



寶新金融集團有限公司

GLORY SUN FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT

2019



<http://www.hk1282.com>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

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INFORMATION ABOUT THE REPORT

ABOUT THE REPORT

Glory Sun Financial Group Limited (the “**Company**”) issues the 2019 Environmental, Social and Governance Report (the “**Report**”) of the Company and its subsidiaries (collectively the “**Group**”) to demonstrate the Group’s concepts and practices in environmental and social areas to its stakeholders.

SCOPE OF REPORTING

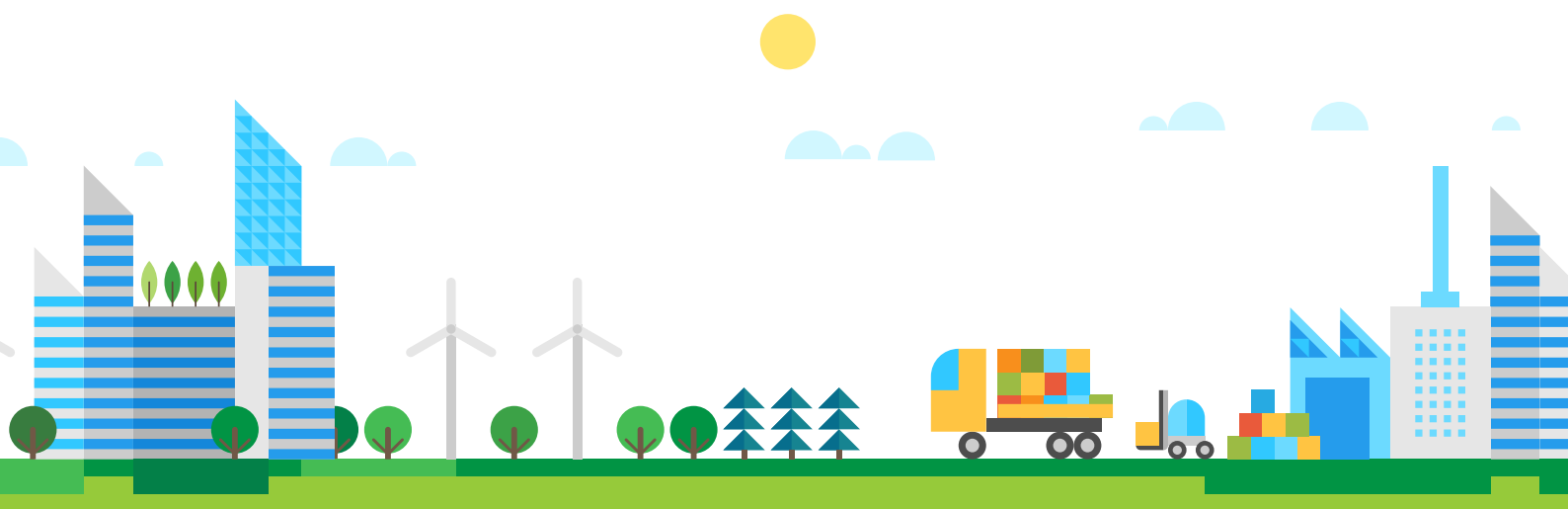
The Report covers the reporting period from 1 January 2019 to 31 December 2019 with regard to two core business segments, namely financial services and property investment and development.

REPORTING STANDARDS AND PRINCIPLES

In line with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), this Report is in compliance with the “Comply or Explain” provisions in the ESG Reporting Guide.

REPORT AVAILABILITY

The Report is published in electronic version which is available on the Company’s official website (<http://www.hk1282.com>) and the HKEXnews website (<http://www.hkexnews.hk>).



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1. RESPONSIBILITY CULTURE

1.1 Responsibility Philosophy

While adhering to the business philosophy of “sustainable development and giving back to the community”, Glory Sun Financial Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) always believes that it is the key for an enterprise to gain public recognition and long-term success to actively undertake social responsibilities such as environmental protection, energy conservation, safe production, employee rights and interests as well as public welfare. As a listed company on the Hong Kong Stock Exchange, the Company attaches great importance to legal and compliant operation, strives to fulfill corporate social responsibility, and pursues harmonious development with all stakeholders to create sustainable values.

1.2 Listening to Our Stakeholders

The Company believes that understanding the opinions of stakeholders will help it to evaluate and improve the environmental, social and governance performance more objectively and comprehensively. It takes employees, suppliers, shareholders (investors), customers, the government and the community as important stakeholders. It also provides stakeholders from different sectors with a variety of channels, such as open mail, telephone communication and irregular interviews, offering the opportunity to express their opinions on its responsibility strategy.

Stakeholder	Expectation and Requirement	Communication and Feedback
Employee	Compensation and welfare guarantee	Provide a competitive compensation and welfare system
	Equal promotion opportunities	Establish an open and transparent performance appraisal mechanism
	Safe and healthy working environment	Provide regular safety training, inspection, drills and free health examination
	Democratic management	Set up a mailbox for the chairman of the board of directors to encourage employees to provide suggestions and participate in management
	Caring employees	Staff birthday party, team activities and paying visits to employees in difficulty
Supplier	Integrity	Carry out bidding and procurement in a compliant and socially responsible manner; open anti-fraud reporting channels
	Mutual benefit for win-win results	High-level reciprocal visits, long-term strategic cooperation and supplier cultivation

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Stakeholder	Expectation and Requirement	Communication and Feedback
Shareholders/ investors	Standardised corporate governance	Manage the Company according to laws and continuously optimise the organisational structure and governance structure of the Company
	Information disclosure	Disclose information strictly in accordance with laws, regulations and Listing Rules
	Risk control	Strengthen the functioning of the "Three Defense Lines" risk control system against major risks
	Gain return on investment	Make efforts to improve operating efficiency
	Protection of rights and interests of small and medium shareholders	Compliance operation with the establishment of mechanism to communicate with shareholders and investors
Customer	Integrity	Compliance sales to protect the legal rights and interests and privacy information of customers
	Quality products and services	Control product quality, consummate customer experience and improve the opinion processing mechanism
	Diversified resource sharing	Provide diversified support such as investment and financing for eligible customers
Government	Compliance with laws and regulations	Keep compliance-oriented and law-abiding
	Paying taxes	Pay taxes in time according to laws
	Promoting industrial development and employment	The management strategy should be in line with the local industrial policy, helping stabilise and promote employment
Community	Environmental protection	Green officing, energy saving and reduction of carbon emission
	Charitable contribution	Cash or material donations to vulnerable groups in the communities
	Community interaction	Participate in public welfare publicity activities, volunteer community services, etc.

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1.3 Analysis of the Importance of Environmental, Social and Governance Issues

During the year, the Company has conducted face-to-face survey on important issues in accordance with the ESG reporting guide of the Hong Kong Stock Exchange, with reference to the feedback from stakeholders and the actual situation of the Company. Based on the analysis of the survey results, it has mapped out the matrix for analysing the importance of the environmental, social and governance issues of the Company for 2019. We will elaborate on the development and results of the work on various issues in the corresponding chapters of this report.

Serial Number	Scope of Responsibility	Issue	Importance
1	Responsibility for shareholders	Improve the Company's economic efficiency and effectively control operational risks	High
2	Environmental protection responsibility	Standardise pollutant treatment process to prevent environmental pollution	High
3	Responsibility for customers	Improve the quality of products and services and consumer experience	High
4	Responsibility for employees	Pay attention to the health of employees and safety in working environment	High
5	Responsibility for shareholders	Disclose information in a compliant manner to protect the rights and interests of small and medium shareholders	High
6	Responsibility for employees	Improve the compensation and welfare system	Medium
7	Responsibility for employees	Pay attention to the staff integrity development and the anti-fraud mechanism construction	Medium
8	Responsibility for customers	Provide warnings of investment risks and protection of customer's privacy information	Medium
9	Responsibility for suppliers	Standardise procurement procedures such as bidding and the price inquiry and comparison	Medium
10	Environmental protection responsibility	Reduce the consumption of fuel oil, electricity, water and other resources	Medium
11	Responsibility for employees	Pay attention to employees' career development and optimise promotion channels	Medium
12	Responsibility for customers	Make technological innovation and product upgrading	Medium
13	Responsibility for employees	Protect the legal rights and interests of employees and provide a democratic management mechanism for them	Low
14	Responsibility for partners	Strengthen the communication among peers to promote industrial development	Low
15	Social responsibility	Carry out public welfare donation and volunteer community service	Low

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2. RISK COMPLIANCE

2.1 Risk Management

Against the backdrop of perceivable downward pressure on the macro economy during the year, the Company paid more attention to improve the risk management system (including the risk identification, assessment, quantification, early warning and response) into a more comprehensive one with all the employees involved. For the purpose of continuous identification, assessment and monitoring of various major risks in the operations, the Group issued and implemented the Measures for the Implementation of Risk Management System since May 2018 to establish the "Three Defense Lines for Risk Control" composed of all business units, management teams at all levels and the Group's audit and supervision system, bringing the risk management responsibilities into practice in a bottom-up manner; in addition, the measures define the supervision, assessment and reward&punishment mechanisms, so as to provide reasonable safeguards for legal compliance, asset security, financial reporting and the authenticity and completeness of related materials regarding the Company's operation and management.

The Company also attaches great importance to the application of risk management tools, one of which is its risk assessment questionnaire prepared upon sufficient research of the industry system risks and analysis of the risk self-examination results from each subordinate company. It lists the potential risks facing the Company in terms of strategy, operation, market, finance, law and honesty, and formulates the risk quantification scoring standard from two dimensions — the possibility of risk occurrence and the degree of impact. The questionnaire that we received have identified 85 risk issues, of which 12 were of high risks and 73 were of medium or low risks. Management teams at all levels have formulated risk early warning indicators and response plans within the time limit for ongoing risk follow-up. The Group's audit unit carried out annual internal audit of various risks, especially the response measures for high-risk issues and their effectiveness, and report to the management.

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2.2 Internal Control and Management

In 2019, the Group looked into the risk-prone operation links in all the business activities for the purpose of constructing a better system, covering safety in production, risk control, internal audit, bidding and purchasing, post-investment management and anti-fraud. As of the end of 2019, the Group had established a comprehensive management system covering aspects of personnel, administration, finance, legal affairs, risks, internal control and safety.

In order to improve the internal control management of the Group's financial services segment, the Group engaged Deloitte Advisory (Hong Kong) Limited in 2019 to review the internal control of its financial services segment focusing on the internal control process of margin financing, the preventive control rectification measures for illegal short selling, and the follow-up review of internal control reporting on anti-money laundering inspection. It revised system documents including the Code of Practice for Securities and Futures Business and the Risk Management Manual based on the review report to optimise 8 internal control and management measures.

2.3 Anti-fraud

The Group advocates and adheres to honest operation and always takes anti-fraud as an important aspect of compliance management. In order to establish an effective mechanism to prevent and punish fraud, the Group issued and implemented the Anti-Fraud Management System. The system contained provisions governing the definition of fraud, anti-fraud powers and responsibilities, work flow, supervision and accountability; established a widely-used fraud risk self-examination and reporting mechanism; and made public our "anti-fraud reporting hotline" and "anti-fraud reporting e-mail" which were accessible to the personnel designated for the Group's audit and supervision system. The Group strictly keeps confidential the privacy information of internal and external whistleblowers providing effective reporting clues, and gives them certain material rewards, so as to promote the further construction of an honest and self-disciplined work style, restrict and standardise the performance of duties by all employees, and prevent acts damaging the interests of the Company and shareholders.

In addition, the Group requires bidding for eligible procurement projects, and requires that an Integrity Agreement should be attached when the procurement contract is being entered into. The agreement sets out the Company's procurement discipline and complaint channels to counterparties, ensuring that suppliers have equal opportunities to participate in business without interference from improper external factors.

The Group's anti-fraud mechanism operated effectively in 2019 without risky cases occurred.

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2.4 Anti-money Laundering

In order to effectively prevent major risks in the anti-money laundering, Glory Sun Financial Holdings Limited requires all new employees to learn relevant legal and policy documents and sign a document to confirm their understanding thereof. Its compliance unit carried out compliance training and questionnaire tests with reference to the main ideas of the lecture "Combating Money Laundering in the Financial Industry" held by the Securities and Futures Commission in 2019, ensuring that it, as a licensee, has received sufficient anti-money laundering knowledge and skills training to maintain professionally competent and suitable to be a licensee.

Among the 17 findings of assessment mentioned in the follow-up review of internal control reporting on anti-money laundering inspection, Glory Sun Financial has completed 14 rectifications and others are in progress.

The Group's anti-money laundering mechanism operated effectively in 2019 without occurrence of risky cases.

3. ENVIRONMENTAL PROTECTION

The Company's operation does not involve high energy consumption, high pollution and high emission, and does not fall within the government's carbon emission control. It faces no obstacles in obtaining energy and water resources. It also fully recognises that environmental responsibility has become an important issue for the sustainable development of global enterprises. As a listed company, while seeking to create economic value, it is actively practising the concept of harmonious development with the environment to show its commitment to green environmental protection. It mainly fulfills this responsibility in two ways:

- (1) Committed to providing products and services that can improve energy efficiency and reduce potential hazards to the environment;
- (2) Striving to operate its facilities in a way that protects the environment, meets or exceeds government requirements, and continuously reduces energy consumption and waste.

In 2019, the Group continued actively responding to the government's environmental protection policies by promoting energy conservation, emission reduction and consumption reduction with sound results achieved, and by ensuring that all kinds of manufacturing wastes are treated in accordance with environmental protection laws and regulations. No environmental violation occurred throughout the year.

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3.1 Performance Indicator

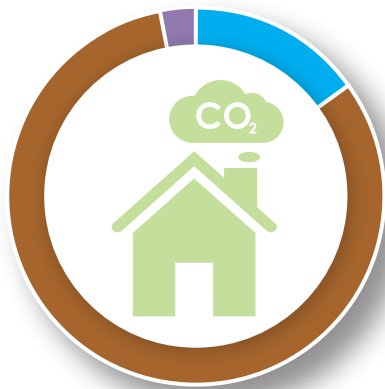
Performance Indicator	2019	2018
Greenhouse gas emissions (CO ₂ equivalent, ton)	5,359	3,024
Emissions per unit of production value (Ton CO ₂ /HK\$ million)	0.49	1.92
Total electricity consumption (10 MWh)	4,794	317
Electricity consumption per unit of production value (10 MWh/HK\$ million)	0.44	0.2
Total water consumption (ton)	184,762	68,794
Total water consumption per unit of production value (ton/HK\$ million)	16.9	43.47
Total gasoline consumption (ton)	229	106
Emissions of industrial waste residue (ton)	0.6	18.5
Emissions of harmless wastes such as kitchen waste (ton)	64	23
Total purchase of packaging cartons used in industrial products (ton)	172	212
Investment in environmental protection costs (HK\$'000)	334	622

Compared with the previous year, the Group's greenhouse gas emissions, total electricity consumption, total water consumption and other indicators increased. This is mainly due to merger and acquisition activities and inclusion of another Hong Kong listed company which the major activities are real estate development in China into the 2019 reporting period as compared with the previous year. After deducting the influence of this factor, the greenhouse gas emission (in CO₂ equivalent) during the year was 2,103 tons, representing a year-on-year decrease of 30%.

Electricity consumption was the Group's major source of greenhouse gas emissions, accounting for 82%. The Group did not use fuels in stationary sources. The secondary source of greenhouse gas emissions was emission from mobile combustion sources, accounting for 15%, which came from gasoline consumption of administrative vehicles.

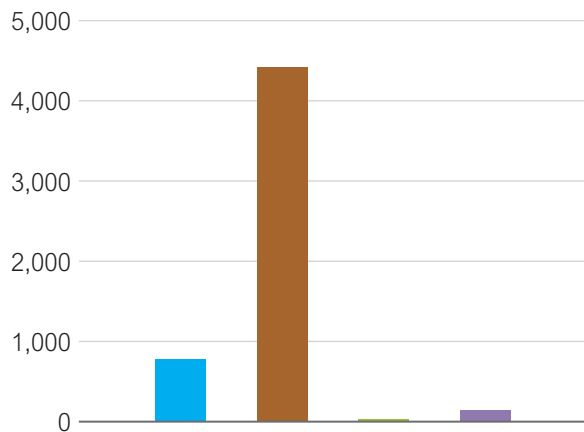
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Greenhouse Gas Emissions in 2019 (by Source)



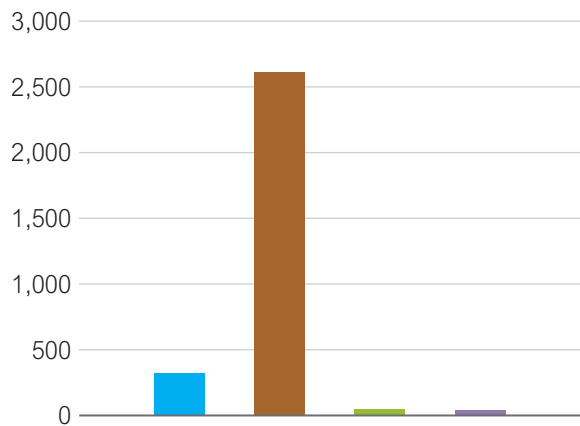
- Mobile combustion sources, accounting for 15% (Scope 1)
- Purchased electricity, accounting for 82% (Scope 2)
- Waste paper treatment, accounting for 0% (Scope 3)
- Fresh water and sewage treatment and others, accounting for 3% (Scope 4)

2019



Mobile combustion sources	accounted for 15% (Scope 1)	779
Purchasing electricity	accounted for 82% (Scope 2)	4,415
Handling discarded waste paper	accounted for 0% (Scope 3)	15
Fresh water and sewage treatment and others	accounted for 3% (Scope 3)	150

2018




Mobile combustion sources	accounted for 11% (Scope 1)	322
Purchasing electricity	accounted for 86% (Scope 2)	2,610
Handling discarded waste paper	accounted for 2% (Scope 3)	50
Fresh water and sewage treatment and others	accounted for 1% (Scope 3)	42

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The Company strictly abides by the principle of environmental protection. In addition to complying with the basic requirements of all relevant laws and environmental standards, it has formulated relating environmental protection policies, strategies and implemented a series of environmental protection actions.

The following table shows the corresponding environmental protection related statistics:



Exhaust gas emissions (Unit)	2019	2018
Nitrogen oxides (NOx) emission (Kg)	456.34	123.13
Sulphur oxides (SOx) emission (Kg)	4.37	2.00
Particulate Matters (PM) emission (Kg)	33.92	9.07

Note: According to the Hong Kong Stock Exchange's Reporting Guidelines for Key Environmental Performance Indicators, Scope 1 is "Direct Greenhouse Gas Emissions", Scope 2 is "Indirect Greenhouse Gas Emissions from Energy Use" and Scope 3 is "Other Indirect Greenhouse Gas Emissions".

3.2 Green Products



Green building reflects customers' rising expectation for quality life and environmental protection. Modern cities have been setting higher standards for green buildings' practicability, economic benefits and eco-friendliness. The good coordination between green buildings and natural ecology entails quality facility management. On the demand side, facility users need to increase their energy conservation awareness. On the supply side, sound services and full-life cycle management needs to be provided.

The Group is committed to using new technology in the construction field. Strict environmental management is implemented across the whole lifecycle from the building design to building operation. We have provided a growing number of quality green building products to customers, and have become a leader in transformation and upgrade of high-end offices and residential spaces.

Green Building Design



The Company has incorporated energy conservation planning into the early designing stage of real estate projects in accordance with star-rated requirements. Adaptive changes and flexible designing strategies have been used to increase the service life and use efficiency of buildings, thereby increasing the overall resource utilisation ratio and minimising the energy consumption and environmental impact across buildings' life cycle. For instance, at the early designing stage of lighting systems in a commercial complex, we have adjusted the lighting systems in parking spaces, office spaces and equipment rooms, as well as the elevator frequency changers to make them more energy-efficient and eco-friendly. Such measures would attain about 10% saving in the project's power consumption year-on-year.

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Green Design in Changchun Project

Changchun Project is a commercial complex developed by Changchun Company locally, and is positioned to be "Innovative Twin Towers in the Downtown Area". It has a site area of 10,915 m², and total floor area of 180,758.34 m². The project has a four-floor underground structure and two towers of 44 and 48 floors respectively. It has applied cutting-edge technologies to reduce energy consumption, facilitate the building of "Sponge City", and create a comfortable and healthy environment.

Sponge City



Infiltration, sewage interception and purification technologies such as outdoor permeable brick pavement, permeable asphalt concrete, sunken green land and artificial soil infiltration have been adopted to achieve 70% control in rainwater runoff, 61% permeable pavement in hardened ground, 30% coverage by sunken green land, and 147.23 cubic meters of enlarged water storage volume.

Water Conservation



Water saving devices such as air-entrapping faucet, ceramic valve core faucet, automatic closure faucet and pressure flow impact type 6L straight urinal, have been adopted. Effective measures have been undertaken to ensure that there is no floor drain in the pipeline. These efforts have made the project's water use efficiency 10% higher than that of ordinary projects.

Health and Comfort



The project uses a three-layer double-hollow glass curtain wall which has reduced noise by 30% ensuring a comfortable office experience for tenants. The project is seamlessly connected with Changchun Peony Garden, thus enabling people staying at the office to easily enjoy the beautiful environment of the garden after busy works.

Energy Conservation



Optimized the design of foundations, structural systems and structural elements, and reasonably applied high-strength building structural materials to minimise consumption of materials; Integrated the designs of civil engineering and decoration engineering, which can effectively reduce the waste of civil engineering renovation; The curtain wall has been made of three-layer double-hollow low-e glass, which can effectively reduce energy loss. Such curtain wall's energy efficiency is 30% higher than that of ordinary curtain walls; High-efficiency frequency conversion air-conditioning systems have been adopted, which can help save about one million KWh of electricity per year; Intelligent zoning, timing and sensor technologies, and LED lights have been applied in the lighting system of public spaces, which can help save lighting energy consumption by 250,000 KWh per year; and Elevators and escalators have been positioned reasonably. Moreover, elevator group control, escalator automatic start/stop control, and other technologies have been applied to save energy.

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Green Building Plan for Nanning Wuxianghu No.1

Nanning Wuxianghu No.1, a local premium residential project developed by Nanning Company, aims to become a landmark project comprising an ecological smart office cluster, an open mall, a commercial street with cultural theme and an ecological green modern residential area. It will be a benchmark project in Wuxianghu District and a role-model community with international lifestyle in the new downtown area of Nanning. The project has been designed in accordance with national standard and the two-star landmark of Guangxi Province.

Use of Renewable Energy



The residential part adopts solar energy + air source heat pump to supply domestic hot water to 50% of each building. The commercial part adopts ground source heat pump for central air conditioning system in member shops.

Sponge City



The project was carried out special construction of "Sponge City"

Phase I and phase II (commercial street and a portion of residential flats)

By completion of construction and inspection of 2,020 m² submerged green space, 73.2 m³ osmotic rainwater storage module, 140 m³ rainwater recovery tank, 1,040 m² permeable pavement and other sponge facilities, 82.61% control of rainwater runoff and a reduction of 50.30% runoff pollution have been attained;

Phase III (a total of 12 residential buildings)

It is planned to build 2,400 m² sunken green space, 670m³ rainwater storage module, 150m³ rainwater recovery tank, 1,656.19 m² permeable pavement, and other sponge facilities to achieve 80.64% control of rainwater runoff and a reduction of 59.50% runoff pollution;

Phase IV (commercial mall and office space)

It is planned to build 11,121.6 m² green roof, 40 m³ rainwater storage tank, 70 m³ rainwater recovery tank, 9,093 m² permeable pavement, and other sponge facilities to achieve 80.40% control in rainwater runoff and a reduction of 68.20% runoff pollution.

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Green Building Plan for Nanning Global Financial Centre

Nanning Global Financial Centre, a local financial centre project of Nanning Company, is positioned as an AAAA grade financial asset and a smart financial city that operates on a 24/7 basis in the central business district. The project has been designed in accordance with national standard and one-star landmark of Guangxi Province.

Use of Renewable Energy

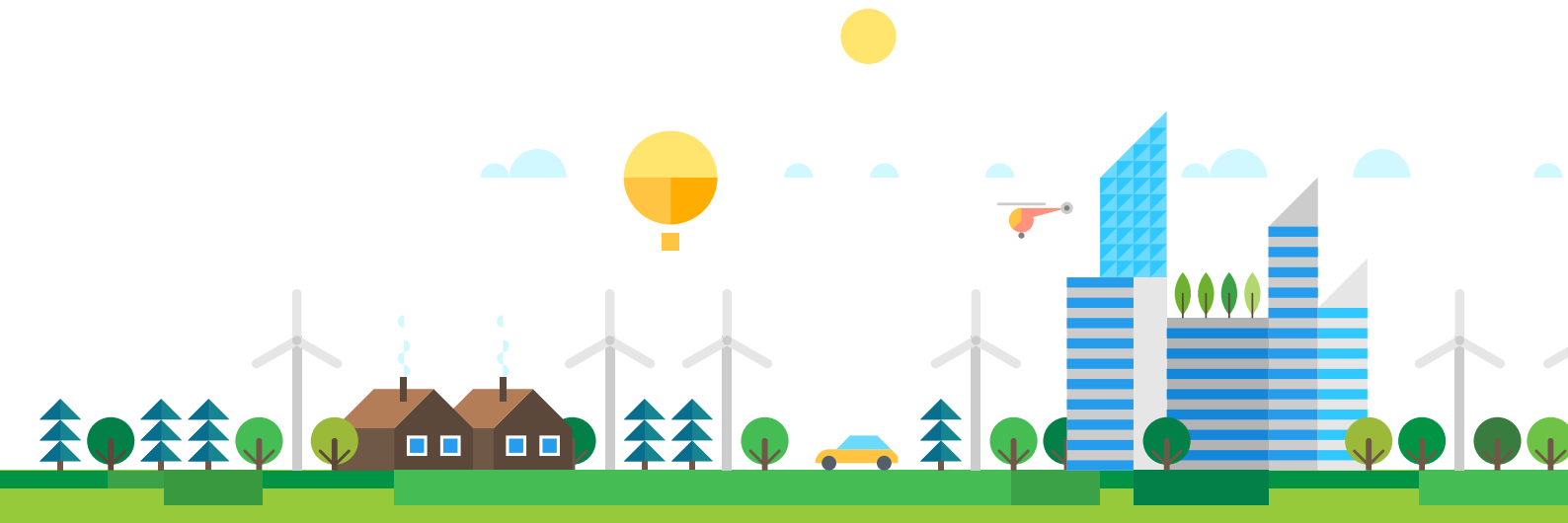


The T5 apartment building-office has adopted solar energy + air source heat pump to supply domestic hot water; the T2 hotel building has adopted solar energy prewarming + air source heat pump to supply domestic hot water.

Sponge City



The project would contribute to the development of “Sponge City” in accordance with the government's requirements. 408 m² concave green space, 100 m³ rainwater storage tank, and other sponge city facilities have been applied to attain 25.8% control in site rainwater runoff and reduce 20.36% runoff pollution.



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Green Building Plan for Shantou Chaoyang Project

Shantou Chaoyang Project is located in the core of the eastern new city at Chaoyang District, Shantou City. It is a high-end urban complex integrating residential, commercial, big retail, high-end office and hotel properties. The commercial spaces under Phase III of the project, as well as the underground structure of the commercial area have fully applied the green building design concept to reduce light pollution and noise.

The building layout has met daylighting standards without compromising daylighting of the surrounding buildings;

The building and lighting systems have been particularly designed to avoid light pollution;

Glass curtain wall has been applied. Outdoor landscape lighting complies with the existing industrial standards, namely Designing Standards for Urban Nightscape Lighting JGJ/T 163;

The indoor noise level is below the upper limit set in the existing national standards, namely Sound Environment Quality Standards GB 3096; and

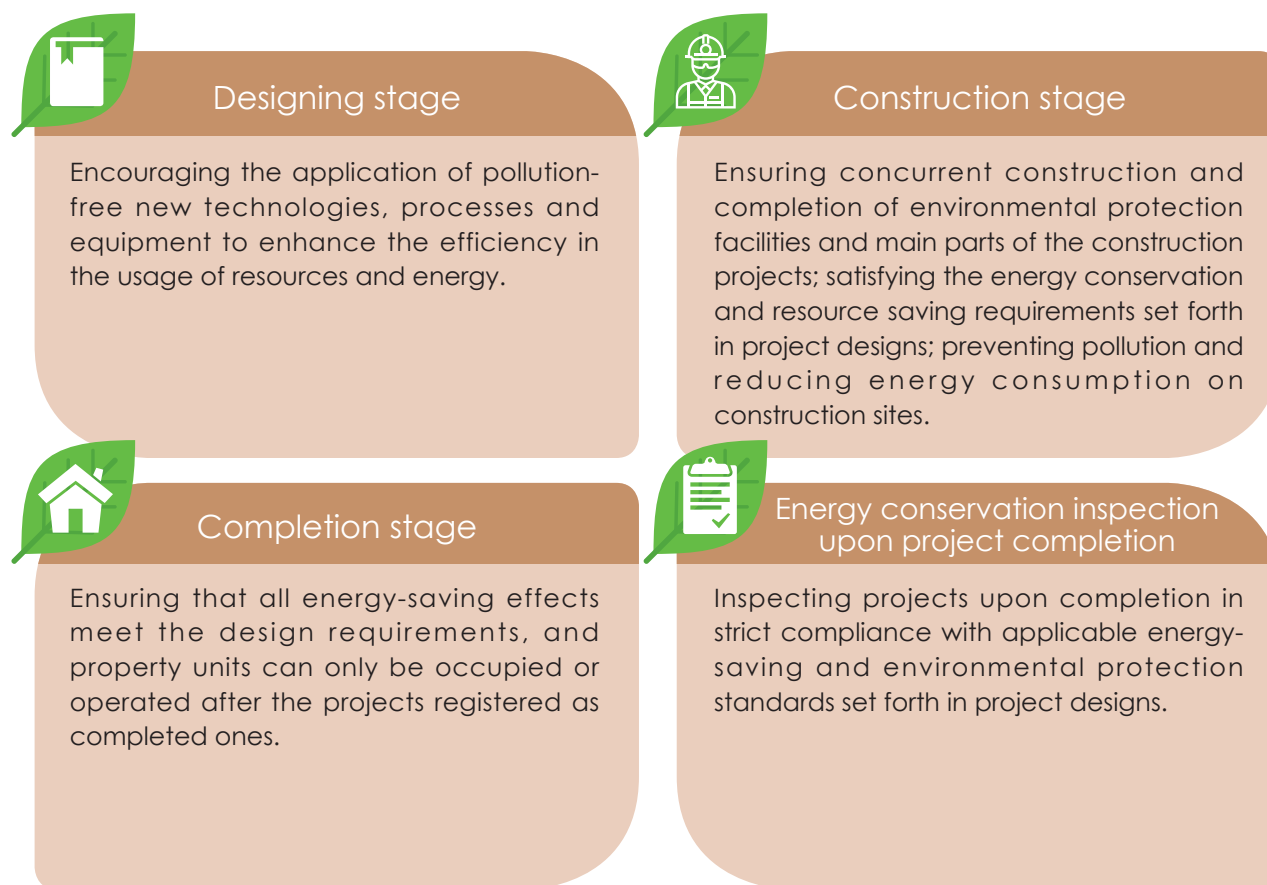
The indoor noise level in main functional rooms is below the upper limit set in the existing national standards, namely Civil Building Sound Isolation Designing Standards GB 50118.

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3.3 Green Construction

Pollution Prevention

In the process of project construction, the Company strictly implements the environmental protection "three simultaneous" system (i.e. environmental protection facilities and the main parts of the project must be designed, constructed, and put into use at the same time), eliminating all kinds of risk factors for accidents and occupational diseases from the source with may cause casualties so as to protect the safety and health of employees, ensure the normal commissioning of new engineering projects, and prevent problems or taking remedial measures and avoid unnecessary investment in relation to rework caused by safety problems.



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Compliance Management in Construction

In terms of construction management, the Group strictly complies with the Environmental Protection Law of the People's Republic of China and other applicable laws. All projects under construction must satisfy the "six one hundred percent requirements" of the Ministry of Housing and Urban-Rural Development, and the local site management requirements. Moreover, sewage treatment and smog reduction are given priority in site management, supported by a complete set of dedusting, smog reduction and sewage treatment systems on construction sites. Lots of our construction sites have been praised by local governments regarding their standardized and green operation.

Shantou Eastern Coastal Project Awarded the Title of Guangdong Double Excellence Civilized Construction Site

Shantou Eastern Coastal Project was highly scored by Guangdong Department of Construction's assessment of safe production and civilized construction demonstration sites of Guangdong housing municipal projects, as well as standardized construction sites for safe production in provincial construction projects. On 13 June 2019, Shantou Eastern Coastal Project was awarded the title of Guangdong Double Excellence Civilized Construction Site.

Waste Treatment

The construction waste and other waste generated from the Company's construction processes has been collected strictly according to the local municipal authority's rules. Sticking to the management principle of "Constructor clean up their own waste", the management of waste treatment has been systemized.

During the Reporting Period, no violation of environmental regulations was found.

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3.4 Green Office

Eco-Friendly Work Mode

In its day-to-day operations, the Company has established systems and rules for the management of and the use of office supplies and other consumables, as well as the environmental management in its offices. The 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) method is applied in offices to encourage employees to minimise the consumption and preserve materials. Wastes are treated in different ways according to categories, and wastes, such as waste paper, paper boxes and so on are subject to recycling.

"Eco-Friendly Work Mode" has been proactively applied. Paperless office has been promoted to reduce paper waste, and contribute to zero deforestation;

Energy-saving lights and adjustable air-conditioning settings have been widely used to reduce electricity consumption;

Green mobility concept has been introduced by reducing business travels and promoting the employees to use new energy transportation, and help green travel;

Strictly controlling water consumption in the workplace, and performing regular inspection and repair of the water facilities to reduce water resource waste; and employees are reminded to leave no leftover after dining in the staff canteen; all kitchen wastes of the Company are recycled by qualified and specialized recycling collectors.

Green Office Desk Campaign

On 26 July 2019, the Company's human resources and administrative centre organized a campaign named "Enlighten the living environment with green" to green the office desks. The campaign aimed to promote employees' environmental protection awareness, and encourage employees to protect the environment and go green in the office.

Promoting "Cloud Office"

The Company has established a standard conference management system with regularised and efficient communication methods to encourage employees to use fast and efficient communication channels, such as mobile communication tools, internet communication tools, video conferences, telephone conferences and emails, etc. Remote communication software will be adopted as far as possible when communicating with external parties to avoid waste of resources.

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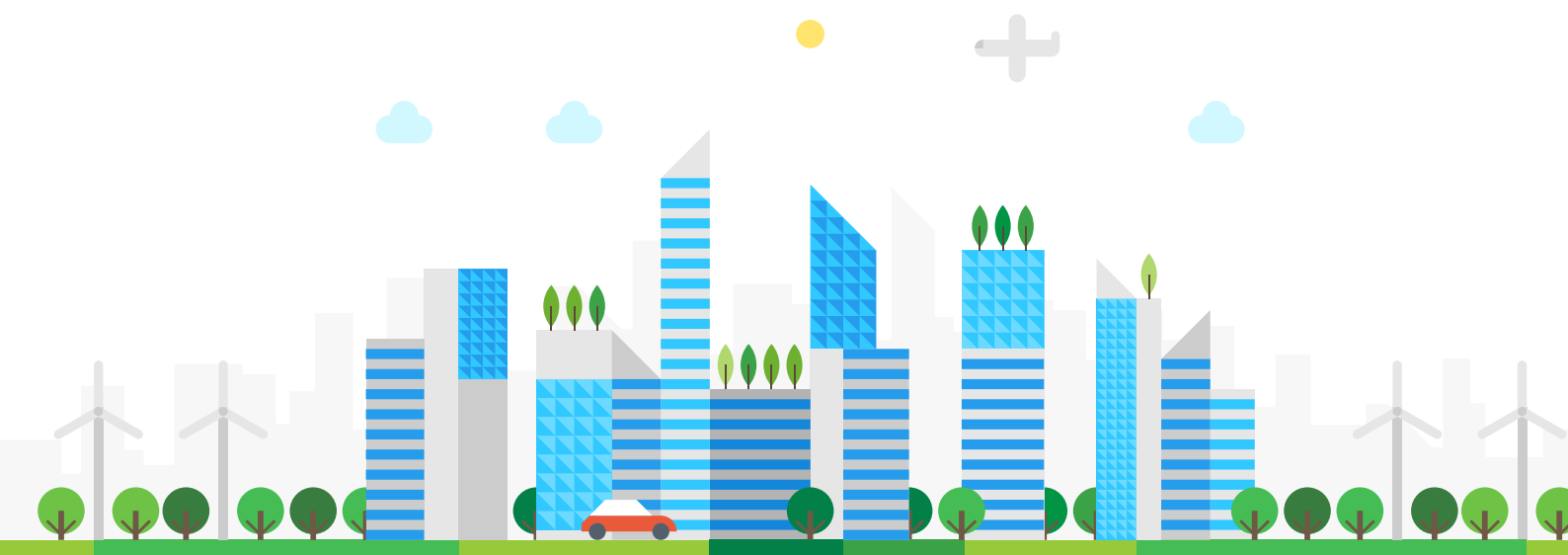
4. SAFE PRODUCTION

In accordance with the Safe Production Law of the People's Republic of China, the Fire Prevention Law of the People's Republic of China and relevant laws and regulations, the Company continuously consolidated the basic management system for safe production and carried out education and training, emergency drills and investigation of potential safety hazards, so as to provide a safe and healthy working environment for all employees. No production safety accidents occurred in the Group in 2019.

4.1 Performance Indicator

Performance Indicator	2019	2018
Number of safety production accidents (times)	0	0
Number of deaths caused by accidents (persons)	0	0
Number of work-related injury accident (persons)	5	3
Number of safety education and emergency drills (times)	30	15
Investment in safe production costs (HK\$'000)	222	1,184

Note: There were 5 cases of minor work injury in 2019; the workers returned to work after simple medical treatment.

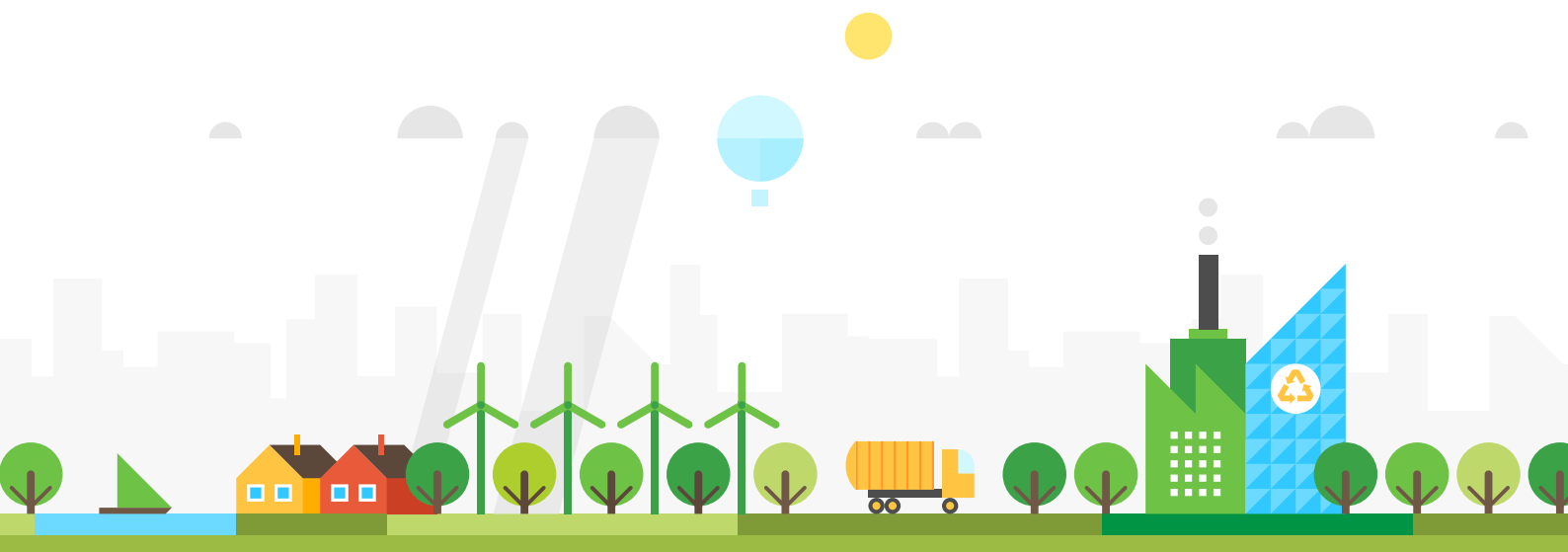


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4.2 Infrastructure

The Group firmly established the concepts of safe development and “zero accident”, which led it to strengthen the basic work and system construction of safe production management, pay attention to top-level design and improve the rules and regulations. The headquarters of the Group and its subordinate companies have set up safe production committees and issued and implemented a series of safety management systems such as the Organizational Setup of Safety Management Committees, the Responsibility Letter for Safe Production and Fire Control Work Management Objectives, the Compilation of Safe Production and Fire Control Work Management and the Management Measures on Contingency Plans for Emergencies. In this way, it directly linked the safety management work to the operating performance of management teams at all levels, promoting all the staff to take their responsibilities seriously, which enabled it to control the risk from the start and supervise the process against risks.

In 2019, the safe production committee of the headquarters of the Group held two special safety management meetings, carried out a thorough investigation in potential safety hazards and identified potential safety hazards such as electricity consumption and firefighting. All these hazards have been rectified within the time limit.



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4.3 Safety Training

The Group attaches great importance to safety training which helps our employees to acquire safety protection, disaster escape and other necessary skills. The Group's headquarters and subordinate companies regularly formulate plans for employee safety education and emergency drills, and assess the implementation of the plans. The Company also organises special training courses from time to time and invites professionals from the safety supervision, fire control and other government departments to give on-site guidance and teach safety knowledge.

In 2019, the Group held safety education and emergency drills for 30 times and totally 1,044 employees participated in relevant activities.



Employees attending Standard First Aid Certificate Course

5. EMPLOYEE RIGHTS AND INTERESTS

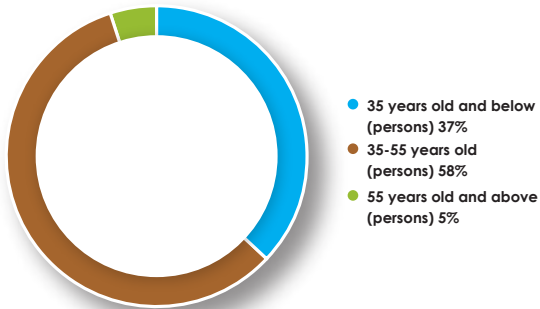
The Company has a deep understanding that employees are valuable asset for an enterprise to last forever. It attaches great importance to the employee recruitment, selection and cultivation and the protection of their rights and interests. It also continuously improves the compensation and welfare system and performance appraisal mechanism as well as the career development channels, advocates the synergistic development of individual and enterprise values, and strives to provide employees with a fair, transparent and efficient career platform.

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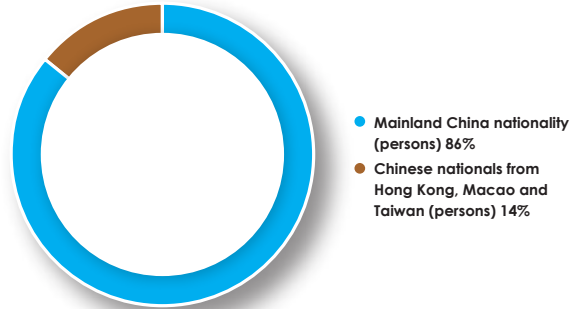
5.1 Performance Indicator

Performance Indicator	2019	2018
Total number of employees (persons)	1,020	662
Proportion of total female employees (%)	38	40
Proportion of female managers (%)	26	24
Social insurance (Mandatory Provident Fund) coverage rate (%)	100	100
Number of confirmed occupational diseases (persons)	0	0
Average paid annual leave per person (days)	10.7	7.3
Total employee welfare costs (HK\$'000)	5,876	4,864

Employee Employment (by Age)



Employee Employment (by Geographical Location)



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5.2 Protection of Rights and Interests

The Group has established a comprehensive human resources system and management system to protect the legitimate rights and interests of employees in terms of recruitment, compensation, welfare, promotion and vacation in accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Hong Kong Employment Ordinance and other employment-related laws and regulations, without the use of child labor and forced labor. It gives every employee equal opportunities to ensure that his/her working ability matches his/her position, powers and responsibilities, and treatment, and opposes discrimination in terms of age, gender and any other aspects.

The Group formulated the Training Management System to prepare training budget on an annual basis to guarantee the training needs of employees in terms of business skills and management level improvement. It has also optimised the rank system in 2019, establishing and perfecting the development path of dual-channel career "specialty and management", which broaden the career promotion of employees and maintained the team vitality. A total of 33 employees of the Group were promoted in 2019.

The Group attaches importance to the care for employees by providing them with working meals, health check-ups, birthday gifts, holiday benefits and other benefits. It also protects the rights of employees to enjoy paid vacation treatment in accordance with the laws, and pays social insurance (Mandatory Provident Fund) and overtime pay in strict accordance with legal standards.

The Company consistently improves its salary and welfare system, treats the standardisation of performance management as the basis for personnel selection and salary management and evaluates the performance of staff under an objective, fair, standardised and transparent performance management system. It continually implements the "Measures for the Management of Performance Appraisal" of the Group and conducts employee performance appraisal quarterly based on employee performance, the Company's business performance and market pay trend and aims to provide employees with reasonable and competitive remuneration and benefits. The process of assessing and recognising the performance of various outstanding employees will commence at the end of the year.



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5.3 Team Building

In order to further strengthen the team spirit and collaboration among our staff, and to facilitate their communication and exchanges with each other, the Group organised an outward bound activity in an outdoor training camp with the aim of heightening our perseverance, challenging ourselves and team building. The management of the Group and the colleagues from both Shenzhen and Hong Kong all actively participated in the event.

In the training activities, our colleagues were divided into different groups to take part in an orienteering competition to find out the checkpoints hidden in different parts of an area in the countryside within a stipulated time. Throughout the activity, our colleagues tried hard to consider ways to tackle the problems and offer help to each other, showing a perfect team spirit of mutual assistance.

The Group adheres to the corporate culture of “cohesion, alliance and sharing” and advocates the philosophy of “work diligently and live happily”. This event not only let our staff relax themselves after a busy period of work, but also trigger their pro-activeness and enthusiasm to eagerly strike a right balance between work and rest, as well as to enhance good communication and exchanges among team members and further strengthen the team's solidarity and performance.



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5.4 Preventive and Protective Measures Against COVID-19

China has started to contain COVID-19 from early 2020. Since then, the Group has acted swiftly and adopted a number of measures. All units, departments and projects are required to fully comply with the epidemic-prevention and control requirements, and resume production and operation in an orderly manner. In this way, the Group has ensured good working environment for employees and has maintained sound work order.

Prevention and control mechanism



An internal epidemic prevention and control organizational structure has been established, and work resumption plan has been formulated to clearly define the company's emergent epidemic prevention processes, responsible employees and work duties. Such organizational structure and plan has ensured that related employees are responsible for discharging their duties in the epidemic prevention works.

Employees' check



All employees are being checked with no exception. Every employee has a corresponding file for epidemic prevention purpose. Employees from the COVID-19 hot zones have to go into mandatory centralised quarantine for 14 days. Employees from other regions have to be quarantined at home for 14 days.

Quarantine measures



During the period of epidemic prevention and control, no external visitors are allowed to enter into the company. If necessary, employees will receive such visitors in the waiting area on the first floor, and no external visitors are allowed to enter into the office space. To avoid crowds, the office space is divided into separate areas, and employees are not allowed to visit other areas for non-duty purpose.

Internal management



Employees' health status is to be monitored and reported every day. We have urged every employee to wear face masks, frequently wash hands and do disinfections, avoid crowds and well protect themselves. Employees are also required to report and handle any abnormal situation in the prompt manner. We have also strengthened the management of off-duty employees.

Complete disinfection



Public spaces are fully disinfected. Areas such as reception halls, elevator hall, escalators, air conditioning systems, toilets, pantries, corridors, staircases, meeting rooms, canteens, underground parking lots are disinfected at close intervals every day.

Customer management



All visiting customers have to receive body temperature check. Customers with abnormal body temperature will not be allowed to enter into our sales facilities, and will be advised to attend medical treatment at fever clinics.

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6. PARTNERSHIP

6.1 Performance Indicator

Performance Indicator	2019	2018
Number of listed manufacturing suppliers	2,009	110
Number of procurement bribery, corruption or other violations found (times)	0	0
Number of financial services awards awarded by industrial organisations and media	1	2
Number of financial investment lectures opened for customers	8	9
Effective handling rate of customer complaints (%)	100	100

6.2 Supply Chain Management

The Group advocates a business partnership of “honesty and trustworthiness, win-win cooperation”, and attaches importance to the development and cultivation of a long-term stable supplier base. It has established standardised system documents to improve the control level in supplier sourcing, visit and inclusion into its supplier base, process control, evaluation, assessment and other aspects.

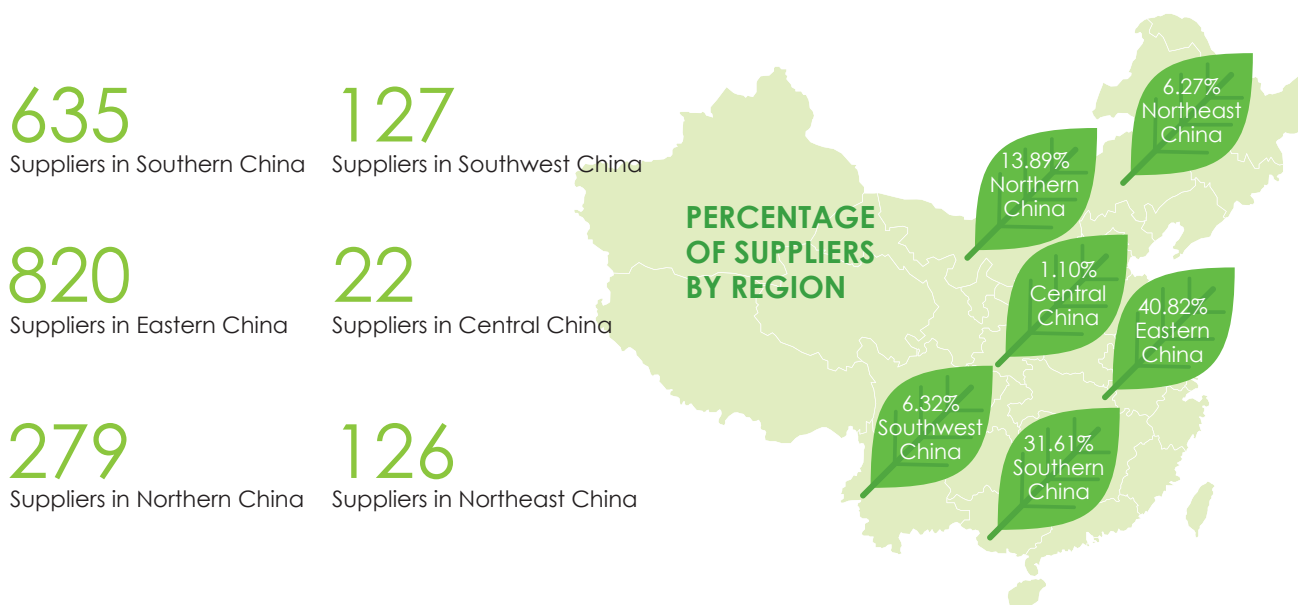
The Group's real estate development business is directly connected to over 20 sectors, which shall involve over 50 upstream and downstream industries. The Group's cooperation with suppliers with sincerity is indispensable to its delivery of superior quality of projects and customer services.

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6.2.1 Hierarchical Supplier Management

In 2019, the Company revised the Rules Governing Supplier Assessment, and assessed suppliers on a quarterly and annually basis. A hierarchical supplier management system has been put in place. Suppliers' performance in seven aspects is monitored, namely quality control, delivery cycle, level of cooperation, information, reasonableness of payment terms, costing work cooperation, responsiveness to quotations and contract requirements. Based on suppliers' performance, they are rated by four grades, namely A, B, C and D. Suppliers with Grade D will be reassessed, and if necessary, we may stop making procurement from such suppliers. In 2019, 545 suppliers were introduced wherein 52 were rated with Grade D.

Total number of suppliers (breakdown by location of incorporation): 2,009



The Group has raised suppliers' environmental awareness by requiring them to procure ISO9000 management system certification and ISO14000 environmental system certification. Moreover, we set high standards for energy conservation and environmental protection. Our efforts have supported the development of a green and low-carbon economy.

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6.2.2 Transparent and Traceable Procurement Process

The Group has established a regular supplier introduction mechanism for suppliers. Under our tendering rules, only suppliers in our prospective supplier database are allowed to bid for our projects. Such mechanism and rules help regulate the bidding and purchasing practices of the Company's construction project contracting and bidding management departments and to build an efficient, clean and fair procurement management system.

In 2019, the Company revised the Glory Sun Group Project Outsourcing and Tendering Policy and refined the Guidelines for Accounting and Financial Staff in the Supervision and Auditing of Tendering and Procurement accordingly, thereby building a closed-loop management and supervision mode.

Closed-loop management and supervision processes for procurement



When making decisions on procurement, the Company encourages persons in charge in subsidiaries to consider a range of factors including the qualities, costs and environmental impacts of the materials. On the premise of fulfilling the Company's procurement policy, preference is given to the products, equipment and services of the local suppliers, and priorities are given to the suppliers in closer proximities who adopt eco-friendly means of transport. Procurement from local suppliers can reduce the emission of greenhouse gas, and the occupation of public resources. While reducing risks in our supply chain, the Group also closely works with the suppliers to save more resources with effective solutions.

The Group also inspects and grades the EHS (environment, health and safety) management practices and status of supervisors and main sub-contractors, and uses outcome of such inspection and grading in performance assessment for the suppliers. We have centralized procurement processes and dispatched on-site staff to monitor the production process and promote eco-friendly manufacturing in the suppliers. Moreover, regional service centres have been established to enhance the efficiency in supply and technological services.

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6.3 Compliance Purchasing



The Group adheres to the principles of “honesty, fairness, transparency, traceability and full competition” to carry out procurement. The Group's headquarters and its subordinate companies process qualified procurement projects through public bidding which was subject to recording and the supervision of the audit department.

6.4 Industrial Exchange

The Group agrees that intra-industry exchanges can promote the competitiveness of its products and services. It also actively creates opportunities for such exchanges to learn from and share resources with partners such as suppliers and customers. For example, in 2019, Gallant Tech Limited and Indium Corporation jointly held the “Advanced Packaging and Assembly Technology and High Reliability Seminar” in Dongguan with attendees of more than 400 representatives from well-known enterprises such as ZTE, Guang Dong OPPO Mobile Communications and Vivo Mobile Communication.



With the advent of the 5G era, the functions of the various types of smart terminals and electronic products have become increasingly diversified and complicated. The progress in packaging technology has helped solve certain problems in assembly technology. At the same time, this meeting provided opportunity for the customers to exchange their ideas in respect of equipment and technological information.

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6.5 Customers Services

The Group is committed to improving customer loyalty and consumption experience by mechanisms such as perfecting product quality control, service satisfaction management, after-sales service system, protection of consumers' rights and interests and complaint acceptance with self-improvement.

In accordance with national and industry standards, the Group clearly states the product name, trademark, manufacturer, address and contact number on the outer packaging of industrial products, and provides the customer with the product certificate and instruction manual. When providing financial services such as securities investment, asset management and wealth management to customers, it carries out customer identity identification, customer risk tolerance assessment, return visit and investigation as well as investment risk warning in strict accordance with laws and industry self-discipline rules and in a way that customer privacy information is kept strictly confidential.



The Company was invited by "China Financial Market", a high-end financial magazine of the capital market in Hong Kong, to attend the prize presentation ceremony of China Financing Award 2019 at the Four Seasons Hotel of Hong Kong. The Company won the award of the "Most Potential Listed Company". This award has received wide attention and a high degree of recognition from various sectors due to the fairness and impartiality of the accreditation mechanism and the authority of the accreditation committee.

The Company believes that this award can enhance the Company's brand effect and raise its reputation in the global capital market and increase the attention and understanding of local and foreign investors to the Company. It also promotes in-depth communication between the Company and investors, demonstrates our corporate value and improves public awareness.

6.6 Investor Relations

In accordance with the rules and requirements of the Hong Kong Stock Exchange, the Group regulates corporate governance and information disclosure as a listed company to ensure the compliance and independent operation of listed companies and to safeguard the legitimate rights and interests of shareholders and stakeholders.

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On 30 May 2019, the Group held an annual general meeting of shareholders to consider and pass the resolutions of the general meeting and to answer investors' questions on the spot.

7. DEVELOPMENT OF COMMUNITY

7.1 Performance Indicator

Performance Indicator	2019	2018
Number of public welfare activities attended (times)	7	9
Public welfare donation (HK\$'000)	23	248

7.2 Promoting Regional Development

The Group has taken care of the public's well-being and benefits. We have always proactively engaged with communities to learn the needs of communities, and is committed to participating in all those community activities which will help establish a positive image of the industry as well as the Company, and respond to the needs of the communities. We have done our best to give back to the society. The Company also encourages employees to participate in charitable activities. Our cooperative partners would include community groups, charity organisations, government agencies and other stakeholders.

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Marine Emergency Rescue Support

Taking advantage of its two major platforms — Marine Sports Centre and Marine Training Centre, the Group proactively supports and serves the government's emergency rescue operation. For a long time, the Company provides joint-services and site support for the training of many rescue organisations of Shenzhen, thereby contributing to the national emergency rescue operation.

Complimentary Training for Water Rescue Team of SRVF



On 2 and 3 November 2019, the water rescue team of SRVF (Shenzhen Rescue Volunteer Federation) received the inflatable rescue boat (IRB) and rescue paddle skill training in Marine Sports Centre. To demonstrate its commitment to charity, Marine Sports Centre provided the site and the other support services at no charge.

Friendly Support Amid Natural Disaster

During the typhoon in August 2019, the fishing boats operating around Marine Sports Centre called for assistance as they could not find any shelter from the storms. As an enterprise with strong sense of social responsibility, on the premise of ensuring safety of customers' vessels, the Company tendered its biggest efforts to accommodate such fishing boats in its dock during the storms. The Company's humanitarian behaviour was recognized by local social organisations and enterprises.

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7.3 Contribution to Charity

The Group always keeps in mind its corporate social responsibility of “share the burden in building the society”. It actively participates in relevant public welfare activities, cares for the disadvantaged and supports poverty alleviation, so as to jointly create a stable and harmonious community environment.



On 13 January 2019, ACCA (the Association of Chartered Certified Accountants) Hong Kong held the event of ACCA Community Day, which involved sport-related fun activity with the aim to raise funds for disadvantaged community, promote solidarity and bring hopes to the grassroots citizens, especially the disadvantaged community. Its 2019 theme is “Drawing Rainbow and Creating Hope” and the benefited organizations are the Hong Kong Society for the Blind, Operation Dawn

and Senior Citizen Home Safety Association. The Company participated in the event by recruiting caring people in the society together with the staff of the Company to form a charity care team. Through this traditional charity event, everyone can feel the happiness brought by public good. At the same time, it also utilizes the efforts of everyone to convey and strengthen the power of charity, public welfare and love.



To share the joy of reunion brought by the Mid-Autumn Festival, the Group encouraged its staff members to actively participate in community volunteer work. This time, our volunteer team once again participated in the activity of “Friends of Lok Sin Tong — To Welcome the Coming of Mid-Autumn Festival with Lok Sin Tong” organized by this charitable organization and visited the elderly in small groups and presented them with package gifts and our blessings before the coming of the

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Mid-Autumn Festival, showing our care of the elderly in the community. Our volunteer team went to Tsuen Wan to visit those elderly living alone or living only with their spouses and presented them with traditional moon cakes and daily use articles so that they could enjoy the festival in a meaningful way with their families and good friends. By means of this event, we hope to bring real care and joy to the elderly.

We believe that by means of this event, we can convey our sincere blessings to the elderly, and also let the volunteer team experience the spirit of "assistance to, care of and learning from each other". The Group will continue to participate in various volunteer activities and, as in the past, continue to give back to our society through our actions.



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8. ESG REPORTING GUIDE INDEX

ESG Reporting Guide Aspect	Comply or Explain with Statement	Chapter
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.	Comply	3. Environmental Protection
KPIs A1.1 The types of emissions and respective emissions data A1.2 Greenhouse gas emissions in total (in ton) A1.3 Total hazardous waste produced (in ton) A1.4 Total non-hazardous waste produced (in ton) A1.5 Description of measures to mitigate emissions and results achieved A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Comply	3. Environmental Protection
Aspect A2: Use of Resources		
General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Comply	3. Environmental Protection
KPIs A2.1 Direct or indirect energy consumption by type in total and intensity A2.2 Water consumption in total and intensity A2.3 Description of energy use efficiency initiatives and results achieved A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved A2.5 Total packaging material used for finished products (in ton)	Comply	3. Environmental Protection

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Chapter
Aspect A3: The Environment and Natural Resources		
General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Comply	3. Environmental Protection
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Comply	3. Environmental Protection
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.	Comply	5. Employee Rights and Interests
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.	Comply	4. Safe Production
Aspect B3: Development and Training		
General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work, and description of training activities.	Comply	5. Employee Rights and Interests

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ESG Reporting Guide Aspect	Comply or Explain with Statement	Chapter
Aspect B4: Labour Standards		
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 preventing child and forced labour.	Comply	5. Employee Rights and Interests
Aspect B5: Supply Chain Management		
General Disclosure: Policies on managing environmental and social risks of the supply chain.	Comply	6. Partnership
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.	Comply	6. Partnership
Aspect B7: Anticorruption		
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.	Comply	2. Risk Compliance
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.	Comply	7. Development of Community



寶新金融集團有限公司
GLORY SUN FINANCIAL GROUP LIMITED

