



Asia Resources Holdings Limited 亞洲資源控股有限公司*

Stock Code 股份代號：899

Environmental, Social and Governance Report 2020 環境、社會及管治報告

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I. PREAMBLE

In recent years, the severity of climate change, environmental degradation and social unrest have been escalating in various parts of the world. As one of the leading enterprises focusing on water business, property development and property investment business, Asia Resources Holdings Limited and its subsidiaries (the “Group”), place the highest priority in upholding the stewardship of protecting the environment and bringing positive contribution to the community during its business development and daily operations. The Group acknowledges the importance of transitioning to cleaner, resilient and socially responsible economy and keeps incorporating Environmental, Social and Governance (“ESG”) matters into its long-term business strategies and development through unremitting efforts in all three dimensions, including but not limited to strengthening in monitoring and controlling its emissions, improving energy efficiency, respecting local customs, caring about the well-being of employees and optimising internal governance structure. As such, the Group keeps committed to adhering to its environmental and social responsibilities, actively scaling up efforts in various aspects to move towards low-carbon and sustainable development.

As global climate change and energy crisis have already evolved into a critical issue in sustaining the future, the Group is dedicated to embracing new ideas and investing in continual research and development of innovative green solutions to tackle the problems posed by climate emergency. In the future, the Group will continue its commitment to sustainable development not only by fulfilling its compliance obligations, but also ensuring the effectiveness of the implementation of ESG principles and the promotion of best practices throughout the entire organisation.

II. ABOUT THE REPORT

In compliance with the requirements under Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its fourth Environmental, Social and Governance Report for the year ended 31 March 2020 (“FY2020”), which demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2020.

Reporting boundaries

Focusing on the core business operations and material development plans of the Group, this ESG Report covers the environmental and social performance within the operational boundaries of the Group that include the Group’s water business, property development and property investment business in the mainland of the People’s Republic of China (“PRC”).

For the corporate governance section, please refer to the Group’s Annual Report 2020 (Page 10 to 22). The reporting period of this ESG report is for FY2020 unless specifically stated otherwise.

Reporting principles

The Group has followed the following reporting principles, namely materiality, quantitative, balance and consistency, in its preparation of the ESG Report.

Materiality: The Group has performed a materiality assessment of the ESG-related topics via an online survey, in which its well-selected stakeholders voiced their concerns about the Group’s sustainable development. The materiality assessment matrix shows that “Water use”, “Use of other raw/packaging materials” and “Mitigation measures to protect environment and natural resources” are issues of high importance to the Group in its ESG management, which the Group has elaborated its management approaches in the ESG Report and to which it will continue to pay more attention in its business development.

Quantitative: The application of the reporting principle of quantitative was reflected in the calculation and numeric presentation of the Group’s environmental performance such as annual greenhouse gas (“GHG”) emissions and the Group’s social performance including the employment structure in terms of business segments and geographical location.

Balance: To ensure that a complete picture of the Group’s sustainable development can be delivered to its stakeholders, the Group fully conformed to the disclosure requirements under the ESG Guide and revealed both its outstanding achievements and rooms for improvement in comparison with its previous performance.

Consistency: The Group insisted on the adoption of a consistent reporting framework and a series of reporting techniques including the categorisation of business segments for evaluation and the science-based calculation methodology for GHG emissions that were in alignment with its previous ESG Reports, aiming to add more coherence to the entire reporting process and build a roadmap visualising its rapid growth in sustainability to all.

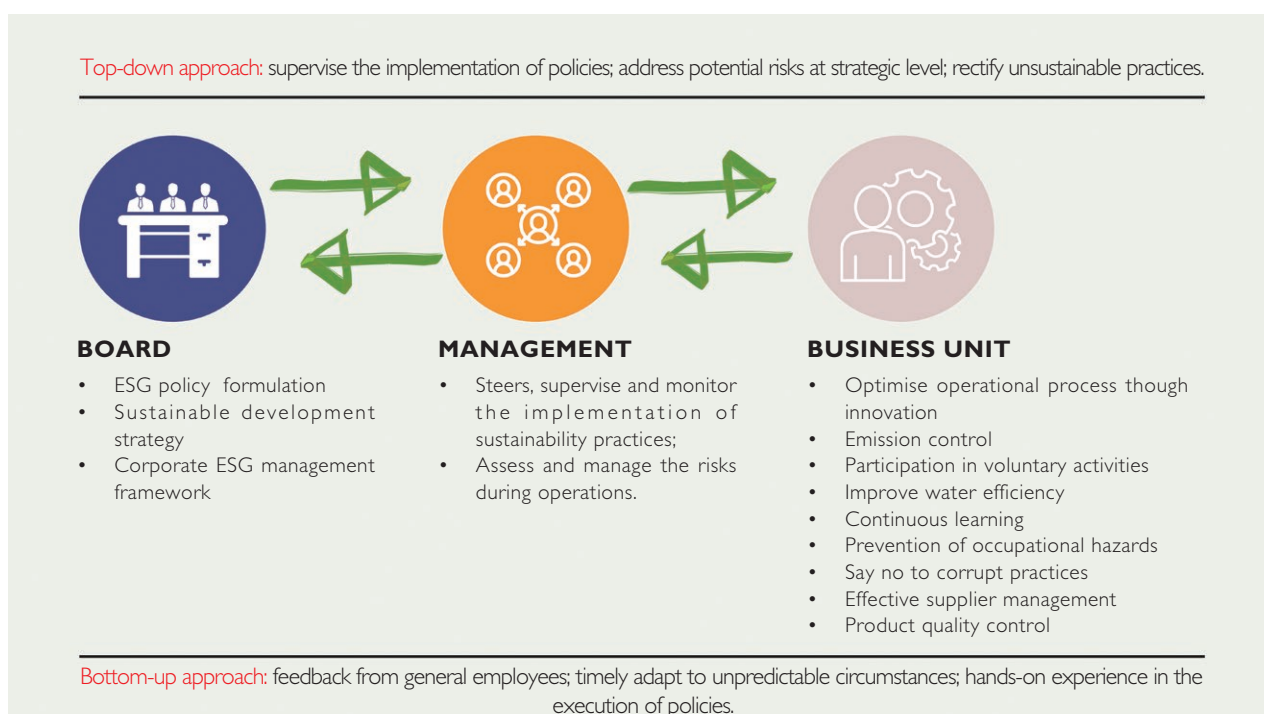
Information Disclosure

The information in this ESG Report was gathered from the official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in accordance with the relevant policy, the internal quantitative and qualitative data through questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group. This ESG Report was prepared in both English and Chinese and for any conflict or inconsistency, the English version shall prevail. A complete content index is available at the end of the ESG report for readers’ convenience to check its integrity.

III. BOARD INCLUSIVENESS

In response to the new requirements in the ESG Reporting Guide which emphasises the role and involvement of the Board of Directors (the “Board”) in the Group’s ESG management, the Board has referred to the Guide for Board and Directors published by the Stock Exchange in March 2020 in strengthening its oversight of the Group’s ESG management.

An effective ESG management and sustainability stewardship covers a complex set of issues that require effort made by multiple actors across different business divisions, departments, business partners and stakeholders to enforce the relevant policies in an efficient way. Therefore, the Group is fully aware of the importance of establishing a clear accountability system within the organisation, and endeavours to unleash the advantages of various entities in the system so as to truly integrate the ESG management into the Group’s development plan in an organised way. Currently, to facilitate the effective communications within the organisation, the Group has adopted a two-way ESG dialogue mechanism, in which the Board, with rich experience and insight in the ESG market and is responsible for the improvement of the ESG performance of the Group, takes into account of the integration of policies conducive to maintaining the Group’s momentum in controlling ESG-related risks and capturing potential opportunities into the codes, rules and guidelines. Meanwhile, with the feedback from the management in charge of the communication and supervision of the policy execution of the Group, the Board proposes ambitious and practicable expectations in the form of qualitative and quantitative objectives for the Group, and regulates the timeframe under which certain progress is expected to be seen. Relying upon an improved monitoring system and top-down and bottom-up management approach, the Board can be updated on the hands-on experience gained by the frontline employees. Such an approach allows the Board to better identify the hidden risks, keep track on the completion of targets according to well-defined metrics, adjust business development strategies and lead the Group to a prosperous future.



III. BOARD INCLUSIVENESS

The Board values the mutual understanding within the Group and believes that a barrier-free communication and transparent management approach is fundamental to a company's long-term success. To ensure that the Board can be updated and manage potential risks in line with its stakeholders' expectations, the Board mainly acquires the ESG information through the following channels:

The infographic is set against a light orange background with decorative patterns of dots and geometric shapes in shades of blue and purple. It lists five channels for acquiring ESG information, each represented by a circular icon:

-  disclosure of corporate ESG performance under various indicators in the Group's ESG reports and annual reports;
-  presentation in the meetings between the Board and the management;
-  shareholders' general meetings;
-  sustainability-themed seminars and training;
-  results of online surveys with comments from both internal and external stakeholders of the Group regarding their concerns about corporate sustainable development.

To promote the culture of incorporating ESG mindset into the business decision-making process and for better resource allocation, the Group has conducted Materiality Assessment through conducting surveys with identified stakeholders and the Board has reviewed the feedback to determine the material ESG issues to the Group.

In addition to current practices, the Board is also considering setting up an ESG committee/working team to bring together different departments so that they can understand and agree on their respective roles. The Board keeps evaluating and ameliorating its risk management system to ensure that its awareness on ESG risks in the industry is adequate.

As the Board assumes the overall responsibility for the Group's ESG strategy, management, reporting work and the effective implementation of ESG policies, the Board will monitor and review the progress of targets that have been set, and continually lay emphasis on any gap with the best practice.

IV. MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

On behalf of the Board of Directors of the Company, I hereby present to our shareholders the ESG report, demonstrating in detail the Group's approach and performance in terms of sustainable development for the year ended 31 March 2020.

In view of the increasing public concern about environmental and social issues, as well as the enhanced standards of the regulatory authorities on corporate ESG disclosure, the Group is committed to the long term sustainability of the environment and communities in which it operates through controlling, monitoring, measuring, evaluating and reviewing sustainability-related issues in its business operations. During the year, the Group has complied with applicable laws and regulations regarding environmental protection, promotion and protection of occupational health and safety, provision of healthy workplace and suitable employment opportunities, and has stepped up effective measures to make efficient use of resources. In particular, the Group concerns itself about the potential ecological impact imposed by its operations, thus proactively trying to adopt and integrate environmentally friendly technologies with existing processes during its property development and water mining businesses.

The ongoing outbreak of novel coronavirus ("COVID-19") has caused dreadful impacts on people's health, social stability and global economy. Facing the grim situation, the Group has implemented numerous measures and procured essential protective supplies to safeguard the well-being of its staff in various regions since early 2020. The Group made special working arrangements immediately for its employees such as reducing non-essential work, rolling out home officing and allowing flexible working hours. While closely monitoring the status of COVID-19 and trying its utmost efforts to ensure the safety of its employees, the Group will continue to use its best endeavours to mitigate the adverse impact of the COVID-19 pandemic on the Group and secure stable operations according to the nationally recommended solutions.

Looking forward, the Group will continue to adhere to the mission of sustainability in its operations, further strengthen the accountability of the Board, as well as actively exploring innovative ways to promote a green and resilient development.

Yours Sincerely,

Li Yuguo

Chairman

7 September 2020

V. STAKEHOLDER ENGAGEMENT



The Group believes that understanding and meeting stakeholders' ever-changing expectations are the foundation on which the business consistently creates shared value through making appropriate strategies. As such, fostering a sound relationship with all stakeholders by effective communication with both internal and external stakeholders is regarded as essential to the Group in many areas. Not only can it deliver the Group's commitment to long-term value creation to its stakeholders who care about the progress of sustainable development of the Group, it also helps the Group to gain a better understanding of the topics material and relevant to different groups of stakeholders.

Aiming to strengthen corporate sustainability approaches and performance while enhancing stakeholders' awareness of ESG and sustainability issues, the Group has put immense efforts into its stakeholders inclusiveness. Through a wide range of open communication channels, which are listed in the table below, the Group has garnered a deep understanding of its stakeholders' concerns and expectations, which has facilitated the Group to better position itself in the competitive market and most importantly, to meet its commitments to environmental and social responsibility and respond to the interest of stakeholders and expectations of society in general.

V. STAKEHOLDER ENGAGEMENT

COMMUNICATION WITH STAKEHOLDERS

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> – Compliance with laws and regulations – Sustainable development – Occupational health and safety 	<ul style="list-style-type: none"> – Supervision on the compliance with local laws and regulations – Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> – Return on investments – Corporate governance – Compliance with laws and regulations 	<ul style="list-style-type: none"> – Regular reports and announcements – Regular general meetings – Official website of the Group
Employees	<ul style="list-style-type: none"> – Employees' remuneration and benefits – Career development – Health and safety in the workplace 	<ul style="list-style-type: none"> – Performance reviews – Regular meetings and training – Emails, notice boards, hotline, team building activities with the management
Customers	<ul style="list-style-type: none"> – High-quality products and services – Customers' rights – Customers' satisfaction 	<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 upstream and downstream cooperation 	<ul style="list-style-type: none"> – Open tendering – Suppliers' satisfaction assessment – Telephone conferences, face-to-face meetings and on-site visits
General public	<ul style="list-style-type: none"> – Involvement in communities – Compliance with laws and regulations – Environmental protection awareness 	<ul style="list-style-type: none"> – Media conferences and responses to inquiries – Public welfare activities
Professional Organisations	<ul style="list-style-type: none"> – Policy formulation regulating the practices of employees and business operation – Environmental protection and social responsibilities 	<ul style="list-style-type: none"> – Telephone discussion – Questionnaires & online engagement – Meetings (private or AGMs)

V. STAKEHOLDER ENGAGEMENT

In FY2020, the Group carried out an evaluation on its stakeholders' opinions on corporate sustainability stewardship, especially material ESG issues of great concern to stakeholders and the United Nations Sustainable Development Goals (SDGs) that have been given particular attention, as the Group believes that aligning its ESG management with a sustainable long-term trajectory for the world's people and the planet is increasingly a global business imperative. With a survey conducted by an external sustainability consulting agency, the Group hopes to achieve the following four goals:

- Garnering a better understanding of the global requirements in sustainable development and consolidating a common language to communicate with its stakeholders;
- Depicting an unbiased picture of stakeholders' concerns in terms of the Group's long-term sustainable development;
- Identifying and seeking potential business opportunities by addressing sustainability-related risks and crisis through business innovation and optimisation of the working process; and
- Creating awareness and stimulating learning passion to support the environmental and social efforts within the organisation and its sphere of influence.



V. STAKEHOLDER ENGAGEMENT

According to the results, it was found that Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 6 (Clean water and sanitation), Goal 10 (Reduced inequality) and Goal 12 (Responsible consumption and production) ranked the top of the list among all 17 SDGs in terms of the degree of stakeholders' attention and interest and the Group's perspective towards its long-term business development. In response to the call and concerns from stakeholders, the Group has committed to laying the emphasis on specific sub-targets under these five goals. Thus, the Group has meticulously evaluated its interconnections with these five objectives and resolves to focus on the following areas for improvement, in particular:



The Group values its employees and regards them as the most important assets of its business. To ensure employees' good health and well-being, the Group respects the basic rights of its employees and has set up effective management system to standardise the operational practices in order to promote the health of all staff. With the provision of basic health insurance and medical care benefits to its employees, the Group ensures that the health and well-being of all its employees can be emphasised on the Group's level. Meanwhile, the Group has brought in multiple internal policies and measures in an effort to eliminate occupational health and safety-related risks. The Group also assumes the responsibility for the protection of the end-users from any health-related risks by providing reliable products. In FY2020, there were zero work-related injury or fatality cases recorded in the Group.



As a non-discriminative corporation, the Group endeavours to provide open access to its employees to vocational training and internship programmes. The Group has implemented related Human Resources policies to ensure equal opportunities towards education and training programmes. Not only has the Group emphasised the provision of company-supported training programmes to its employees, the participation in the courses held by external training organisations is highly recommended by the Group as well. To develop an ongoing learning culture within the organisation, the Group motivates its employees to obtain more qualifications in the job field with incentives such as reimbursements for the course fees. The Group plans to further increase the diversity of training courses in different topics that can attract more staff to proactively enrol in.



The Group understands that water is a valuable resource and thus puts emphasis on its water footprint along the value chain. The Group is committed to assessing and monitoring its water consumption and intensity, while implementing water saving policies to raise water conservation awareness. As a responsible enterprise, the Group keeps optimising its business operations, particularly focusing on improving water efficiency. In FY2020, the Group consumed 3,740.3 m³ of water with an intensity of 68.01 m³ /employee, which halved the amount used in FY2019. Meanwhile, as a corporation with water mining and trading business, the Group is endeavouring to adopt innovative technologies for providing safe drinking water for its customers.



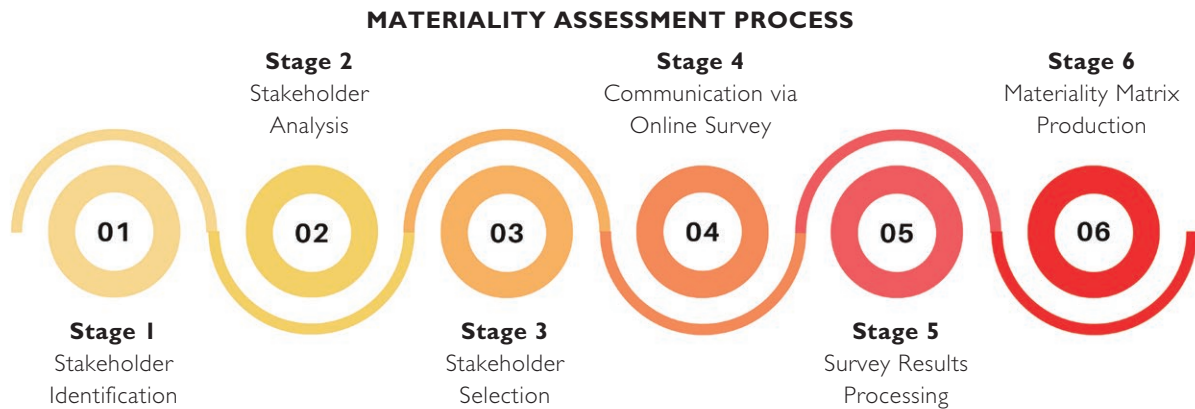
Income inequalities and the respect of human rights are of paramount importance to the Group. As such, related policies have been established and implemented such as ensuring equal remuneration for different gender and engaging the low income people in the value chain. The Group also guarantees that the benefits for the employees in the Group are allocated appropriately and transparently, and their rights and expectations can be respected and met timely. Furthermore, the Group has put efforts in its social contribution and partnership with NGOs to help the vulnerable people thus eradicating social disparity.



In addition to fostering sustainable consumption through applying the "3R" concept - reduce, reuse and recycle into all phases of its projects to promote sound management of energy and resources, the Group also acknowledges the importance of responsible production thereby establishing sustainable procurement and production practices which meet the international standards. Focusing on continual improvement in energy and resource use efficiency, the Group welcomes its stakeholders' feedback for improvement through an unbiased and transparent dialogue with its stakeholders' representatives.

V. STAKEHOLDER ENGAGEMENT

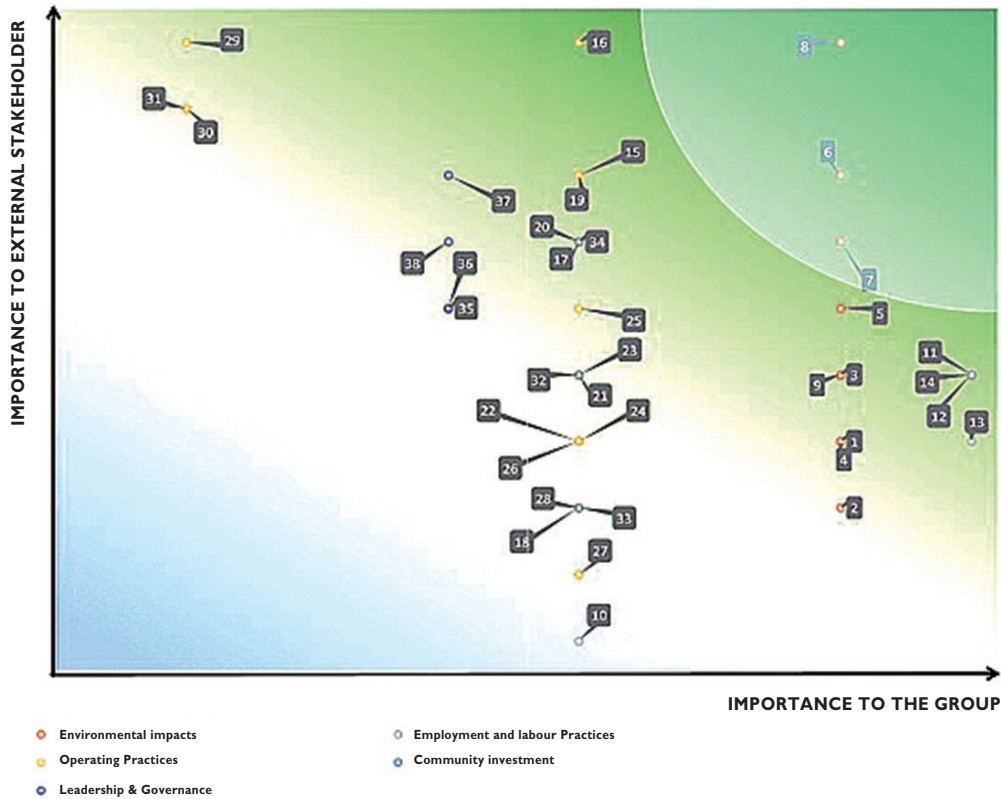
MATERIALITY ASSESSMENT



Since ESG risks and opportunities for the Group vary across different stakeholders with various backgrounds, business operation models and concerns, the Group undertook an annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG report. In FY2020, the Group engaged its stakeholders to conduct a materiality assessment survey initiated by a third-party consulting agency in order to guarantee the accuracy and objectivity of evaluation. Specifically, the Group selected a group of internal and external stakeholders based on their influence and dependence on the Group. During the process of stakeholder identification and selection, the Group followed the recommendations in ISO26000 and comprehensively analysed its relationships with stakeholders with regard to the criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. The chosen stakeholders' representatives were then invited to take part in an online survey to express their views on a list of ESG issues. The online survey was composed of numerous well-designed questions material and relevant to the Group's business development and strategies from the stakeholders' standpoint. Such an objective, transparent and decision-useful materiality assessment allowed the Group to give priority to certain topics in a list of ESG issues after mapping the result of the survey to a materiality matrix as shown below. The assessment process demonstrated the Group's emphasis on stakeholders' engagement. The result of the survey served as a powerful tool that assisted the Group to develop its action plans for more effective ESG management.

V. STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT MATERIALITY MATRIX



1	Air and greenhouse gas emissions	11	Employee remuneration and benefits	21	Health and safety relating to products/services	31	Anti-corruption training provided to directors and staff
2	Sewage treatment	12	Occupational health and safety	22	Customers satisfaction (Welfare)	32	Community engagement
3	Land use, pollution and restoration	13	Employee development and training	23	Marketing and promotion	33	Participation in charitable activities and support public welfare
4	Solid waste treatment	14	Preventing child and forced labour	24	Observing and protecting intellectual property rights	34	Cultivation of local employment
5	Energy use	15	Selection of local suppliers	25	Product quality assurance and recall percentage	35	Business model adaptation and resilience to environmental, social, political and economic risks and opportunities
6	Water use	16	Smooth communication and sound relationship with suppliers	26	Protection of consumer information and privacy	36	Management of the legal & regulatory environment (regulation-compliance management)
7	Use of other raw/packaging materials	17	Environmental risks (e.g. pollution) of the suppliers	27	Labeling relating to products/services	37	Critical incident risk responsiveness
8	Mitigation measures to protect environment and natural resources	18	Social risks (e.g. monopoly) of the suppliers	28	Product design & Lifecycle management	38	Systemic risk management
9	Climate-related risks	19	Procurement practices	29	Number of legal cases filed against the company about bribery, extortion, fraud and money laundering		
10	Diversity of employees	20	Environmentally preferable products and services	30	Anti-corruption policies and whistle-blowing procedure		

V. STAKEHOLDER ENGAGEMENT

Through the materiality analysis, the Group identified “Water use”, “Use of other raw/packaging materials” and “Mitigation measures to protect environment and natural resources” as issues of high importance. Given the high degree of concerns on the material issues mentioned above, the Group has evaluated the risks and opportunities hidden behind those matters and elaborated more under different sections of this ESG Report.

STAKEHOLDERS FEEDBACK

As the Group strives for excellence, the Group welcomes stakeholders' feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views with the Group at <http://www.asiaresources899.com.hk/contact.html>.

VI. ENVIRONMENTAL SUSTAINABILITY

In response to the attention of its stakeholders regarding the environmental issues and to achieve long-term sustainability of the environment and community in which it operates, the Group has made tremendous efforts in controlling its emissions as well as its consumption of resources, and strictly abided by relevant environmental laws and regulations in Hong Kong and the PRC during its daily operations, including but not limited to the following:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Environmental Impact Assessment Law of the People's Republic of China (中華人民共和國環境影響評價法);
- 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);
- Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- 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);
- Water Law of the People's Republic of China (中華人民共和國水法);
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國大氣污染防治法);
and
- Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法).

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2020.

A. I. EMISSIONS

In FY2020, the Group has complied with relevant applicable national and local environmental laws in terms of emissions during its daily operations. In particular, the Group was not in violation of any laws and regulations concerning air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. As environmental sustainability is central to the Group's business and operations, the Group strives to develop its diverse businesses in an eco-friendly manner and has put its major focus on the smart control of consumption of natural resources, and the adoption of energy-efficient measures during its daily operations.

VI. ENVIRONMENTAL SUSTAINABILITY

During the year under review, air pollutants from the Group including sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”) were mainly generated from vehicles and machinery for transportation and business operations. Specifically, the Group’s air emissions of SO_x, NO_x and PM amounted to 0.40 kg, 22.56 kg and 1.65 kg, respectively in FY2020. Greenhouse gases (“GHGs”) are a major contributor to climate change and have been rigorously regulated by the United Nations’ Framework Convention on Climate Change. GHG emissions from the Group were primarily due to the burning of fossil fuels and the consumption of electricity in its business operations. In FY2020, the Group’s total GHG emissions reached 135.55 tonnes of CO₂e. In addition, the Group generated a total of 2.03 tonnes of non-hazardous solid commercial wastes, while 3,740.30 tonnes of non-hazardous wastewater was discharged by the Group during the year under review. In FY2020, the Group did not discharge any hazardous wastes (neither solid wastes nor sewage) to the environment during its operations. The Group’s total emissions in FY2020 are summarised in Table I below.

Table I The Group’s total emissions by category in FY2020⁶

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity ¹	Intensity ²
				(Unit/Employee) in FY2020	(Unit/Employee) in the year ended 31 March 2019 (“FY2019”)
Air Emissions	SO _x	Kg	0.40	7.27 X 10 ⁻³	0.01
	NO _x	Kg	22.56	0.41	0.59
	PM	Kg	1.65	0.03	0.04
GHG Emissions	Scope 1 (Direct Emissions)	Tonnes of CO ₂ e	89.49	1.63	2.16
	Scope 2 (Energy Indirect Emissions)	Tonnes of CO ₂ e	42.55	0.77	1.62
	Scope 3 ³ (Other Indirect Emissions)	Tonnes of CO ₂ e	3.51	6.38 X 10 ⁻²	0.10
	Total (Scope 1 & 2 & 3)	Tonnes of CO ₂ e	135.55	2.46	3.88
Non-hazardous Waste	Solid Wastes ⁴	Tonnes	2.03	0.04	0.03
	Wastewater ⁵	Tonnes	3,740.30	68.01	172.00

VI. ENVIRONMENTAL SUSTAINABILITY

- ¹ Intensity for FY2020 was calculated by dividing the amount of air, GHG and other emissions respectively by the number of employees of the Group in FY2020;
- ² Intensity in FY2019 was extracted from the data in the ESG report 2019 of the Group;
- ³ The Group's Scope 3 (Other Indirect Emissions) included only paper wastes disposed of at landfills and electricity used for processing fresh water and sewage by government departments;
- ⁴ The solid wastes only covered commercial wastes from the property buildings where the Group's employees worked;
- ⁵ Since the wastewater generated from the Group in FY2020 that was incorporated in the calculation only covered commercial sewage from employees, which was handled by the management of property buildings, the total amount of wastewater discharged from the Group in FY2020 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system;
- ⁶ The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? - Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Air & GHG Emissions

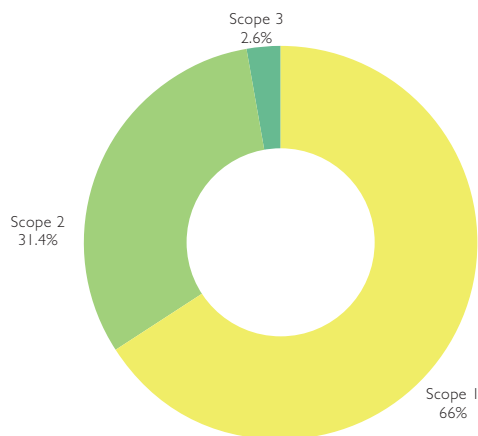
In FY2020, the air and GHG emissions generated during the construction operations of the Group mainly came from the use of gasoline, natural gas and electricity for onsite operations, transportation purposes, and operations in offices. To change its operating practices towards sustainable consumption and production, the Group has implemented its internal policy "Anti-pollution and Anti-noise Construction Scheme" (防污染防噪音施工方案) in all property development and water mining projects, and in particular requires the following practices to be strictly carried out:

- Clean the wheels of the vehicles before leaving the construction site;
- Rinse the ground or sprinkle water daily to settle the dirt and avoid sludge accumulation;
- Set an appropriate speed limit and reduce the number of vehicles movement through better planning; and
- Install bag-house dust collectors, closed hoods and pressurised dust reduction spray devices along the main road of each construction site.

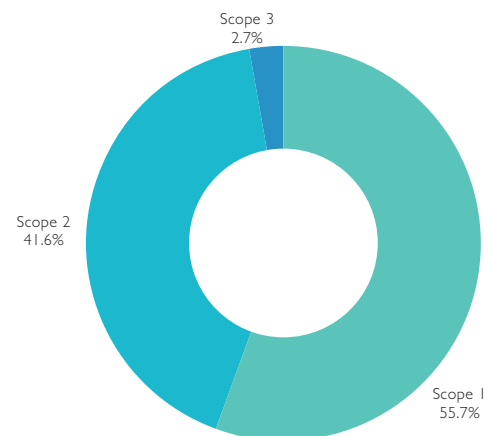
It is widely acknowledged that the increasing level of GHGs is the root cause of climate change. To minimize its GHG emissions, the Group has kept implementing effective policies and measures in its construction work, and encouraged all its employees to pay attention to the details around them, such as switching off the lights when leaving the office, in order to mitigate climate-related risks at source. In FY2020, the patterns of GHG emissions of the Group remained unchanged, in which direct emissions still dominated, and the Group has successfully curbed its Scope 1 GHG emissions due to its unwavering efforts in the regulation of the use of official vehicles. In FY2020, the intensity of total GHG emissions decreased by 36.60% as compared with the figures in FY2019, while emissions of air pollutants also dropped with the amount of SO_x declining by around 33.33%, demonstrating the solid progress of the Group towards a cleaner and more climate-resilient development.

VI. ENVIRONMENTAL SUSTAINABILITY

GHG Emissions Pattern in FY2020



GHG Emissions Pattern in FY2019



The policies and actions implemented by the Group to control its emissions are further described in the subsections headed “Electricity” and “Other energy resources” below.

Wastewater

Property development and property investment business

The wastewater from the Group’s property development and property investment business during FY2020 mainly consisted of commercial wastewater from its employees. Although the Group did not generate any industrial wastewater from its construction sites during this financial year, it was still putting efforts in planning and regulating the discharge of wastewater from operation sites. For instance, the Group requires that the sewage treatment facilities in appropriate sizes should be installed in the construction sites for wastewater treatment. Specifically, the wastewater generated on-site must be treated internally. The sedimentation basins, in particular, should be set up for the treatment of construction wastewater before it is discharged into the municipal sewage network. Regular self-monitoring needs to be conducted to ensure that the effluent discharged meets the prescribed standard after treatment, such as the first grade under the Integrated Wastewater Discharge Standard (GB 8978-1996) (污水綜合排放標準一級標準) of the PRC. The floating mud generated during the treatment process should be collected and transported to certified external environmental organisations for further disposal. To better manage the wastewater on-site, the Group will perform its monitoring and recording on the quantity of onsite wastewater from its property business should any construction project be launched.

VI. ENVIRONMENTAL SUSTAINABILITY

Water business

The water business of the Group, which encompasses a series of complex stages including water mining, inspection, filtration, purification, production and sales, has adopted numerous environmentally friendly technologies and paid great attention to its potential ecological impact. Since no chemical materials or additives were massively used in its water business, the wastewater generated in this business segment of the Group was non-hazardous. The Group focuses on recycling by reusing water where possible in the mining and manufacturing process and installing wastewater treatment facilities at all bottling plants. In terms of the water that cannot be re-used, the Group treats the wastewater scientifically before releasing it to the natural water bodies and follows wastewater treatment standards which make for the returning of all water that is used in the bottling processes to the environment at a level that support healthy aquatic life.

Office operation

The wastewater generated from offices of the Group was mainly commercial wastewater, of which the amount was not significant. The wastewater was directly discharged into the building sewage network and handled by the property management of buildings. 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 headed "Water", to make its water consumption more efficient.

Solid Wastes

Property development and property investment business

The solid wastes from this business segment can be split into two categories: commercial solid wastes and construction waste. In FY2020, as there was no construction project in progress, the Group did not generate any construction waste. Notwithstanding it, the Group was still paying great attention to its internal management and practices in handling solid wastes generated. The commercial waste was regularly collected and handled by the administration department of the Group, whereas the construction waste generated from property development projects, including excess steel products and batten, should be collected by the Group on a regular basis and transported to specific landfill sites by certified trucks for disposal. The Group has been in full compliance with local waste disposal laws and regulations in handling excess mud and other construction wastes. The recyclable wastes are normally collected and transported to the recycling station for reuse. The management approach to handling commercial waste, and construction waste by the Group is in line with the "Administrative Measures for Urban Living Garbage" and the "Technical Code for Construction and Demolition Waste Treatment" in China. To accomplish its goal of sustainable waste management, the Group will expand the scope and place more emphasis on the measurement, record and report on its construction waste on-site, including improving site logistics to ensure that the use of materials is aligned with construction progress in the correct order so as to reduce the generation of waste, enhancing the awareness of workers on-site about the implementation of "reduce, reuse, recycle" principles, and reviewing the monitoring practice on-site, which is an important step for the Group to move towards a cleaner and more resilient growth.

VI. ENVIRONMENTAL SUSTAINABILITY

Water business

The Group has been committed to lowering its solid wastes disposal in its water business as well. At the current stage, the solid wastes from this business segment recorded by the Group was primarily commercial waste, which was handled by the administration department and the building management of property, and then transported to landfills by City Management & Administration Execution Bureau for disposal. Given the water mining business will commence operation in 2021, the Group endeavours to track the entire process of water business more effectively from a more comprehensive product-life-cycle perspective in the near future, which will allow the Group to better manage the amount of solid wastes in the water business.

Office operation

The solid wastes generated by the Group during office operations was mainly commercial solid wastes generated by the staff. To efficiently manage and reduce waste, the Group has adopted various measures, such as utilising the centralised rubbish bin for waste collection. The sorted municipal solid wastes from offices was then handled by the building management of property and disposed of at landfills by the government.

Aiming to develop in an environmentally friendly way, the Group has integrated the concept of 3R – reduce, reuse and recycle, in its daily operations and encouraged all its employees to act on their knowledge and bring innovative ideas to reduce the amount of solid wastes in offices at the source. Specifically, the Group has advocated the following practices:

- Recycle as much solid wastes as possible through the classification process;
- Educate all employees to reduce the use of disposable items such as plastic tableware;
- Purchase microwaves in offices to encourage employees to take their own lunch boxes instead of ordering take-away food;
- Provide glass cups to guests instead of disposable ones;
- Promote the reusing of office stationeries; and
- Provide relevant training programmes for workers to enhance their awareness of the “3R” principles.

Meanwhile, the Group has set appropriate goals in its waste management as it believes that the application of a sound waste management system in the property development business and water mining process can facilitate the Group to achieve financial savings associated with increased productivity, improved resource efficiency, decreased waste amount and the recovery of valuable by-products, and so as to make positive contributions to the society and environment.

VI. ENVIRONMENTAL SUSTAINABILITY

Noise

Noise emissions generated by the Group mainly came from the operation of machinery and equipment during mining operations and construction process. In strict compliance with national and local regulations in terms of noise emissions such as Emission Standards for industrial Enterprises Noise at Boundary (GB12348-2008) (工業企業廠界環境噪聲排放標準), the Group has adopted suitable noise-reducing facilities and effective measures to mitigate the impact of noise on the surroundings. Specifically, shock pads on crushing and real-time sound monitoring equipment were widely used as effective noise control practices on-site by the Group. Noise enclosures, noise barriers and vibration isolation facilities were installed, while the operating periods for the use of certain equipment/ machinery were regulated. More importantly, the Group hopes to lower the impact of noise at source and therefore commits to bring forth more practical innovations and purchase equipment and facilities that are notably quieter, more environmentally friendly and more efficient compared with the outmoded and noisy ones.

To keep reducing its noise emissions to a level that will not exert a prolonged or even health-related impact on nearby residents, the Group will proactively conduct survey with local dwellers and research on the application of quieter and practicable methods of piling, construction and demolition in its operations. The Group did not receive any complaints regarding noise emissions in FY2020.

A.2. USE OF RESOURCES

In FY2020, the primary resources consumed by the Group were electricity, gasoline, natural gas, water and paper. Other raw materials including metal, concrete and wood were mainly used for the construction works. Given its business nature, the Group did not consume any packaging material during the year under review. Table 2 illustrates the amount of different resources used by the Group.

Table 2 Total Resource Consumption in FY2020

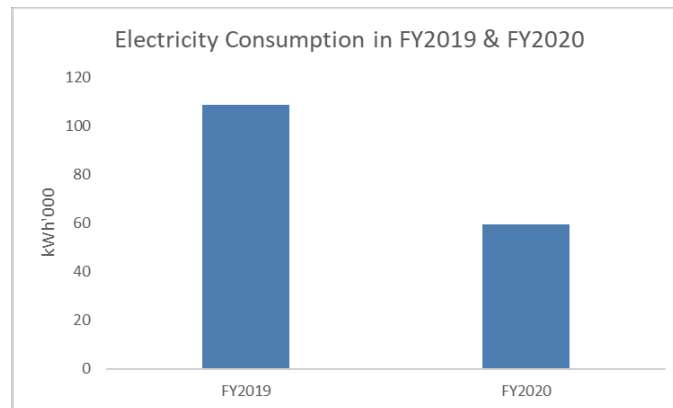
Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity ¹ (Unit/Employee) in FY2020	Intensity ² (Unit/Employee) in FY2019
Energy	Electricity	kWh'000	59.58	1.08	2.31
	Gasoline	L	36,433.78	662.43	879.08
	Natural gas	m ³	1,578.95	28.71	33.60
Water	Water	m ³	3,740.30	68.01	172.02
Paper	Paper	Kg	520	9.45	9.32
Raw materials	Metal	Tonnes	1	0.02	0.02
	Cement	Tonnes	2	0.04	0.04
	Wood	Tonnes	0.1	1.81 × 10 ⁻³	2.1 × 10 ⁻³

¹ Intensity for FY2020 was calculated by dividing the amount of resources the Group has consumed in FY2020 by the number of employees of the Group in FY2020;

² Intensity for FY2019 was extracted from the data in the ESG Report 2019 of the Group.

VI. ENVIRONMENTAL SUSTAINABILITY

Electricity



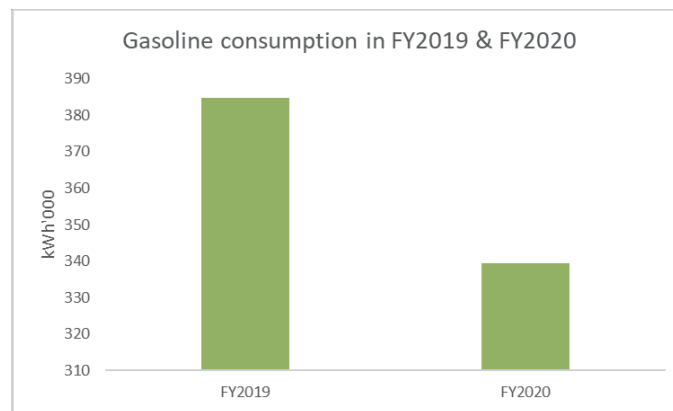
In FY2020, the Group purchased and consumed electricity in its daily operations in its offices and operation sites from the local public utility companies. Compared with FY2019, the electricity consumption of the Group in FY2020 fell significantly by 45.24% due to the lower demand for electricity for a smaller business scale with regard to the property development and property investment business. Further, the intensity of electricity consumption per employee by the Group in FY2020 showed a substantial drop, reflecting its commitment to improving the efficiency of electricity consumption throughout the organisation. To further mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has already embedded the slogan of “Saving Electricity” into its business strategy and daily operations, and aims to maintain the electricity intensity under 3 kWh'000/employee or 0.02 kWh'000/HK\$'000, which the Group again successfully achieved during FY2020. To continue its efforts in electricity conservation, the Group will insist on implementing the following practices:

- Switch off all idle lights and electronic devices after work;
- Affix “Saving Electricity, Turn off the Light when Leaving” posters in prominent places to encourage internal employees to conserve energy;
- Clean and maintain the office equipment such as refrigerator, air conditioners and shredder regularly to ensure their high efficiency;
- Replace high electricity consumption lamps with electricity saving lamps (eg. LED) for office lighting; and
- Use energy-efficient equipment for construction work.

VI. ENVIRONMENTAL SUSTAINABILITY

Other energy resources

Given the Group's business nature, the consumption of other energy resources for operations in the property development business and water business as well as transportation, in the form of gasoline and natural gas, is invariably a significant issue to which the Group has paid special attention. Aiming to improve its energy performance against well-defined energy performance indicators and achieve its intended outcomes of the internal energy management system, the Group keeps striving to find new solutions and apply environmentally friendly technologies in its business operations, in order to minimise the implications of climate-related risks on the Group's long-term development.



In FY2020, a total of 36,433.78 L of gasoline (339.30 kWh'000*) were consumed, with an intensity of 622.43 L/employee. As compared with FY2019, the amount of gasoline consumed by the Group in FY2020 decreased by around 4,883.02 L (45.47 kWh'000*), while the consumption of natural gas was approximately the same. The substantial drop in the gasoline consumption of the Group during its operations was primarily attributed to the unwavering efforts made by the Group in the management of official vehicles and encouragement of online conferences instead of unnecessary business trips.

* Energy conversion was calculated based on the "Approximate Heat Content of Petroleum Consumption and Fuel Ethanol" by the U.S. Energy Information Administration.

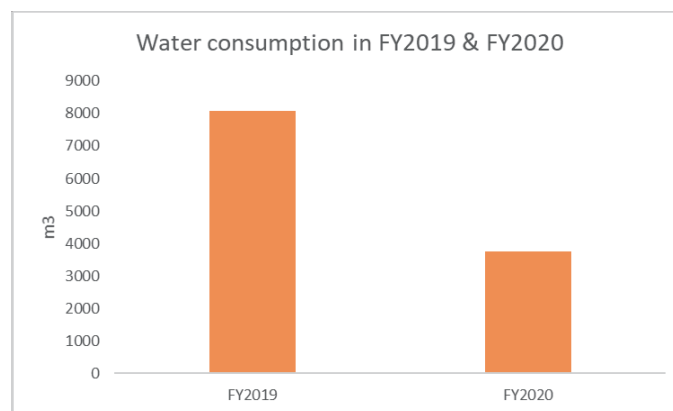
VI. ENVIRONMENTAL SUSTAINABILITY

Water

As a corporation with a water business, the Group has been fully aware of the importance of water as one of the most precious resources on the planet and nowadays there are still more than 2 billion people who lack access to untainted drinking water. Thus, the Group is sensitive to its responsibility of being a leading enterprise in improving water efficiency and has prioritised water conservation among a growing number of environmental issues in its daily operations. During the year under review, the Group did not face any problem in sourcing water that was fit for its purpose. The Group has been strictly following the “3R rules – Reduce, Reuse and Recycle” in its daily operations, especially for construction work and water business. In FY2020, several seminars and informal discussions regarding more advanced and innovative ways of saving water were arranged among the employees of the Group. The Group has been incentivising its subsidiaries, projects and all employees to conserve water resources. The Group believes that developing a water-saving culture in the offices is of paramount importance. In FY2020, employees at offices were motivated to reduce the amount of flushing water in a proper way. To improve the utilisation efficiency of water resources, the Group has further adopted the following practices:



- Promote and educate staff to save water;
- Post banners of “Saving Water Resources” in prominent areas;
- Fix dripping taps immediately;
- Require employees to strictly adhere to the principle of water conservation in their daily work;
- Run regular leakage test on water taps, joint rings and other defect in the water supplier system; and
- Turn off water supply during holidays



In FY2020, the amount of water consumption by the Group was 53.74% lower than that in FY2019, and the Group commits to further enhancing its water efficiency during operations.

VI. ENVIRONMENTAL SUSTAINABILITY

Paper

One of the principal materials consumed by the Group was paper for administrative work during the year under review. To minimise the use of paper, the Group advocated the concept of the paperless office, promoted the application of office automation and particularly took the following actions in its daily operations in FY2020:



- Choose suppliers with more environmentally friendly paper source, so as to reduce the number of tree losses while consuming the same amount of paper indirectly;
- Set duplex printing as the default mode for most network printers;
- Promote the idea of “think before print” by using posters and stickers in offices to remind the staff to avoid unnecessary printings;
- Use boxes and trays as containers and put them beside photocopiers to collect single-sided paper for reuse and recycling; and
- Recycle single-sided printed paper for printing or draft paper.

As the amount of paper consumed by the Group in FY2020 was slightly higher than that FY2019, the Group is committed to paying more attention to the procurement and efficient use of paper resources in the future and alleviate its reliance on paper for operations by reviewing the effectiveness of the current practices while keeping on exploring new ways to save paper resources.

Raw materials

To minimise its environmental footprint, it is the policy of the Group to promote the efficient use of raw materials in its operations. In FY2020, the amount of major raw materials including metal, cement and wood consumed by the Group remained at substantially the same level as FY2019. To enhance the utilisation efficiency of raw materials and further reduce the amount of waste, the Group has adopted the Just-in-time (“JIT”) as the policy for procurement. Also, the Group keeps strengthening its monitoring mechanisms, in order to track the consumption of different materials at different stages. In addition, to pursue a higher performance in the efficiency of raw materials consumption, the Group has set up an R&D team to research, test and apply advanced technologies to reduce the raw materials required for water business.

VI. ENVIRONMENTAL SUSTAINABILITY

A.3. THE ENVIRONMENT AND NATURAL RESOURCES

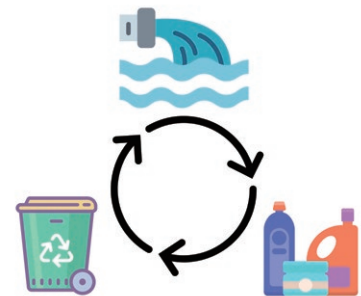
The Group has put substantial efforts into the fulfilment of its environmental responsibilities and has made significant progress towards the building of a reliable, resilient and sustainable corporation in both Hong Kong and the PRC by monitoring and controlling its consumption of natural resources. In pursuit of the target of working towards the zero-carbon economy in the future, the Group has been investing in and exploring new business models for retrofit in an environmentally friendly manner. Through a series of scalable measures and solutions to reduce the consumption of electricity, water, gasoline, natural gas, paper and other raw materials during operations as disclosed, the Group's routine operations barely caused any significant negative impact on its surroundings. According to the evaluation result, in FY2020, the Group's relatively significant environmental impacts were the ineluctable GHG emissions due to the consumption of electricity and fossil fuels, and the generation of commercial solid wastes and sewage. However, the Group's overall environmental impact was considerably reduced due to its dedicated efforts in simplifying the operational process and boosting energy efficiency in all projects.



Undoubtedly, GHG emissions are closely linked to climate-related crises nowadays. To further eliminate its repercussions on the environment as well as to lower individual carbon footprint, the Group has emphasized employee's education regarding the promotion of carbon reduction through training, posters, emails and educational activities. By selecting energy-efficient machinery and devices, the Group commits to further decreasing its electricity consumption intensity and its reliance on fossil fuels. Meanwhile, electric and hybrid vehicles for transportation and operations have been given preference by the Group through research and during procurement, which the Group believes to be

the international trend that can tackle climate change effectively.

Waste management, especially the waste generated during construction work and water business, is projected to be a critical challenge to the Group considering its business nature and development plan. To lower environmental impact caused by waste discharge, in addition to continuously abiding by relevant laws and regulations, the Group will also strengthen its monitoring on site on the quality and quantity of discharged sewage and waste management. Laying great emphasis on promoting circular economy within the corporation and its sphere of influence, the Group endeavours to establish a real-time platform and build a professional team comprised of experts in waste management, aiming to control and manage the consumption of water and raw materials, recycling of construction waste and disposal of unrecyclable solid wastes more efficiently.



VI. ENVIRONMENTAL SUSTAINABILITY

Confronting the climate-related risks that might pose a serious threat to corporate development in the long run, the Group believes that, aligning with the international standard in preserving energy resources and protecting the planet through a series of efficacious, adaptable and globally compatible policies are considered the fundamental asset to keep the enterprise go with the tide of world development. As such, the Group has analysed its sustainability performance, and listened carefully to the voices of its stakeholders and responded to certain SDGs in relation to both its business and stakeholders' expectations. Looking forward, the Group commits to make unwavering efforts to develop more meaningful goals aligning with the targets under SDGs, and keep reviewing its progress to ensure that its operations are in compliance with applicable laws and consistent with international norms to create a more environmentally friendly corporation.

SUSTAINABLE DEVELOPMENT GOALS



A.4 CLIMATE CHANGE

The increasingly severe and imminent climate change is undeniable, which is associated with many unexpected risks and catastrophic repercussions to business. In the development and execution of its short-term plans and long-term business strategies, the Group has taken into consideration the climate-related risks carefully by referring to the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. As customers' expectations and behaviour are highly possible to change with the rising environmental awareness, the Group has always been mindful about the market changes and adapt its business and products to the public through risk assessment. The Group will continuously keep in mind the market dynamics and strengthen the communication with its key stakeholders such as consumers, so as to make more informed decisions in business development.



VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

As an enterprise that relies on technological advancement in its business development, the Group believes that employees are the most important asset of the Group and the outstanding employees play a key role in the Group's business operations. Sound human resources management and the implementation of appropriate employment policies to appeal to the talents are core to the Group's long-term stability and competitiveness. As such, the Group values its employees and strives to provide its employees with a suitable platform and working environment for their professional development.

As of the end of FY2020, there were a total of 55 employees. Table 3 below shows the breakdown of the distribution of the Group's employees by business segments and geographical locations.

Table 3 Total Workforce of the Group by Business Segments and Geographical Locations in FY2020

By region	By segment	Property Development and Property Investment business	Water business	Others	Total
The PRC		25	23	0	48
Hong Kong		0	0	7	7
Total		25	23	7	55

Law compliance

The Group's employment policies are periodically updated and adjusted to cater to social changes since the inception of the Group, and more importantly, to abide by the relevant laws and regulations in Hong Kong and the PRC. In FY2020, the Group complied with all applicable laws and regulations, including the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Employment Promotion Law of the People's Republic of China (中華人民共和國就業促進法);
- Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法);
- Labour Law of the People's Republic of China (中華人民共和國勞動法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

VII. SOCIAL SUSTAINABILITY

During the year under review, the Group provided its employees with mandatory social insurance and medical insurance schemes. The Human Resources Department of the Group and its subsidiaries are responsible for reviewing and updating relevant company policies regularly in accordance with the latest laws and regulations.

Recruitment and promotion

The Group has strictly implemented its internal policies in the process of recruitment and employee management, including the “Staff Handbook” (員工手冊) and the “Recruitment Management Regulations” (招聘管理規定). The Group considers talent acquisition as a pivot aspect to maintain the vitality of the Group in the industry. The Group has organised a number of job fairs during the year under review.

Pursuant to its recruitment policy, the Group’s remuneration packages are generally formulated according to the market level and individual performance. The Group offers fair and competitive salary packages and benefits according to applicants’ educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. The Group also refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion and development for eligible employees who have shown excellent performance and made significant contributions to the Group. Any promotion within the Group should be based on clear and legitimate procedures.

Compensation and dismissal

As talent retention is the foundation of the company’s business development in the long run, in addition to complying with the Provisions of Minimum Wages, the Group periodically reviews its compensation packages and performs regular evaluations of the capability and performance of its employees. This ensures that all employees can be recognised by the Group appropriately with respect to their efforts and contributions. Meanwhile, the Group strictly prohibits any kind of unfair or illegitimate dismissal. Any termination of the employment contract is based on reasonable, lawful grounds and internal policies. For instance, the staff who has violated the Group’s employment policies will be warned verbally before receiving a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group will terminate their employment contracts in accordance with the relevant laws and regulations in Hong Kong and the PRC.

VII. SOCIAL SUSTAINABILITY

Working hours and rest periods

The Group has formulated internal policies based on local employment laws including the “Provisions of the State Council on Employees' Working Hours” (國務院關於職工工作時間的規定) to determine appropriate working hours and rest periods for employees. Moreover, the Group has also installed the attendance management system to monitor its employee's working hours and compensate those who work overtime. In addition to basic annual leave and statutory holidays, employees are also entitled to additional leave benefits, such as marriage leave, maternity leave, paternity leave, pension leave and funeral leave.

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. 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). 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 in relation to the case and relevant individuals fairly and transparently in accordance with the local statutes and regulations.

Other benefits and welfare

The Group believes that it has the responsibility to put forward policies that enable and empower people to live a better life. As such, the Group cares about the well-being of its employees and has provided numerous benefits to its employees during the year under review. Besides the mandatory provident fund and statutory retirement benefits, the Group has also provided medical benefits and subsidised employees to enrol in various training and continuous education programs. In FY2020, the Group organised a series of meaningful and entertaining activities, including an annual banquet and dinner gathering, in order to give its employees a sense of belonging.

In FY2020, the Group was in 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.

VII. SOCIAL SUSTAINABILITY

B.2. Health and Safety

The Group believes that health and safety at work involve 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, in line with relevant laws and regulations in Hong Kong and the PRC, including but not limited to:

- 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 of the People's Republic of China (中華人民共和國工傷保險條例).

As an enterprise engaged in construction works and water mining business, the prevention of occupational health and safety risks is the most important of all to the Group. To strive for zero accidents in its operations, the Group rigorously refers to the instructions of the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Management Systems (ISO 45001: 2018), such as hazard identification and the implementation of the hierarch of controls to address onsite health and safety risks. In particular, relevant warning labels and public announcements regarding onsite health and safety issues are posted in prominent areas. Smoking and liquor drinking is strictly prohibited in the workplace. To ensure the health and safety of its employees, the Group requires onsite workers to wear suitable personal protective equipment, such as helmets, safety ropes and gloves, regulates all personnel entering the construction zone to wear safety helmets and organises regular health check for its staff. The Group also provides medical and employment injury insurances to its staff according to the requirements under relevant laws and regulations.

The Group has developed a set of crisis management plans and response mechanisms to address any emergency on-site as it believes that maintaining a high degree of emergency preparedness is important to minimise the risks of health and safety incidents during the construction work and water mining process. Specifically, unblocked emergency exits and unlocked well-stocked first-aid kits are present in all working areas. Emergency response drill and safety inspections are also arranged to secure a safe working environment for its employees.

To further raise its employees' awareness about occupational health and safety, relevant training courses on topics such as emergency management, handling of hazardous material and safety measures of machine have been arranged for its staff.

In FY2020, the Group was in compliance with 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.

VII. SOCIAL SUSTAINABILITY

Response to the outbreak of COVID-19

Since the outbreak of the COVID-19 pandemic, the Group has been highly concerned about the health and safety of its employees. In order to prevent the infections further in the workplace, the Group has emphatically reminded its employees to pay attention to personal hygiene and follow the health advice from the government to contain the outbreak, including but not limited to the following:

- Provide an adequate amount of surgical masks in offices, while advising employees to maintain good personal hygiene and to avoid touching eyes, mouth and nose before cleaning hands;
- Encourage employees to wash hands frequently and rub hands with liquid soap for at least 20 seconds;
- Provide 70-80% alcohol-based hand rub in all working areas for hand sanitisation;
- Check and monitor the body temperatures of employees to identify any suspected case;
- Remind employees to cover nose and mouth when sneezing or coughing;
- Urge employees to dispose of tissue papers properly in rubbish bins;
- Regulate the wearing of surgical masks;
- Encourage employees to maintain an appropriate social distance with each other;
- Arrange flexible working hours and implement the policy of working from home to avoid travelling during peak hours and reduce travelling frequency; and
- Stipulate that any employee who has symptoms of fever, or other respiratory symptoms should be advised to seek medical advice and to be refrained from entering the workplace.

VII. SOCIAL SUSTAINABILITY

B.3. Development and Training

The Group considers a suitable and customised package of training programmes for both its newly hired employees and experienced workers to be beneficial to the company in its development. Thus, the Group organised a number of training programmes that covered numerous topics during the year under review in accordance with its internal policies, such as the “Staff Handbook”. A complete training package is normally provided to the new hires, who are expected to have the knowledge of the corporate culture, organisational structure, and occupational health and safety (OH&S), while non-scheduled profession-oriented courses are offered to experienced staff according to corporate and individual needs. Apart from the training courses organised by the Group internally, external organisations and experts have also been invited to provide relevant training courses.

To further enhance the professional skills of its employees and meet the Group’s development goals, employees are highly motivated to attend external training and take professional qualification examinations. Employees who have passed professional qualification examinations and obtained vocational qualification certificates will receive reimbursements from the Group.

B.4. Labour Standards

In FY2020, the Group strictly abided 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 PRC to prohibit any child and forced labour. To combat illegal employment of child labour, underage workers and forced labour, the Group’s Human Resources Department has formulated internal policies that require all job applicants to provide valid identity documents to ensure that they can be lawfully employed prior to confirmation of any employment. It is also the responsibility of the Group’s Human Resources Department to monitor and guarantee the alignment of corporate policies and practices with the requirements of relevant laws and regulations that prohibit child labour and forced labour. Once the Group has identified any case which fails to comply with the relevant labour laws, regulations or standards, the relevant employment contract will be immediately terminated and disciplinary actions against the relevant employees responsible for the management of human resources will be made accordingly.

In FY2020, the Group was in compliance with applicable laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

VII. SOCIAL SUSTAINABILITY

OPERATING PRACTICES

B.5. Supply Chain Management

An effective supply chain management is the lifeblood of any company in its business growth. The Group has not only implemented relevant policies regulating its practices in daily operations in order to fulfil its environmental and social responsibilities, but also given serious attention to the mitigation of the environmental and social risks that may affect its value chain. As a socially responsible enterprise, the Group strives to build a sustainable and reliable supply chain by purchasing materials for products that cause minimal negative impacts on the environment and society. To manage the environmental and social risks along the supply chain, the Group has strictly implemented its internal policies in its supplier selection and set clear procurement requirements. The Group ensures that its well-selected contractors and sub-contractors are in strict compliance with applicable local environmental laws, ordinances and regulations, as well as meeting the Group's own standards and contracts.

Social risks management

The Group has formulated its internal "Supplier Management Approach" (供應商管理辦法) to manage and evaluate its suppliers before, during and after tender procedures. To enhance the effectiveness and efficiency of procurement, the Group regularly performs onsite inspections to assess the background and competence of the eligible tenderers based on factors including their reputation, service/product quality, environmental management system, quality management system, production and technical capacity, the business track record for past 3 years, economic disputes history with the Group, and the status of the fulfilment of compliance obligations. To stabilise the supply chain and avoid the concentration of suppliers, the Group generally maintains at least two qualified suppliers for each supply. The Group commits to control the risks that might arise from its supply chain according to ISO 9001:2015 (質量管理體系) and therefore has formulated its internal supplier management policies by classifying the suppliers into different groups, in order to implement differentiated managerial strategies towards suppliers.

Environmental risks management

The commitment to "Green Procurement" demonstrates the Group's leadership and commitment to improving environmental sustainability not only within the organisation, but throughout the entire supply chain. To ensure the stability of its supply chain that will not be vulnerable to climate change and that is relatively eco-friendly to the environment, the Group digs deep into its supply chain from the life-cycle perspective. For instance, in addition to the basic index that is used to measure the performance, capability and reliability of suppliers, the Group also requires its suppliers' production process and products to be eco-friendly, not causing serious degradation to the environment, and to abide by applicable environmental laws and regulations in the regions where they operate.

VII. SOCIAL SUSTAINABILITY

B.6. Product Responsibility

Property development and property investment business

The property development and property investment business of the Group has complied with relevant laws and regulations of the PRC, including but not limited to:

- Administrative Regulations on the Work Safety of Construction Projects (建設工程安全生產管理條例);
- Construction Law of the People's Republic of China (中華人民共和國建築法);
- 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);
- Convention concerning Safety and Health in Construction (建築業安全衛生公約); and
- Regulation on the Quality Management of Construction Projects (建設工程質量管理條例).

The Group strives to create premium value to its customers by delivering property buildings with top-notch quality and safety. Pursuing high-quality products, an integrated management system in accordance with the requirements of ISO 9001:2015 and ISO 14001:2015 has been established by the Group and put into practice to monitor the entire construction process, in order to make sure that the timely delivery of reliable end-product to customers can be achieved. Decisive measures shall be taken to adjust and coordinate the construction plans immediately, when there is a material deviation from the project plan. It is noteworthy that eco-friendly and non-hazardous materials are always the top choice of the Group during material procurement. For example, since the inhalation of VOCs (volatile organic compounds) causes serious health problems to tenants, the Group prioritises the adoption of low volatile organic compounds emitting materials during the construction process.

The Engineering Department of the Group is responsible for the quality assurance of products. The safety and quality of the properties developed by the Group are monitored at all stages of construction by competent staff. The chief supervision engineer of each project acts as the project supervisor and has the relevant working experiences with the qualification of a nationally registered supervision engineer.

Water business

Implementing the principles of "serving the clients with reliable products, excellent management, perfect quality and service with complete sincerity", the Group ensures that all the products from its water business and production process are in full compliance with applicable laws and regulations, aiming to deliver a delicate and safe water source to every client. In compliance with the Water Law of the People's Republic of China (中華人民共和國水法) and in line with ISO 9001:2015, the Group has invested hugely in the source control, production monitoring and finished goods management, in order to establish a systemic management platform that to large extent meets its customers' demands and expectations.

VII. SOCIAL SUSTAINABILITY

The Group welcomes feedback from its customers regardless of whether it is a compliment or complaint. The Group always takes the suggestions from clients seriously and proactively reviews and optimises its business operations in order to meet the ever-changing expectations of its valued clients. Once any complaint is received, the Quality Control (QC) Department of the Group follows through the investigation to make sure that substantiated complaints can be dealt with efficiently. Through efficient dialogue and mutual understanding with its clients, the Group is dedicated to improving its business performance and delivering quality services and products to its clients. During the year under review, the Group did not receive any complaint regarding product quality.

Meanwhile, the Group has strictly abided 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), ensuring that its customers' rights are strictly protected. Personal information collected by the Group from its customers is stored in an encrypted system that only a few members of staff can access and would be used only for the purpose for which it has been collected. The Group prohibits any employees from leaking any customer's data to any third party without the customer's consent. During the year under review, the Group did not receive any complaint regarding any breach of customer privacy.

The Group has also issued an internal guideline to ensure that the Sales and Marketing Department provides accurate descriptions and information (including the labelling of its products and services) to customers that comply with the relevant 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 label of bottled water should be clear and legitimate, and in conformity with relevant laws and regulations, such as "GB 7718-2011 National Food Safety Standard – Standard for nutrition labelling of pre-packaged foods (食品安全國家標準預包裝食品標籤通則)" and "GB 28050-2011 China Food Safety National Standard General Rules for the Nutrition Labelling of Pre-packaged Foods (食品安全國家標準預包裝食品營養標籤通則)". Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited. The sales and marketing materials are reviewed by the legal counsel of the Company before release to the public, which could prevent any violation of local laws and regulations regarding advertisement.

In FY2020, the Group was in compliance with 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.

VII. SOCIAL SUSTAINABILITY

B.7. Anti-corruption

As building a trustworthy reputation in the market and earning the confidence from its clients and business partners is material to the Group, to maintain a fair, ethical and efficient business and working environment, in FY2020, the Group has strictly complied with the local laws and regulations relating to bribery, extortion, fraud and money laundering irrespective of the area or country where the Group operates. The material and applicable laws and regulations that have a significant impact on the Group include the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group highly values the employees' honesty and integrity, thereby strictly enforcing the code of conduct to maintain a high standard of business ethics among its employees. The Group has formulated and enforced its anti-corruption policies according to the requirements of ISO37001: 2016 Anti-bribery Management Systems, to prevent any illegal practices, including corruption, extortion and money-laundering within the Group. The Group has zero tolerance to all forms of bribery and corruption and requires all its staff to follow the relevant codes of professional ethics. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery or any activities which might exploit their positions against the Group's interests and affect their business decisions or independent judgment in the course of business operations. During the year under review, no legal cases regarding corrupt practices were brought against the Group or any of its employees.

The Group has set an effective grievance mechanism for employees and outsiders to report any suspected operations including any person whose act may conflict with the Group's interests and any company which is involved in the corrupt practice. Whistle-blowers can report verbally or in writing to the audit committee of the Group for any suspected misconduct with full details of the incidents and supporting evidence. The Audit Committee of the Company will conduct investigations against and effectively combat any suspected or illegal behaviour to protect the Group's interests. The investigation of relevant cases is carried out in confidentiality in order to protect the whistle-blowers from unfair dismissal or victimisation. Where any criminality is substantiated, a report will be made to the relevant regulators or law enforcement authorities when necessary.

To further enhance the employees' awareness of the consequences of bribery, extortion, fraud and money-laundering, anti-corruption-related seminars and training programmes have been organised by the Group for the directors and staff regularly, enabling all employees to be sensitive to the practices that might infringe upon the Group's interests or violate relevant laws.

VII. SOCIAL SUSTAINABILITY

COMMUNITY

B.8. Community Investment

Community investment ranges from financial donations for low-income and underprivileged families, volunteer services, training opportunities, educational activities, to the provision of affordable housing and employment creation. The Group believes that maintaining a good relationship with the community is one of the important missions for the business to achieve sustainable growth. As such, the Group has been working hard to create value for the community through active participation in public activities to contribute to the construction of a harmonious community. While community investing spans a wide range of initiatives, the Group is committed to making the communities where it operates a better place to live, especially by promoting the development of local charities and the healthy growth of children as its top priority.

Being an integral part of local communities, the Group will keep playing a pivotal role in supporting the communities to thrive by:

- working with charitable organisations and providing various forms of assistance to vulnerable groups of individuals; and
- organising educational and meaningful activities for children, and encouraging and supporting the youth in the communities to fulfil their potential and pursue their dreams.

VIII. REPORT DISCLOSURE INDEX

HKEX ESG GUIDE CONTENT 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.	14
	KPI A1.1	The types of emissions and respective emission data.	15
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	16
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	17
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	20
	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).	20
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	20
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	21
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	23
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	20
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	25
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	25

VIII. 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.	27
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.	30
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	32
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.	32
<i>Operating Practices</i>			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	33
B6: Product Responsibility	General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	34
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.	36
<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.	37