



金涌投資有限公司

**GOLDSTREAM INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)

[Stock Code : 1328]



# 2021

## Environmental, Social and Governance Report

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# 1. About the Report

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## 1.1 Introduction of the Report

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This report is the 2021 Environmental, Social and Governance (“ESG”) report (the “Report”) of Goldstream Investment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) which summarizes the economic, environmental and social responsibilities of the Group during the financial year of 2021. It demonstrates our long-term commitment in ensuring that our businesses are economical, socially and environmentally sustainable.

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

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

## 1.2 Business of the Group

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

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

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

The Group entered into a share purchase agreement to dispose of the customer relationship management services (“CRMS”) business in 2021 due to strong competitions and rising cost of operation amid the COVID-19 pandemic. The disposal transaction was completed on 22 March 2022.

The Company has been listed on the Main Board of the Stock Exchange (stock code: 1328) since 25 May 2009. For more information about the Group's business, please refer to its 2021 Annual Report.

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## 1.3 Reporting Scope

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The reporting period of the Report covers the financial year from 1 January 2021 to 31 December 2021.

The scope of the Report includes the environmental and social performance of the Group's IM business and SDI business (Continuing businesses). The CRMS business was not covered in this report.

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

For details of the Group's corporate governance, please refer to the Corporate Governance Report included in its 2021 Annual Report.

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## 1.4 Sources of Information

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

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## 1.5 Feedback and Get the Report

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This report is available in English and Traditional Chinese for readers to refer to, and based on environmental protection considerations, we recommend reading the electronic version of the Report, which is available in the "Financial Statements/ESG Information" category of the SEHK website or on the Group's website.

We welcome readers to contact us through the following contact methods. Your comments will assist us in further refining this report and enhancing the group's overall environmental, social and governance performance.

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## 2. Managing the ESG Impact of the Group

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

### 2.1 ESG Management System

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

The Board has overall responsibility on decision-making regarding the ESG management and reporting. The ESG

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



The Board	<ul style="list-style-type: none"> <li>• Be responsible for the overall ESG governance of the Company</li> <li>• Approve ESG disclosures</li> </ul>
ESG Executive Committee	<ul style="list-style-type: none"> <li>• Develop ESG working plan</li> <li>• Assess ESG risks associated with the Company's business</li> <li>• Oversee the management and review the Company's ESG-related performance</li> <li>• Report ESG work to the Board annually</li> </ul>
ESG Working Group	<ul style="list-style-type: none"> <li>• Set annual sub-goals in conjunction with the Company's ESG goals</li> <li>• Collect ESG data</li> <li>• Organize and compile the ESG report</li> </ul>

The ESG executive committee outlines strategy and approach to reporting, and oversees public policy and the ESG program as a whole, which encompasses the following ESG matters:

- Responsible business practices
- Training and development
- Data privacy risks



In 2021, our ESG executive committee focused on:

- Re-structure ESG Working Group – As the Group had disposed the customer relationship management business, we assigned new team members to take up the ESG working role.
- Compliance - managing issues and ensuring our service and investment products complied with the relevant laws, rules and regulations.

## 2.3 Our Response to the UN Sustainable Development Goals (SDGs)

On 1 January 2016, the United Nations Sustainable Development Goals (SDGs) came into effect. The 17 goals aim to improve the wellbeing of present and future generations by tackling the world's biggest challenges through the promotion of sustainable development over the next 15 years.

We have mapped the SDGs that we can most directly help to achieve, against our areas of importance in the following table.

SDGs	Implications for Goldstream Investment	Responses of Goldstream Investment
 <p><b>Goal 3</b> Good Health and Well-being</p>	It is our responsibility to ensure the health and safety of our employees.	We always pay attention to the physical and mental health of our employees and hold team building activities so that our employees can work happily and healthily.
 <p><b>Goal 5</b> Gender Equality</p>	Equal treatment for both male and female employees.	We adhere to the principle of diversity in employment, so that employees can work happily in an equal working atmosphere.

### 3. Stakeholder Engagement

Addressing our ESG priorities requires close communication with our stakeholders, including our employees, customers, shareholders, suppliers, regulators, and wider communities. In 2021, we continued to foster open dialogue with our stakeholders to review and update key areas of importance to our businesses. This serves to align our sustainability priorities with our business strategy.

Using a comprehensive five-stage framework, a list of ESG issues were reviewed against current global and local trends and emerging regulatory development which can have an impact on the Group business. These considerations include the COVID-19 pandemic, climate change, market outlook and the new amendment of ESG reporting guideline.



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

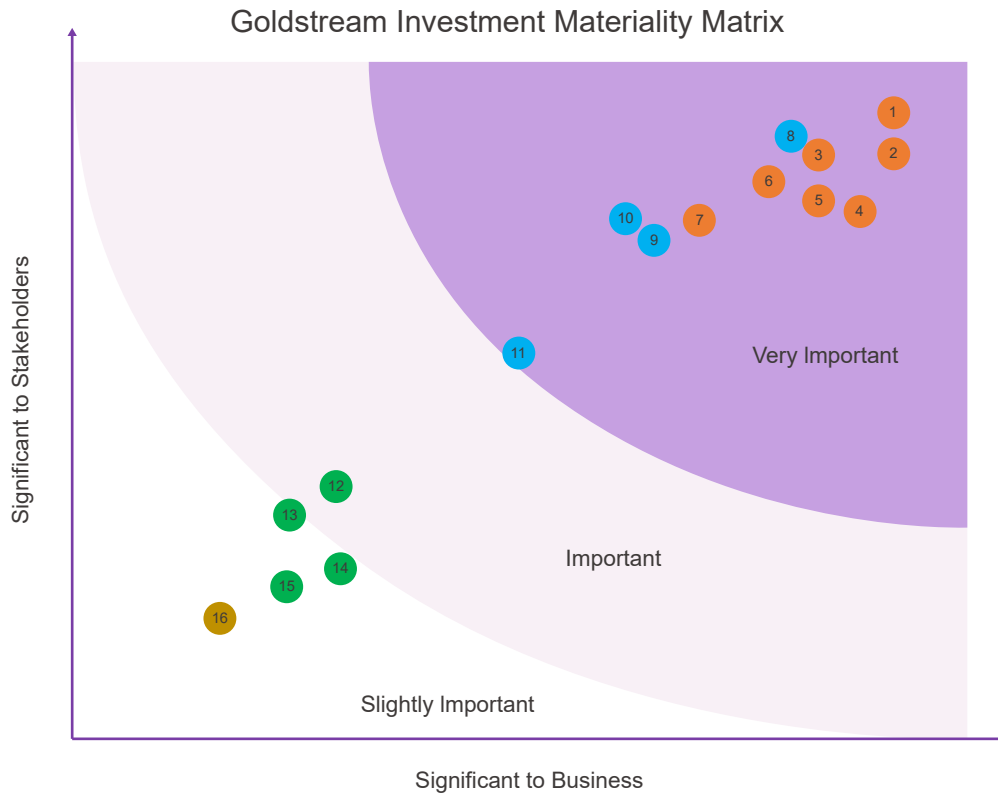
Stakeholders	Engagement Methods	Communication Objectives
Clients	<ul style="list-style-type: none"> <li>• Business relationship</li> <li>• Account management</li> <li>• Satisfaction survey</li> <li>• Conference and event</li> </ul>	<ul style="list-style-type: none"> <li>• Make investment decisions that foster sustainable markets.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Performance review and annual appraisal</li> <li>• Training</li> <li>• Internal communication channels such as emails, notice boards and hotline.</li> <li>• Periodic team event</li> </ul>	<ul style="list-style-type: none"> <li>• Health and wellbeing programs.</li> <li>• Allow employees to understand the Group's development direction.</li> <li>• Understand the views of employees on the Group's development.</li> <li>• Strengthen team cohesiveness.</li> <li>• Collect suggestions for improvement from employees.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Business review meeting</li> <li>• Suppliers' satisfactory assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure its suppliers providing products and services up to the required standard and operating in compliance with applicable laws and regulations.</li> <li>• Create a cooperative atmosphere of mutual trust.</li> </ul>

Stakeholders	Engagement Method	Communication Objectives
Regulators	<ul style="list-style-type: none"> <li>● Government communication</li> <li>● Mail</li> <li>● Notice</li> </ul>	<ul style="list-style-type: none"> <li>● Fulfill the compliance requirements of the regulatory authorities.</li> <li>● Maintain good relationship with the local government.</li> <li>● Pay taxes according to laws.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>● Annual and interim reports</li> <li>● Annual and extraordinary general meetings</li> <li>● Feedback to media inquiry through conference and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>● Explain the latest development of the Group to shareholders and investors.</li> <li>● Gain shareholders' and investors' support for management decisions.</li> <li>● Generate investment returns for shareholders.</li> </ul>
Communities	<ul style="list-style-type: none"> <li>● Participation in local community activity</li> </ul>	<ul style="list-style-type: none"> <li>● Promote economic development for the communities where it operates.</li> <li>● Create social values for the communities where it operates.</li> </ul>



## 4. Materiality Assessment

Based on the results regarding the materiality of each of ESG issues expressed by the stakeholders, the Group prioritized the ESG topics in which they are shown in the materiality matrix below. The issues which fell into the top right corner are the ESG issues mattered most to the Group, and we should focus on.



Operation	Workplace	Environment	Community
<ul style="list-style-type: none"> <li>1. Compliance and Regulatory Requirements</li> <li>2. Services Quality</li> <li>3. Data Privacy and Security</li> <li>4. Ethic and integrity</li> <li>5. Anti Money Laundering</li> <li>6. Anti -Conrruotion</li> <li>7. Supply Management</li> </ul>	<ul style="list-style-type: none"> <li>8. Labour Practices</li> <li>9. Remuneration</li> <li>10. Training and Development</li> <li>11. Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>12. Energy Usage</li> <li>13. Environmental and Natural Ressources</li> <li>14. Greenhouse Gas Emission</li> <li>15. Climate CHange</li> </ul>	<ul style="list-style-type: none"> <li>16. Community Investment</li> </ul>

## 5. Social - Employment and Labour Practices

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### 5.1 Employment Practices

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The Group depends on having the best people in place and keeping them motivated and engaged to successfully deliver the business strategy and goals. Our approach is based on managing and rewarding talent, promoting inclusivity and employee rights.

A diverse workforce provides a broader range of skills and experience with which we can respond to challenges and opportunities. Our efforts to create an inclusive workforce include ensuring women are better represented at management level.

The Group aims to attract, motivate, and retain the best people for its business operations. Our remuneration system is based on the following principles:

- provide a transparent, fair and integrated offering to attract, motivate and retain highly qualified employees; deliver total rewards that are competitive in the relevant markets;
- align remuneration with the performance of the individual and the achievement;
- operate effectively in different performance scenarios and business circumstances; and
- promote risk control and avoid inappropriate risk taking.

The Group adheres to the principles of fairness in the provision of employment opportunities, compensation, education, performance evaluation and promotion without any discrimination on gender, age, ethnicity, religion, and culture. The Group is committed to create a fair and harmonious working environment.

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

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

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






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

### 5.1.1 Employee profile

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

As at 31 December 2021, the Group had 46 employees. The male and female ratio was about 63:37 and the Group has a relatively young workforce.

The distribution of gender, age, employment mode, job level and location of employees of the Group were as follows:

	Total
 Total Employees	46
 By Gender	
Total Number of Male Employees	29
Total Number of Female Employees	17
 By Age	
Employees under 25	8
Employees age 25 - 34	17
Employees age 35 - 44	10
Employees age 45 - 54	7
Employees over 55 or above	4
 By Employment Type	
Full time	39
Part time	7
 By Location	
PRC	27
Hong Kong	19

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## 5.1.2 Employee turnover

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The employee turnover rate refers to the percentage of employees who leave an organization during a certain period. It usually includes voluntary resignation, dismissals, and retirements in the calculation. Employee turnover rates can vary widely across industries. During the reporting period, the Group's employee turnover rate was 13%. Please refer to Appendix 1 ESG key performance data tables for the turnover break down.

\* Turnover rate is excluding turnover of internships.

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## 5.2 Health and Safety

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The Group attaches great importance to the health and safety of employees and is committed to providing employees with a healthy, safe and comfortable working environment. We strive to eliminate potential hazards in workplace, and strengthen management in all aspects to ensure the safety and health of employees during work.

Regarding fire safety issues within the workplace, employees and visitors are required to vacate the building via fire exits and assemble at street level on the sounding of the fire alarm. An individual is appointed to check that all colleagues are present at the assembly point and detailed Procedures on Fire Evacuation are available at the Administration Department for all relevant premises.

Since the beginning of January 2020, the outbreak of COVID-19 has created significant impacts to our operations at different locations. Wellbeing and safety of our employees is our utmost priority as always. The Group has closely monitored the situation and taken timely measures. The Group offered employees flexible working hours and working from home practice to avoid travelling during peak hours and reduce travelling altogether under the COVID-19 pandemic.

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

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## 5.3 Development and Training

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To retain talents, the Group invests in extensive learning and development measures and helps its employees grow in line with their respective tasks.

Our employees can obtain relevant professional qualifications to keep abreast of the latest industry trends and be equipped with necessary professional knowledge to excel in their career. This strengthens their sense of responsibility and willingness to learn and ensures that employees continue to learn something new at every stage of their development.

The Group also provides in-house compliance training to keep them up to date with the latest development and best practices in conducting regulated activities. Topics covered sales skills, investment restrictions, insider dealing, AML, market manipulation, counter-terrorism financing, project management and coaching etc.

During the reporting period, the overall trainings of the Group were as follows:

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15   
hours

Average training hours  
per employee annually



100%

of employees trained

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## 5.4 Labour Standard

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The Group fully recognises that child labour and forced labour violate fundamental human rights and international labour conventions and pose a threat to sustainable social and economic development. The Group strictly adhere to the minimum age provisions under applicable laws and regulations. In particular, the Group ensure that:

1. No employment of child labours – Job applicants must be at least 18 years old.
2. No forced labour - Corporal punishment or coercion of any type related to work are prohibited.
3. Remuneration and benefits – Ensure that the remuneration and benefits for employees comply with or exceed the minimum legal requirements of the country where employees are employed.
4. Equal opportunity and no discrimination policy – Ensure that the Group hiring, compensation, training, promotion, termination and retirement policies and practices do not discriminate on the grounds of age, sex, marital status, race, religion, disability, or any other non-job-related factors. Remuneration is determined with reference to performance, qualifications, and experience.
5. Work overtime - All overtime work is performed on a voluntary basis, and employees may choose to apply for overtime work. Regulations on overtime work are clearly stated and explained under the relevant labour contract.
6. Harassment and abuse – Do not tolerate any physical, sexual, psychological or verbal harassment or abuse towards our employees.

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

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

## 6. Social - Operating Practices

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### 6.1 Product Responsibility

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

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

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

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

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

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

The Group follows a disciplined process in making its investment decision with the objective of making long term investment gains for its clients. The Group has an independent risk function to monitor the risk and performance of each investment portfolio to ensure they follow their respective investment mandate.

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

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

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

## 6.2 Customer Satisfaction and Services Complaint Handling

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

## 6.3 Intellectual Property

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The Group understands that intellectual property rights constitute a valuable company asset. We thus strive to both protect these rights and use them effectively. Our employment contracts cover the intellectual property rights to any work and program developed by employees during their employment with the firm. Employees who demonstrate remarkable contribution in the protection of intellectual property rights can potentially be rewarded.

In addition, our code of conduct requires our employees respect and protect intellectual property rights in our day-to-day operations. This includes the careful handling and usage of trade secrets, patents, trademarks and copyrights. The Group was not aware of any significant non-compliance or any violation of product liability related regulations during the reporting period.

## 6.4 Customer Data Privacy

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

A series of measure have been established to safeguard client's privacy and the Group's data. To prevent any information leakage, the Group regulates that only assigned employees have the access to sensitive information. The Group also has developed recovery plan to protect personal data and mitigate losses in case any accidents happen.

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

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

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## 6.5 Anti-Corruption

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The Group has a zero-tolerance approach to any form of corruption. The Group's has guidance and compliance handbook on gift and entertainment policy regarding anti-corruption. Employees are required to comply with specific procedures and gain appropriate approval prior to giving and receiving corporate gifts and hospitality.

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

Whistleblowing procedures are in place to ensure that any suspected or inappropriate conduct can be reported. In particular, whistle-blowers can report verbally or in writing to the department or the senior management of the Group with regard to any suspected misconduct with full details and supporting evidence. To protect the Group's interest and the whistle-blower's safety, all investigation will be conducted in a timely and confidential manner. Where any criminality is suspected, a report will be made to the local authority when the management considers it necessary.

Anti-corruption trainings were arranged for all employees of the Group including the Board to systematically explain contents in relation to the business ethics, professional code of conduct aiming to make sure that every employee is complying with the Group's guideline.

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

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## 6.6 Supply Chain Management

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The Group's supply chain is mainly related to products and services that support operations. This includes facilities services, IT systems, business travel, marketing and communications support, and other professional services.

To ensure that suppliers operate in compliance with relevant regulations, the Group keeps monitoring their performance and its supply chain practices on a continuous basis. We require that all our suppliers follow the terms that have been agree upon in the contract during the business partnership. Under the prerequisite that suppliers of the Group should operate in an ethical manner which includes fair treatment of employees, protection on environment and integrity.

The Group evaluates suppliers through the following criteria:

- Price: Supplier can provide goods or services at reasonable prices.
- Quality of Service: The products and services provided should be high quality.
- Professionalism: Supplier has good working knowledge and can provide the advice to support our business growth.
- Availability of local on the ground support: Supplier can speak local language and can response according to local office hours.
- Response time: Supplier can ensure delivery time.
- Reliability: Supplier can consistently provide the product and services based on the terms.

During the reporting period, the Group's qualified supplier list has a total of 61 suppliers, 31, 22 and 8 suppliers are located in Hong Kong, the PRC and overseas respectively.

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## 7.0 Environment

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As an environmentally friendly enterprise, we strive to minimize the negative impacts of our business operation to the environment, and to ensure our operations are in compliance with all relevant environment laws and other statutory requirements.

The Group businesses do not have any significant impact on the environment. However, daily activities of the Group will have impacts on the environment, which primarily include:

- resources consumption, such as paper and electricity;
- generation of domestic wastes; and
- greenhouse gas emission, primarily generated from electricity consumption and air travel.

Hence, we have adopted various measures, such as internal promotion of the concept of resource conservation and reduction at source, to incorporate the environment protection concept to our daily operation so as to minimize the impacts on the environment.

In order to maximizing efficiency of resource utilization, as well as achieving the best energy and water saving and emission reduction effects, we have adopted the following energy and emission reduction measures:

- encourage employees to send messages through electronic means so as to reduce printing;
- encourage employees to select double-side printing if printing is necessary;
- promote garbage classification and recycle usable papers; and
- use of LED lightings and motion sensors to switch on lights automatically in office.

During the reporting period, the Group did not discover any significant non-compliance or violation of relevant environmental laws and regulations.

### 7.1 Emissions

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The working environment of the Group's businesses are indoor offices located in Hong Kong and Mainland China without any industrial plants and therefore, the types of emissions of the Group are limited to greenhouse gas ("GHG") emissions and non-hazardous waste.





#### 7.1.1 Greenhouse gas emissions

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

During the reporting period, the Group's GHG emissions equated to a total of approximately 31.70 tonnes of CO<sub>2</sub> equivalent ("tCO<sub>2</sub>e") and the detailed summary of the GHG emissions is shown as below:

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	2021	
	Amount	Intensity (Consumption / Headcount)
 Scope 1 Direct GHG emission	0 tCO2e	0 tCO2e
 Scope 2 Indirect GHG emission Electricity consumption	13.25 tCO2e	0.28 tCO2e
 Scope 3 All other indirect GHG emission Business Air Travel	18.45 tCO2e	0.40 tCO2e
 Total GHG Emission	31.70 tCO2e	0.68 tCO2e

The largest source of emissions came from business air travel reported as Scope 3 emission. Scope 3 emissions accounted for approximately 58% of the Group's total carbon footprint. Even though the reporting of Scope 3 emissions is voluntary, the Group has started to collect the emissions data to better assess their impact across the entire value chain and identifies the most effective ways to reduce them. The Group identified air travel, amongst other emission sources in our monitoring.

## 7.1.2 Waste

The wastes are generally categorized as e-waste and non-hazardous waste. For the purpose of resource conservation and environmental protection, wastes are further classified as reusable and recyclable and the Group is committed to reusing, recycling and reducing the wastes generated by the Group.

The e-wastes generated by the Group's operations mainly consist of old computers, electronic components, servers, headset and motherboard. The non-hazardous wastes generated by the Group's operations mainly consist of paper, printing supplies of our offices and domestic wastes. For e-wastes, all unused computer hardware were disposed primarily through supplier reclamation and responsible disposal vendors. For non-hazardous wastes, consumption volume of paper is regularly monitored and the Group has implemented a number of reduction measures, including to:

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

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

## 7.2 Use of Resources

During the year, the Company continued to make inputs into the establishment of a sound resource and energy management mechanism and implement the main responsibility for environmental protection. To this end, we conserved electricity, water and paper resources in our daily operations as always and tried our best to reduce the negative impact on the environment caused by energy and resource consumption.



In 2020, we relocated our International Finance Centre ("IFC") which is a Green rated building. We've also raised employee awareness of environmental issues through recycling initiatives.

### 7.2.1 Energy consumption

Our IFC office implement motion sensor lighting system. The motion sensor lights conserve power by shutting off automatically when they no longer detect movement after office hours.

Since the implementation of such initiatives, the Group managed to lower its electricity consumption accordingly.

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

	2021	
	Amount	Intensity (Consumption / Headcount)
 Energy		
 Electricity Consumed	18,667.77 kWh	405.82 kWh

### 7.2.2 Water

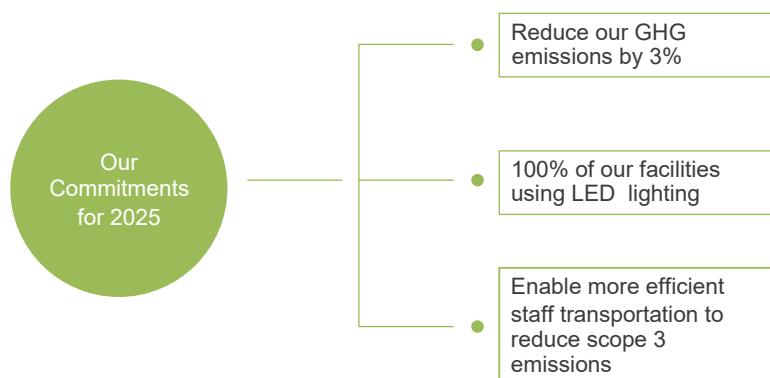
The Group consumes water mainly for daily office operations. During the year, the Group did not encounter any problems in obtaining water for use. Our IM and SDI business office's water is included in our office rental. Nevertheless, we are committed to reducing water consumption. Our offices come with sensor tap. If any leaks in the water supply facilities are found, we will notify the property management company in real time to arrange for repair and inspection.

### 7.2.3 Paper usage

The Group recognizes the importance of caring the environment and strives for enhanced energy efficiency within our daily operation to reduce the operating cost. Within this context, the Group has identified paper usage as a key area to address. During the reporting period, the Group used 94 reams of 500 sheets per ream A4 paper.

### 7.2.4 Commitments for 2025 of the Group

As the Group has disposed the CRMS business, thus, we have reset our 2025 environmental target.



## 7.3 The Environment and Natural Resources

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

- Electricity consumption; and
- Business air travels.

The Group is constantly carrying out multiple efforts to minimize the environmental impact of its activities. By enhancing the efficiency of lighting and electrical appliances, the Group can save electricity. By using video conference technology, the Group can reduce the air travel footprint and all these steps can further reduce the GHG emission.

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

## 7.4 Climate Response of the Group

The increasing physical impacts of climate change, bringing warmer temperatures, increased water scarcity, and more frequent and severe weather events, pose immediate and long-term threats.

Some market participants are already attempting to factor climate change scenarios into investment decisions. In turn, there is a growing body of research pointing to possible ways in which financial systems themselves may be vulnerable to climate risk. The Group knows that stakeholders such as clients and investors, are increasingly interested in understanding how a business is thinking about climate change. The Group will commence to explore ESG factors in investment decision-making and ownership practices.

The Group considers climate change in terms of how we manage the impact we have on the environment from our direct operations. We have gradually identified the climate change-related risks and opportunities in relation to the business development of the Group with reference to the list of risks as recommended by the Task Force on Climate-Related Financial Disclosures (“TCFD”).

Risk Type	Source of risk	Impacts	Measures
Physical Risk	Extreme weather	Frequent extreme weather may affect our operation	Formulate emergency plan for employees to evacuate or work from home during extreme weather.

## 8. Social - Community

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### 8.1 Community Investment

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With a vision to progress and prosper with our community, the Group is committed to giving back by contributing to the society. Despite the absence of an explicit policy in this regard, the Group supports employees' participation in volunteer services for good causes.

The Group supports local internship employment program. It works with local colleges and offers intern position for their graduates. The Group contributes its core expertise and knowledge of its employees to projects and programs aiming at enhancing digital literacy skills in the community. The Group has provided trainings to school leavers on how to use various IT technologies to improve their job skills.

## Appendix I ESG Key Performance Data Tables for 2021

### Environmental Aspects

KPI		Unit	2021
Air Emissions	Sulfur dioxide	kg	n/a
	Nitrogen oxides	kg	n/a
	Particulate matter	kg	n/a
Greenhouse Gas Emissions	Greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	0
	Greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	13.25
	Greenhouse gas emissions (Scope 3)	tCO <sub>2</sub> e	18.45
	Total greenhouse gas emissions	tCO <sub>2</sub> e	31.70
	Greenhouse gas emission intensity	tCO <sub>2</sub> e/ Number of employees	0.68
Hazardous Waste	Total Hazardous Waste	Tonne	0
	Hazardous waste intensity	Tonne/ Number of employees	0
Non-hazardous Waste	Total non-hazardous waste	Tonne	0.177
	Non-hazardous waste intensity	Tonne/ Number of employees	0.003
Energy Consumption	Total energy consumption	'000 kWh	18.66
	Direct energy consumption	'000 kWh	0
	Indirect energy consumption	'000 kWh	18.66
	Energy consumption intensity	'000 kWh/ Number of employees	0.40
	Electricity	kWh	18,667.77
	Gasoline use	Litre	n/a
Water Consumption	Water consumption	m <sup>3</sup>	0
	Intensity of water consumption	m <sup>3</sup> / Number of employees	0

#### Description of environmental data and indexes:

1. Environmental data spans the period from January 1 to December 31, 2021;
2. GHG emissions (Scope 2) arise from the consumption of purchased electricity; GHG emissions (Scope 3) arise from the business air travel; the data sources are the payment bills of relevant fees and administrative statistical ledgers. The GHG emission factors of purchased electricity refer to the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange. The GHG emission factors of business air travel refer to the ICAO Carbon emissions calculator.
3. The type of energy consumed by the Group in 2021 includes purchased electricity, and the data sources are the payment bills of relevant fees and administrative statistical accounts; The energy consumption indexes are subject to conversion factors provided by the International Energy Agency.
4. Non-hazardous waste is office waste and other garbage generated from administrative offices
5. The Group's water is included in the rental package. The water is shared for all the office tenants.



## Social aspects

KPI		2021	
Total number of employees by gender, employment type, age group and region			
		Number of employees (persons)	Percentage (%)
By Gender	Male	29	63%
	Female	17	37%
By Employment Type	Full-time	39	85%
	Part-time	7	15%
By Age Group	Under 25 years old	8	17%
	25 -34 years old	17	37%
	35 - 44 years old	10	22%
	45 – 54 years old	7	15%
	55 years old or above	4	9%
By Geographical Region	Hong Kong	27	60%
	Mainland China	19	40%
Total Number of Employees		46	
Employee turnover rate by gender, age group and region			
		Number of employee turnover (persons)	Turnover rate
By Gender	Male	5	18%
	Female	1	6%
By Age Group	Under 25 years old	0	0%
	25 - 34 years old	2	12%
	35 – 44 years old	4	44%
	45 – 54 years old	0	0
	50 years old or above	0	0
By Geographical Region	Hong Kong	4	15%
	Mainland China	2	11%

\*Turnover rate is excluding turnover of internships.

## Social aspects

Health and Safety			
Number of work-related fatalities in the past three years		0	
Lost days due to work injury		0	
Percentage of Employees Trained and Average Hours Trained by Gender and Employment Typ			
		Percentage of employees trained	Number of training hours per capita
By Gender	Male	100%	15
	Female	100%	15
By Position	Management	100%	15
	General staff	100%	15
Number of suppliers			
Number of suppliers	Hong Kong	31	
	Mainland China	22	
	Oversea	8	

## Appendix II ESG Guide Content Index

ESG Indicators		Disclosures	Pages
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	17-20
A1.1	The types of emissions and respective emissions data	Disclosed	17-18
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	18
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	18
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	18
A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	17,19,20
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	18
A2 General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Disclosed	17,19
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).	Disclosed	23
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	19,23
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	20
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	19

## Appendix II ESG Guide Content Index

ESG Indicators		Disclosures	Pages
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A (The Group's core business does not involve the use of packaging materials.)	-
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	20
A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	20
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	21
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	21
B1 General Disclosure	Information on the policies and 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.	Disclosed	9
B1.1	Total workforce by gender, employment type (full or part-time), age group and geographical region.	Disclosed	10
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	10
B2 General Disclosure	Information on the policies and 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.	Disclosed	11
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	11,23
B2.2	Lost days due to work injury.	Disclosed	11,23
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	11

## Appendix II ESG Guide Content Index

ESG Indicators		Disclosures	Pages
B3 General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	11-12
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	12
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	12
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	13
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	13
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	13
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	13
B5.1	Employee turnover rate by gender, age group and geographical region.	Disclosed	16
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	16
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	16
B5.4	Description of practices used to promote environmental preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	16

## Appendix II ESG Guide Content Index

ESG Indicators		Disclosures	Pages
B6 General Disclosure	Information on the policies and 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.	Disclosed	14
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A (The Group's main business does not involve product recalls for safety and health reasons.)	-
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	15
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	15
B6.4	Description of quality assurance process and recall procedures.	Disclosed	14
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	15
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	16
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.	Disclosed	16
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	16
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	16
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	Disclosed	22
B8.1	Focus areas of contribution (e.g. education, environmental concerns labour needs, health, culture and sport).	Disclosed	22
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	22

