



SYMPHONY

**Environmental, Social and
Governance Report**
2018 環境、社會及管治報告



SYMPHONY HOLDINGS LIMITED 新豐集團有限公司

(Incorporated in Bermuda with limited liability 於百慕達註冊成立的有限公司)

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INTRODUCTION

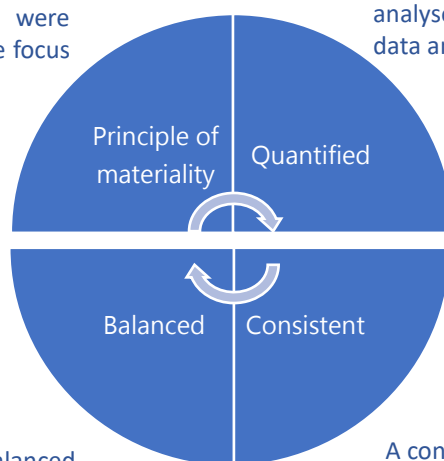
Symphony Holdings Limited (the “Company”) and its subsidiaries (collectively, “we”, “us” or the “Group”) are pleased to present the Environmental, Social and Governance (“ESG”) Report for 2018. The report covers the sustainable development direction, strategy and performance of the Group, outlines its strategies implemented and summarises its performance for the year, with a view to elaborating on the efforts we made and the long-term value we created for our stakeholders.

This report has been prepared and compiled in accordance with the “Environmental, Social and Governance Reporting Guide” (the “Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), with reference to the fundamental reporting principles set out in the Guide. The report covers the Group’s business for the year from 1 January 2018 to 31 December 2018 (the “Reporting Period”), with the performance data for the previous year also included in the report for reference and comparison purposes.

In response to the public’s increasing social awareness and concerns about environmental issues over the recent years, the Group continued to strengthen its efforts in sustainable development. In order to allow our stakeholders to develop a better understanding of the Group’s endeavours in sustainable development, after taking due considerations under the principle of materiality, we have included China Rise Securities Assets Management Company Limited (“China Rise Securities”) in the scope of this report, which has enriched the content of this report. Therefore, this report covers the operations of the Group’s Hong Kong office, China Rise Securities, Shenyang Park Outlets (“Park Outlets”), and the measures for and results of the retailing and sourcing services of their branded apparel, swimwear and accessories in the People’s Republic of China (the “PRC”) in respect of the environment, society and governance.

We conducted an assessment of materiality based on the feedbacks of our stakeholders, whereby the Group’s key ESG issues were identified, thus establishing the focus of this report.

We have established a data collection system which collects key ESG performance indicators and analyses the performance through data analysis.



In order to maintain a balanced performance profile, we continuously reviewed the areas where the report could be improved and did our utmost to provide unbiased information.

A consistent approach has been adopted in this report to ensure its consistency and to allow readers to compare sustainability performance.

OUR VISION OF SUSTAINABLE DEVELOPMENT

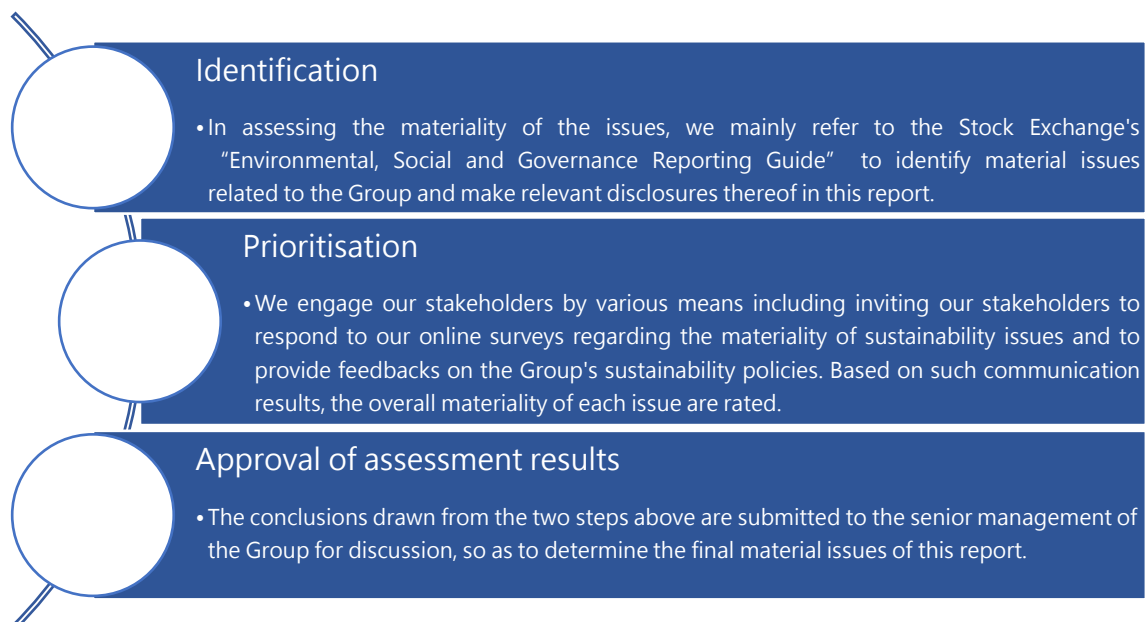
The Group holds the unwavering philosophy that we shall stay committed to developing the Group's brands and outlet mall business while promoting the prosperity, stability and sustainable development of the community. Adhering to the philosophy of sustainable development, it serves a key factor to the success of our business and helps us to accumulate years of valuable experience and established reputation. We have implemented a stringent management system, striving to achieve sustainable development by integrating the value of sustainable development into the Group's decision-making process and daily operations. Facing the challenging market conditions in the future, we shall continue to uphold our existing sustainable development philosophy, actively adapt to the new norms of economic development, seize development opportunities in a complicated and volatile market environment, give full play to our operational advantages and continuously improve our governance standards, aiming at achieving the goal of sustainable development.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group recognises the importance of internal control and risk management. Drawing upon our years' experience in business operations, we understand that a structured internal control and risk management system is closely related to the sustainable development of the Company. The board of directors of the Group has been fully responsible for our internal control, risk assessment and management, and has continuously identified unfavourable factors that may adversely affect the Group's business, which include risks associated with our operations, finance, compliance, environmental protection, etc. Responsive measures are thus planned for such identified risks.

In addition, the Group's Audit Committee will continuously review the Group's internal audit and risk management to ensure an effective internal control monitoring system is in place. We have also appointed an independent internal control adviser to review our risk management and internal control systems on a regular basis, so as to monitor the effectiveness thereof and recommend corresponding corrective actions to be taken. We expect the Group's sustainability policy will work with its internal control and risk management systems in monitoring and continually improving the Group's operations, thereby achieving our vision of sustainable development.

MATERIALITY ASSESSMENT PROCESS



COMMUNICATION WITH THE STAKEHOLDERS

The Group has always attached importance to the opinions of stakeholders. The support and trust of our stakeholders are fundamental to our business development over the years. Therefore, we maintain a close relationship with our stakeholders constantly through various channels of communication and learn their opinions. Our key stakeholders include shareholders, customers, employees, suppliers, business partners, government authorities and regulators. We maintain contact with different groups of stakeholders through a variety of channels, including shareholders' meeting, telephone consultations, company website, site visits, team building activities, employees' performance appraisal, regular meetings and questionnaires, details of which are set out as follows:

Stakeholders	Means of communication	
Employees	<ul style="list-style-type: none"> • Employee performance evaluation • Regular department briefings • Regular safety meetings • Diversified trainings 	<ul style="list-style-type: none"> • Team building activities • Recreational contests • Regular union activities • Questionnaires
Customers	<ul style="list-style-type: none"> • WeChat official account • Daily operations or communication • Regular meetings 	<ul style="list-style-type: none"> • Questionnaires • Customer assessment process
Suppliers	<ul style="list-style-type: none"> • Annual assessment on supplier performance • Regular meetings 	<ul style="list-style-type: none"> • Site visits • Questionnaires
Investors and shareholders	<ul style="list-style-type: none"> • Annual general meeting • Corporate communications • Interim report 	<ul style="list-style-type: none"> • Annual report • Result announcements • Company website
Government authorities and regulators	<ul style="list-style-type: none"> • Daily operations • Non-scheduled meetings 	<ul style="list-style-type: none"> • Questionnaires
Other business partners	<ul style="list-style-type: none"> • Daily operations or communication • Regular meetings 	<ul style="list-style-type: none"> • Questionnaires

Feedback

We hope to promote communication with our stakeholders through this report. Your opinions are sincerely welcomed. We acknowledge that only by understanding and responding to the needs of our stakeholders can achieve greater success. If you have any doubt or suggestion as to our sustainability efforts or performance, you are welcome to email us at info@symphonyholdings.com. We would highly value and appreciate your opinions.

EVALUATION AND ANALYSIS OF MATERIAL ISSUES

Through our engagement with stakeholders, we have identified 24 material issues on sustainable development relating to the Group’s business, which are prioritised on the basis of their “materiality to the Group” and “materiality to stakeholders”. We formulated a materiality matrix below, which clearly shows the issues of greatest concern to stakeholders and areas that require more of our attention in future development.

<p>Quality of working environment</p> <ul style="list-style-type: none"> •1) Diversity and equal opportunity •2) Employee turnover rate •3) Occupational safety and health •4) Employee training and development •5) Preventing child and forced labour •6) Employee relationships and engagement •7) Employee welfare/recreation 	<p>Product and service responsibility</p> <ul style="list-style-type: none"> •8) Product safety •9) Product and service quality •10) Complaint resolution •11) Intellectual property right •12) Customer privacy 	<p>Environmental protection and green operation</p> <ul style="list-style-type: none"> •13) Waste water discharges •14) Greenhouse gas (“GHG”) emissions •15) Air emissions •16) Treatment of hazardous and non-hazardous wastes •17) Energy and water saving •18) Use of natural resources •19) Green operations
<p>Operational practices</p> <ul style="list-style-type: none"> •20) Supplier selection process •21) Anti-fraud and anti-corruption •22) Disaster contingency plans 	<p>Contributions to community</p> <ul style="list-style-type: none"> •23) Participation in charitable activities •24) Philanthropic donations 	

Materiality Matrix



Through the above evaluation of materiality matrix, we have identified the following five key areas as the Group's material issues on sustainable development. In the future, the Group will continue to review its sustainability policies with a focus on the following identified material issues. Meanwhile, such material issues are explained in details under the corresponding chapters in this report.

Product and service quality	<ul style="list-style-type: none">•Product Liability and Customer Service
Employee welfare/recreation	<ul style="list-style-type: none">•Employee Benefits and the Remuneration Structure•Employee Engagement and Team Building
Occupational safety and health	<ul style="list-style-type: none">•Safety and Health
Disaster contingency plans	<ul style="list-style-type: none">•Fire Safety Knowledge•Strengthening Emergency Drills
Employee training and development	<ul style="list-style-type: none">•Talent Education and Training

The Group will continue to communicate closely with all stakeholders so that we can formulate and adjust our development strategies in a timely manner. We firmly believe that stakeholder engagement can help us improve the Company's sustainable performance and capitalise on emerging business opportunities.

PRODUCT RESPONSIBILITY AND CUSTOMER SERVICE

As customers are the foundation of our business, we provide our customers with quality products and services that meet their needs. Product responsibility is an indispensable commitment for the Company to maintain sustainable development. Therefore, all the business units of the Group diligently carry out product responsibility related tasks. Relying on our quality products and services, we make every effort to safeguard the legitimate rights and interests of users and consumers, striving to build a long-term loyal customer base. We implement strict quality management in various aspects including product supply and safety and customer service to maintain an excellent standard. Going forward, we shall continue to focus on formulating and implementing standards for operational procedures so as to maintain high standards for the quality of our products and services.

During the Reporting Period, we have not recalled any product due to safety and health issues. As far as the directors of the Company are aware, the Group have not received any complaint from any individual in relation to advertisement and labelling relating to health and safety as well as products and services aspects, including but not limited to the *Law on Protection of Consumer Rights and Interests* (《消費者權益保護法》), the *Product Quality Law* (《產品質量法》), the *Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》), the *Interim Measures for the Administration of Internet Advertising* (《互聯網廣告管理暫行辦法》) and other applicable laws and regulations relating to publications and advertising promotions. In addition, we were not subject to any material complaint, product claim or recall during the Reporting Period.

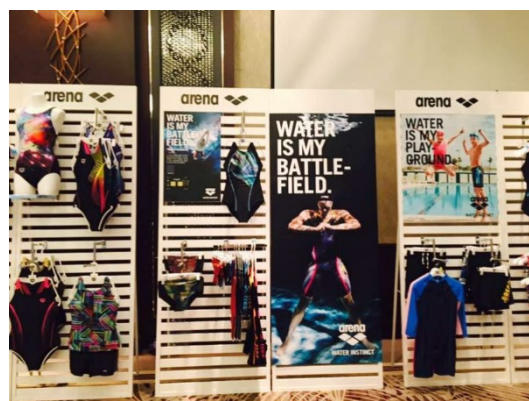
Maintaining a Premier Shopping Environment



To ensure the quality of products sold at Park Outlets, we have adopted a strict brand tenant selection procedure when recruiting brand tenants, including inspecting from them business registration records, brand registration certificates, authorisation evidence, related approvals and so forth, aiming at preserving a premium shopping environment. In addition, our on-site personnel will continue to manage the entire operating premise, and will immediately inform relevant staff or responsible brand tenants to rectify any issue or potential risk, if identified.

Product Quality

We are committed to maintaining a strict standard for the quality of our products so that our customers can get the best products. Products offered at Park Outlets by brand tenants and at points-of-sale by our distributors are either sourced or licensed directly from the brands. We forbid all forms of unauthorised sale of products to ensure that all products sold reach the quality standard of the brand and comply with all applicable national and industrial standards.



Premium Services

As mentioned above, we highly treasure and aim at safeguarding the legitimate rights and interests of our mass product users and consumers. Hence, under the premise of complying with the Company's policies, we will try our best to respond to customer's questions about the products, satisfy reasonable demands of our customers, and assist them to reflect their concern to the brand tenants or distributors, in an effort to bring a satisfactory shopping experience to consumers.



Solicitation of Opinions

We encourage our customers to express their opinions, which are key to improving our service quality. The Group offers various communication channels to collect customers' feedback, such as customer service hotline, customer service centres, email, company website and telecommunication applications. Over the past year, although we did receive complaints about our brand and Park Outlets businesses, these complaints were mostly suggestions and queries related to product quality, promotion campaign and delivery delays. We attach great importance to the opinions of our customers, and we spare no efforts to prevent such issues from recurrence by addressing the complaints and taking appropriate measures.

Once our customer service staff received such complaints, they would follow up in accordance with the existing procedure within the system. For example, if a customer wants to return or exchange an item and if the request meets our relevant policies, we shall do our best to meet their demands; if the complaint relates to product quality, we will communicate with our brand tenants and request the involved brand(s) to improve product quality; if the complaint relates to our premise management, we will review and investigate the root of the problem and our own deficiency so that we can learn from our lessons and make sure our staff members understand that customer satisfaction is our first priority. As we deeply believe that customers' feedbacks are essential for our continuous improvement, we shall continue to be open and listen to their feedback, whether they are positive or negative.

Respect for Privacy

The Group is committed to protecting the privacy and information of its customers as customer trust is of paramount importance to the business. We have put in place a data privacy system and formulated a data security system. We have established our policies and procedures regarding the handling of customer information in accordance with relevant laws and regulations, including the *Personal Data (Privacy) Ordinance* (《個人資料(私隱)條例》), with a view to protecting customers' sensitive information. Such policies include strict prohibition of employees using customer's information for any non-business-related purpose. Designated personnel have already been assigned to handle customers' information such as telephone number and identity, in the strictest confidence. All customer information collected will only be used for specified purposes. Moreover, we review and update such policies and procedures regularly to fulfill requirements of business operations, regulatory guidelines, relevant laws and regulations.

Promotion and Labelling

The Group operates its business under the principle of integrity. We provide accurate product information to assist our customers in making informed purchase decisions. As the operator of Park Outlets and branding business, we launch a variety of marketing campaigns to promote Park Outlets and our licensed brands. We have in place a rigorous internal audit process, under which the designated personnel of the Company review the contents of the marketing materials used before official publication. Such designated personnel shall have certain sales and promotion experience and shall ensure that the marketing materials comply with the *Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》), the *Interim Measures for the Administration of Internet Advertisement* (《互聯網廣告管理暫行辦法》) and other applicable laws and regulations governing advertising and labelling enacted by the relevant government authorities.



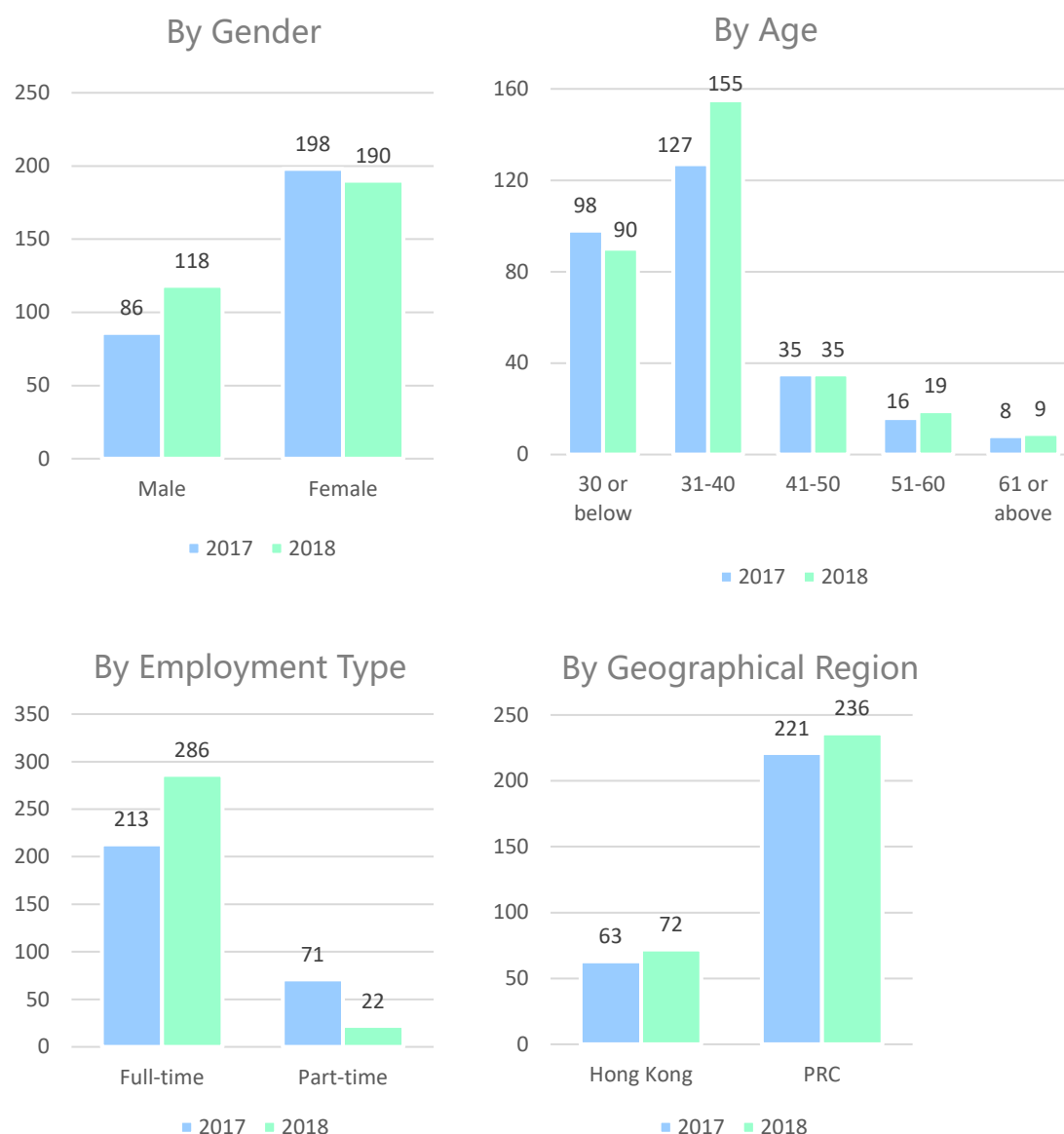
In addition, the agreement between brand tenants at Park Outlets and us expressly stipulates that the goods sold by such brand tenants shall bear complete product labels in compliance with the regulations, so as to ensure that consumers are provided with sufficient information. Product label details shall include but not limited to product name, brand label, implementation standards, name of the manufacturer, details on the certificate of approval, product specifications and other details. Such comprehensive details will fully protect the interests of the consumers.

EMPLOYMENT AND LABOUR PRACTICES

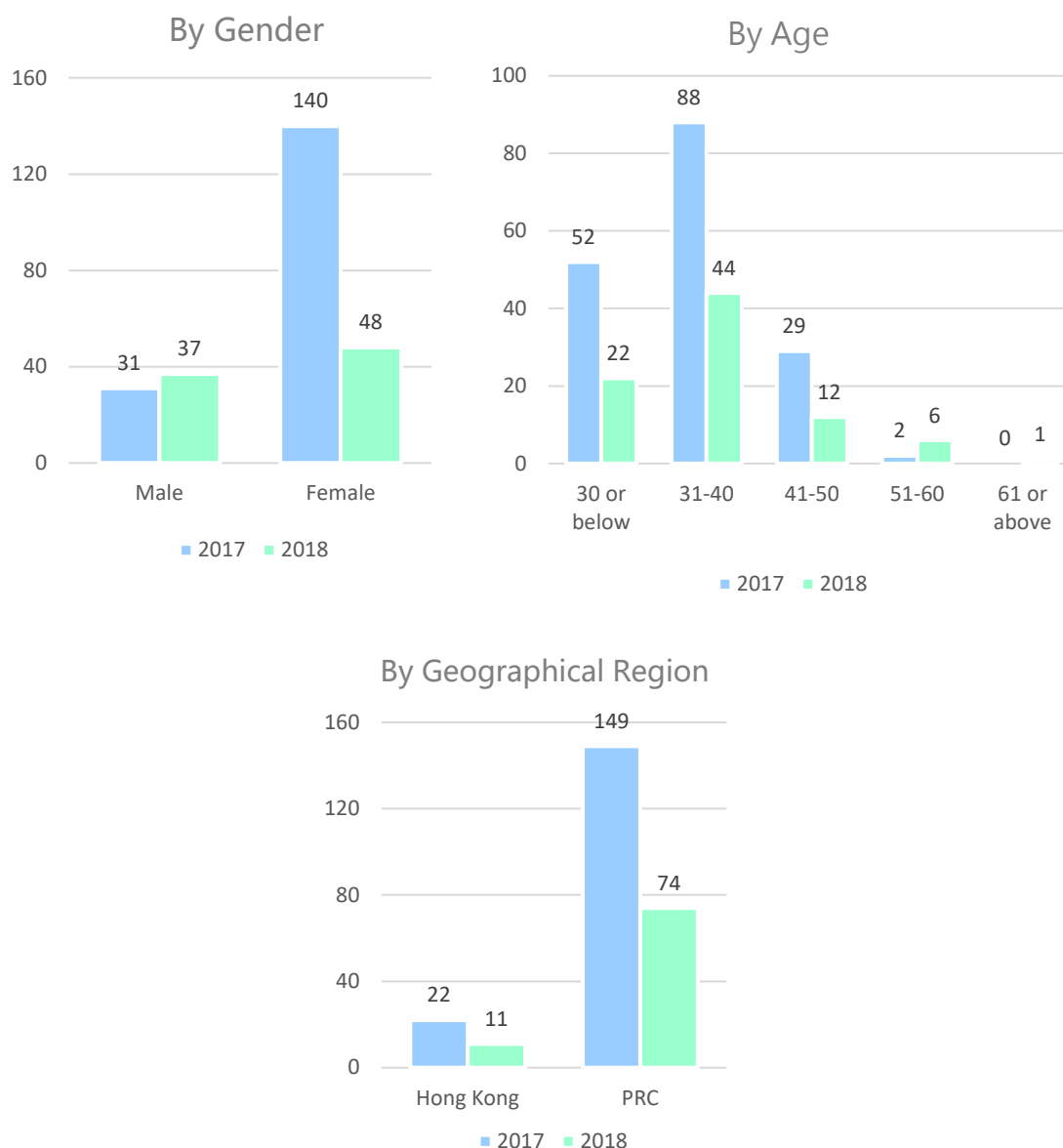
We cherish the results created by our employees for the Group. Therefore, we offer our employees not merely a job but also a good working environment and development opportunities, enabling them to develop their potential and work in an enriched and fulfilling surrounding. We are committed to complying with the laws and regulations regarding employees' basic rights and strictly implement the relevant administration systems and policies to regulate employment behaviours, including the "Staff Handbook", the "System for Human Resources Management" (《人力資源管理制度》) and the "Handbook of the Human Resources and Administrative System" (《人事行政管理制冊》).

Laws and regulations of the PRC and Hong Kong which relate to employment matters of the Group mainly include the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法實施條例》) and the *Employment Ordinance* (《僱傭條例》). As far as the directors of the Company are aware, the Group is not subject to any major administrative sanctions or penalties due to violation of any employment laws or regulations during the Reporting Period.

Analysis on Employee Distribution



Analysis on Employee Turnover

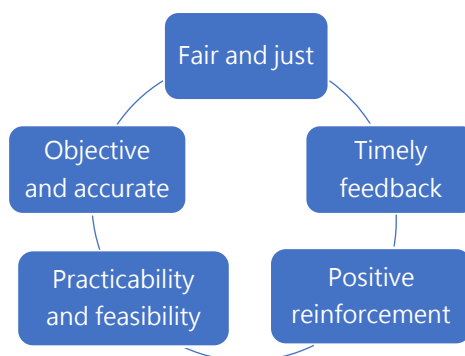


Employee Benefits and the Remuneration Structure

The Group provides its employees with competitive remuneration packages in the industry. In addition to basic annual leave, we also offer marriage leave, bereavement leave, maternity leave, work injury leave and breastfeeding leave. In accordance with the laws and regulations of the PRC and Hong Kong, we make contribution to various employee benefit schemes for full-time employees, including the retirement insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance in the PRC and the MPF scheme in Hong Kong. Remuneration for full-time employees generally includes basic salary, job position compensation, performance evaluation remuneration, subsidies and other allowances. Furthermore, we may also offer year-end bonus to employees based on our annual operating results. Remuneration packages are determined by the management or the Remuneration Committee of the Company, with employees' remuneration determined mainly based on their performance and qualifications. The Group reviews its remuneration structure each year. We have formulated salary and performance benchmarks for each level of job position according to the minimum wage standard set by the government in the region where we operate, the local average salary level, the current average salary level, technical and professional qualifications of relevant positions as well as the monthly and annual performance appraisal. Further adjustments to such benchmarks will be made depending on each employee's technical expertise, experience and performance to uphold a fair and competitive remuneration structure.

Performance Appraisal System

In order to boost the morale of our staff, the Group has implemented a comprehensive performance appraisal system, which was formulated based on the following five principles:



A performance appraisal is organised by the human resources department each year. By reference to the results of performance appraisal, we will create a broader development space for our employees based on our sound promotion mechanism, aiming at demonstrating the Company's incentive system to attract and retain talents.

Talent Selection

The Group has always considered our employees as the most important assets of the Company. To cope with the issue of continued labour shortage in the current competitive human resources market, we recruited our employees through various channels and made continuous efforts to attract and retain talents. Adhering to the main principle of "fairness", we undertake that we recruit employees base on competency and qualifications rather than their nationality, gender, age or family status. The Group has established protocol of standard handling procedures of resignation or dismissal of employees. Our human resources department also conducts enquiry on the resignation to ensure that there is no case of unfairness or discrimination.

To retain talents, we will regularly conduct two-way performance appraisal on our employees, and offer certain rewards and promotion opportunities to those with outstanding performance for the purpose of improving their performance and making them more motivated. Our employees will never be discriminated and their promotion opportunities will not be hindered due to sex, age or race factors. In addition, we have determined our working hours and implemented relevant policies in strict compliance with the national and local laws and regulations.

STRICT PROHIBITION OF CHILD AND FORCED LABOUR

Child and forced labour, which violate basic human rights and corporate ethics, will never be tolerated by the Group. We strictly comply with laws and regulations relating to minimum age of employment and strictly forbids child labour. All new recruits are subject to review procedures such as interviews and identity checks to minimise the chance of employing child labour. The Group strictly complies with the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Law of the People's Republic of China relating to the Protection of Minors* (《中華人民共和國未成年人保護法》), the *Employment Ordinance* (《僱傭條例》) and the *Regulations on the Prohibition of the Use of Child Labour* (《禁止使用童工規定》), and expressly prohibits child labour employment in its recruitment policy.

In addition, the Group strictly prohibits forced labour and will not mandatorily require employees to work overtime persistently and employees can work overtime only on a voluntary basis.

We undertake that:

We never tolerate forced labour of any form, including intimidation and abuse;

None of the employees shall be induced to work for the Group by fraudulent means;

It is forbidden to punish or threaten employees in an attempt to force them to work or to gain benefits therefrom.

SAFETY AND HEALTH

The safe and healthy working environment allows our employees to work intensively, thus improving the Company's operational efficiency. The Group is committed to safeguarding the safety and health of our employees and focuses on maintaining a safe and healthy working environment. In accordance with our internal policies, we have arranged a number of activities and training programs during the Reporting Period to implement a safe operation management system so as to minimise hazards and accidents, create a safer working environment, safeguard employees from injury and comply with relevant laws and regulations. As far as the directors of the Company are aware, the Group is not subject to any major administrative sanctions or penalties due to violation of any production safety laws or regulations during the Reporting Period.

Fire Safety Knowledge

The Group attaches great importance to fire safety. As part of our efforts to increase our employees' basic awareness of fire safety, we have posted materials relating to fire safety at the workplace for promotion and education purposes, so that employees can stay calm and save themselves in a scientific manner in the case of an accident.



Strengthening Emergency Drills

Each year, we hold fire drills to consolidate our strain capacity when there is a fire. As Park Outlets is a large shopping mall with heavy traffic each day, serious damages may be caused if the emergency response plan is insufficient. Therefore, we pay special attention to fire drills at Park Outlets. We have established the *Fire Evacuation Exercise Plan* (《消防疏散演习预案》), a comprehensive emergency response coordination mechanism which clearly sets out the duties of various positions of the Company in the case of a fire. We also held a large fire drill during the Reporting Period, in an effort to enhance the fire safety awareness of our employees and improve their ability to escape and self-rescue from a fire, and allow our employees to grasp the correct use of various fire extinguishing equipment and the skills to extinguish an early fire, thereby minimising the loss of life and property in the case of a fire.



Health Check System

Active participation of employees is essential to the sustainable development of the Company's business. Therefore, we attach great importance to the health of our employees and have established a system for employees' health check. Employees who have reached the designated rank and seniority are entitled to free health checks to ensure that they are in healthy conditions.

TALENT EDUCATION AND TRAINING

The Group has always attached importance to the cultivation of talents. During the Reporting Period, we provided various types of training programs and development opportunities for employees from various business units, aiming at improving their competence in the long run. Our training themes cover various aspects including management skills, customer service, team cohesion and more.

We provide matching skills training and education to our employees according to their respective professional and job requirements, such as our training program to store managers on management skills and employee communication skills. In addition, unconventional training programs are launched according to actual performance and unexpected needs in order to assist employees in personal development and improve their leadership skills and management skills. We also provide trainings on thinking, finance, operation, sales, human resources and orientation to employees of Park Outlets according to their own needs. As for employees in our securities business, we provide them with financial services related trainings on anti-money laundering, anti-terrorist financing, the latest regulatory developments, suspicious transaction reporting, etc.

507 hours of training were conducted during the Reporting Period, with an average of 1.71 training hours per employee¹.

Staff training statistics	2018	2017	Unit
Total training hours	507	1,382	hours
Average training hours	1.71	4.87	hours per employee
Training hours by gender			
Male	233	150	hours
Female	274	1,232	hours
Training hours by employment type			
Senior management	33	96	hours
Mid-level management	31	140	hours
General and technical staff	443	1,146	hours
Training hours by age			
30 or below	105	161	hours
31-40	303	1,141	hours
41-50	63	51	hours
51-60	36	29	hours
61 or above	-	-	hours

¹Average training hours per employee is calculated based on the total number of training hours divided by the average of total number of employees.

EMPLOYEE ENGAGEMENT AND TEAM BUILDING



We regularly organise a wide range of cultural and recreational activities for our employees, such as rope skipping contests, tug-of-war contests, sports meets and outreach trainings, so as to allow employees to relax in their spare time, promote communication among colleagues and build a cordial and harmonious team. The Group and its subsidiaries also organise various corporate events including annual dinners, Chinese New Year parties and birthday parties to enhance employees' sense of belonging to the Group.



In addition, the Group has also established WeChat employee groups by drawing upon social media. Our employees are encouraged to communicate on work and share their moments of life via WeChat groups to promote interaction and communication among employees, which also makes it easier for us to learn their opinions.



SUPPLY CHAIN MANAGEMENT

The Group believes that the implementation of sustainable development requires us to ensure that suppliers share the same corporate social responsibility as ours, and the Group recognises that sound supply chain management is closely related to product responsibility and product quality, which is essential for attaining long-term growth. Therefore, we pay great attention to supply chain management, and we have established strict management policies in this regard. The procurement process is managed by professionals, and the details of the process are subject to rigorous standardised procedures. Such professionals shall have considerable procurement experience and continuously review the insufficiency in the process for constant improvement, so as to make the procurement process more efficient and cost-effective while maintaining quality control. In addition, we also stay abreast of updates to the procurement laws and regulations to ensure our compliance therewith.

We monitor the supply chain through a procurement review mechanism, under which we make proper management at the source by strictly selecting suppliers which are up to our screening criteria, so as to ensure all suppliers have good technical standards and high quality of products and services, and to assess the potential risk of engaging such suppliers.

We share our sustainability values with our suppliers and promote the Group's sustainability philosophy. We also encourage our suppliers to continuously improve their performance and join hands with us to contribute to the long-term sustainable development of the economy, society and environment.

ANTI-CORRUPTION & ADVOCATING INTEGRITY

The competitive edges of the Company are based on our business integrity. Adhering to its pledge of openness and integrity, the Group strives to maintain outstanding corporate governance and safeguard the Group's reputation and interests. We have formulated comprehensive anti-corruption policies, including anti-fraud management, fraud prevention measures and whistle-blowing policies. In addition, the Group also has in place a reporting and investigation system which includes a general manager's suggestion box for reporting of any suspected corruption, bribery and fraud, on an anonymous basis. Relevant investigation procedures have also been established.

As China Rise Securities is a regulated institution engaged in provision of financial services, we have developed internal policies specific to its business characteristics, which covers customer due diligence procedures, anti-money laundering, anti-terrorism financing and anti-bribery policies, etc. Such policies clearly set out the duties of relevant employees in each position, institutionalise and streamline the work of integrity and anti-corruption, and maintain the compliance and high ethical standards of the Company.

As for other businesses of the Group, we expressly included anti-bribery clauses in the agreements signed with brand tenants at Park Outlets, hoping to ensure that both brand tenants and ourselves have installed an intact internal management system and will continue to manage and educate our and their own employees to jointly resist any commercial bribery or other improper transactional practices, so as to create a well-established, fair and honest business environment.

As far as the directors of the Company are aware, the Group has not received any complaints or taken any disciplinary actions relating to corruption, bribery or other misconducts during the Reporting Period. In the meantime, our business operations comply with relevant policies, laws and regulations relating to anti-corruption, blackmail, fraud and money-laundering during the Reporting Period, such as the *Prevention of Bribery Ordinance* (《防止賄賂條例》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》) and the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》).

CONTRIBUTIONS TO COMMUNITY

Social harmony and good-neighbourly friendship are an important vision for the sustainable development of our business. During the Reporting Period, we participated in various formal community activities including the following individual examples under review. Looking ahead, we will continue to promote healthy development of the regional economy and improve the living standards of the public.

Shenyang “City Building” Plan

The Shenyang “City Building” Plan, known as a key event in Shenyang in 2018, was designed to build Shenyang into a national city of good sanitation, a national city with good public health and a model city for food safety. As a resident enterprise in Shenyang, Park Outlets has been supporting the building of a more civilized city and promoting the efforts to this end. During the Reporting Period, we provided costumes for different communities during the “City Building” campaign, including the theme Party day event organised for community unity, the Party building knowledge contest themed “To change work of style and act as vanguard by learning from Party reports and Party constitution” held by the Shishitai Street Cultural Community, and lectures on winter fire control knowledge, as part of our efforts to help the community implement the “City Building” Plan.



Various Festive Events

In the past year, the Group organised a variety of events, through which we hope to promote community exchanges and provide opportunities for residents of the neighbouring communities to enjoy leisure and entertainment, to show their talent and to add fun to their busy life. The following sets forth some examples of the events we organised during the Reporting Period:



Children's Talent Show



Talent Competition for University Students
in Liaoning Province



New Year Countdown Insect Festival



Chinese New Year Market



Lantern Festival Celebration



Kite Making Event on Qingming Festival



Halloween Event



Christmas Event

ENVIRONMENTAL PROTECTION

The Group adheres to the principle of green development and manages environmental affairs in a sustainable manner to achieve a harmonious relationship between the Group and the environment. In order to embrace the green concept in the daily operation of our branding and the operations of Park Outlets, we have also fully complied with the *Law of Environmental Protection of the People's Republic of China* (《中華人民共和國環境保護法》) and we have developed structured environmental protection plans and energy-saving measures. These initiatives include the launch of energy conservation and emission reduction projects aiming at improving the recycling rate of reusable waste. The Group hopes to engage various means to protect the environment and reduce carbon emission so as to minimise negative impact to the environment. At the same time, we aim to achieve emission reduction at the source through employees training to heighten their awareness of environmental protection. In addition, we frequently keep ourselves abreast of the latest environmental protection laws, regulations and protocols and improve environmental management and monitoring, in an effort to take measures to comply with the regulations and fulfil our corporate social responsibilities.

Laws and Regulations Relating to Environmental Protection

The environmental protection laws and regulations related to our Company include the *Law of Environmental Protection of the People's Republic of China* (《中華人民共和國環境保護法》), the *Environmental Impact Assessment (EIA) Law of the People's Republic of China* (《中華人民共和國環境影響評價法》), etc. During the Reporting Period, As far as the directors of the Company are aware, the Group was not subject to any major administrative sanctions or punishments due to violation of any environmental laws or regulations.

Green Operations

The Group emphasises the environmental protection awareness in business operation of each brand tenant at Park Outlets so as to create a green operational environment. Pursuant to our co-operation agreement signed with each brand tenant, they are required to implement the following measures:

Environmental contamination shall be minimised during the process of production, storage and transportation of the goods offered;

The goods offered and their raw materials shall meet the requirements of national, local and industrial laws and regulations relating to environmental protection;

The use of pollution-free or less polluting production techniques and equipment shall be given priority to;

It is forbidden to source from country or municipalities where methods of production and equipment have been prohibited;

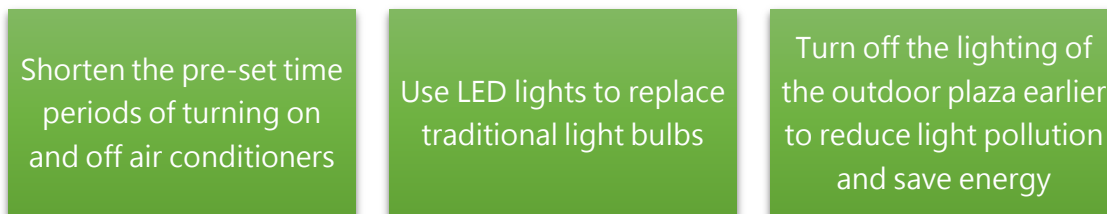
The use of recyclable packaging materials shall be given priority for product packaging so as to reduce wastage of resources.

Save for the measures above, preference is given to corporations that have obtained ISO 14001 (Environmental Management System) for the purpose of promoting a green business environment.

To implement the concept of green operations, one of our top concerns is the design specifications for construction or renovation of Park Outlets. Apart from ensuring the compliance of such design specifications with environmental standards, we adopt natural ventilation in outdoor and public area in order to lessen the reliance on energy consumption of the air conditioning system. Many indoor plazas and walkways at Park Outlets are designed with glass rooftops to make full use of natural light, thus reducing the consumption of electricity. In the future, we shall take into account as many environmental-protection factors as possible during the design process.

Energy Conservation Plan for Park Outlets

Based on the data of the Group's overall emission performance, our major source of emissions is the power consumption of Park Outlets. To address such major energy consumption, during the Reporting Period, we adopted the following measures to save energy, thereby significantly reducing the electricity consumption at Park Outlets:



In addition, we have also put in place an energy conservation scheme for the tenants, under which our operating personnel will collect the data of monthly electricity consumption of each brand tenant. If an upward trend is found in brand tenants' electricity consumption, we will remind them of the same and give them energy saving recommendations, such as adjusting their air conditioning temperature and adopting energy-saving lamps, as part of our joint efforts with brand tenants for environmental conservation.

In the coming years, we will continue to evaluate and seek for feasible energy-saving solutions and spare no efforts to minimise negative impact on our planet.

Green Office

In addition to the emissions produced during the operation of the Park Outlets and our brand business, our office premises are yet another main source of emission. We integrate the concept of green office into the Group's entire office management practices, and we have taken the following measures during the Reporting Period to reduce the Company's consumption of natural resources, striving to achieve sustainable development.

Reducing electricity consumption

- ✓ Equip automatic sensors in some office areas to automatically control the lighting;
- ✓ Make full use of natural light and wind to minimise the use of electric lights and air conditioners in our office;
- ✓ Maintain the air-conditioning temperature at 25°C in summer and 18°C in winter, and ensure that air-conditioners are turned off automatically when staff are off duty;
- ✓ Turn down the computer screen brightness, and set the idle timeout to turn off computer monitors automatically;
- ✓ Switch off idle electronic devices and lights.

Reducing water consumption

- ✓ Put up "Save Water" posters in the dining hall, bathrooms and other places to remind employees to turn off the faucet after use so as to avoid wastage
- ✓ Monitor water pressure and regularly maintain water supply systems and water facilities to prevent leakage
- ✓ Fix any identified abnormal condition promptly to save water resources.

Reducing paper consumption

- ✓ Issue internal communications such as announcements and reports electronically if possible
- ✓ Encourage employees to communicate electronically and promote paperless office
- ✓ Provide recycling boxes to collect single-sided paper and encourage employees to use eco-friendly paper
- ✓ Ask employees to bring their own drinkware so as to avoid using disposable paper cups;
- ✓ Encourage employees to dry hands with handkerchiefs so as to reduce paper towel consumption;

Reuse and recycling

- ✓ Reuse office supplies, including envelopes, loose-leaf binders, paper bags and refillable stationeries
- ✓ Engage a recycler to recycle scrap paper on a regular basis

Efficient Use of Water Resources

Domestic sewage is the principal source of sewage produced from the Group's business operations, which includes sewage from employees' daily life, sewage from the canteen, discharges from washrooms, etc. Our domestic sewage is generally discharged into municipal sewage pipelines after pre-treatment procedures, then centrally treated by the sewage treatment plant. The Group's water is sourced from the municipal water supply system. During the Reporting Period, we did not encounter any issue in sourcing water.

Waste Treatment

The daily operations of the Group do not produce any hazardous waste. The Group's non-hazardous wastes mainly comprise of domestic wastes and office used paper. We have engaged a dedicated service provider and cleaning staff to help us handle non-hazardous wastes. Generally, relevant non-hazardous wastes are collected and transported by our service provider in a centralised manner to the urban environmental sanitation department for centralized processing.

ENVIRONMENTAL PERFORMANCE

Key environmental indicators	2018	2017	Unit
GHG			
Total emissions	495.89	726.38	tonne of carbon dioxide equivalent ("tCO ₂ e")
Direct emissions (scope 1) ¹	70.16	49.32	tCO ₂ e
Indirect emissions (scope 2) ²	425.73	677.06	tCO ₂ e
Total GHG emissions per square metre of floor area (Scope 1 and 2) ³	25.76	37.20	Kilogram ("kg") of carbon dioxide equivalent ("kCO ₂ e") (per square metre)
Exhaust gas¹			
Nitrogen oxides (NO _x)	220.67	12.26	kg
Sulphur oxides (SO _x)	0.40	0.27	kg
Suspended Particulate Matter (PM)	26.00	0.90	kg
Non-hazardous waste⁴			
Total non-hazardous waste	200.92	2.88	tonnes
Recycled amount of non-hazardous waste	6.59	N/A	tonnes
Total non-hazardous waste per square metre of floor area ³	10.44	0.15	kg (per square metre)
Energy			
Total consumption	796,956.55	1,040,228.80	kilowatt hour ("Kwh")
- Electricity ²	551,622.76	869,483.24	Kwh
- Gasoline	179,615.46	170,745.56	Kwh
- Diesel ¹	65,718.33	N/A	Kwh
Total energy consumption per square metre of floor area ³	41.40	53.27	Kwh (per square metre)
Water⁵			
Total water consumption	21,782.63	17,815.15	m ³
Water consumption per square metre of floor area ³	1.13	0.91	m ³ (per square metre)

Notes:

- To reflect our performance in the environmental aspect in a more comprehensive manner, we further calculated the diesel consumed by our yachts, GHG emissions produced and data of air emissions in the year.
- Such data covers only the electricity consumption known to the subsidiaries controlled by the Group as well as indirect GHG emissions caused by electricity consumption, which include our offices in Hong Kong and Shanghai and our operations in Shenyang. The electricity consumed by brand tenants' stores at Park Outlets is not included.
- To reflect our environmental performance in a more accurate manner, adjustments have been made to the floor area data.
- Taking into account the principle of materiality, the non-hazardous waste data above covers only office used paper and the daily domestic waste and carton at Park Outlets. In order to reflect our environmental performance in a more comprehensive manner, domestic waste from Park Outlets is included in the data for the year. Therefore, the amount of non-hazardous waste increased significantly from last year. The Group is endeavouring to improve the collection of data for other non-hazardous waste produced by our offices, which will be disclosed in due course in future reports.
- As the property management company of our Hong Kong office failed to provide water consumption data for the units occupied by the Group, it is difficult for the Group to estimate the water consumption at our Hong Kong office. Therefore, the water consumption data in this report does not include that of our Hong Kong office.

GOING FORWARD

During the annual period of 2018, the Group performed its own social duties by endeavouring to provide premium services to our customers, participate in community building, care and aid the underprivileged, maintain a harmonious and comfortable working environment, pay attention to employees' development and provide them with training programs, working hand in hand with our employees.

Looking ahead, we aim to develop more programs, continuously deliver new and premium services to our customers, advocate the highest ethical standards and identify talents. At the same time, we shall constantly participate in community activities and mitigate the environmental impact caused by our business operations. The Group shall keep on listening to feedbacks from various stakeholders, make continuous improvement and strike a balance amongst society, environment and economy, for the purpose of promoting sustainability development.

The Group would like to take this opportunity to express its sincere gratitude to all stakeholders for their support and trust. We shall continue to fulfil our corporate social responsibilities, entrench the concept of sustainable development and make greater contributions to the sustainable development of society.

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SYMPHONY