



**Pacific Plywood  
Holdings Limited**  
太平洋實業控股有限公司

(Stock Code: 00767)



**Environmental,  
Social and  
Governance  
Report 2016**



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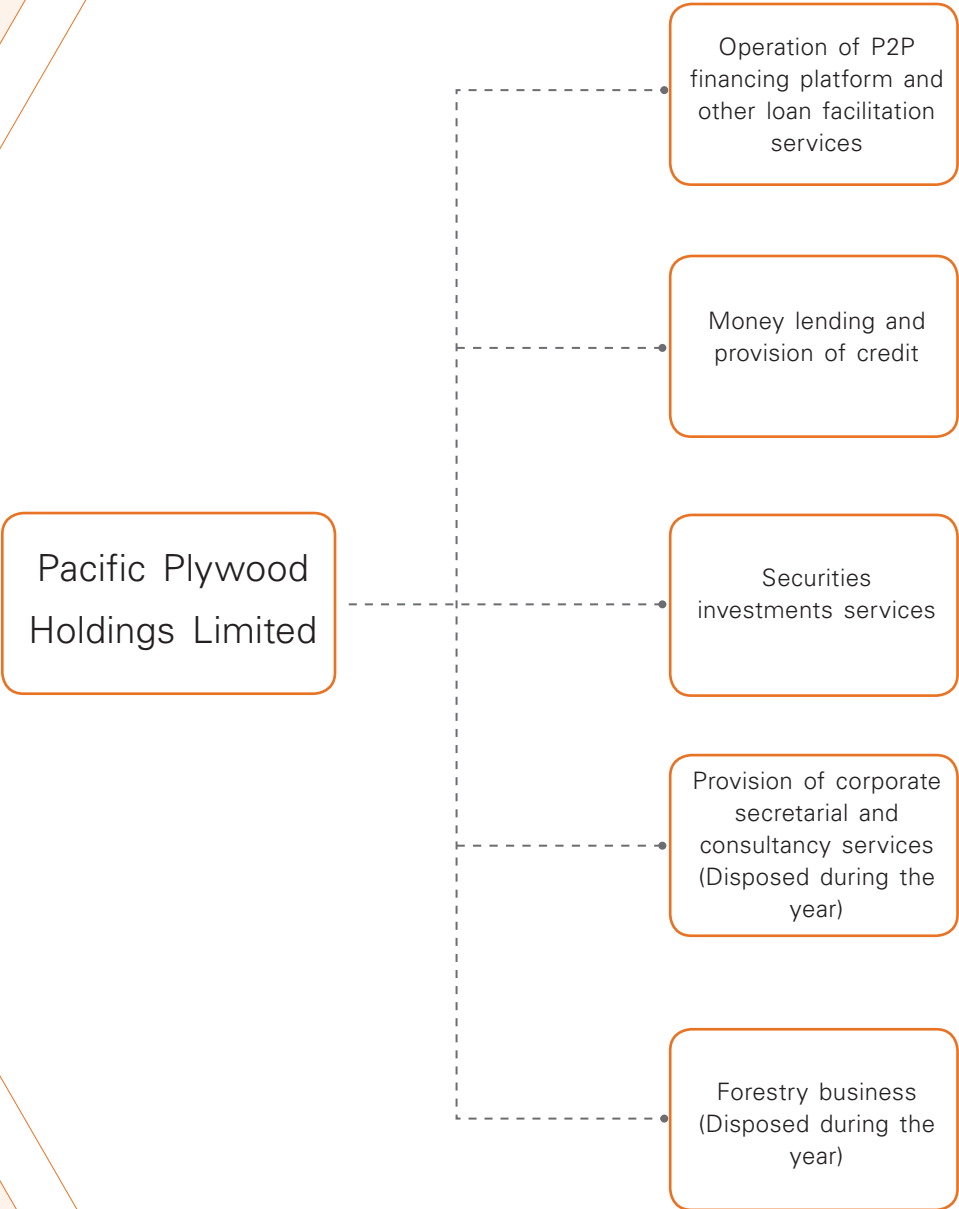
## ABOUT THE COMPANY

Pacific Plywood Holdings Limited (the “Company”) is an investment holding company. The Company and its subsidiaries (the “Group”) was principally engaged in the business of operation of peer-to-peer (“P2P”) financing platform and other loan facilitation services, money lending and provision of credit, and securities investments services.

For the operation of the P2P financing platform under the “CAIJIA” brand in PRC, the Group matches borrowers through the internet with private lenders for various financial products and other loan facilitation services. Such business represents approximately 88% of the Group’s total revenue in 2016. To reallocate the internal resources, the Group has disposed the corporate secretarial and consultancy services, as well as the forestry business during the year.



### THE GROUP'S BUSINESS STRUCTURE





# ABOUT THIS REPORT

This report is the first Environmental, Social and Governance Report released by the Group. The Group's measures and performances on sustainable development issues are disclosed in a transparent and open manner to enhance the stakeholders' understanding of the Group.

## REPORTING YEAR

All the information in the report have reflected the Group's performances in environmental protection and social care during the period from January to December, 2016. Subsequently, the Group will publish an annual Environmental, Social and Governance Report regularly for public access. The transparency in information disclosure is continuously enhanced.

## SCOPE OF REPORT

The report focuses on the business operation of the Group's P2P financing platform and other loan facilitation services as well as its Beijing Office<sup>1</sup>, whereas all other businesses<sup>2</sup> are excluded. Upon the Group intensifying the work at environment, society and governance, along with the data collection system becoming more developed, we shall extend the scope of report to other regions, even in the full coverage of all the Group's operations. This report does not include the disclosure of the environmental key performance indicators. The Group would carry out carbon assessment next year, which would further lead to more precise and standardized indicators in the report.

1 This business is managed by the Group's subsidiary, Beijing Huiju Wealth Management Consultant Company Limited, with Beijing as its principal place of operation.

2 The scope of this report does not include the Group's money lending and provision of credit, securities investments services, the disposed corporate secretarial and consultancy services and the disposed forestry business.



## REPORTING CRITERIA

This report is prepared in accordance with the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) – Environmental, Social and Governance Reporting Guide (the “Guide”). The environmental, social and governance performance of the Group are precisely outlined in the report. Information contained in the report is originated from the Group’s official documents, statistical data, as well as the consolidated and summarized information about monitoring, management and operation provided by the companies in the Group under the Company’s relevant system. In this report, the last chapter contains complete indexes of content for readers’ quick reference. This report is prepared in two languages – Chinese and English, of which both versions have already been uploaded to [www.irasia.com/listco/hk/pphl/](http://www.irasia.com/listco/hk/pphl/). In the event of any conflicts or inconsistency between the two Chinese and English versions, the Chinese version shall prevail.

## COMMENTS & FEEDBACK

With your precious comments about this report in terms of contents and formats, we could have a continuous improvement. For any enquiries or suggestions, please provide your opinions by email to [pphlhk@pphl.com.hk](mailto:pphlhk@pphl.com.hk). This would be helpful to us in continuously enhancing our environmental, social and governance performances.



# COMMUNICATIONS WITH STAKEHOLDERS

The “Guide” of the Stock Exchange states four reporting principles, which include materiality, quantitative, balance and consistency (“Reporting Principles”), as the foundation in preparation of the Environmental, Social and Governance Report. As mentioned by the Stock Exchange, the participation of stakeholders is an evaluation method of materiality. By means of communicating with stakeholders, enterprises could understand their stakeholders’ opinions and identify important environmental and social issues.

Regarding the Group, stakeholders refer to those of significance in relation to the Group’s business, or groups or individuals that could be influenced by the Group’s business. The Group’s stakeholders do not only include staff, but also customers, investors, regulatory authorities and various types of community groups. Over the year, we have been communicating with the key stakeholders through different channels. During the preparation of this report, we have engaged a professional consultancy company to perform a materiality analysis through interviews with the management. The opinions of the specialist consultants have been combined to clarify the important issues to be presented as necessary in this report, which serve as the basis for the Group to formulate and promote our blueprint of sustainable development in the future.



## WAYS OF COMMUNICATIONS WITH STAKEHOLDERS DURING REPORTING PERIOD

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> <li>• The Board of Directors</li> <li>• Management</li> <li>• Executives</li> <li>• General Staff</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Customers</li> <li>• Government/Regulatory Authorities</li> <li>• Community Groups</li> </ul>

### Ways of Communications:

Meetings, Interviews, Post, Email, Phone, Annual/Extraordinary General Meetings, Announcements, Circulars, Annual Reports

The Group's business is influencing different stakeholders, while the stakeholders also have different expectations towards the Group. In the future, the Group would continue and expand the communications with stakeholders, whereas the stakeholders' opinions would be extensively collected through various forms. This would lead to a more comprehensive materiality analysis. Meanwhile, the Group would also continue with quantitiveness, balance and consistency as the Reporting Principles. In a way more conformed to stakeholders' expectations, the contents and presentation of the information are defined.








## MESSAGE FROM CHAIRMAN

The Company is an enterprise that continuously seeks changes and pursues innovations. We keep ourselves up-to-date, see the right market opportunities and explore new businesses actively.

The Group operates the P2P financing platform under the “CAIJIA” brand in PRC, where borrowers are actively matched through the internet with private lenders for various financial products and other loan facilitation services are provided. Facing the implementation of stringent rules on P2P lending industry by the PRC government with its efforts in reforming the financial system, the Group believes that maintaining and enhancing the “CAIJIA” brand as well as modifying existing business model enables us to gain market share. During the year, the Group has strengthened its procedures of credit assessment and due diligence conducted on potential borrowers under the P2P loan facilitation services business in order to reduce loan default risks and to ensure high quality loans. To contribute to the Group with sustainable income, the Group plans to continuously develop the business of provision of other loan facilitation services.



At the same time as the expansion into new businesses and new markets, various types of uncertainties follow. The Group is convinced that only when an enterprise, from the internal to the external, could integrate the concept of sustainable development into operational decisions and improve its risk management, one could step up to the market challenges, which come one after another.

To a financier, trust from customers is vital. Hence, the Group persists its service quality and integrity with unflinching resolve. Nevertheless, employees are the foundation of corporate development and the provision of high quality services. Therefore, the Group continues to improve the employment and benefits system and raise the sense of belonging of our staff. The Group also provides employees with comprehensive on-the-job training programs for them to equip themselves with expertise and business knowledge. We expect our staff could obtain sufficient room for development at work and grow together with the Group.

Facing the slowdown of China's economic growth as well as several risks in operating financing and loaning businesses, we are committed to reviewing comprehensively the Group's environmental, social and governance performances. By also understanding the stakeholders' aspirations and needs, we continuously improve the business model to reach a multi-win one among staff, customers, shareholders as well as the environment and society.

Regards,  
**Huang Chuan Fu**  
*Chairman*  
**Pacific Plywood Holdings Limited**



# CARE OF THE EMPLOYEES

## EMPLOYMENT

The Group considers its staff to be one of the most important assets. The Group believes that each staff member deserves respect and fair treatment. The Group has developed an employment system covering each of the aspects of remuneration, recruitment, dismissal, promotion, working hours, leaves, benefits and complaint channels, which have been included in the “Staff Handbook” and the “Human Resources Management System Publication” to let the staff understand their rights and responsibilities, as well as the Group’s requirements for the staff’s behaviour and discipline.

As an equal opportunities employer, the Group has adopted the recruitment principle of “fairness, justness and openness” and developed personnel management system, specifying that candidates must be selected based on the requirements of the positions such as professional knowledge, working experience and personal character. We aim at “using our people’s talents and unleashing their potential”.

### Number of staff within the reporting scope (by gender and age group)

Age group	Female staff		Male staff	
	Number of staff	Percentage (%)	Number of staff	Percentage (%)
Under 30	16	73	12	57
30–50	6	27	9	43
Total	22	100	21	100
Percentage (%)	51	–	49	–



The Group, through the performance appraisal management system, conducts monthly appraisal and annual comprehensive appraisal for all staff members based on the principles of fairness, reasonableness and performance-based distribution. The appraisal aims not only to form the basis for the training, promotion, transfer, remuneration adjustment, incentive/penalty, and the renewal of labour contracts of the staff, but also to find out the staff's level of satisfaction with the Group and their work, develop their potential and improve internal communication. Therefore, apart from reviewing the past work performances, the appraisal also places more emphasis on setting targets and developing work plans for the next year by the staff and their supervisors together, which helps the staff to grow and improve.

The Group clearly expressed in the "ESG Policies" that no harassment, violence, threat and verbal attack in any form will be tolerated. In addition, the Group's "Human Resources Management System Publication" expressly stated that all staff members should enjoy equal opportunities for remuneration and benefits, promotion, transfer and training regardless of the factors such as their gender, ethnicity, race, and religious belief. Staff members who experience unfair treatment can lodge their complaints in writing to the integrated management department.

The Group reviews and revises the internal policies on a regular basis, further specifying relevant guidelines and measures for discrimination prevention and diversification to continuously improve the Group's employment system. During the reporting period, no illegal case associated with employment practices, discrimination or sexual harassment was recorded in the operations within the reporting scope of the Group.



## DEVELOPMENT AND TRAINING

The Group strongly believes that staff development is the key to continuous growth and higher competitiveness of the enterprise.

The Group provides all new staff members with induction training to allow them to learn about the Group's background, their positions and job duties and the workflow, etc. for their easier adaptation to the new environment. New staff members must pass the examination of induction training before they pass the probation. In addition, the Group developed the "Measures for Rewarding the Staff for Continuing Education" during the year, encouraging the staff to engage in various professional postgraduate and vocational education and acquire professional qualifications from a total of twenty-five examinations related to the business of the Group. The Group will pay the relevant enrolment, examination and registration fees for the staff members who successfully acquire the professional qualifications, and grant them a one-off bonus and monthly subsidy as rewards.

## HEALTH AND SAFETY

The Group specifies in the "Staff Handbook" the code of safety which includes the emergency handling guidelines in case of fire or accidents, and all staff members are required to familiarise themselves with the fire escape routes and the exit locations. The Group, at the same time, developed the "Administrative Management System Publication", requiring the staff to keep the office areas and the public places neat and clean to avoid the obstruction of the fire escape routes. To ensure electrical safety, electricians are required to reinforce the inspection and maintenance of the cables and ducts. If any damaged electrical equipment is found, it should be reported immediately for maintenance arrangement.

The Group attaches great importance to the physical and mental development of its staff members. During the reporting period, we have organised regular sharing events, afternoon tea gatherings and birthday parties, and various irregular cultural and sports activities for them.

During the reporting period, the operations within the reporting scope of the Group did not involve any high-risk work, and no case of work-related injury or death or illegal case associated with health and safety was recorded.



## LABOUR STANDARDS

The International Labour Organisation (ILO) is a specialised agency of the United Nations. It promulgates labour standards through the forms of international labour conventions (ILCs) and recommendations, with the objective of raising working and living standards throughout the world. China is a founding member and a permanent member of the ILO. Currently, 41 ILCs are applied to Hong Kong, covering matters such as working conditions and employment policy.

The Group checks the actual age of candidates in the recruitment process by examining their identity documents and household registers. The Group strictly complies with the labour contract system to ensure that all staff members enter into their contracts on an equal and voluntary basis and clearly understand their job duties while they have the right to freely terminate their labour contracts. In addition, the Group carries out attendance management and implements five-day week and eight-hour day. Overtime application is subject to the approval of the senior supervisor, and the staff's number of overtime hours will be recorded by an electronic system for the purpose of time off in lieu arrangement. The Group plans to strengthen relevant guidelines and training on child and forced labour in the employment system in the future.

During the reporting period, no case associated with the employment of child or forced labour was recorded in the operations within the reporting scope of the Group.



# OPERATING PRACTICES

## SUPPLY CHAIN MANAGEMENT

The Group understands that the proper management of supply chain is the key to upholding the brand reputation of the Group, ensuring business sustainability and managing operating cost. For the purposes of enhancing procurement business management and preventing various drawbacks to the procurement process, the Group has developed the “Procurement Management System” to standardise the scope of application, duties of each department, procurement workflow and relevant responsibilities for a breach of the purchasing management system when the Group procures the necessary supplies and services. This is also unified to be handled by the integrated management department in order to ensure all procurements are implemented according to the established procedures. We plan to include guidelines and requirements relevant to the environmental and social risks of supply chain management in the “Procurement Management System” next year.

## PRODUCT RESPONSIBILITY

In response to clients’ increasing requirements for products and services, a company can only gain their trust and support by creating the maximum value for them.

As an enterprise offering financing and lending services, the Group attaches great importance to the security management of information, network and computer and implements strict monitoring and control over the financing and lending platform to prevent data leakage and to ensure the security and stability of computer, network and the financing and lending platform. The Group has developed the “Information Security Management System” to standardise the operations at different levels such as information transmission, use of computer, server security, network security, computer virus prevention and control, password security, mobile storage device, computer virus and network security inspections, reporting and investigation of incidents as well as the network resources management. At the same time, the Group has developed the “System for Handling Emergencies on the Platform”. By setting up the departmental safety accountability system and collaboration work mechanism, duties and responsibilities of each department are specified in case of handling sudden incidents of network and information security. Also, task forces are set up to be responsible respectively for leading the coordination work as well as the investigations into the causes of the incidents. Besides, the Group conducts emergency drills on a regular basis to ensure a practicable and effective emergency system.



In the “Information Security Management System”, the Group requires network administrators to adhere themselves strictly to the professional ethics and disciplines; they are prohibited from leaking any privacy information such as user accounts or passwords, etc. Also, the Group’s specifications of usage and obligations about personal data collection are set out in the privacy policies and service agreement. To protect the interests of the clients, the Group has set out in the “Loan Agreement” and the “Tripartite Cooperation Agreement” various terms and conditions relevant to lending, which include the lending amount, the term of lending, the interest calculation method(s), and the respective responsibilities of the creditor, the borrower and the Group.

During the reporting period, no illegal case associated with product responsibility was recorded in the operations within the reporting scope of the Group.

### **ANTI-CORRUPTION**

The Group strongly believes that ethical operation is the foundation for the performance of social responsibilities by the enterprise, as well as the basis of its competitive advantage and continuous operation. The Group values employees’ probity and integrity, having an attitude of zero tolerance of behaviours such as corruption, bribery, extortion, fraud and money laundering.

The Group distributes the “Regulations on Clean Conduct for the Staff” to all new staff members to ensure that they are aware of the anti-corruption requirements of the Group. The Group specifies in the “Ten Principles of Work Style Construction of Caijia Group” that its staff are prohibited from soliciting or accepting any advantage from clients, suppliers or any other persons related to the business including that the staff shall not provide commercial benefits to the companies of their spouse, children or relatives by taking advantage of their own duties or participate in any gambling activities through the working platform.

The Group specifies the management requirements for the staff’s gift buying in the “Administrative Management System Publication”. If any department needs to buy gifts, it must fill in the procurement application list for the approval and signing of the department head, and the integrated management department will then conduct a unified price check and purchase the gifts. The integrated management department also keeps a gift inventory book, which is examined and verified on a regular basis.

During the reporting period, no case of litigation against corruption associated with the Group and its staff was recorded in the operations within the reporting scope of the Group.





# ENVIRONMENTAL PROTECTION

## EMISSIONS

The Group formulated and implemented “ESG Policies” during the year, of which the contents cover energy sources, resources and waste management. The Group has formulated a series of energy saving guidelines, such as using compact fluorescent lamps and turning off the idle appliances and electronic products. Staff are required to incorporate the awareness of saving electricity into daily operations. By saving electricity, the Group reduces greenhouse gas emission caused by the use of electricity. The Group has included carbon assessment into the work plan of 2017 to prepare itself to set carbon reduction targets in the future.

The places of daily operations within the reporting scope of the Group are primarily located at offices which involve no polluting procedures or dangerous waste or wastewater discharge. During the reporting period, no illegal case associated with emissions was recorded in the operations within the reporting scope of the Group.

## USE OF RESOURCES

The resources with the highest consumption in the daily operations of the Group include electricity, water and paper. To improve resource-use efficiency and economic efficiency, the Group distributes “Administrative Management System Publication” and “ESG Policies” to the staff, which convey the concept of saving resources, strengthen the management of the use of electricity, water and paper and standardise the specific requirements for the use of resources. The Group will record the amount of each kind of resources consumed in the year ahead to confirm the consumption of resources and develop specific management methods for the effective use of resources.

The Group requires the staff to maximise the use of natural lighting and minimise the use of lamps. Temperature should be maintained at 25 degrees Celsius for air conditioning. After work, the staff has to turn off the idle electrical equipment and reduce the standby time to save electricity. The Group also prohibits the staff from using appliances with high electricity consumption in the offices, such as the electrical heater.





To prevent the waste of drinking water, the Group requires the staff to turn off the water tap immediately after use. The Group also posts notices near water dispensers to encourage and remind the staff to save drinking water. The Group promotes paperless offices and the reuse of used paper and envelopes to minimise office paper consumption.

## **THE ENVIRONMENT AND NATURAL RESOURCES**

The Group understands that any operation has impact on the surrounding environment. Assuming the responsibility of environmental protection in its operating activities, the Group will strive to comply with the environmental laws and regulations and formulate the relevant policies to minimise its operational impact on the environment and natural resources.





## COMMUNITY INVESTMENT

The Group understands that besides maximising the shareholders' benefits, it also needs to consider social ethics and respect the community. During the year, the Group encouraged the staff to donate a variety of supplies to the poor villagers of Shangzhai Dayili Village in Rantang County, Aba Prefecture, Sichuan Province, including winter clothing, daily necessities, school supplies and toys. There were 40 staff members from the Group participating in this donation event, with the donated supplies worthing a total of nearly RMB10,000.

As the current internal policies have not covered community investment, the Group plans to develop relevant policies and approaches in the year ahead and to incorporate them into the Group's daily operations in order to ensure that the benefits of the local community are considered in its business activities.





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