

VISION:

TO BECOME A FAST-GROWING
FIRST-CLASS INVESTMENT AND
FINANCING PLATFORM IN THE
GREATER CHINA REGION

CORE VALUES:

PRUDENTIAL COMPLIANCE
STEADY DEVELOPMENT

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About this Report

This is the third Environmental, Social and Governance (the “ESG”) Report of China Shandong Hi-Speed Financial Group Limited, together with its major subsidiaries (the “CSFG” or the “Company” or “We”), presenting the Company’s performance on environmental and social issues that stakeholders are concerned about. This report enables stakeholders to better understand the Company’s sustainability strategy, measures and relevant performances. The board of directors of the Company confirms that it has reviewed and approved the report.

The report is published in Chinese and English. In case of any discrepancies between the two versions, the English version shall prevail. For disclosure on corporate governance, please refer to the section “Corporate Governance Report” in our Annual Report 2018.

REPORTING GUIDELINE

This report is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEX”).

REPORTING SCOPE

As the financial year-end date of the Company has been changed from 31 March to 31 December, this report covers the period from 1 April 2018 to 31 December 2018. Unless otherwise stated, all cases and data disclosed in the report are collected from the Company and its subsidiaries.

REPORTING PUBLICATION

The report is available in both hard copy and electronic version. The electronic version of the report can be viewed and downloaded from the Company’s website www.csfg.com.hk or the HKEX website.

CONTACT US

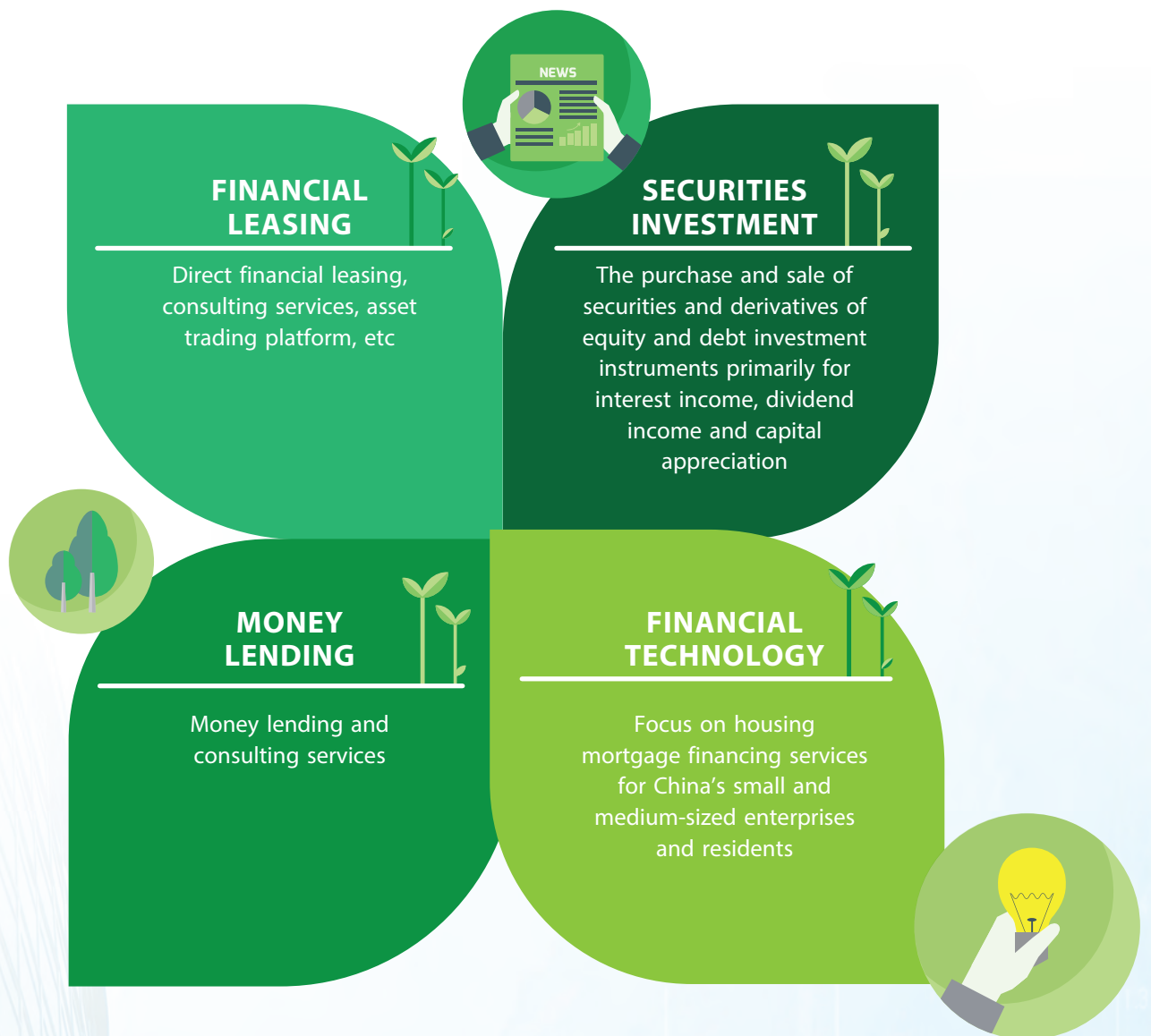
Should you have any thoughts, opinions or recommendations regarding this report, you are welcome to contact us through the following channels:

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About CSFG



Listed on the Main Board of Hong Kong Stock Exchange since April 1992, the Company is a holding company specializing in financial investments. The controlling shareholder of the Company, Shandong Hi-Speed Group Co., Ltd, has brought in ample operating expertise and extensive industry network to the Company, as well as robust resources support and market insights, driving the Company forward.



About CSFG

The Company offers a wide range of financial services and holds a money lenders license issued by the Companies Registry in Hong Kong, and is engaged in Types 1, 4, 5, 6 and 9 regulated activities under the licenses granted by the Securities and Futures Commission. The Company has adhered to its comprehensive business development strategy through both direct investment and strategic mergers and acquisitions to drive the development of its principal businesses, including financial investment, asset management, financial leasing, asset trading platform operation, money lending, financial technology and related financial services.

Currently, the Company mainly operates in Hong Kong and mainland China. We will keep up with the national strategic and economically growing hot-spot regions and venture into new regional markets and resources to achieve high-quality growth. With the ongoing implementation of the “Belt and Road” initiative (“BRI”), the Guangdong-Hong Kong-Macau Greater Bay Area, one of the pivotal nodes of development under the BRI, will become one of China’s most marketized and economically vibrant regions.

Having toiled in Hong Kong’s capital market for several years, the Company will harness the geographical advantage of the “Greater Bay Area” and BRI, strengthening cooperation with the markets in these initiatives. The Company will seek prospective investment opportunities and aspire to become a fast-growing first-class investment and financing platform in the Greater China region.



Chairman's Statement



Dear stakeholders,

I am grateful for the opportunity to present our Company's 2018 ESG report. We strongly believe that sustainability is becoming one of the key considerations in strategic decision-making. Striving to be a responsible corporate citizen, we keep on creating value for all sectors of the community. While we promote inclusive finance in China and boost innovative financial products and services based on clients' needs, we remain committed to communicating with different stakeholders regularly, including shareholders, clients, staff and partners to understand their needs and concerns, as well as to help distinguish the risks and opportunities related to sustainability, enhancing our reputation in the context of environmental and social responsibility and attaining the goal of sustainable development together with all parties.

CONSOLIDATE ENTERPRISE WITH RESPONSIBILITY

As a financial services provider, we are committed to offering our clients comprehensive and yet secure financial products and services. We actively provide vocational training to our employees to ensure our customer service is of high standard and good quality.

Upholding the highest standards in integrity, we emphasize the protection of clients' privacy, formulating relevant systems, criteria and policies that constitute guidelines to be followed by our management and employees when handling, monitoring and disclosing confidential information.

Facing various risks of financial products, we have set up specific methods to standardize the Company's business operations, to protect ourselves against the impacts brought by financial risks and secure the interests of all stakeholders.

PEOPLE-ORIENTED

Committing to protecting employees' rights and benefits, we comply with national laws and regulations and have established corporate management systems to safeguard employees' rights and benefits. In addition to ensuring workplace safety, we provide our employees with medical and other related insurance.

With different levels of training, our employees' vision is broadened, and their capabilities are strengthened, allowing the employees and the Company to make progress and grow together. We also encourage our employees to participate in volunteering activities to embrace social inclusion and contribute to society.



Chairman's Statement

ENVIRONMENTAL RESPONSIBILITY

Although the environmental impact of our operations is limited since we are office-based, we actively promote green practices in our Company through a few simple and yet effective measures for saving energy and resources. In order to contribute to the environment, we participate in a green office campaign named "Let's Go", initiated by a third-party consulting firm to evaluate our office's environmental performance and implement the corresponding green initiatives.

FUTURE PROSPECTS

To continue to make progress on sustainable development, we will continue to focus on Fintech innovation, and optimize our ESG management, bearing our fair share of environmental and social responsibility. We will keep close communication with stakeholders and do our best in understanding and responding to their thoughts and concerns.

Last but not least, on behalf of the board of the Company and the management, my greatest gratitude goes to various stakeholders, including investors, customers, employees and partners for all their efforts in promoting sustainability of the Company. I hope to work with all of you together and continue to move steadily towards the goal of sustainable development.

Wang Xiaodong

Chairman and Executive Director

24 July 2019

ESG Management Approach



Responsible for the overall business management, the board leads the development of the Company and makes significant decisions on all aspects. The members of the board have rich knowledge and experience in a wide range of professional areas including accounting, finance, business management, law, industry, and marketing. They oversee the Company's management and development direction, which includes reviewing performance related to ESG issues.

Our company has set up various departments for managing daily activities, including the administration department, human resources department, financial department, legal affairs department, etc. Each department has developed an appropriate management system based on legal requirements and operational status to manage ESG related issues, which includes identifying, evaluating and mitigating current and potential ESG risks. In addition, each department collects ESG data and reports it regularly.

STAKEHOLDER COMMUNICATION

Communicating with stakeholders is necessary for an enterprise to fulfill its social responsibility. During the reporting period, in order to fully understand the expectations and needs of our stakeholders, the Company maintained close communication with investors, clients, employees, the government and regulatory agencies, partners, community, public, etc., and developed response and corresponding measures based on material issues.



ESG Management Approach

RESPONSE TO THE CONCERNS OF STAKEHOLDERS

Below are the communication channels and topics that stakeholders are concerned about, and the efforts we make for these issues.

STAKEHOLDERS	ENGAGEMENT CHANNELS	ISSUES	ACTIONS TAKEN IN THE REPORTING PERIOD
Investors and Shareholders	<ul style="list-style-type: none"> Investor conferences and roadshows Annual general meeting Corporate announcements Financial reports and press releases ESG report Regular visits and communications 	<ul style="list-style-type: none"> Operation risks Anti-corruption 	<ul style="list-style-type: none"> Formulate specific management measures based on different risk types, providing clear basis and guidelines for daily risk management. Set up a sound risk management structure, making full efforts to establish a four-level risk management system consisting of the board of directors, management, risk control support department, business department and subsidiaries. Formulate financial and administrative measures, ensuring that the finance company operates in full compliance with the laws and regulations of Hong Kong. Strictly adhere to "Employee Handbook" and "Employee Code of Conduct", including that employees are prohibited from asking for or accepting any personal gains; employees are required not to accept luxury products or frequent hospitality etc. In accordance with the "Guidelines for the Selection of Suppliers and Intermediaries", employees who are engaged in selection work should maintain confidentiality, remain honest and self-disciplined, and should not receive gifts or kickbacks for any reason. In accordance with the "Point Penalty Items of Business-side Assessment of Laws and Regulations", employees with any behaviors that constitute commercial bribery or unfair competition are subject to appropriate point penalty based on their corresponding harmful results. Establish internal channels for complaints, encouraging employees to express their concerns and make complaints with confidentiality. If facts are established after investigation, those being reported are subjected to disciplinary actions.
Customers	<ul style="list-style-type: none"> Daily communications Company website Feedback from front-line employees After-sales services and complaints Customer activities 	<ul style="list-style-type: none"> Data privacy Business ethics 	<ul style="list-style-type: none"> Formulate relevant information security policies and regulations which list practices of protecting customer information and privacy, and guide customers in protecting individual privacy. Establish work regulations for maintaining confidentiality of the file system, ensuring that employees properly use and protect all material, especially customers' personal data. Formulate company's disclosure policy, providing the board of directors, senior management and staff as well as related employees with general guidelines for handling confidential materials, monitoring issues and information disclosure as well as responding to enquiries.
Employees	<ul style="list-style-type: none"> Feedback from training workshops Collection of employees' opinions Internal management systems Employee activities 	<ul style="list-style-type: none"> Employment compliance Development and training Health and safety 	<ul style="list-style-type: none"> In accordance with the "Recruitment and Employment Management Policy", the Human Resources Department is responsible for proposing next year's recruitment strategy and plans at the end of each year corresponding to the Company's developmental needs. Candidates are required to possess professional knowledge of finance and laws, logical reasoning skills and psychological well-being. Implement the "Training Management Policy" and formulate the annual training plan and strategies for both group-wide level and department level, including introductory training, legal compliance seminars, listing regulations training, and sharing of theories and experience in the finance profession. Offer relevant types of insurance, including medical insurance and travel insurance for business trips. Formulate working environmental safety regulations. Install air purifiers in the office for improving employees' health.
Community	<ul style="list-style-type: none"> Support charity organizations in relevant fields 	<ul style="list-style-type: none"> Helping people in need and property 	<ul style="list-style-type: none"> Employees are encouraged to participate in volunteer work. Many of our employees engage in volunteer work in their daily lives, sparing no effort in giving back to the community.

Lawful Operation



We operate in compliance with all applicable laws and regulations, and strive to improve our overall financial services, providing customers with excellent services.

PRODUCT RESPONSIBILITY

The Company is engaged in the financial business, which mainly includes financial leasing, money lending, asset management, asset trading platform operation, financial investment and related financial services. Being the provider of financial products and services, we shoulder our corporate social responsibilities, striving to improve the quality of financial products and services.

To enhance the quality of financial services, we appoint third-party professional institutions to provide employees with training, aiming to improve their professional skills and service quality. For example, we offered employees Bloomberg Application Training and Financial Analysis Training to enhance their professionalism in financial field, so that they can serve customers with more professional attitudes.

Active risk management is an important part of the daily operations for a financial services company. The Company is mainly exposed to market risk, credit risk, liquidity risk and the risk of the subsidiaries. We have formulated specific management measures based on different risk types, providing clear basis and guidelines for daily risk management. To ensure compliance of operations, risk prevention and preservation of social and public interest, we have set up a sound risk management structure, making full efforts to establish a four-level risk management system consisting of the board of directors, management, risk control support department, business departments and subsidiaries.

During the reporting period, we have complied with relevant laws and regulations including “Money Lenders Ordinance” (Cap 163) in Hong Kong, and have established specific systems including the “Administrative Measures for Overdue Business Risks of the Company (Trial)” and “Administrative Measures for Risk Impairment Provision of the Financial Assets of the Company (Trial)”.

To ensure compliance and to regulate business operations of the finance company, we have formulated a financial administrative measure, ensuring that the finance company operates in full compliance with the laws and regulations of Hong Kong. This financial administrative measure states that the finance company must strictly comply with a series of asset-liability ratio requirements when operating business, and establish the perfect loan approval procedure, loan interest rate-setting process and bad debts management system to guard against financial risks. During the reporting period, the Company was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Company relating to products and services provided.

Lawful Operation

DATA PRIVACY

Safeguarding customers' information and other material is an important part of maintaining stable operations which is essential to protect the Company's reputation and maintain a long-term business relationship with customers. The Company strictly complies with "Personal Data (Privacy) Ordinance" (Cap. 486) in Hong Kong, ensuring that customers information is protected from improper disclosure, misuse, loss, damage or corruption. During the reporting period, the Company was not aware of any incidents of invasion of customer privacy.

To ensure compliance, we have formulated relevant information security policies and regulations to safeguard customer privacy during and after transactions. For example, the "Privacy Rules of Shandong Hi-Speed Financial Service" lists the practices of protecting customer information and privacy, and guides customers in protecting individual privacy. The Company has formulated disclosure policies to provide general guidance to the Company's directors, senior management, senior staff and other relevant staff on the processing of confidential information, supervision of information disclosure and response to enquiries.

The Company has also established confidential work regulations and a confidential file system, ensuring that employees properly use and protect all material, especially customers' personal data. The filing system is an important part of protecting the Company's economic interests and customer data, which implements the principle of "unified leadership, hierarchical management, hierarchical enquiry". The confidential file system requires staff to strengthen their sense of security, strictly comply with relevant regulations about confidentiality, not to disseminate and disclose secrets, and not to pry into others' secrets in the course of work.

INTELLECTUAL PROPERTY

Respecting intellectual property and protecting business secrets, we strictly comply with the "Tort Law of the People's Republic of China", according to which we have made relevant contracts. Contracts specify that both parties have the obligation to respect intellectual property and protect confidentiality and require both parties to strictly keep the commercial and technical secrets. During the reporting period, the Company did not receive any cases of infringement of intellectual property.

In accordance with the national "Computer Software Protection Regulations" and the "Computer Software Copyright Registration Regulations", the Group's financial services software is certified by the National Copyright Administration of the People's Republic of China with software copyright registration certificates.

Lawful Operation



ANTI-CORRUPTION

The Company requires all staff to perform their duties with the highest integrity, determination and professionalism, and ensures that the Company's reputation is not damaged because of any incidents of fraud or corruption.

In accordance with relevant laws and regulations such as "Prevention of Bribery Ordinance", the Company has formulated a rigorous "Employee Handbook" and "Employee Code of Conduct", which clearly states the prohibited behaviors and the code of conduct to be followed, including that employees are prohibited from asking for or accepting any personal benefits; required not to accept luxury or frequent hospitality; hand any gifts they receive to the Company; and declare any conflicts between their personal interests and the corresponding positions or other related matters.

Employees who violate the relevant policies are subject to disciplinary actions. If a case involves violations of the Prevention of Bribery Ordinance, we refer it to the ICAC for investigation.



The Guidelines for the Selection of Suppliers and Intermediaries stipulate that employees engaged in selection work should maintain confidentiality, honesty and self-discipline and cannot receive gifts or kickbacks for any reason. If an employee breaks the rules, he/she is subject to the corresponding sanctions, and if there is any serious violation, the violator is investigated for legal responsibility.

To standardize the employees' business operations, we have formulated the "Point Penalty Items of Business-side Assessment of Laws and Regulations". In accordance with the Company's management system, employees with any behaviors that constitute commercial bribery or unfair competition are subject to appropriate point penalty based on the corresponding misconducts.

We also have established internal channels for complaints, encouraging employees to express their concerns and make complaints in confidence about any improper behaviors, frauds and corruptions within the Company. After receiving the complaints, our Commissioner Against Corruption investigates the case according to the established procedures.

If facts are established after investigation, those being reported are subject to disciplinary actions. During the reporting period, the Company was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion and money laundering.

Lawful Operation

SUPPLY CHAIN MANAGEMENT

The Company relies on various third-party financial products suppliers, providing customers with diversified financial products and services, including financial investment, asset management, financial leasing. In addition, our business activities rely on varied office materials suppliers.

We attach importance to potential risks such as supplier reputation and strictly abide by relevant laws and regulations to regulate the cooperation with suppliers and implement supplier evaluation. In order to improve the procurement mechanism and increase the transparency of the procurement process, we have established “Guidelines for the Selection of Suppliers and Intermediaries”, which states the Company’s selection criteria, selection procedures and related management methods for selection of suppliers and intermediaries, based on which, we choose the suppliers in line with the requirements to guarantee the quality of financial products and services we provide.



During the process of procurement, relevant departments need to recommend no less than three suppliers or intermediaries with good reputation and service after making the request, and then be responsible for enquiry, compare quality and prices. According to the “Guidelines for the Selection for Suppliers and Intermediaries of China Shandong High-Speed Financial Group Co., Ltd. (Trial)”, following the principle of fairness and impartiality, the Company strictly follows the following standards during selection, aiming to promote standardization and institutionalization of the selection of suppliers and intermediaries.

After selecting suppliers and intermediaries, the Company assesses and monitors their performance. According to the experience of the procurement department, suppliers and intermediaries are evaluated annually, which provides the basis for follow-up cooperation, and prevents risk events such as reputation risk. During the reporting period, the Company maintained good relations and communication with various suppliers.

Employee Care



We believe that a people-oriented talent management is pivotal for the Company's long-term growth. The Company offers equal opportunities and professional training for all employees, driving personal and professional development of its workforce.

MAINTAINING A FAIR WORKPLACE

The Company highly values teambuilding and acquiring talents. We uphold the principles of openness, fairness and rigorous competition, and prioritize candidates' capabilities in the recruitment process.

All our labour-related policies and practices comply with the "Employment Ordinance", "Labour Contract Law of the People's Republic of China", "Provisions on the Prohibition of Using Child Labor", "Law of the People's Republic of China on the Protection of Minors" and other relevant laws and regulations.

According to the "Recruitment and Employment Management Policy", the Human Resources Department of the Company is responsible for proposing next year's recruitment strategy and plan at the end of each year, corresponding to the Company's developmental needs. Candidates are required to possess professional knowledge of finance and laws, logical reasoning skills and psychological well-being.

The Company has implemented the Internal Referral Policy. We have established the "Wise Eye Referrer Award", offering cash rewards to incentivize internal referrals of prospective talents; meanwhile, referrers are required to avoid participating in the recruitment process and declare any familial relationships with the referee to ensure a just and fair recruitment process.



Internal Referral Procedure

Employee Care

We are committed to upholding fairness and eliminating discrimination in the recruitment and promotion process. Employment, promotion and dismissal decisions are made with respect to employees' own caliber. We strictly prohibit any unequal treatment in recruitment processes, working arrangements and promotion opportunities.

To ensure compliance, we endeavor to maintain a fair and friendly workplace to allow employees to harness their potential and contribute to the Company. Our working hours, remuneration arrangements and welfare policies are in compliance with relevant laws and regulations. Staff are provided with comprehensive welfare packages including social insurance, dormitories, housing provident fund, annual leave, maternal leave and Mandatory Provident Fund. Bonuses and rewards are offered to staff with outstanding performance. We also organize activities like monthly birthday parties and festival gatherings so as to enhance employees' sense of belonging.



Monthly Birthday Party



Medical
Insurance



Housing
Provident
Fund



Birthday
Party



Festival
Gathering

During the reporting period, the Company was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. There were no reported cases regarding child or forced labour during the reporting period.

Employee Care

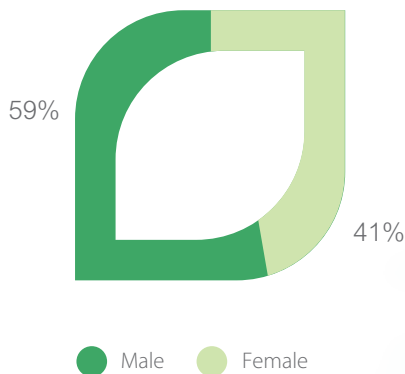


EMPLOYEE COMPOSITION

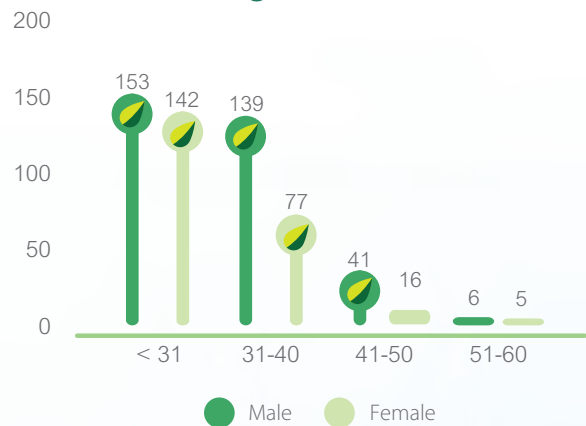
As at 31 December 2018, the Company has 579 employees, of which 92% are in Mainland China and the rest in Hong Kong. Among all employees, approximately 50% and 40% are aged below 31 and between 31 and 40, respectively. The Company is committed to acquiring talents; around 50% and 14% of our staff are bachelor's degree holders and master's degree or above holders, respectively. The management team of the Company constitutes 25% of the total workforce, 6% of which are senior management personnel.

We believe embracing a multitude of origins, races, ethnicities, religious, cultural and educational backgrounds are conducive to the enhancement of cultural diversity and mindset of the Company, and further drive forward the Company's innovative developmental strategy.

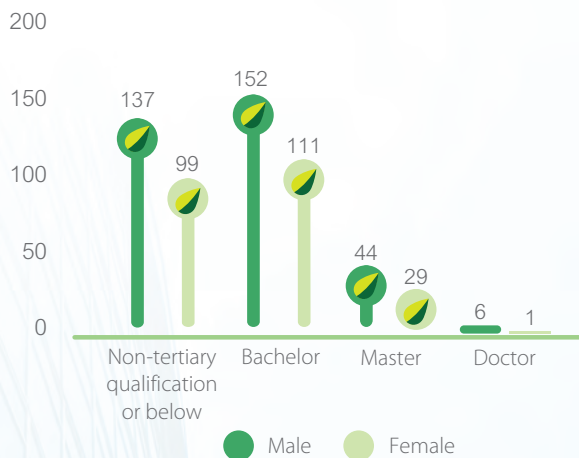
Gender Profile



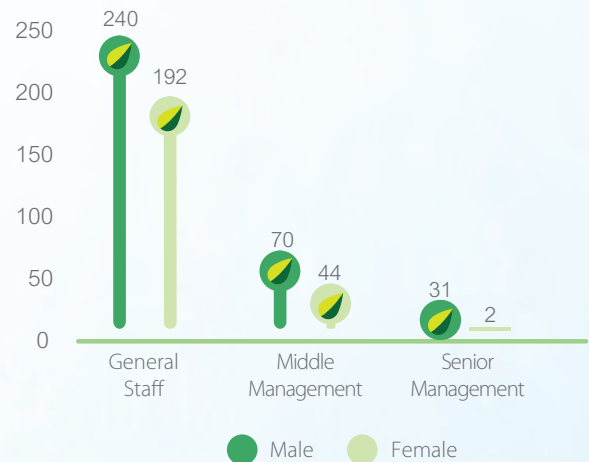
Age Profile



Education Profile



Position Profile



Employee Care

DEVELOPMENT AND TRAINING

Our employees are the most valuable asset of the Company. As such, we are committed to providing training and career development opportunities and establishing a comprehensive training system for our staff to enhance their core capabilities and achieve the goal of co-development of the Company and the staff. The Human Resources Department of the Company implements the "Training Management Policy", which constitutes the basis for the formulation of annual training plans and strategies.

Training sessions are designed for both group-wide level and department level, including introductory training, legal compliance seminars, listing regulations training, and sharing of theories and experience in the finance profession. The Company places emphasis on broadening employees' horizons; therefore, external professional agencies are employed to provide training services to hone the caliber of employees. To ensure the effectiveness of training, the Company builds individual learning and development profiles for each employee, recording the training progress and post-training evaluation.



In-house training

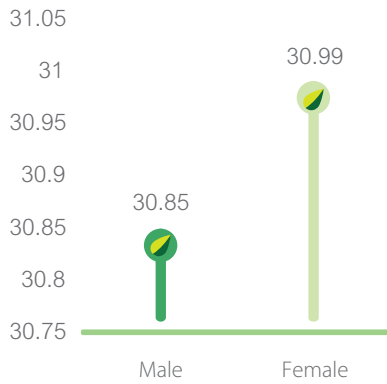


*Collaboration with
external training agencies*

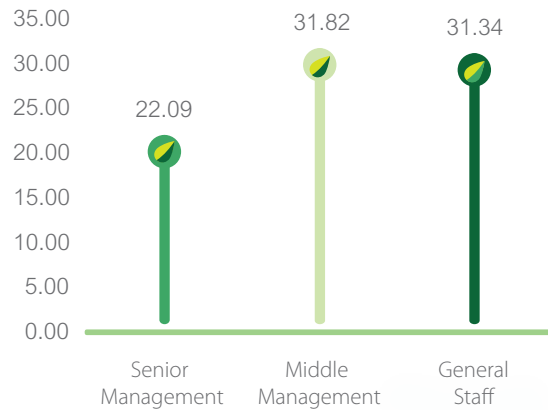
Employee Care



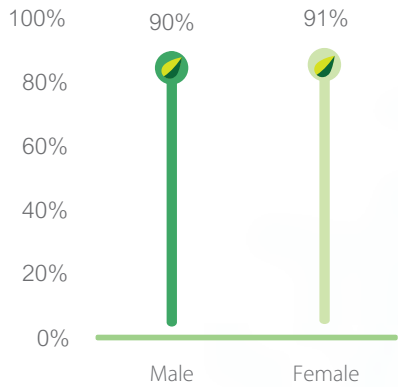
Average training hours per person (by gender)



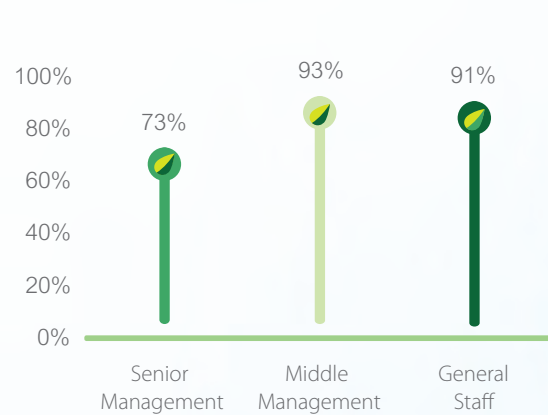
Average training hours per person (by position)



Percentage of trained employees (by gender)



Percentage of trained employees (by position)



	Total Training Hours	Average Training Hours
Senior Management	729	22.09
Middle Management	3,627	31.82
General Staff	13,541	31.34

Employee Care

HEALTH AND SAFETY

The Company offers medical insurance, annual health check-up, dental consultation and hospitalization coverage for employees. Travel insurance is arranged for employees on business trips. We also installed air purifiers in the office for improving employees' health.

For the safety of employees and the workplace, the Company strictly complies with the "Occupational Safety and Health Ordinance" and other relevant laws and regulations. We have formulated working environmental safety regulations to remind our employee about the potential hazards in the working environment. Besides, a set of guidelines governing the working arrangement in case of inclement weather is established to ensure the safety of employees' commute to and from work. During the reporting period, the total attendance of safety training in the Company amounted to 177 person-times; the total number of training hours was 1,593.

During the reporting period, the Company was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

COMMUNITY ENGAGEMENT

Under the corporate culture of pursuing excellence and emphasizing accountability, employees are encouraged to participate in volunteer work. Many of our employees engage in volunteer work in their daily lives, sparing no effort in giving back to the community.

Environmental Responsibility



Though the businesses of the Company do not involve major environmental emissions, we are committed to fostering sustainable resources consumption practices to further minimize environmental impacts.

ENVIRONMENTAL COMPLIANCE

As an integrated financial services group, we do not create significant impacts to the environment, we are committed to advocating sustainable resources consumption practices, as seen in the stipulation of environmental requirements in business travelling and office supplies. Besides, to further reduce the emission of pollutants, the Company starts from the details of operations processes and minimize unnecessary consumption of energy and office supplies, thereby lowering emission of air pollutants and solid waste.

Concerned with global climate change, the Company actively monitors environmental performance statistics to control the relevant impacts brought by business operations. We strictly follow regulations relevant to pollution and emissions, including but not limited to the “Environmental Protection Law of the People’s Republic of China”, “Law of the People’s Republic of China on Appraising of Environment Impacts”, “Waste Disposal Ordinance and Air Pollution Control Ordinance”. During the reporting period, the Company was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Company relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

EMISSIONS

The Company’s emissions of air pollutants are mainly emissions from its vehicles and combustion of gas. During the reporting period, 0.18 kg of SO_x, 5.54 kg of NO_x and 0.40 kg of Particulate Matter (PM) were generated as a result of the above combustion processes.

For solid waste, the Company’s Shenzhen office produced a total of 301.4 tons of domestic waste during the reporting period, of which 3.0 tons are recycled and the rest collected by property management company. The business nature of the Company does not involve manufacture of tangible products; there is no significant production of hazardous waste.

RESOURCES CONSUMPTION

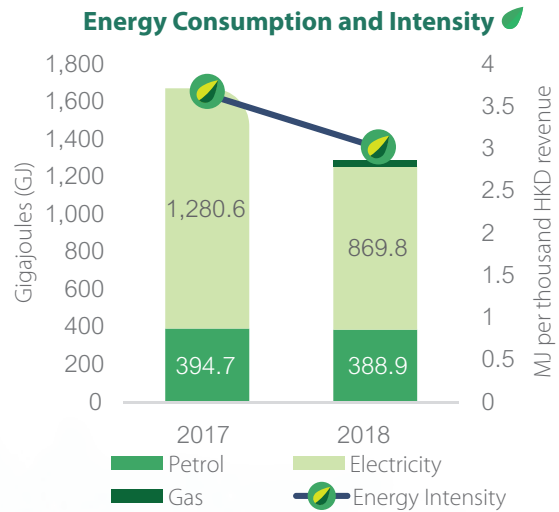
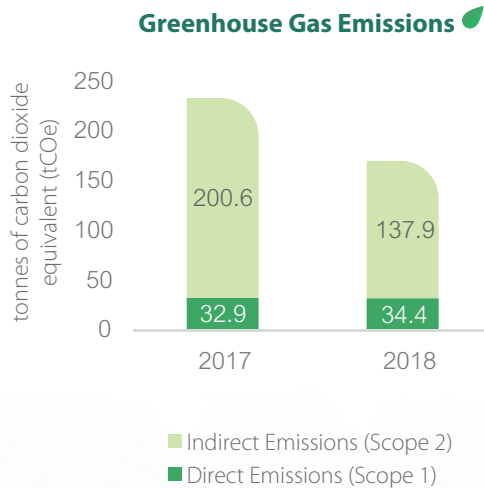
The operation of the Company is predominantly office-based. The major resources consumption and direct or indirect greenhouse gas emissions arise from combustion of fuel by vehicles and office electricity usage.

During the reporting period, the Company consumed 12,201 litres of petrol, 241,611 kWh of purchased electricity, 36,500 MJ of gas from Towngas. The total energy consumption was 1,295.2 GJ. The energy intensity of per thousand HKD revenue¹ was recorded at 3.03 MJ.

The direct greenhouse gas emissions (Scope I) amount to 34.4 tonnes of carbon dioxide equivalent (tCO₂e) while indirect greenhouse gas emissions (Scope II) amount to 137.9 tCO₂e. We strive to formulate various environmental protection policies to reduce energy consumption. For details, please refer to the section of “Energy Saving”.

¹ Revenue in the financial year amounted to 427 million HKD

Environmental Responsibility



Regarding water resources, the Company did not encounter any issue in sourcing water fit for the purpose. During the reporting period, the total water consumption was 1,554.5 cubic metre², sourced from municipal water supply. The water intensity was 3.64 litres per thousand HKD revenue.

The Company did not consume any packaging materials as its business does not involve production of tangible goods.

ENERGY SAVING

The Company is committed to promoting a green, low-carbon lifestyle, and adopting numerous strategies to mitigate the environmental impacts caused in daily operations. The Company encourages replacing business trips with video conferences to reduce the carbon footprint resulting from long-distance travelling. We also encourage employees to use public transport instead of driving, so as to lower the per-capita carbon emission. Adhering to the principle of green operation, we have installed LED lights in our office, and reduce the use of lights when natural light is abundant. Besides, we use independent switch-sockets to reduce energy consumption of office equipment. Energy-saving labels are posted in easily-visible places in office to remind staff members to turn off lights and air conditioners when not in use. For office equipment procurement, appliances with better ratings on energy efficiency labels are prioritized.



The Company participated in the “Energy Saving Charter on Indoor Temperature Scheme”. An average indoor temperature of 24–26°C is maintained during summertime through controlling the central cooling system. Heat-shielding films are installed on windows to lower indoor temperature, further reducing the energy consumption of air conditioning.

² The water consumption only includes the Shenzhen Office

Environmental Responsibility



RESOURCES CONSERVATION

The Company advocates reduction of waste at source and undertakes recycling by implementing relevant measures. The Company encourages employees to reuse office stationery such as used envelopes and folders; reduce paper usage by printing on both sides; reduce the use of disposable products such as paper cups, and use reusable cups as substitutes.

Also, the Company ensures purchased paper is certified by the Programme for the Endorsement of Forest Certification (PEFC). To reduce consumption of paper, the Company prefers using electronic means to disseminate information and ensure electronic devices such as tablets, projectors and electronic communication systems such as intranet are available to substitute traditional paper mediums.

We prioritize social media over print media and strive to achieve paperless operations. In case printing is unavoidable, ink-saving mode and double-sided printing are adopted as the default setting for all printers. The Company provides reusable cutleries and water dispensers in order to reduce consumption of plastic cutleries and water bottles. There is a designated area in office for collecting plastic packaging materials for reuse.

For electrical and electronic equipment, the Company procures multi-functional devices to reduce the number of electronic equipment and use rechargeable batteries with longer life cycles than non-rechargeable batteries. Since waste electrical and electronic equipment (WEEE) pose severe harm to the environment, the Company encourages all employees to engage in WEEE donation or recycling programs.

To conserve water, the Company encourages all employees to reduce water usage and treasure every drop of water. Employees must report immediately upon discovering any damage in water-related facilities, and ensure there are no leaking taps in the office.

ESTABLISHING A GREEN OFFICE

Though the Company does not involve in any manufacturing process, we spare no effort for advocating environmental protection, aiming to contribute to the environment with pioneering initiatives in the industry. We formulated the "Workplace Environment Management Measure" and the "Code of Conduct" to promote reasonable use of resources, reduction of waste production, electricity and water consumption. Employees violating the regulations are subject to warning or penalty.

In addition to internal regulations, we participate in the "Let's Go" green office scheme organized by a third-party consultant to evaluate environmental performance in office, and feasible mitigation measures corresponding to the evaluation results. Factors for evaluation include the energy-saving performance of lighting, air-conditioning and office equipment, and paper, plastic, WEEE and water reduction measures.



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PERFORMANCE DATA SUMMARY

		2018*	2017
Workforce Demographics	Total Headcount	579	517
	By Geographical Distribution (Long Term Contract)		
	Hong Kong	45	32
	Mainland China	468	421
	Others	0	2
	By Geographical Distribution (Fixed Term Contract)		
	Hong Kong	4	3
	Mainland China	62	59
	By Age		
	<31	295	285
	31-40	216	183
	41-50	57	42
	51-60	11	7
	By Gender (Long Term Contract)		
	Male	303	250
	Female	208	205
	By Gender (Fixed Term Contract)		
	Male	36	35
	Female	30	27
	By Educational Background		
	Doctor's degree	7	5
	Master's degree	73	54
	Bachelor's degree	263	235
	Non-tertiary qualification or below	236	223
	By Employee Category		
	General staff	432	397
	Middle management team	114	90
	Senior management team	33	30
	Total Training Hours		
	By Employee Category		
	General staff	13,541	—
	Middle management team	3,627	—
	Senior management team	729	—
	Average Training Hours		
	By Gender		
	Male	30.85	—
	Female	30.99	—
	By Employee Category		
	General staff	31.34	—
	Middle management team	31.82	—
	Senior management team	22.09	—
	Percentage of Trained Employees		
	By Gender		
	Male	90%	—
	Female	91%	—
	By Employee Category		
	General staff	91%	—
	Middle management team	93%	—
	Senior management team	73%	—

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		2018*	2017
Environment	Total Energy Consumption (GJ)	1,295.2	1,675.2
	Electricity (kWh)	241,611.0	355,712.6
	Petrol (Litres)	12,201	12,383
	Gas (MJ)	36,500	—
	Energy intensity (MJ/HK\$'000)	3.03	3.65
	Total Water Consumption (Tonnes)	1,554.5	1,909.4
	Water intensity (Litres/HK\$'000)	3.64	4.16
	Emissions		
	Air pollutant (From vehicles)		
	SO _x (kg)	0.18	0.18
	NO _x (kg)	5.54	9.35
	PM (kg)	0.40	0.69
	Non-hazardous waste (Tonnes)	301.4	395.3
	Greenhouse Gases Emissions		
	Total GHG emissions (tCO ₂ e)	172.3	233.5
	Scope I (tCO ₂ e)	34.4	32.9
	Scope II (tCO ₂ e)	137.9	200.6
	GHG emission intensity (tCO ₂ e/HK\$'000)	0.40	0.51

* The period is from 1 April 2018 to 31 December 2018.

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CONTENT INDEX

This Content Index includes references to Key Performance Indicators of the HKEX ESG Reporting Guide.

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1		
Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Compliance Establishing a Green Office
KPI A1.1	Types of emissions and respective emissions data.	Emissions
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Resource Consumption
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	No hazardous waste has been generated as there was no production of tangible goods in office-based operations.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Compliance Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions
Aspect A2		
Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Conservation Establishing a Green Office
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWH in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Consumption Energy Saving
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource Consumption Resource Conservation
KPI A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging material has been used as there was no production of tangible goods.
Aspect A3		
The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuers' significant impact on the environment and natural resources.	Establishing a Green Office
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Establishing a Green Office

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Maintaining a Fair Workplace
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Composition
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4	Labour Standards	
General Disclosure	General Disclosure (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Maintaining a Fair Workplace
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Maintaining a Fair Workplace
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	The 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.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement The Company does not have any community investment policies at the moment. The Company will formulate corresponding policies based on the actual operation of its businesses in the future.
KPI B8.1	Focus areas of contribution (e.g. education, environmental issues, labour needs, health, literature, sports).	Community Engagement