



MOMENTUM FINANCIAL
HOLDINGS LIMITED
正乾金融控股有限公司

MOMENTUM FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1152

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2021



Environmental, Social and Governance Report

1 ABOUT THE REPORT

The Group primarily adopts the principles and basis of the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of (the “Listing Rule”) of The Stock Exchange of Hong Kong Limited, with an aim to establish a sound environment, social and governance structure. This Report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the principal businesses of the Group from 1 January 2021 to 31 December 2021 (the “2021” or “Year”), unless otherwise stated. The management regularly review the scope of the ESG Report to ensure that significant impacts to the Group’s overall business portfolio are covered.

The basis of reporting principles — materiality, quantitative and consistency:

- “Materiality” Principle: The Group determines material ESG issues by stakeholder engagement and materiality assessment.
- “Quantitative” Principle: Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Consistency” Principle: The Report will use consistent methodologies for meaningful comparisons in the past years unless improvements in methodology are identified.

The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long term prosperity. The Board of directors is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

2 BOARD STATEMENT

The Group undoubtedly places a strong emphasis on growth and development so as to transform to a scalable enterprise. Notwithstanding such emphasis, the Board is fully aware that the duly performance of our responsibilities relating to ESG are key to our sustainable development and plays a primary role in overseeing the Group’s ESG issues. The Board approves environmental goals and social goals for the sustainability of the Group’s business. We strive to align our long term corporate development with environment and society.

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Data from relevant material risks is gathered and KPIs are created to set practicable targets. The ESG team manages relevant material risks by regularly monitoring the KPIs against the targets.

Environmental, Social and Governance Report *(Continued)*

The oversight of the Board ensures that the team can have all the right tools and resources to deal with the ESG issues. The ESG team updates to the Board at the regular meetings with the progress and the status of achieving the KPI targets, the environmental goals and the social goals. The Board reviews and monitors the team's reporting, ensuring that the requirements from the Board are met. All of the operations and businesses of the Company and its subsidiaries, subject to the relevant material identified, are under the scope of review and assessment. As the business evolves, we continue to pay attention to the compliance status of ESG-related rules and regulations and identify new ESG issues.

3 COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF MATERIAL ISSUES

The Group highly values the staff's opinions and appeals. The Group place reliance on the contributions made by all staff from various departments in compiling the ESG report. Due to their respective endeavour, the Group have deepened its understanding on the Group's accomplishments to-date in the respect of environmental and social issues. The information have brought together should not be merely regarded as an overview of the Group's environmental and social initiatives during the Year, they have also subsequently laid a solid groundwork for the Group to formulate strategies for sustainable development in both short-run and long-run period.

Meanwhile, the Group genuinely understands that all stakeholders' interests are closely related to its business development. The Group, therefore, is actively involved in bilateral exchange of views with the stakeholders. Through diversified channels of communication, the Group is adequately informed of the overall expectations and requirements of various stakeholders, so that the management of the Group could take corresponding measures and improve the operating strategies to further enhance the performance in the fields of environmental, social and governance. The Group's stakeholders represent a congregation of diversified sectors of interests, including but not limited to government and regulatory authorities, shareholders, collaborative partners, customers, staff, members of the community and the public at large. The management of the Group engage in an effective communication with each stakeholder through various communication channels, such as emails, phone conversations and face-to-face discussions, among others. In the Year, the Group has both learnt and addressed to the stakeholders' expectations, while their views were collected through various channels, including face-to-face conversations, conferences and questionnaires, among others.

Environmental, Social and Governance Report *(Continued)*

4 MATERIALITY MATRIX

During the Year, the Group has evaluated a number of environmental, social and operation related issues, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure the Group's business development is in line with the expectations and requirements of its stakeholders. The Group's and its stakeholders' matters of concern are presented in the following materiality matrix:

		Importance to the Group		
		Low	Medium	High
Importance to Stakeholder	High	<ul style="list-style-type: none"> ◆ Anti-discrimination ◆ Protecting labour rights 	<ul style="list-style-type: none"> ◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare policies 	<ul style="list-style-type: none"> ◆ Customers' satisfaction level ◆ Anti-corruption ◆ Product quality and safety ◆ Suppliers management ◆ Occupational health and workplace safety
	Medium	<ul style="list-style-type: none"> ◆ Community involvement 	<ul style="list-style-type: none"> ◆ Use of resources 	<ul style="list-style-type: none"> ◆ Operational compliance ◆ Protecting customers' privacy ◆ Air emissions
	Low	<ul style="list-style-type: none"> ◆ Preventive measures for child and forced labour 	<ul style="list-style-type: none"> ◆ Non-hazardous wastes produced 	<ul style="list-style-type: none"> ◆ Use of raw materials ◆ Hazardous wastes produced

Environmental, Social and Governance Report *(Continued)*

The table underneath showed aspects on the ESG Guide to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in ESG Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Emission from town gas, electricity or vehicle
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
A4 Climate Change	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Involvement	Community programs, employee volunteering and donation

A. Environmental

The Group is engaged in the provision of financing and leasing services, as well as in trading of nutritional food and health care products. Most of daily and routine operations are taken place within office. The Group strictly complies with all applicable laws and regulations on pollution and environmental protection, including but not limited to the Environmental Protection Law of the People's Republic of China and the Waste Disposal Ordinance of Hong Kong. Due to business nature of the Group, it do not generate a significant amount of air emissions, wastewater, nor any other emissions in the course of the daily operations. The Group's sources of greenhouse gas emissions are attributable to the direct emissions arising from vehicles, plus energy indirect emissions from electricity consumption, as well as other indirect emissions arising from employees' business travels and paper consumption.

In respect of waste treatment, the Group, during its course of operation, produces non-hazardous wastes, mainly categorized as general waste, that are subject to the handling of the property management company; on the other hand, its hazardous wastes are mainly electronic wastes in the office, such as light bulbs, batteries, and inkjet cartridges, among others. In order to ensure proper handling of hazardous wastes, the Group has returned all its collected inkjet cartridges to the suppliers for further handling. As there is only an insignificant amount of hazardous wastes produced during the Year by the Hong Kong office, the Group does not make any subsequent relevant disclosure on the issue.

Energy Saving and Emission Reduction

The Group is highly concerned with environmental protection. In the course of business, it adhere to the principles of “reduce”, “recycle” and “reuse”, and obliged to implement green office practices. The Group nurture the awareness of environmental protection among its staff through promoting water conservation concept. Besides, the business of the Group does not involve any use of packaging materials.

To reduce paper consumption and waste disposal, the Group has encouraged its staff to re-use paper, to adopt double-sided printing and copying and to re-use paper printed in single side. The Group have assigned recycling boxes in the office to collect waste paper, posters and envelopes. Meanwhile, The Group encourage its staff to resort to the electronic means of communication, including emails instead of facsimile or physical mails, as well as to adopt the electronic system for recordkeeping.

As far as energy conservation is concerned, the Group prioritizes to apply office appliances and equipment that incorporate Energy Label, which enable efficient use of energy. The Group also advocate its staff to switch off all electronic appliances and equipment such as computers, idle lighting system and other electronic appliances when the office closes.

On the other hand, vehicles have posed as one of the main sources of greenhouse gas emissions. The Group, therefore, undertake regular inspection and maintenance for vehicles, so as to maintain the vehicles’ performance, to ensure that there is no engine-idling, as well as to minimise air emissions and wasted fuel.

A1.1. Emissions Data from Gaseous Fuel Consumption

- a) Since the Company did not have town fuel and town gas consumption during the Year, therefore no emissions data from gaseous fuel consumption applied.
- b) The Company has motor vehicles during the Year, the emissions data from vehicle applied are set out below:

	Key Performance Index (“KPI”)		
	2021	Unit	%
NOx	1,192	Kg	92%
SOx	22	Kg	1%
PM	88	Kg	7%
Total	1,302	Kg	100%

Environmental, Social and Governance Report *(Continued)*

A1.2. Greenhouse Gas Emission

	2021	KPI Unit	%
Scope 1			
Direct Emission	4,235	Kg	24%
Scope 2			
Indirect Emission	13,296	Kg	76%
Scope 3			
Other indirect Emission	–	Kg	–
Total	17,531	Kg	100%

During the Year, there is 17,531 kg of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation.

Total floor area coverage for the Group was 1,623 m² in 2021. The annual emission intensity was 10.8 KgCO₂e/m².

The Group set the targets to 30,000 kg of GHG emission for the Year. The Group has achieved the target during the Year.

Compliance with relevant laws and regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group during the Year. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the Year.

A1.3. Non-hazardous Waste

The Group did not generate significant hazardous waste in its operation. Non-hazardous waste from use of electricity of the Group's operation but the management of the Group believed that is insignificant waste.

A2.1. Use of Resource

The Group is committed to minimising the impact of business activities on the environment, and supporting environmental protection programmes. In particular, a number of initiatives designed to conserve resources were introduced to promote employee awareness of the need to achieve efficient utilisation of resources.

Environmental, Social and Governance Report *(Continued)*

For the Hong Kong office operation, the Group has been encouraging employees to establish energy-saving habits in the office, such as switching off lights and electronic appliances before leaving the office, as well as setting indoor temperature at 25.5°C.

The energy consumed is mainly from purchase of electricity. The total electricity consumed are set out below:

	KPI 2021	Unit
Electricity consumed	16,207	kWh
Petrol	16,741	L
Total floor are of facilities	1,623	m ²
Electricity consumed per square meter	10.0	kWh/m ²
Petrol consumed per square meter	10.3	L/m ²

The Group set targets to 30,000 kWh of energy consumption during the Year. The Group has achieved the target during the Year.

A3. *Environmental and Natural Resources*

The Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to enhance its efficiency in the usage of energy, water and materials and also complies with relevant local environmental regulations and international general practices, with an aim to reduce the use of natural resources and protect the environment.

There were no non-compliance cases noted in relation to environmental laws and regulations during the Year.

A4. *Climate Change*

Global climate change is getting worse and global warming has been a serious problem. The Group, as a responsible enterprise, endeavoured to introduce measures as far as practicable, such as those mentioned in A2.1 above, to reduce greenhouse gas emissions from business operations.

To cope with extreme weather conditions, the Group takes precautionary and protective measures including, where necessary, home office arrangement, work schedule rearrangement and redeployment of resources, to ensure the safety of employees, to minimize the impact on business process and to avoid any physical damages to assets of the Group.

Environmental, Social and Governance Report *(Continued)*

B. Social

Being a responsible business and employer, the Group are committed to consistently looking for ways to meet the corporate social responsibilities. The Group focus on its staff, environment and community as well as its business partners.

B1. Employment and Labour Practices

Employees are the most valuable asset of the Group and crucial part of its business growth. The Group respects every employee and strives to establish an inclusive workplace. As stated clearly in its "Staff Manual" and "Corporate Social Responsibility Policy", the Group is committed to providing equal opportunities in recruitment and promotion, regardless of age, gender, race, skin colour, religion, nationality, marital status, disability or sexual orientation. The Group makes every effort to ensure that there is no harassment, including sexual harassment, in the workplace.

The primary business of the Group is provision of financing and leasing services, as well as in trading of nutritional food and health care products. The management believes that hiring and retaining qualified employees is a key to its success. The Group regularly reviews the remuneration policy to ensure its market competitiveness. The Group also carries out staff evaluations to assess performance of all employees on annual basis. Employees are recognized and rewarded according to their individual performance, working experience, respective responsibilities, merit, qualifications, competence and time commitments.

Staff Composition

As at 31 December 2021, the Group employed a total of 38 (2020: 31) staff, including operational office, sales and marketing, and back office division. All staff members are allocated in Hong Kong and Mainland China.

a) Employee's Age and Gender Distribution

Age Group	2021		2020	
	Male	Female	Male	Female
0-15	21%	13%	3%	6%
16-60	16%	21%	48%	11%
= 61/>61	26%	3%	19%	13%
Total	63%	37%	70%	30%

Environmental, Social and Governance Report *(Continued)*

b) Employee' s Types Distribution

	2021		2020	
	Male	Female	Male	Female
Full-time	63%	37%	70%	30%
Part-time	0%	0%	0%	0%
Total	63%	37%	70%	30%

c) Employee' s Geographical Distribution

	2021		2020	
	Male	Female	Male	Female
Hong Kong	16%	5%	31%	17%
Mainland China	47%	32%	39%	13%
Total	63%	37%	70%	30%

The Group will continue to provide a well-structured and caring environment to employees to raise their sense of belonging and work efficiency in the Group.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported during the Year.

Environmental, Social and Governance Report *(Continued)*

B2. Employee Health and Safety

The Group strictly complies with the relevant laws and regulations in relation to occupational safety in the localities of its operation, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Occupational Safety and Health Ordinance of Hong Kong. It source for labour insurance for its staff. To safeguard for employees' health and safety, all staff keep their working spaces clean, along with adequate lighting and ventilation at all times. The Group also ensure that the proper fire service equipment and first aid kits are in place. Take the Hong Kong office as an example, the Group distribute the relevant materials related to occupational safety and health to staff, so as to enhance employees' awareness on occupational safety and health.

The outbreak of the novel coronavirus (COVID-19), has become the latest challenge for the health authorities in Hong Kong and Mainland China, the Group has several policy to protect its staff:

- All public area would be performed disinfection on timely basis;
- Provide mask and disinfection supplies to all staff;
- Request all staff to perform body temperature test everyday;
- Request each staff to report their health status everyday; and
- Request each Department Head to monitor the health status of its staff on timely basis.

Occupational Health and Safety Data

The information of work accident are set out below:

Health and Safety	2021	2020	2019
Number of work-related fatalities	0%	0%	0%
Lost days due to work injury	—	—	—

During the Year, the Group has had no non-compliance cases regarding violation of relevant laws and regulations on occupational health and safety.

B3. Development and Training

The Group has committed to provide on-the-job education and training to its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. During the Year, regular training courses were provided to the employees included but not limited to orientation training, technical training and quality training.

Performance evaluations are initiated each year. Recognising the value in the skill and experience of its staff, the Group has adopted a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

B4. Labour Standard

The Group fully understand that the exploitation of child and forced labour are universally prohibited, and therefore take the responsibility against child and forced labour very seriously. The Group strictly comply with all laws and regulations against child labour and forced labour.

The Group strictly observes the laws and regulations in relation to employment in the localities of its operation, including but not limited to the Labour Law of the People's Republic of China and the Employment Ordinance of Hong Kong, so as to ascertain that reasonable remuneration and benefits are provided for all staff, while the employment principle is based on the protection of labours' rights. To correspond with the Group's development in the industry, the Group duly arrange for recruitment to source for suitable candidates in accordance with the distinctive requirements of each specific position. During the recruitment process, the management screen of candidates based on the criterion in line with the requirements of the positions concerned, such as academic qualifications, working experience and individual capability, while the Group does not discriminate against any candidates on the grounds of variations in gender, age, race, religion or disability so as to provide equal chances for interviews for all suitable applicants. On concluding an employment contract with employees, the management will scrutinize carefully the relevant identification document of employees to ensure no mistaken employment of child labour. Prior to the official appointment of each staff, it provide a concrete description of the predestinated position, with clear specifications on the job duties, hierarchical scale and working hours, to prevent forced labour. With regard to resigned employees, a face-to-face interview in relation to the resignation would be arranged in order to look into the reasons of the off-boarding. The Group will comply with the requirements of the relevant laws and regulations, to make timely payment for the outstanding wages.

Environmental, Social and Governance Report *(Continued)*

Benefits and Development

The Group is firmly convinced that effective communication is significant to promote employer-employee relationship. The Group, therefore, highly value the communication with its staff. All department heads will contact staff from time to time for view exchange. Should any staff encounter any difficulties or problems in carrying out their duties, they may reflect views and seek assistance from their respective department heads. The Group also, from time to time, organizes recreational activities, so as to facilitate employees' work-life balance, physical and mental wellbeing, along with strengthened bonding and team-spirit among members. During the Year, the Group distributed festive presents and hosted for festive luncheons for its Hong Kong staff.

During the Year, the Group has had no non-compliance cases regarding violation of relevant child labour and forced labour laws.

B5. Supply Chain Management

The Group's suppliers mainly provide nutritional food and health care products. The Group compile a required material list in line with its internal requirement, along with stock-taking so as to refrain from wasting resources. When selecting suppliers, the management screen of based on the quality of products provided by suppliers. The Group give preference to those suppliers in nearby regions, so as to reduce the distance of products delivery, as well as to minimize the carbon footprints produced during the transportation.

During the Year, the Group carried out a regular review on their current suppliers and assess other alternative potential suppliers. Where ever possible, the Group would tend to suspend cooperation with suppliers if significant deterioration was found in the supplier's quality, environmental and social responsible, this ensures that suppliers conform to the Group's standard.

A systematic supplier management mechanism has been set up to closely monitor the performance of suppliers. As at 31 December 2021, the Group has 6 major suppliers.

Geographical	No. of major suppliers
Mainland China and Hong Kong	6
Overseas	–
Total	6

B6. Product Responsibility

The Group is committed to providing quality products and services. In the course of its business, the Group strictly comply with the industry related laws and regulations in the localities of its operation at all times, including but not limited to the Anti-Unfair Competition Law of the People's Republic of China and the Copyright Ordinance of Hong Kong. The Group has put in place a complaint mechanism, accordingly to which a predestinated mailbox is maintained within the company website, particularly for the purpose of handling customers' inquiries and complaints.

Moreover, as the Group understands the significance of protecting customers' information, it has formulated a mechanism on information confidentiality. No documents should be taken away from its office by any staff, without the prior consent from the department heads. In the employment contract, the Group have stipulated that all staff are not allowed to disclose any confidential information in relation to either the Group or its customers to a third party. Meanwhile, it is committed to intellectual property protection by using licensed computer software.

B7. Anti-corruption

Pursuant to the relevant laws and regulations related to bribery prevention in the localities of the Group's operation, including but not limited to the Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong. All staff are not allowed to solicit or accept any interests in relation to their duties, including money, gifts, rewards, services or privileges. Should conflict of interests incurred as the staff carry out their obligations or accept any gifts from the Group's customers, suppliers, or any other parties that are related to its business dealings, the respective staff should declare the conflict of interests to us, so as to prevent corruption and avoid any unnecessary misunderstanding.

In the Year, there is no legal case concerning corruption brought against the Group or employees.

During the Year, the Group provide 9 training hours to its staff in relation to anti-corruption.

B8. Community Involvement

Along with the endeavour to promote business, the Group is also dedicated to social welfare and giving back to society.

As global responsible citizen, the Group strives to improve the society image and social responsibility through community involvement. All employees of the Group are encouraged to participate their own initiatives on helping and supporting the local communities and neighbours.