

Asia Resources Holdings Limited

亞洲資源控股有限公司*

Stock Code: 899

Environmental, Social and
Governance Report **2018**

* For identification purpose only

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I. PREAMBLE

As one of the prominent property investment companies in Hong Kong and mainland China, Asia Resources Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) stringently adhere to their environmental and social responsibilities during its business development and daily operations.

The Group has developed its sustainability strategy with aims to continue to lower the Group's impact on the environment. To carry out the sustainability strategy from top to bottom, the Group has established dedicated teams to manage environmental, social, and governance (“ESG”) related issues, and the Board of Directors (the “Board”) of the Company has ultimate responsibilities for ensuring the effectiveness of its environmental, social and governance (“ESG”) policies. The Group is committed to constantly reviewing and adjusting its sustainability policies to satisfy the ever-changing needs of its stakeholders. Details of the Group's management approach in both environmental and social aspects can be found throughout this ESG Report (the “Report”). The Group believes that a sustainable, resilient and reliable stewardship and development is essential to the Group's long-term success.

The Group is pleased to present its second ESG Report to demonstrate the Group's approach and performance in terms of sustainable development for the year ended on 31 March 2018. This ESG report was prepared in compliance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

The ESG report covers the Group's operational boundary of the Property business in the mainland of the People's Republic of China ("PRC"), Investing and Financing business in Hong Kong, Water business in the mainland of the PRC (bottled water production and sales, and water mining), and Iron Ore Mining business in Indonesia for the year ended 31 March 2018 ("FY 2018"). For corporate governance section, please refer to the Group's Annual Report 2018. The reporting period of this ESG report is for the financial year 2018, from 1 April 2017 to 31 March 2018, unless specifically stated otherwise.

III. INFORMATION DISCLOSURE

The information in this ESG Report was gathered through numerous channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by the subsidiaries of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

IV. STAKEHOLDER ENGAGEMENT

With the goal to strengthen the sustainability approach and performance, the Group has put tremendous efforts into its internal and external stakeholder inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels listed in the table below.

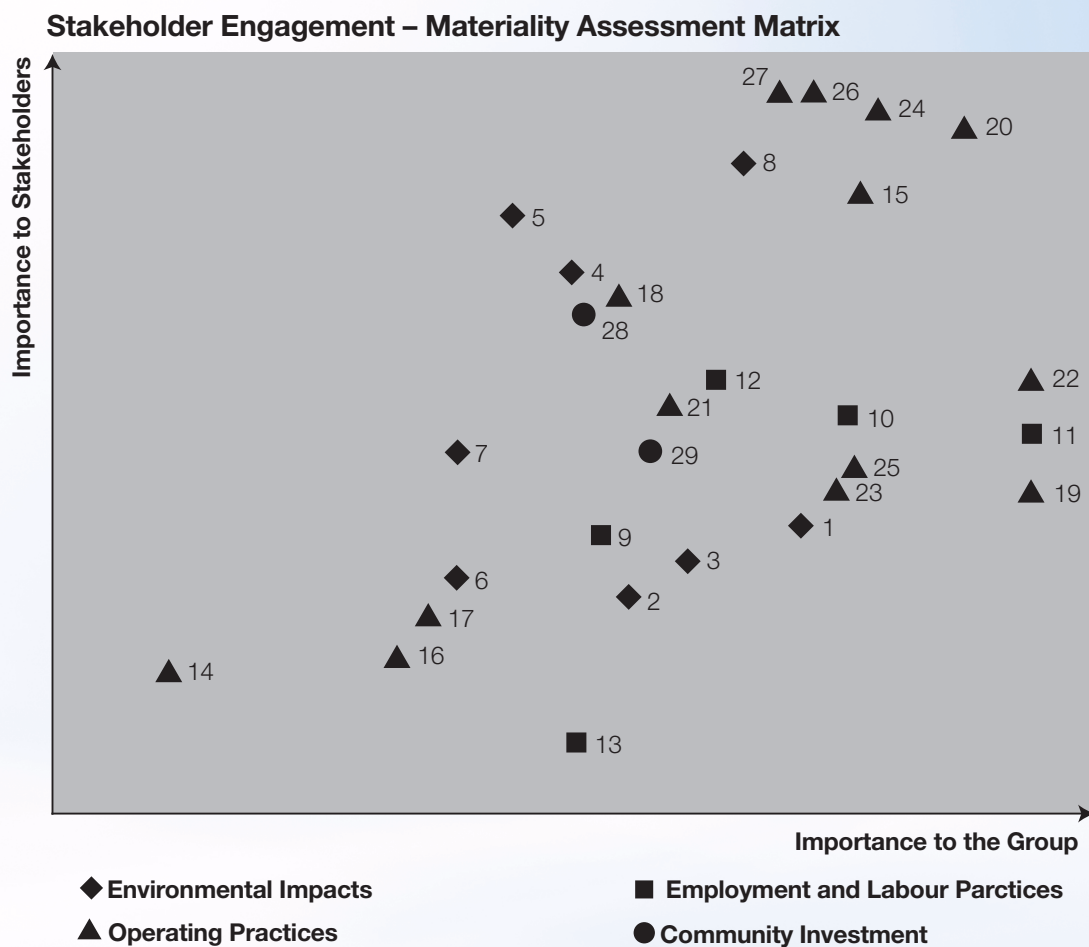
Table I Communication with stakeholders

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> – Compliance with laws and regulations – Business sustainability 	<ul style="list-style-type: none"> – Supervision on compliance with local laws and regulations – Routine reports and taxes paid
Shareholders	<ul style="list-style-type: none"> – Return on investments – Corporate governance – Business compliance 	<ul style="list-style-type: none"> – Regular reports and announcements – Regular general meetings – Official company website
Employees	<ul style="list-style-type: none"> – Employees' compensation and benefits – Career development – Health and safety of the working environment 	<ul style="list-style-type: none"> – Performance reviews – Regular meetings and trainings – Emails, notice boards, hotline, and employee engagement activities
Customers	<ul style="list-style-type: none"> – High quality products and services – Protection of the rights of customers 	<ul style="list-style-type: none"> – Customer satisfaction survey – Face-to-face meetings and on-site visits – Customer service hotline and email
Suppliers	<ul style="list-style-type: none"> – Fair and open procurement – Win-win cooperation 	<ul style="list-style-type: none"> – Open tendering – Suppliers' satisfaction assessment – Face-to-face meetings and on-site visits
General public	<ul style="list-style-type: none"> – Involvement in communities – Business compliance – Awareness of environmental protection 	<ul style="list-style-type: none"> – Media conferences and responses to enquiries – Public welfare activities – Face-to-face interviews

MATERIALITY ASSESSMENT

The Group undertakes annual review in identifying its stakeholders' main concerns and material interests for the ESG Report. In FY2018, the Group engaged certain stakeholders to conduct a comprehensive materiality assessment survey. Specifically, internal and external stakeholders were first selected based on their influence and dependence on the Group, and then were invited to express their views and concerns on a list of corporate sustainability issues via doing an online survey. By organising and prioritising the issues raised by stakeholders, the outcome from the materiality assessment survey was mapped and presented below.

IV. STAKEHOLDER ENGAGEMENT



1	Air and greenhouse gas ('GHG') emissions	11	Occupational health and safety	21	Marketing and promotion
2	Sewage treatment	12	Employee development and training	22	Observance and protection of intellectual property rights
3	Land use, pollution and restoration	13	Prevention of child and forced labour	23	Quality control and management of products
4	Solid waste treatment	14	Suppliers' geographical regions in which materials are sourced	24	Protection of customer information and privacy
5	Energy use	15	Selection of suppliers and assessment of their products/services	25	Labelling relating to products/services
6	Water use	16	Environmental protection assessment of the suppliers	26	Prevention of bribery, extortion, fraud and money laundering
7	Use of raw/packaging materials	17	Social risks assessment of the suppliers	27	Anti-corruption policies and whistle-blowing procedures
8	Mitigation measures to protect natural resources	18	Procurement practices	28	Understanding local communities' needs
9	Composition of employees	19	Health and safety relating to products/ services	29	Public welfare and charity
10	Employee remuneration and benefits	20	Customer satisfaction		

IV. STAKEHOLDER ENGAGEMENT

Given the materiality analysis matrix and prioritisation of the 29 sustainability issues accordingly, the Group identified 'Customer satisfaction', 'Protection of customer information and privacy', 'Prevention of bribery, extortion, fraud and money laundering', 'Anti-corruption policies and whistle-blowing procedures', 'Selection of suppliers and assessment of their products/services', and 'Mitigation measures to protect natural resources' as issues of the highest importance to both the Group and its stakeholders. This review has helped the Group in prioritising its sustainability issues and highlighting the material and relevant aspects of the Group's operations, so as to align them with stakeholders' expectations.

STAKEHOLDERS' FEEDBACK

As the Group strives for excellence, stakeholders' feedback is always welcomed, especially on topics listed as high importance in the materiality assessment. Readers are also welcome to share their views with the Group at <http://www.asiaresources899.com.hk/contact.html>.

V. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to the long-term sustainability of the environment and the community where it operates. The Group is prudent in controlling its emissions and consumption of resources, and fully complies with all relevant environmental laws and regulations in Hong Kong and the mainland of the PRC during its daily operations, including but not limited to the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法).

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2018.

A. I. EMISSIONS

The Group has complied with all relevant local environmental laws in terms of emissions from construction sites set out in the mainland of the PRC. In FY2018, the Group found no disregard to influential laws relevant to air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise. It has been included in the Group's policy to constantly keep mitigating its ecological impacts through effective measures such as the smart control of the Group's energy consumption.

Given the nature of the Group's business scope, the air emissions of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM") are mainly from fuel consumption of transport process. In FY2018, the air emissions of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM") from vehicles amounted to 0.63, 302.33 and 29.13 Kg, respectively. Greenhouse gases ("GHGs") are a major contributor to climate change and are strictly governed by the United Nations (UN) 'Framework Convention on Climate Change' and the subsequent UN 'Kyoto Protocol'. GHG emissions from the Group are primarily due to the large amount of fuel consumption during property construction and water exploitation operations. Specifically, the Group's total GHG emissions amounted to 133.83 tonnes CO₂e, with an intensity of 3.34 tonnes CO₂e/employee during the year under review. Other than GHG emissions, the Group also generated non-hazardous solid wastes and wastewater from its administration offices and operating sites. Precisely, a total of 1.55 tonnes of non-hazardous solid wastes including C&D (Construction and Demolition) waste and commercial waste (with an intensity of 0.04 tonnes/employee), and 21.85 tonnes of non-hazardous wastewater including onsite sewage and commercial wastewater (with an intensity of 0.55 tonnes/employee) were discharged from the Group's operations during the year under review. In FY2018, the Group did not generate any hazardous solid waste or wastewater during its daily operations. The Group's total emissions are summarised in Table 2 below.

V. ENVIRONMENTAL SUSTAINABILITY

Table 2 The Group's total emissions by category in FY2018

Emissions		Unit	Amount	Intensity* (unit per employee)
Air emissions	SO _x	Kg	0.63	0.02
	NO _x	Kg	302.33	7.56
	PM	Kg	29.13	0.73
GHG emissions	Scope 1 (Direct emissions)	tonnes CO ₂ e	103.37	2.58
	Scope 2 (Energy indirect emissions)	tonnes CO ₂ e	24.16	0.60
	Scope 3 (Other indirect emissions)**	tonnes CO ₂ e	6.30	0.16
	Total (Scope 1, 2&3)	tonnes CO ₂ e	133.83	3.34
Non-hazardous waste	Solid waste	tonnes	1.55	0.04
	Wastewater	tonnes	21.85	0.55

* Intensity is calculated by dividing the amount of GHG and other emissions by the number of employees of the Group in FY2018;

** The Group's GHG emissions for Scope 3 (Other Indirect Emissions) only cover that from paper waste disposed of at landfills and electricity used for processing fresh water and sewage by government departments.

Air & GHG Emissions

Air and GHG emissions generated by the Group mainly come from the use of gasoline, natural gas, and electricity for its daily operations. The Group strictly manages its property development projects by taking specific measures to reduce the impact of air emissions on the surrounding areas. To control its air pollution to the environment, the Group has stipulated an internal policy 'Anti-pollution and Anti-noise Construction Regulation' (防污染防噪音施工規定). The scheme requires the following practices to be adopted at the Group's construction sites:

- Clean vehicles' wheels before leaving the construction site;
- Rinse the ground or sprinkle water daily to settle the dirt and avoid sludge accumulation; and
- Install pressurised dust reduction spray devices along the main road of the construction site.

The Group has set up internal policies, further described in the next subsection under **Electricity** and **Other energy resources** to reduce its air and GHG emissions.

V. ENVIRONMENTAL SUSTAINABILITY

Wastewater

Property business

The Group deploys wastewater treatment facilities on site to treat the sewage generated in this business segment and makes sure that it meets the conditions of the relevant urban drainage and sewage treatment ordinance prior to discharging process. Specifically, to lower the environmental impact of the Group's wastewater, a well-designed onsite sedimentation tank for wastewater treatment has been set up to treat the muddy water from construction process, during which chemicals such as coagulant have been adopted to enhance the sedimentation efficiency. The domestic wastewater from this business segment is also treated in the sedimentation tank before being discharged with construction sewage to the municipal drainage system.

Investing and Financing business

The wastewater generated from offices is mainly the domestic wastewater, of which the amount is small and negligible. The wastewater is directly discharged into the building sewerage network and handled by the property management of the building. Since the amount of wastewater generated highly depends on the amount of water used, the Group has adopted specific measures, further described in the next subsection under **Water**, to reduce its water consumption.

Water business

The water business of the Group, which contains a series of complex stages including water mining, inspection, filtration, and purification, has adopted numerous environmentally friendly technologies and pays great attention to its potential ecological impact. Since no chemical materials or additives are massively used during the water exploitation, production and sales process, the wastewater generated in this business segment is totally non-hazardous. During the year under review, significant efforts have been made by the Group to reduce the wastewater generated by mining and manufacturing operations. In terms of the water that cannot be re-used, it is treated scientifically before being finally released to natural water bodies.

Iron Ore Mining business

Since the Group has closed down all activities in this business segment including processing plants and warehouses except for administrative offices, the wastewater generated from Iron Ore Mining business in the Group is mainly the domestic wastewater from offices, which similar to Investing and Financing business, is directly discharged into the building sewerage network and handled by the property management of the building.

Solid Wastes

Property business

The solid waste from this business segment falls into commercial and construction waste. The commercial waste is regularly collected and handled by the administration department of the Group, whereas the construction waste generated from the property business is non-hazardous, including excess steel products (中華人民共和國環境噪聲污染防治法) and batten, which are collected by the Group on a regular basis and transported to specific landfill site by certified trucks for disposal. The Group has complied with the local waste disposal ordinance in handling excess mud and other construction wastes. The recyclable wastes are normally collected altogether and then transported to the recycling station for reuse. The management approach to handling commercial waste and property construction waste by the Group is fully in line with the 'Administrative Measures for Urban Living Garbage' and the 'Technical Code for Construction and Demolition Waste Treatment' in China.

V. ENVIRONMENTAL SUSTAINABILITY

Investing and Financing business

The solid waste generated by the Group in this business segment is mainly commercial solid waste from staffs working in offices. To efficiently manage the waste, the Group adopts various measures, such as centralised garbage can for the collection of waste. The sorted municipal solid waste from offices is then handled by the property management of the building, and finally disposed of in landfills by the government.

Given that the government's primary objective in this day and age is to reduce waste production and promote recycling, the Group is committed to taking effective steps to reduce, reuse and recycle the materials in offices. In order to reduce the amount of municipal solid waste generated every day, the Group has implemented the following practices in particular:

- Recycle as much solid waste as possible through classification process;
- Educate all employees on reducing the use of disposable items such as plastic tableware;
- Purchase microwaves in offices to encourage employees to take lunch boxes by themselves instead of ordering take-away food, which could largely reduce the waste of food packages;
- Advocate the reusing of office stationeries; and
- Provide glass cups to guests instead of disposable ones.

Water business

The Group is committed to minimising its solid waste emissions during the water exploitation and production operations. The solid waste from this business segment is mainly commercial waste, which is carefully handled by the administration department and then transported to landfills by City Management & Administration Execution Bureau for disposal. During the year under review, the water business segment did not generate any hazardous solid waste.

Iron Ore Mining business

Given the status quo of this business segment, the solid waste generated by the Group is mainly commercial solid waste from staffs working in offices. The administrative office in Indonesia has also implemented effective policies and mechanisms in a transparent manner to maintain sustainable approaches to waste management. Staffs in offices, for example, sort the solid waste at source and commit to recycle the waste such as boxes and paper as much as possible, which has tremendously reduced the amount of daily waste as compared to that before.

Noise

Noise generated by the Group mainly comes from the operation of machineries and equipment during property construction process and water exploitation operations. The Group is in strict compliance with the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) and only uses certain equipment within the permitted time period. The Group has installed noise reducing facilities to mitigate the effect of noise to the surroundings. For instance, the construction noise barrier is widely adopted at construction sites to reduce the noise dramatically. Moreover, to further control the noise at source, the Group requires all its sub-contractors in the construction project to adopt the construction equipment, which is newer, notably quieter, more environmentally friendly and more efficient instead of outmoded machineries generating noise pollution which might reach a high decibel level.

V. ENVIRONMENTAL SUSTAINABILITY

A.2. USE OF RESOURCES

In FY2018, primary resources consumed by the Group were electricity, gasoline, natural gas, water and paper. Although most business segments of the Group did not use any packaging materials or other resources, some other materials including metal, cement and wood were used for the construction of staff dormitories. Table 3 illustrates the amount of use of resources in the Group during the year under review.

Table 3 Total Resource Consumption in FY2018

Resource Category	Item	Unit	Amount	Intensity* (unit per employee)
Energy	Electricity	kWh'000	40,793	1.02
	Gasoline	litres	41,233	1030.83
	Natural gas	m ³	2,400	60.00
Water	Water	m ³	5,958	148.95
Paper	Paper	Kg	559	13.98
Other materials	Metal	tonnes	1	0.03
	Cement	tonnes	2	0.05
	Wood	tonnes	0.1	2.5×10 ⁻³

* Intensity is calculated by dividing the amount of consumed resources by the number of employees of the Group in FY2018.

Electricity

The electricity consumed by the Group mainly comes from the operation of electrical equipment and device in offices and construction sites. All business segments of the Group have stringently complied with relevant regulations and the Group's policy of saving electricity. To greatly mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has embedded the slogan of 'Saving Electricity' into its business development strategy and particularly implemented the following practices:

- Turn off all lights, electronics and other power consumption equipment at the end of the day;
- Switch off all idle lights and air conditioners (e.g. most electrical equipment will be turned off during lunch time);
- Place 'save electricity and turn off the light when you leave please' posters to encourage workers and employees to conserve energy;
- Install timers connecting and controlling all the electrical equipment in the public area;
- Clean and maintain the electrical equipment in offices and construction sites (such as air conditioner and paper shredder) regularly to keep their high efficiency;
- Adjust the set temperature of air conditioners in the office based on the season;
- Require sub-contractors to adopt the electrical equipment and machineries with 'Energy-Efficiency' labels for construction and office operations;
- Educate workers and staffs in the office regularly on the importance of energy conservation;
- Replace lamps that consume large amounts of electricity with more efficient LED bulbs for office lighting; and
- Encourage all employees to open curtains and utilise the natural sunlight for office lighting when possible.

V. ENVIRONMENTAL SUSTAINABILITY

Other energy resources

The Group consumes gasoline and natural gas for its vehicles and other mobile machineries. The Group is committed to reducing the use of fossil fuel for transportation purpose. Specifically, the Group encourages its employees to take public transports instead of driving to work, and to utilise the electronic device for online conference to avoid unnecessary travelling. What is more, the group adopted environmentally-friendly vehicles for transportation, and eco-efficient mobile machineries with approved green labels for construction and water exploitation operations.

Water

The Group prioritises water conservation among a growing number of environmental issues in the daily operation. The Group applies the robust water resource protection measures in water business, selects its water resources in environmentally sound areas and focuses on the protection of catchment areas. The Group commits to prevent any risk of changing the quality and landscape of water resources and withdrawal sites. In FY2018, the Group did not face any problem in sourcing water. Furthermore, the offices and construction sites of the Group also pay attention to water conservation measures. For instance, the Group organises formal meetings, delving into more advanced and effective ways of saving water in all construction sites. All construction sites, where much water could be consumed, are incentivised to reuse the wastewater as much as possible. Employees in the office put great emphasis on water conservation as well. The Group highly encourages everyone working in the office to reduce the amount of flushing water in a proper way. The Group strives to gradually instil the concept of 'Saving Water' to every employee during their daily lives and work. To further improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Shut off the water supply system at night and during holidays;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage tanks;
- Require employees to strictly comply with company's water saving policy; and
- Advocate the importance of saving water among employees through professional trainings.

Paper

One of the main natural resources consumed by the Group is paper for administrative work. To minimise the use of paper, the Group has put great efforts into the implementation of following policies:

- Choose suppliers with more environmentally-friendly paper source, so as to reduce the amount of tree losses while consuming the same amount of paper indirectly;
- Promote paperless office, and disseminate as much information by electronic means (i.e. via email or e-bulletin boards) as possible;
- Set duplex printing as the default mode for most network printers;
- Spread the idea of "think before print" by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Reconsider boxes and trays as containers and put them beside photocopiers to collect single-sided paper for reuse and recycling;
- Use the back of used single-sided documents for printing or draft paper; and
- Recycle used stationery whenever possible.

V. ENVIRONMENTAL SUSTAINABILITY

Raw and packaging materials

To raise the utilisation efficiency of raw materials and avoid unnecessary waste, the Group adopts the Just-in-time (“JIT”) as the policy for procurement. Also, the Group strictly manages and controls its consumption of raw materials by establishing a set of monitoring mechanisms. In addition, the Group keeps pursuing a higher performance in terms of the mitigation of its raw materials consumption. Specifically, the Group has set up a R&D team to innovate, identify, test and apply better available technologies to reduce the raw materials needed for water business. During the year under review, the amount of packaging materials used by the Group was quite small and almost negligible.

A.3. THE ENVIRONMENT AND NATURAL RESOURCES

Through a series of measures to save electricity, water, gasoline, natural gas and all raw materials during operations that have been introduced above, the Group has made a significant progress towards the building of a reliable, resilient and sustainable corporation that pioneers in the industry of property investment. In FY2018, the Group’s environmental impact was minimal due to its unremitting efforts to create a resource-saving and environmentally-friendly enterprise. The emissions of exhaust gas and GHG, solid waste, wastewater and noise are all in conformity with relevant environmental laws and regulations. Among all the GHG emissions during the year under review, the Group’s major impact on the environment was from the consumption of gasoline. To minimise its GHG emissions, which are always connected with the precursor of global climate change, the Group strictly monitors, manages and improves its business model and relies on the efficient usage and control of natural resources, especially the operational efficiency, to ultimately implement its sustainability strategy and values.

To further eliminate its possible negative impact on the environment, the Group has put great emphasis on three main areas in its daily operations. Precisely, the Group is committed to seizing every opportunity to learn, compare and select eco-efficient equipment for daily operations in terms of their energy consumption, air and GHG emissions, and most importantly, the compliance with relevant environmental regulations. Second, the Group values the education and advocacy of low-carbon operation and lifestyle. Employees are highly encouraged to take public transport instead of private cars, thereby to large extent reducing their individual carbon footprint and indirectly declining the corporate carbon emissions. Besides, the Group is committed to cultivating the good habits of diligence and frugality in terms of the use of natural resources among its employees through poster education. Third, to align with the international standard in preserving energy resources and protecting the planet, a series of efficacious, adaptable and globally compatible policies are considered the fundamental asset to keep the company go with the tide of world development by the Group. The Sustainable Development Goals (SDGs) came into force on 1 January 2016 and laid out a roadmap to tackle 17 vital sustainability issues around the world. With a strong corporate ambition to address the imminent global environmental crisis, the Group prioritises and embeds certain SDGs into its policies and decision-making process, which are ‘Industry, Innovation and Infrastructure’, ‘Responsible Consumption and Production’, and ‘Climate Action’, respectively.



VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

The Group treasures employee's talent and sees it as the key in driving the success and maintaining the sustainable development of the Group. The Group strives to provide its employees with a safe and suitable platform for developing their career, professionalism and advancement.

Law compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Hong Kong and the mainland of the PRC, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法). The human resources department of the Group and its subsidiaries are responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations.

Recruitment and promotion

The Group adopts a set of transparent and clear procedures to conduct its annual recruitment plan, aiming to live up to "Openness, Fairness, Transparency, Standardisation" (公開、公平、透明、規範) in every detail. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspirations. The Group also references market benchmarks in determining its remuneration and benefit policies. As talent retention is vital to the sustainable business development, the Group constantly reviews its compensation packages and performs probationary and regular evaluations on the employee's capability and performance in the past. This ensures that all employees can be recognised by the Group with respect to their efforts and contributions.

Compensation and dismissal

Any appointment, promotion or termination of labour contract should be based on local regulations, reasonable and lawful grounds, and internal policies, such as staff handbooks. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance or constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Hong Kong and the mainland of the PRC.

Working hours and rest periods

The Group has formulated its policy based on local employment laws for determining enough working hours and rest time for employees. Specifically, the Group has installed the attendance management system that could keep monitoring its employee's working hours, and compensated those who work overtime with additional pay or days off. In addition to basic paid annual leave and statutory holidays, employees are also entitled to additional leave benefits such as marriage leave, maternity leave and compassionate leave.

VI. SOCIAL SUSTAINABILITY

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. In other words, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements in all business units of the Group. Meanwhile, the equal opportunity policy allows zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong). Moreover, employees are highly encouraged to report any incidents involving discrimination to the human resources department of the Group. The Group will take responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions on such incidents.

Other benefits and welfare

The Group provides employment injury insurance for its employees. In addition, the Group arranges travelling benefits for its employees, which are considered significant for their physical and mental health. Other benefits provided by the Group every year include various subsidies for external training and charitable activities. During some traditional Chinese festivals, such as Spring Festival and Mid-Autumn Festival, employees may also receive extra bonuses and gifts. The Group firmly believes that the sense of belonging is what allows employees to be their authentic selves and fostering this sense of belonging for employees will bring the Group a long-term competitiveness and success. In FY2018, for instance, the Group threw a year-end dinner party for all employees. Also, a host of entertainment activities including Christmas party, were arranged for all employees during the year under review.

In FY2018, the Group was in full compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

The Group believes that health and safety at work involves both the prevention of harm, and the promotion of employees' well-being. To provide and maintain a safe and clean working condition for employees, the Group has established strict internal safety and health policies, which are in line with relevant laws and regulations in Hong Kong and the mainland of the PRC, including but not limited to the:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法); and
- Regulation on Work-Related Injury Insurance (工傷保險條例).

VI. SOCIAL SUSTAINABILITY

The Group rigorously sticks to the instructions of the Quality Management Systems (ISO 9001: 2015) and Occupational Health and Safety Management Systems (OHSAS 18001: 2007) during its property construction and water exploitation operations, striving for zero accidents of all persons involved in different works. Specifically, the Group posts relevant warning labels and public announcement regarding health and safety at construction sites. Also, the Group prohibits smoking and liquor drinking at the work place. To provide a secure working environment for employees, the Group provides suitable Personal Protective Equipment ("PPE", such as helmets, safety ropes, gloves, etc.) to its workers on site. A weekly audit for health and safety at construction sites and water exploitation operating sites are carried out on a regular basis by designated specialists.

The Group has formulated a full set of monitoring and management policies regarding health and safety according to OHSAS 18001. Specifically, designated teams by the Group are responsible for conducting relevant risk assessment before construction and then implementing relevant measures stringently during construction process. In FY2018, the Group found no work-related fatalities during its operations.

During the year under review, the Group was not in violation of any relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

B.3. Development and Training

The Group has formulated a set of internal regulations and policies such as Staff Training Guidelines and Toolbox Training Record, for strengthening the working skills and knowledge of its employees. The Group also offers a complete training package to all new hires, topics of which cover the History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System. As for the experienced employees, relevant profession-oriented courses are offered by the Group according to the corporate needs and employees' requirement. Through different types of trainings, the Group strives to make sure that all its employees are equipped with sufficient professional knowledge to complete their daily tasks.

To further enhance the professional skills of its employees and meet the needs of the Group's development goals, signing up for professional qualification examinations and external trainings is highly encouraged and promoted. Employees who take the professional qualification examinations and obtain vocational qualification certificates could receive a reimbursement for the cost from the Group. Meanwhile, the Group also invites external organisations and experts to give relevant trainings to its employees on a regular basis. In FY2018, the Group arranged a multitude of trainings related to listing rules for its board members.

B.4. Labour Standards

The Group strictly abides by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and other related labour laws and regulations in Hong Kong and the mainland of the PRC to prohibit any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Group's human resources department requires job applicants to provide valid identity documents to ensure that the applicants are lawfully employable prior to confirmation of any employment. The human resources department is responsible to monitor and ensure compliance of company with latest and relevant laws and regulations that prohibit child labour and forced labour. Should any violation of relevant regulations by the applicant be discovered by the Group, the employment contract would be immediately terminated.

In FY2018, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

VI. SOCIAL SUSTAINABILITY

OPERATING PRACTICES

B.5. Supply Chain Management

As a socially responsible enterprise, it is crucial for the Group to maintain and manage a sustainable and reliable supply chain that brings positive impact to the environment and society. Each of the operating subsidiaries within the Group monitored the quality of its suppliers and their supply chain practices on a strict and continuous basis during the year under review.

The Group generally outsources construction work to independent companies, which specialise in different aspects of property development. The Group has formulated its internal policy to manage and evaluate the performance of its partners and providers of project development services. To enhance the effectiveness and efficiency of procurement, the Group identifies eligible bidders through tendering according to the Group's internal regulations. The Group performs site inspections regularly to assess the background of the eligible tenderers based on their quality management systems, business certificates, equipment and facilities, financial position, reputation and after-sales services, social and environmental responsibilities, and regulation compliance. The Group regulates that only if a tenderer passes the Group's assessment, will it be identified as an approved supplier or contractor of the Group. The relevant project company within the Group builds a collaborative relationship with the selected main contractors and sub-contractors in the execution of the development plans, and closely oversees each phase of the construction project in terms of its quality and progress. In addition, the Group requires the construction companies engaged by the Group to fully comply with the laws and regulations relating to the quality of construction of the mainland of the PRC as well as the Group's internal standards and specifications.

The major suppliers in the Investing and Financing business of the Group are security service providers. In the selection of suppliers, a comprehensive assessment is performed strictly by designated teams of the Group. The Group guarantees that all its suppliers are in full compliance with applicable local environmental laws and regulations, and proactively fulfill their social responsibilities.

In other business units, the Group controls the social and environmental risks on the supply chain according to the requirement of ISO 9001 and therefore has formulated its internal supplier management policy by classifying the suppliers into different groups, in order to implement differentiated management strategies towards its suppliers. Co-operation surveys are conducted regularly to minimise the potential risks and address any problem that may come along. Given the long-term solid and steady relationships it has with its suppliers, the Group has not experienced any serious delays, conflict or other significant issues with its suppliers in respect of the supply chain management in the past years. The Group believes that a mutual understanding and sense of responsibility towards each other is vital to maintaining a sustainable and sound relationship with selected suppliers.

B.6. Product Responsibility

Property Business

The property business of the Group is strictly regulated by relevant laws of the mainland of the PRC, including but not limited to the Administrative Regulations on the Work Safety of Construction Projects (建設工程安全生產管理條例), the Convention concerning Safety and Health in Construction (建築業安全衛生公約), the Regulatory Measures on the Sale of Commercial Houses (商品房銷售管理辦法), the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法), and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例).

VI. SOCIAL SUSTAINABILITY

The Group has set up quality standards, technical requirements and construction plans at early stages of each property development project. The project management and engineering supervision team of the Group is assigned to launch and monitor the progress of projects, which the Group believes is a fundamental step to ensure that every component during the project can be perfectly in line with the plan and construction contract. To make sure that all materials used in the construction process meet both quality and safety standards, the Group sets up a series of stringent procedures in checking the quality of raw materials. Once an incidental delay in the construction project is found, contingency plans must be initiated immediately.

The safety and quality of the properties developed by the Group are monitored at all stages of construction by competent staffs. The chief supervision engineer of each project acts as the project supervisor and must have the relevant working experiences and obtain different levels of certificate for national registered supervision engineer according to a variety of factors, such as the size and complexity of the project.

Investing and Financing Business

The Group possesses the license issued by licensing court of Hong Kong according to the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). During the business operation, the Group strictly implements its internal money lending policy by following 'Credit Policy Manual', which provides guidelines in detail on money lending procedures to ensure that the services provided by the Group fully comply with the requirement. The Group commits to provide clear and accurate information to customers. Service features, terms and conditions, and any associated risks must be clearly stated to customers through various channels according to the requirement of Hong Kong Monetary Authority. In addition, the Group should perform a credibility test and investigation to assess customers' financial background and risk tolerance before starting any transactions.

The Group attaches paramount importance to what customers may concern. Specifically, the evaluation and investigation of the substantiated complaints will be conducted to identify their details. The Group commits to ensure that all complaints are handled according to the ISO certified complaint management protocol, and coped with in the most appropriate manner.

To ensure that customers' rights are strictly protected, the Group abides by the laws and regulations in relation to customer privacy, such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法) and the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), and other relevant laws and regulations. Information collected by the Group from its customers would only be used for the purpose for which it was collected. The Group prohibits the provision of customer information to a third party without the authorisation of the customer. All personal data collected from customers during the course of business is treated as confidential, kept securely and can be accessed by designated person only. Through internal trainings and confidentiality agreements with its employees, the Group keeps educating its employees on the importance of their confidentiality obligations in relation to customer information and the legal consequences of breaching those obligations.

VI. SOCIAL SUSTAINABILITY

Other business segments of the Group

The Group has established internal guidelines to ensure that it provides precise descriptions and information of the product (including the labelling of its products and services) to its customers that comply with the relevant local laws and regulations, such as the Advertising Law of the People's Republic of China (中華人民共和國廣告法). For instance, the Group prohibits any misrepresentation in marketing materials or exaggeration of offerings strictly in its bottled water sales of water business. The Group has the legal counsel to review marketing materials before making public, which plays an important role in preventing any violation of advertising-related laws and regulations. Moreover, the advertising for Investing and Financing business of the Group must adhere to the requirements under Licensing Conditions of Money Lenders Licence.

The Group is dedicated to protecting its intellectual property rights, which are crucial to its sustainable business growth and differentiation from its competitors. The Group's intellectual property rights including the trademark and patents have been registered under the Patent Law of the People's Republic of China (中華人民共和國專利法), the Trademark Law of the People's Republic of China (中華人民共和國商標法), the Regulations for the Implementation of the Trademark Law of the People's Republic of China (中華人民共和國商標法實施條例) and other related local laws and regulations.

The Group believes that the protection of its intellectual property rights through registration, maintenance and enforcement measures according to regulatory procedures is necessary. The Group has taken the following practices in particular to protect the rights of its intellectual properties:

- Classify and define the scope of trade secret, and keep the related documents in designated security area;
- Strictly implement the Group's internal rules and regulations by signing confidentiality agreements with internal and external parties; and
- Educate the employees and enhance their awareness in relation to the protection of trade secrets and other proprietary intellectual properties.

In FY2018, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

B.7. Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly abides by the local laws and regulations relating to anti-corruption and bribery, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法).

The Group prohibits all forms of bribery and corruption, and requires all employees to strictly abide by professional ethics to eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interests. During the year under review, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

VI. SOCIAL SUSTAINABILITY

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group promotes an effective grievance mechanism to protect the whistle-blowers against unfair dismissal or victimisation. Where criminality is suspected, a report will be made promptly to relevant regulators or law enforcement authorities when the management considers it necessary.

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8. Community Investment

As a corporate citizen, the Group deeply realises the importance of making a positive contribution to the communities where the Group operates, and always prioritises the interests of the communities as one of its social responsibilities. The Group is committed to contributing to philanthropic organisations and insisting on helping underprivileged individuals. The Group sees children as the future of our nation and encourages its own employees to voluntarily participate in various charitable activities that care about and support the children who are in urgent need of help within the community.

The Group believes that enterprise and the development of communities where the Group operates, are inseparable. To better fulfil its social responsibilities, the Group will keep pushing forward its concrete efforts to pursue the harmonious and symbiotic prosperity with communities.

VII. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	Page
A. Environmental			
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.	7
	KPI A1.1	The types of emissions and respective emission data.	8
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	8
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	9
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	11
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	11
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	11
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	11
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	12
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	13
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	13
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	13

VII. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	Page
B. Social			
<i>Employment and Labour Practices</i>			
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.	14
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.	15
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	16
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.	16
<i>Operating Practices</i>			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	17
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (a) 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.	17
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	19
<i>Community</i>			
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.	20