Communication and Satisfaction	▶ Our Commitment to the Public — On-going Assessment
⑤ Complaint Handling	▶ Our Commitment to the Public — On-going Assessment
⑥ User Privacy and Data Security	▶ Our Commitment to the Public — Protection of Consumer Information
⑦ Internet Information Security	▶ Our Commitment to the Public — Protection of Consumer Information
⑧ Supplier Review	▶ Supplier Management
⑨ Sustainability and Social Responsibility of Suppliers	▶ Supplier Management
⑩ Workplace Diversity, Anti-discrimination and Equal Opportunity	▶ Our Commitment to the Staff — Talent Attraction
⑪ Waste Disposal and Management	▶ Our Commitment to the Environment
⑫ Electricity and Water Conservation	▶ Our Commitment to the Environment
⑬ Sustainable Use of Other Resources	▶ Our Commitment to the Environment

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OUR COMMITMENT TO THE PUBLIC

In 2020, the raging COVID-19 has undoubtedly had an unprecedented impact on tourism industry. As one of the leading players in the industry, the Group's business operations have been severely interrupted due to travel restrictions imposed by China and other countries in the world. Nevertheless, the Group is committed to continuing our corporate social responsibility and strives to provide customers with the highest-quality standard of products and services, and brings sustainable revenue growth to the shareholders. In respect of our services and product development, travel planning and procurement, sales and marketing, pre-travel arrangement and package tour operation, we all strictly abide by the Tourism Law of the PRC, the Regulation on Travel Agencies and other laws and regulations applicable to travel business.

### Business Process



#### Development

- Conduct market research on new destinations and travel elements
- Design package tours based on market information and customer preferences
- Assess the availability of transportations, hotels, local tour companies and other suppliers



#### Planning and Procurement

- Search for transportations and hotel accommodations
- Select local tour companies with high quality
- Obtain local transportation suppliers and local attraction tickets



#### Sales and Marketing

- Brand and product marketing
- Hold briefing sessions for customer service officers, personal travel consultants, sales representatives, tour escorts and/or tour guides
- Sell package tours and other services to customers through retail branches, sales offices, mobile application, call centres, website, and other online sales platforms
- Acquire customers through multiple sales channels



#### Tour Arrangement

- Book air tickets, transportation, hotels, restaurants and attraction tickets
- Assign tour escorts and/or tour guides and arrange local tour companies for package tours
- Arrange pre-travel reception for customers
- Confirm bookings with transportation companies, ticketing agents and/or hotel operators

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Development

We actively conduct market research. We use the data collected to conduct forecast of the market, analyse the product preference of consumers and to initially determine the product type through the consumers' preference and reputation of travel product destinations and the outcomes of customer revisit survey. Meanwhile, we develop different travel products in line with national policies, to ensure product sustainability and compliance with relevant national guiding policies. We also conduct site visits to new and existing travel destinations to identify new travel destinations, new tourist attractions and other travel elements for inclusion in our package tours or FIT Products. When designing package tours, we take into account the feedback and recommendations from customers, tour escorts, tour guides and local tour companies and also pay close attention to the market trend and factors such as the availability of new hotels and attractions. We analyse the travel consumption patterns of our customers, match different travel elements such as domestic and international air tickets with different level of hotel accommodation, so that we can cater to changing customer needs and preferences. We introduce new or characteristic travel products from time to time to provide our customers with brand-new travel experiences. The Group has been developing and providing new and diversified travel products to further expand our customer base.

## Planning and Procurement

Our suppliers include but not limited to airlines, ticketing agents, hotel operators, local tour companies and GDS service providers. Our package tour and FIT operation department liaise with airlines and ticketing agents to check the availability of flight seats and carry out detailed planning on selection of accommodation, local tour companies, ground transportation and restaurants. To ensure the quality of our products and services, our local tour companies can only arrange local transportation, food and beverage and hotel accommodation that meet our quality and safety standards. For potential suppliers, their service quality, safety standards, responsiveness, reliability and pricing are taken as the assessment criteria. On the other hand, feedback is also collected from tour escorts, tour guides and tour participants to continuously monitor the performance of each supplier and identify substandard travel elements in a timely manner. For our new package tours and products, our package tour and FIT operation department brief our customer service officers and personal travel consultants to enable them to understand the characteristics of each product and hence provide suitable suggestions and assistance to our customers.

## Sales and Marketing

We sell our travel products and services to individual customer through our retail branches, sales offices, website, mobile application and other online sales platforms. We have an information management system which is able to update the latest enrolment status of each sales channel and the availability of package tours, air tickets and hotel accommodations on a real-time basis to assist our frontline personal travel consultants in the sales of our travel products and services. At the same time, our customer service officers and personal travel consultants also input all customer preferences, details and sales data into the system on a real-time basis for follow-up in future.

## Tour Arrangement

Package tour booking is generally confirmed around one month prior to departure. Once a tour is confirmed, we will assign tour escorts and tour guides and liaise with the local tour companies. Local tour companies generally operate package tours in accordance with our approved hotel, food and beverage, local transportation and activity specifications. For domestic tours within Zhejiang province, surrounding areas outside Zhejiang province and Beijing, we are primarily responsible for arranging local transportation, food and beverage and hotel accommodations. Tour escorts and tour guides employed by us will accompany the package tours members throughout the entire tour and pay close attention to their needs.

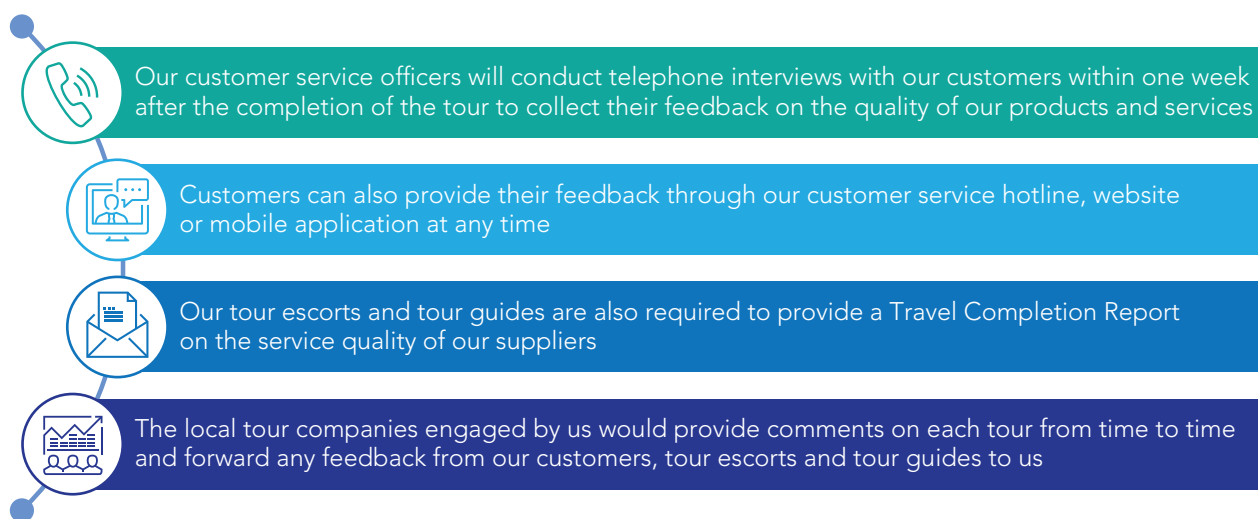
## "Feiyang" Marketing Platform

We are committed to continuously promote our "Feiyang" brand as a well-known brand, representing one-stop professional and personalised travel products and services. We believe brand recognition is decisive to our ability to attract customers. We adopt marketing strategies such as media advertising, organising travel expos and joint promotional events with our suppliers, displaying at our tourism square, retail branches and sales offices to enhance our brand recognition and promote our business. In accordance with the Advertising Law of the PRC, we have assigned marketing managers to review advertising information and marketing materials before publication to ensure that the content is free from false, misleading, untrue and exaggerated statement and infringement of intellectual property rights.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## On-going Assessment

We hope to create pleasant journey to the public to further improve customer satisfaction. We have adopted a complaint handling system to enhance customer satisfaction and to resolve any disagreements in an amicable manner. Also, we have formulated the Measures for the Handling and Prevention of Complaints (Revision) to standardize the complaint handling process and reward and punishment system, so as to ensure that customer feedback is properly handled. During the Reporting Period, we received a total of 67 complaints concerning travel products and services. Other than the regulations mentioned above, in order to more effectively monitor and improve the quality of our products and services, we actively collect opinions from different channels and carry out on-going assessment as following:



Everything is terrific, including the travel schedule arrangements and the service of the tour guide and travel consultant.

It suits the elderly with good attitude of the local tour guide and reasonable travel schedule arrangements.

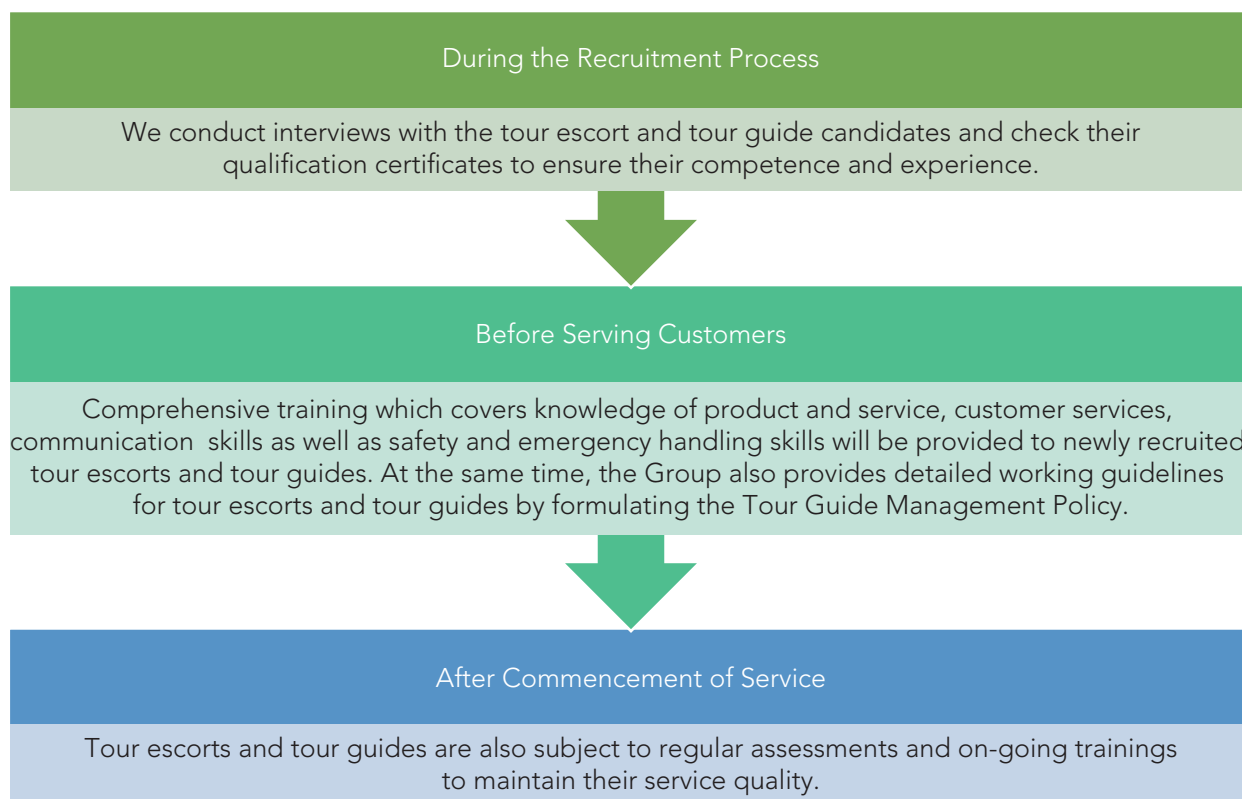
I am very satisfied with this pretty pleasure travel, for both its travel schedule arrangements and the introduction of the tour guide.

It is a satisfactory travel, for its tour guide services including dining inspection and seat belt reminding are satisfying, and its salesperson is enthusiastic and professional.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Management of Tour Escorts and Tour Guides

We adopt a series of quality control measures on our tour escorts and tour guides to ensure the quality of our products and services.



In accordance with the Regulations on the Administration of Tour Guide Personnel, the Regulations on Travel Agencies and the Implementation Rules of the Regulations on Travel Agencies, we only hire tour escorts and tour guides who have passed the national general tour guide qualification examination and hold valid tour guide qualification certificates. In addition, we arrange tour escorts to accompany our tour teams when organising outbound tours for Mainland Chinese residents. In addition to holding a tour guide qualification certificate, the tour escorts we engaged need to have more than two years of relevant experience in the industry, so as to ensure that the tour escorts can provide professional and quality services for our tour group members.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT






## Safe Tourism

In addition to establishing a safety management system and a responsibility system according to laws and regulations such as the Tourism Law of the PRC and Fire Protection Law of the PRC, the Group has also adopted various measures against the Epidemic under Guidelines for the Prevention and Control of Epidemic Situations in the Reopening of Tourist Attractions to lower the risks to our customers' safety and health.




Pre-travel Management		<p>Strengthening Risk Assessment</p> <ul style="list-style-type: none"> <li>• Conducting safety assessment of travel products, selecting suppliers and partners with corresponding qualifications and meeting local epidemic prevention and control requirements, clarifying respective obligations related to epidemic prevention and control, strengthening collaboration and cooperation, and achieving information sharing to ensure smooth, orderly and safe group travel.</li> <li>• Enhancing communication and liaison to keep abreast of the epidemic prevention and control situation in tourism destinations and customer sourcing markets, and to do a good job in routes design, products matching and booking.</li> <li>• Strengthening data analysis to improve epidemic prevention standard of our products.</li> </ul>
		<p>Controlling the Package Tours Size</p> <ul style="list-style-type: none"> <li>• Strictly implementing the prevention and control requirements of each region, announcing in advance the number of our package tour customers and other product prevention and control requirements according to our own operational capacity and the reception capacity of our suppliers and partners, strictly controlling the number of our package tour customers and advocating small-scale and reassuring package tours.</li> <li>• Making reasonable arrangements for package tour routes, sizes and travel time, and tourism activities should be carried out by time slots, batches and regions to avoid too many visitors gathering at the same time.</li> </ul>
		<p>Equipped with Protective Equipment</p> <ul style="list-style-type: none"> <li>• Sufficient quantity of disposable medical masks or masks of a certain extent of protection, body temperature checking equipment, hand sanitizer, disposable gloves and disinfection supplies are available to provide the necessary protection for drivers, tour guides and travellers.</li> <li>• Storing and using disinfection products properly, keeping them away from fire and power sources, with no mixing situation, and conducting regular inspection and timely replenishment or replacement.</li> <li>• Urging our suppliers and partners to supervise the comprehensive disinfection and cleaning of hospitality facilities and venues such as chartered coaches, hotel rooms and restaurants.</li> </ul>
		<p>Strengthening Promotion and Guidance</p> <ul style="list-style-type: none"> <li>• Strictly implementing various systems and regulations for tour groups and signing travel contracts in accordance with the law to clarify the rights and responsibilities of all parties.</li> <li>• Taking the initiative to publicise knowledge on epidemic prevention and control, and issuing travel precautions to tourists in time, reminding them to comply with the requirements of "wearing masks, washing hands regularly and keeping social distance" to enhance their awareness of self-prevention and control.</li> </ul>
		<p>Strengthening Pre-travel Investigation</p> <ul style="list-style-type: none"> <li>• Collecting tourists' information, health records and testing registration. To ensure the safety of tour group members, tourists are required to present their health codes upon enrolment and the codes are subject to re-verifying before travelling.</li> <li>• Explaining to and dissuading tourists who failed the health code verification from travelling.</li> <li>• Strictly implementing the body temperature screening system, tourists with abnormal body temperature are not allowed in the journey and are advised to seek medical advice and to report properly.</li> </ul>



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Itinerary Management		<p>Implementing Prevention and Control Measures</p> <ul style="list-style-type: none"> <li>Strictly implementing epidemic prevention and control requirements in transportation, accommodation, catering, sightseeing and shopping in all areas, and urging our suppliers and partners to implement measures such as ventilation and disinfection.</li> <li>Strengthening body temperature checks for tourists and they should wear masks throughout their journey in vehicles and other means of transportation. Strictly enforcing measures such as “limitation, reservation and staggered shifts” in scenic spots and cultural and entertainment venues, and proactively cooperating with the hosts to do a good job in epidemic prevention and control.</li> </ul>
		<p>Improving Service Standards</p> <ul style="list-style-type: none"> <li>Further implementing industry standards such as the Service Directives for Travel Agency and the Specifications for Tour-guide Service to enhance safety tips and itinerary management for tourists.</li> <li>Tour guides should remind tourists of the epidemic prevention and control during travel, check-in, ticketing, touring and dining, and guide tourists to wear masks correctly and keep a safe social distance.</li> <li>Tourists are reminded to cooperate with the work of health and quarantine and to take personal precautions. After the journey, travel agencies are required to keep proper records of their tour groups and hold for safekeeping.</li> </ul>
		<p>Promoting Civilised Tourism</p> <ul style="list-style-type: none"> <li>Strengthening civilised tourism publicity in conjunction with epidemic prevention and control, and promoting new ways of healthy travel such as “individual serving” and “using serving chopsticks”.</li> <li>Strengthening publicity and guidance for tourists on attention to hygiene, refusing wild food and rational consumption, reminding tourists to dispose of rubbish properly, so as to establish a new trend of civilised, healthy and green tourism.</li> </ul>
Emergency Response		<p>Establishing Synergetic Mechanism</p> <ul style="list-style-type: none"> <li>Acquiring the contact details of the hygiene and health authorities and designated medical institutions in tourism destinations and customer sourcing markets in advance, and ensuring that tour guides and other service providers are aware.</li> <li>Strengthening the coordination and collaboration with our partners and suppliers, keeping the reporting channels clear for epidemic situations, and reporting suspected epidemic situations to the local hygiene and health authorities and culture and tourism administrative departments in a timely manner.</li> </ul>
		<p>Emergency Handling</p> <ul style="list-style-type: none"> <li>If any person in the tour group with suspected symptoms is found, the travel agency should immediately stop the tour and report the incident at the first opportunity, and cooperate with the relevant authorities to carry out epidemic investigation and prevention and control measures.</li> <li>In the event of a confirmed case is found in the tour group, the emergency handling plan will be activated immediately, and the tour group will cooperate with relevant departments and units to isolate the patient and trace the close contacts, and handle the aftermath properly.</li> </ul>

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safeguard Measures		<p>Enhancing Organisational Leadership</p> <ul style="list-style-type: none"> <li>Local cultural and tourism administrative departments should strictly implement their local management responsibilities, strengthen the linkage with local hygiene and health departments, enhance collaboration of competent authorities between tourism destinations and customer sourcing markets to enhance prevention, control and emergency response capabilities and ensure a smooth and orderly resumption of operations.</li> </ul>
		<p>Strengthening Supervision and Inspection</p> <ul style="list-style-type: none"> <li>In accordance with the “One Tour, One Report” system, filling in the tour group information on the National Tourism Regulatory Service Platform and upload the electronic contract.</li> </ul>
		<p>More Frequent Daily Scheduling</p> <ul style="list-style-type: none"> <li>We will work with the local culture and tourism administrative departments to carry out emergency drills, risk identification and risk assessment in accordance with the prevention and control plan and the emergency response plan, so as to identify and deal with emerging problems in a timely manner. Abnormalities will be reported in a timely manner and the relevant business activities will be suspended.</li> </ul>

## Change or Cancellation of Travel

In early 2020, we suspended the operation of tourism products such as group tour and “air ticketing and hotel booking” to cooperate with the notice issued by the Ministry of Culture and Tourism of the People’s Republic of China on the prevention and control the pneumonia outbreak caused by outbreak of COVID-19. During the middle of the year, we started to resume cross-provincial (regional and municipal) group tours after following the notice from the Ministry of Culture and Tourism. During this year, 70% of the tours were cancelled due to the travel bans, quarantine and entry requirements, accounting for 70% of our tours under operation in 2020.

## Protection of Consumer Information

In the course of business operations, the Group obtains a large amount of personal information of customers. In order to protect such information from leakage or illegal use, we have formulated the Information System Security Management Mechanism and the Information System Lapse or Disaster Emergency Response System in accordance with the Measures on Internet Information Service and the Regulations for the Protection of Personal Information of Telecommunication and Internet Users and have arranged for a team of specialized personnel to be responsible for their implementation to strengthen the security management of the information system in order to maintain and encrypt confidential corporate information such as customers’ personal information. The Group’s staff members are also required to sign a Confidentiality Agreement to undertake the obligation of confidentiality of sensitive and confidential documents of the Company.

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## Observing and Protecting Intellectual Property Rights

The Group emphasized on the protection of intellectual property rights. We have formulated the Intellectual Property Management System in accordance with the Trademark Law of the PRC to regulate the management, registration and application of intellectual property rights including trademarks and self-developed computer software, as well as the handling process of infringement cases. We also arrange our employees to attend trainings on intellectual property rights annually. In advertising and marketing materials, we may use online materials or images or materials provided by our suppliers, such as articles and video clips. In accordance with the Tort Law of the PRC, we have developed the review process to ensure that no unauthorized materials are used in our advertisements. As of 31 December 2020, we were the registered owner of 14 trademarks in the PRC and 7 trademarks in Hong Kong. We have also filed 4 trademark applications in Hong Kong which we consider to be or may be material to our business.

## Supplier Management

The Group recognizes that the role of its business partners, including suppliers, are same as material to providing quality products and services to its customers. The Group has formulated the Supplier Management System and the Procurement Management System to regulate supplier management. We obtain supplier information through online platforms, peer consultation, open tendering and employee recommendation. We adhere to the principles of fairness, impartiality, openness and transparency in our supplier assessment process. We require new suppliers to provide qualification documents such as business license and quotation and conduct on-site inspection. To reduce the environmental and social risks of the supply chain, we only cooperate with suppliers with common moral values and standards. We take into consideration of various factors, including qualification, pricing, resources, services, mutual business synergies, brand reputation, settlement clauses and compliance, and only the suppliers who meet the Group's requirement will be included in the Qualified Supplier Register.

In addition, we conduct regular performance reviews on qualified suppliers to manage and control their performance. We require our tour escorts and tour guides to provide a Travel Completion Report on the service quality of our suppliers upon the end of the tour, and conduct assessments on our suppliers annually. In the event that we experience significant safety incidents during our cooperation with our suppliers, or frequently receive negative evaluations from our tour escorts or tour guides or itinerary managers, we will consider removing these suppliers from the Qualified Supplier Register or terminating our cooperation with them.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

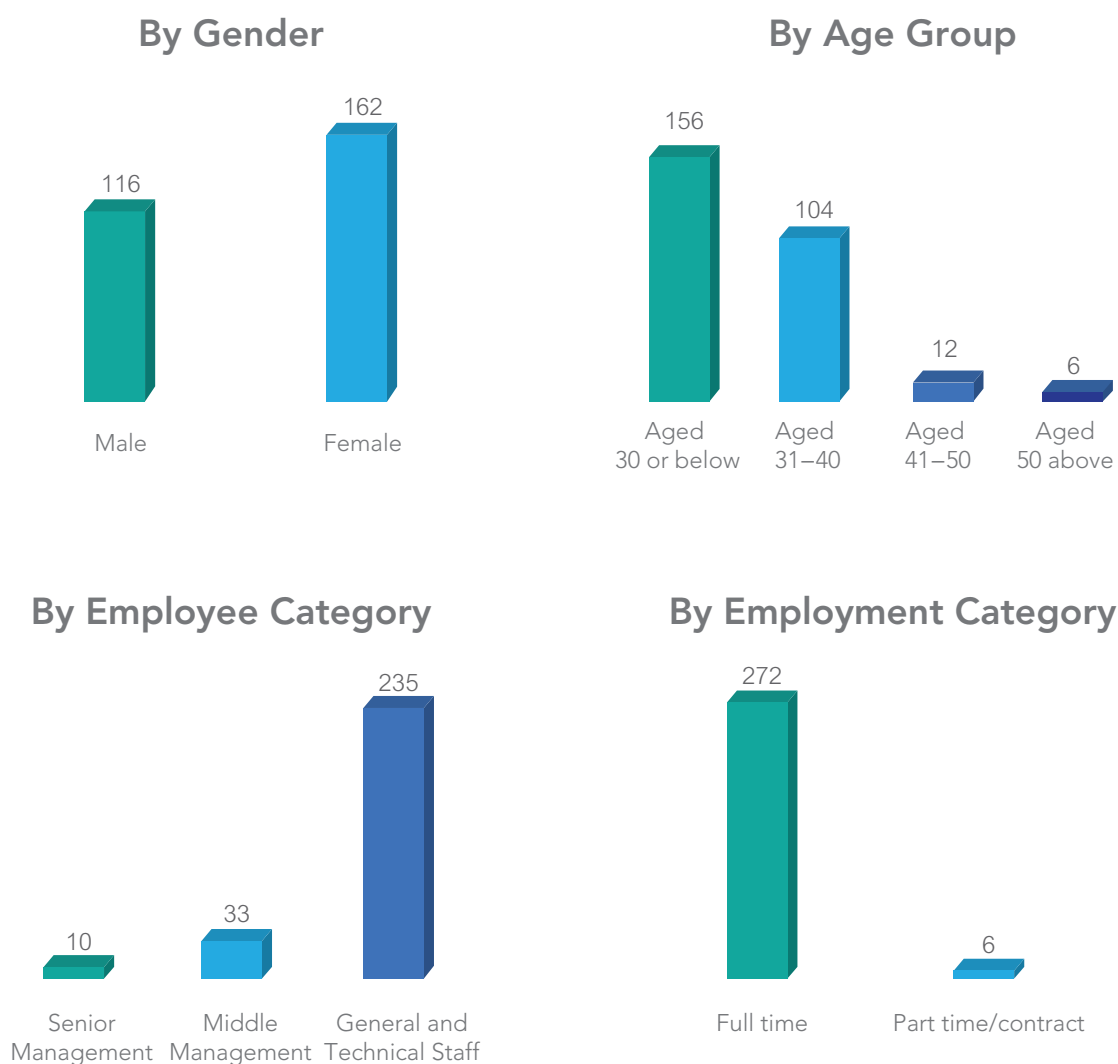
## OUR COMMITMENT TO THE STAFF

We continue to invest resources for staff, and are committed to providing good career opportunities, with a view of building a multicultural and inclusive industry-leading team. The Group actively protects the legitimate rights and interests of employees, and adheres to the Labour Law of the PRC, the Labour Contract Law of the PRC and other laws and regulations on employment and labor practices. We enters into labour contracts with employees based on the principles of equality and consensus, establishes its labour safety and health system, strictly implements national rules and standards on labour safety and health, provides employees with labour safety and health education, prevents accidents during employment and reduces occupational hazards.

### Staff Overview

As of 31 December 2020, we had a total of 278 employees<sup>1</sup>. All of our employees are based in the PRC.

#### Analysis on Employee Distribution

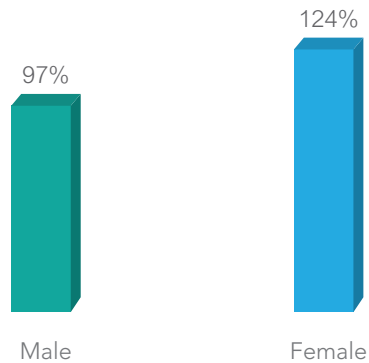


<sup>1</sup> To mitigate the financial impact of the COVID-19 epidemic, the Group has adjusted its business strategy and implemented cost saving measures, resulting in a significant decrease in the number of employees in the current year compared to 2019.

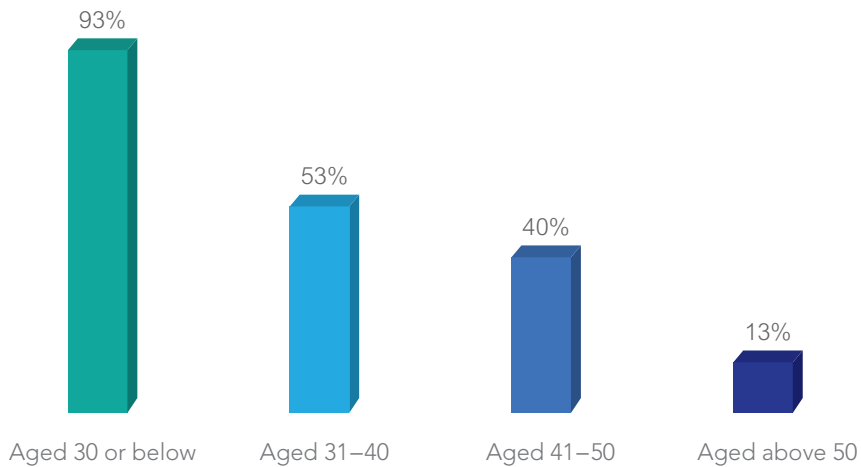
# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The analysis of Employee Turnover Rate<sup>2</sup>

### By Gender



### By Age Group



<sup>2</sup> In order to mitigate the financial impact of COVID-19 epidemic, the Group has adjusted its business strategy and implemented cost reduction measures, therefore there is a significant increase in employee turnover rate in the current year compared to 2019.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Talent Attraction

As a responsible employer, the Group provides equal job opportunities in recruitment, training, promotion, transfer, remuneration, benefits and termination of contract, regardless of gender, disability, family status, marital status, pregnancy, race, religion, age, nationality and sexuality. The Group adopts the fair and open recruitment policy, and promotes diversity and inclusion, to ensure the employment opportunities for all kinds of people in society, in particular experienced and qualified tour escorts, tour guides, personal travel consultants and other operational management talents. We recruit our employees primarily through campus recruitment, online recruitment, social recruitment and internal recruitment.

To protect the rights and interests of our staffs, we have formulated the Human Resources System and the Staff Handbook to regulate the code of conduct for our staffs. If the employee resigns, we will terminate the labor relationship with the employee in accordance with the Labor Law of the PRC, and give the employee economic compensation according to the relevant national regulations. In general, the Group will only dismiss employees if they are in serious violation of labor discipline.

The Group attaches great importance to staff development, is committed to provide employees with equal working environment, offer competitive salary treatment based on their duties, skills, and the participation of business of the Group, and provide opportunities to be promoted based on their performance contribution, ability, working attitude and business proficiency. For management personnel, we will promote them based on team building, talent cultivation and departmental performance.

## Talent Retention

In order to attract and retain our valuable and talented employees, we review the remuneration packages regularly and implement a structure-based remuneration system of the tourism industry. Through an incentive compensation plan, we link performance with compensation and emoluments, and adjust the compensation system annually according to the performance and contribution of our employees and market trends. In principle, the basic salary and job allowance of the Group remain unchanged, and will be adjusted based on the annual efficiency (with priority in efficiency while giving consideration to fairness as the adjustment principle) and work contribution. We implement a system of five-day work per week with alternate holiday on Saturday on a department rotation basis. We also make contribution to social insurance for our employees, including pension, medical, unemployment, work injury, maternity insurance and housing fund prescribed by the local government.

The Group attaches great importance to the physical and mental health of its employees and is committed to providing a pleasant working environment and promoting a work-life balance. In addition to national statutory holidays, employees can also apply for sick leave, casual leave, marriage leave, maternity leave, nursing leave and funeral leave as needed. There is a small book access centre at the Group's headquarter, where our employees can access books with specialised knowledge and lifestyle books. For employees who need to work outside during high temperature seasons (such as tour guides and drivers) they are also entitled to the high temperature fee prescribed by the State as compensation. The Group will organise and distribute other welfare activities or holiday benefits irregularly in irregular forms according to the specific situation and personnel.

During the Reporting Period, we were not aware of any significant non-compliance or violation of laws relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

## Prevention of Child and Forced Labour

The Group strictly adopts a zero-tolerance policy towards the use of child and forced labour, and prohibits the use of child labour or forced labour as banned by the Law of the PRC on the Protection of Minors, the Regulations on Labour Security Supervision, the Provisions on the Prohibition of Using Child Labour and other relevant regulations. The human resources department of the Group verifies the age of the candidate during the recruitment process and enables the employed employees to sign labour contracts with specified working hours on a voluntary basis, which are also constantly monitored and reviewed by the Group. In case of any non-compliance, the Group will take immediate measures to terminate his/her work.

During the Reporting Period, we were not aware of any significant non-compliance or violation of laws in relation to prevention of child or forced labour.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Development and Training

The Group believes that development and equipment of staff is very important to the sustainable development, so we place great emphasis on staff training, arrange internal training courses for all employees on a regular basis, to enhance our employees' skills and knowledge in sales, marketing, customer management, customer service, product information, quality control and industry knowledge, thereby providing support for employees' personal career development and the business development needs of the Group. In order to regulate the training management of the Group, we have formulated the Training Management System to further regulate the mode of training of the Group. We provide training to our employees based on three principles, namely effectiveness, practicality and pertinence.




In order to enhance the quality of our employees, the Group launched a series of long-term and regular training programs for the entire company, each centre (group), each position and new employees during the Reporting Period, while implementing the requirements of "training accompanied by examination" and "examination shall be passed before employment". The Group's overall training framework, planning and supervision are carried out by the human resources department, and training for each department (such as training for product manager, product training for private customers, tour guide training, etc.) must be reported to the human resources department and included in the overall plan. The first phase of employee training was organized by the Group in collaboration with the Institute of Business Technology, including training on presentation production and other office software enhancement.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Health and safety

The Group advocates the “people-oriented” and adheres to the safety production policy of “Safety first, prevention dominant, comprehensive management”. According to the Work Safety Law of the PRC, the Group has established a safety supervision and management mechanism, formulated rules and regulations on safety work and set up relevant organizations. In response to the pandemic, the Group has also taken various measures to minimize safety and health risks in accordance with the “Guidelines for the Prevention and Control of Pandemic in Tourist Attractions Resuming Opening”.

	<p>Strengthen the management of office and business premises</p> <ul style="list-style-type: none"> <li>• Implement prevention and control responsibilities, formulate internal pandemic prevention and control plans and contingency plans, and do a good job in hygiene cleaning, disinfection and ventilation in the office premises and service outlets of travel agency.</li> <li>• Reduce the frequency and length of meetings and use web-based meeting tools whenever possible.</li> <li>• The points of sale assign the responsibility of each link during pandemic prevention and control, including daily duty, cleaning and disinfection, testing and registration, rubbish cleaning, site inspection and safety management to an individual, and make timely and dynamic adjustments in accordance with the local pandemic prevention and control requirements.</li> </ul>
	<p>Implement employee monitoring</p> <ul style="list-style-type: none"> <li>• Travel agencies should manage the health condition of their employees in accordance with the local requirements, and establish a “Health Record Form” and conduct daily temperature checks to track their health status and travel trajectory.</li> <li>• If employees have fever, cough, fatigue, stuffy nose, runny nose, sore throat, diarrhoea and other related symptoms, they will be promptly arranged for medical treatment at the nearest designated medical institution and we will follow up on the situation.</li> <li>• Conduct health code checks before tour guides report duty and require them to wear masks properly.</li> </ul>
	<p>Strengthen education and training</p> <ul style="list-style-type: none"> <li>• Regularly organize special training on pandemic prevention and control measures and emergency response, and urge employees to understand the knowledge of pandemic prevention and control, personal protection, hygiene and health and emergency response, so as to improve their ability in pandemic prevention and control and emergency response.</li> <li>• Clarify the responsibilities of tour guides, refine the duties of their positions and do a good job in providing services such as full escort and ground escort services.</li> </ul>

During the Reporting Period, we were not aware of any non-compliance or violation of regulations by the Group in relation to providing a safe working environment and protecting employees from occupational hazards, and we were not aware of any work-related injury incidents or work-related fatalities .



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Anti-corruption

The Group adopts a “zero tolerance” attitude towards bribery and extortion. All directors, management and employees must act with integrity and ethical business conduct, and comply with the relevant laws and regulations applicable to the Group’s place of business on the prevention of bribery, extortion, fraud and money laundering, including the Criminal Law of the PRC.

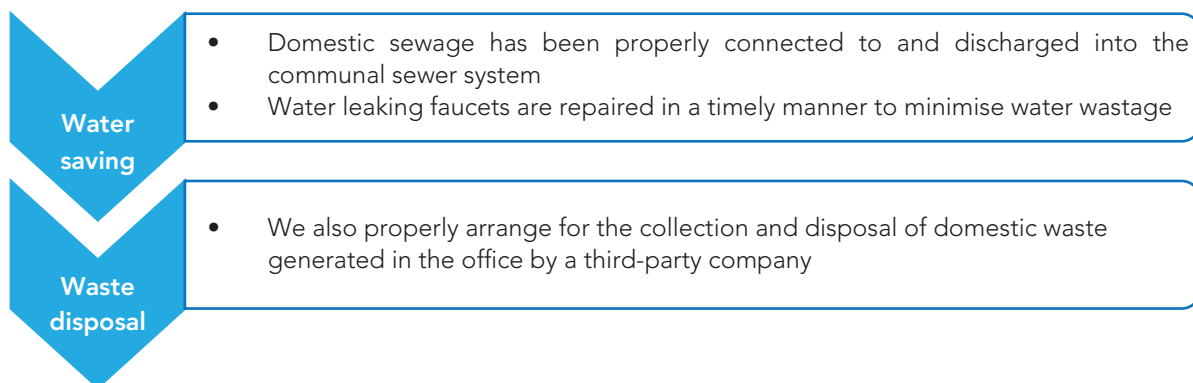
In order to effectively prevent operation and management risks, the Group has formulated the “Identification and Reporting Mechanism for Misconduct”, which aims to provide a confidential and reliable reporting mechanism for employees to prevent any unethical conduct. We encourage employees to take an active part in the management of the Company, and to timely supervise and report internal operation defects or violations in the company, so as to ensure that the Group operates in compliance with laws and regulations. Employees can report any irregularities in writing or verbally at any time to the Group’s internal reporting management leading group office. The Group will endeavour to protect the identity of whistleblowers, will not allow retaliation against whistleblowers who have acted in good faith, and will follow investigative procedures to ensure that all complaints are promptly and fairly dealt with. For employees who report major violations of laws and regulations and successfully prevent the case, we will directly reward the personnel within two weeks after the case is settled.

During the Reporting Period, we were not aware of any non-compliance or violation of regulations in relation to the prevention of bribery, extortion, fraud and money laundering, and we were not aware of any corruption litigation involving the Group or our employees.

## OUR COMMITMENT TO THE ENVIRONMENT

The Group recognizes that proper management of energy and resources is critical to sustainable development, and therefore strives to improve our energy and resource management in order to minimize the environmental impact of our business operations and promote environmental awareness throughout the Group. The Group has taken measures to protect the environment in compliance with the Environmental Protection Law of the PRC and other relevant laws and regulations.

Due to the nature of our business, the Group’s daily operations are mainly office-based, and the major greenhouse gas emissions come from the use of electricity in offices and a small number of business vehicles, while vehicles also generate air emissions. The Group’s main water consumption comes from domestic water in the office. We have not encountered any problem in sourcing suitable water.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With focusing on energy efficiency, water conservation and office resources conservation, we have implemented various environmental protection measures. In order to fully fulfil the responsibility of environmental protection, we have incorporated the requirements of energy conservation and environmental protection into employee assessment with an expectation of that:

- Set the temperature of air conditioner at or above the specified temperature showed on air conditioner
- Turn off personal office equipment including lights, air conditioners, power of computers in non-operation areas beyond working hours
- Maintain cleanliness in public areas such as meeting rooms and employees' homes, including turning off equipment such as air conditioners, projectors, electric lights in the area
- Replace the printer cartridge when the printer is exhausted
- Make good use of the IT systems and electronic communication equipment and only use paper when necessary to avoid paper waste

The above environmental and resource-saving measures have not only helped the Group gradually improve its environmental performance, but also promoted the sustainable utilisation of natural resources effectively, and further enhanced the environmental awareness of employees. During the Reporting Period, we were not aware of any material non-compliance in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental Performance Data Summary

Environmental key performance indicators <sup>3</sup>	2019	2020	Unit
<b>Greenhouse gas</b>			
Total emissions — Indirect emissions (Scope 2)	314.21	<b>159.62</b>	tonnes of CO <sub>2</sub> e
GHG emissions per sq.m. of floor area	40.76 <sup>4</sup>	<b>21.64</b>	kg of CO <sub>2</sub> e (per m <sup>2</sup> )
<b>Non-hazardous waste<sup>5</sup></b>			
Total non-hazardous waste	43.50 <sup>4</sup>	<b>19.81</b>	tonnes
Non-hazardous waste per sq.m. of floor area	0.007 <sup>4</sup>	<b>0.003</b>	tonnes (per sq.m.)
<b>Energy<sup>6</sup></b>			
Total consumption (purchased electricity)	449.95	<b>193.07</b>	kWh in '000s
Energy consumption per sq.m. of floor area	0.06 <sup>4</sup>	<b>0.03</b>	kWh in '000s (per sq.m.)
<b>Water consumption<sup>6</sup></b>			
Total water consumption	3,985.84	<b>1,633.76</b>	m <sup>3</sup>
Water consumption per sq.m. of floor area	0.52 <sup>4</sup>	<b>0.23</b>	m <sup>3</sup> (per sq.m.)

As shown in the table above, the overall environmental performance of the Group for the year showed a significant downward trend, which was mainly due to the suspension of the Group's local package tours operation in China from 24 January to 16 July 2020 as a result of the outbreak of the COVID-19 since the end of 2019. Meanwhile, in order to mitigate the financial impact of COVID-19, the Group has adjusted its business strategy and adopted cost-saving measures. The Group encourages its employees to take unpaid leave to indirectly reduce the environmental impacts of its operation.

<sup>3</sup> During the Reporting Period, the Group's business involved a small number of business vehicles which produce exhaust emissions and consume energy. However, considering the materiality principles, no relevant data is disclosed in this Report. We will continue to monitor the situation and include relevant disclosures in the report in due course. In addition, the Group's business does not involve material hazardous waste and packaging materials consumption.

<sup>4</sup> In accordance with the consistency principle, certain data of 2019 was restated to reflect the actual emission and consumption intensity due to the adoption of a more accurate floor area calculation method in the year.

<sup>5</sup> During the Reporting Period, as the Group's non-hazardous waste data collection system is still being improved, it only includes the non-hazardous waste data generated by the Group's headquarter offices. We will continue to optimise the relevant data statistics of other operating points and include relevant disclosures in the report in due course.

<sup>6</sup> As the Group leases different office areas for operation, water supply and power supply are controlled by the building's management office and some related management offices are unable to provide water and electricity consumption data to individual tenant. Therefore, the water and electricity consumption data only cover 7 and 8 operating points respectively.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OUR COMMITMENT TO COMMUNITY

The Group understands the importance for making positive contribution to the community where it operates and considers that enterprises and communities are inseparable, and enterprise development is also inseparable from the support and assistance of the community. In order to better fulfill its social responsibilities, the Group takes into consideration of the local culture, environment and priorities of community when developing, selling and providing travel service with the aim to help the communities where it operates to create a harmonious, dynamic and livable environment. The Group will continue to maintain an appropriate level of community involvement and the long-term sustainable development of its operation and the community, as well as encourage its employees to participate in community contribution activities that contribute to achieving work-life balance.

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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