

# 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 環境、社會及管治報告

# 2021

\* For identification purpose only 僅供識別

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## PREAMBLE

The scale and impact of climate change, environmental degradation and social tension has increased over recent decades, threatening the socio-economic development of the world. As one of the leading enterprises focusing on water business, property development and property investment business, Asia Resources Holdings Limited (the “Company”) and its subsidiaries (collectively 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 a clean, resilient and socially responsible economy. The Group therefore 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 the control and monitor of emissions, improving energy efficiency, respecting local customs, caring about the well-being of employees and optimising internal governance structure. As such, the Group is committed to adhering to its environmental and social responsibilities, actively scaling up efforts in various aspects to move towards low-carbon and sustainable development.

Aligning with the new target of the People's Republic of China (the “PRC”) at achieving carbon neutrality by 2060, 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 change. 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.

# ABOUT THE REPORT

The Group is pleased to present its fifth Environmental, Social and Governance Report (“ESG Report”), which illustrates the Group’s ESG initiatives, plans and performance and demonstrates its commitment to sustainable development.

## ***Reporting period***

This ESG Report sets out the details of the activities, information, challenges and measures taken by the Group with respect to ESG aspects for the year ended 31 March 2021 (the “Year”).

## ***Reporting framework***

The ESG Report is prepared in accordance with the applicable Environmental, Social and Governance Reporting Guide (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 (the “Stock Exchange”).

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on page 10 to 23 of its Annual Report 2021.

## ***Reporting boundaries***

This ESG Report covers the Group’s headquarter in Hong Kong and the key operations in its core business segments in the PRC which include water business, property development and property investment business. These business segments are also the primary sources of the Group’s revenue during the Year. The ESG key performance indicators (“KPIs”) are collected only from those operations which are under the Group’s direct control.

# ABOUT THE REPORT

## ***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 identified the important ESG topics through a materiality assessment survey, in which its key stakeholders were invited to express their concerns about the Group's sustainable development. For further details, please refer to the section headed "Materiality Assessment".

**Quantitative:** The application of the quantitative reporting principle was reflected in the calculation and numeric presentation of the Group's environmental performance such as annual greenhouse gas ("GHG") emissions and social performance such as the employment structure.

**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 Reporting Guide and revealed both its achievements and rooms for improvement.

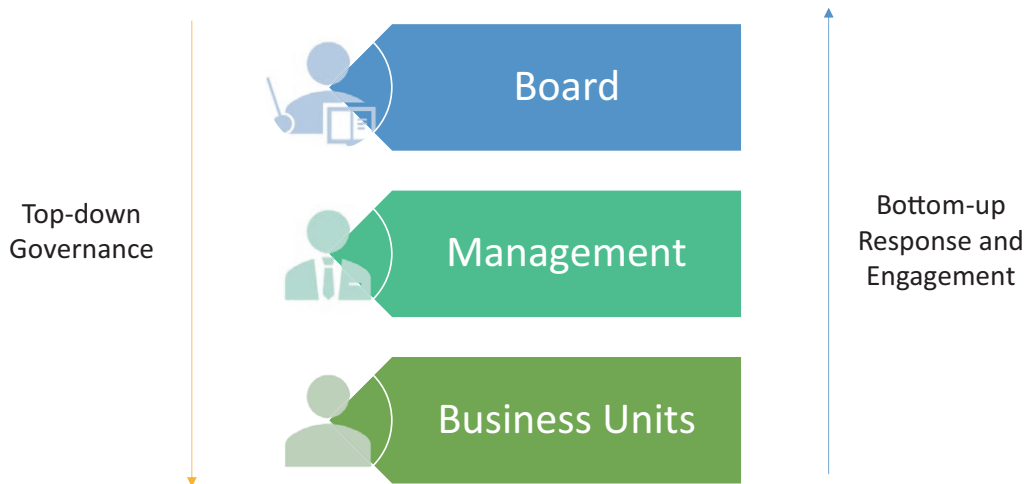
**Consistency:** Unless otherwise stated, the Group's disclosure and statistical methods are consistent with the previous year for meaningful comparison.

## ***Confirmation and approval***

The information in this ESG Report was mainly retrieved from the official documents and statistics of the Group. The Group has established a review process to ensure that any information presented in this ESG Report is accurate and reliable. This ESG Report was prepared in both English and Chinese and for any conflict or inconsistency, the English version shall prevail.

# SUSTAINABILITY GOVERNANCE

An effective ESG stewardship covers a complex set of issues and requires effort made by different business divisions. Therefore, the Group has established a systematic governance structure within the organisation consisting of the Board of Directors (the "Board"), the management and the business units to holistically integrate ESG strategies and targets into the Group's development plan.



To facilitate the effective communications within the organisation, the Group has adopted a two-way ESG dialogue mechanism. By integrating the approaches of 'top-down governance' and 'bottom-up response and engagement', not only can the Board supervise the execution of policies, address potential risks at strategic level, rectify unsustainable practices and keep track on the completion of targets, but also allows the management to receive feedback from the employees and timely adapt to unpredictable issues.

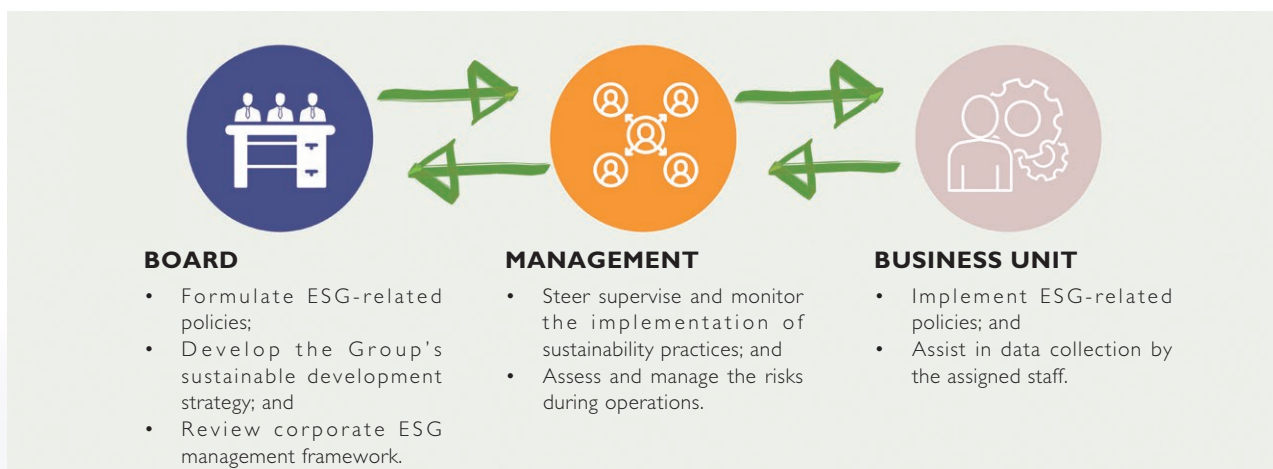
Under this two-way mechanism, the Board has retained the overall responsibility of stewarding the Group's ESG issues, through formulating ESG strategy, setting up ESG targets, reviewing the ESG performance, determining the Group's ESG risk and opportunities and prioritising material ESG issues.

# SUSTAINABILITY GOVERNANCE

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

- Disclosure of corporate ESG performance through various indicators in the Group's ESG reports and financial reports;
- Presentation at the meetings between the Board and the management;
- Shareholders' general meetings;
- Seminars and trainings on sustainability; and
- Result of survey with comments on both internal and external stakeholders of the Group regarding their concerns about corporate sustainable development.

Meanwhile, the management is in charge of the formulation of ESG-related policies, steering, supervising and monitoring the implementation of sustainability practices as well as assessing and managing the risks during operations. The business units, on the other hand, are responsible for implementing ESG-related policies; and assisting in data collection by the assigned staff.



# MESSAGE FROM THE BOARD

## **Dear Valued Stakeholders,**

On behalf of the Board of the Company, I hereby present you the ESG Report, demonstrating in detail the Group's approach and performance in terms of sustainable development for the year ended 31 March 2021.

The Group acknowledges the significance of effective ESG initiative at operational level. We believe that sound ESG measures are essential to the sustainable development of the Group's business and community. The Group has demonstrated its determination in maintaining a safe and enjoyable community for our stakeholders. I am glad to announce that the Group managed to provide a secure environment for our tenants, customers and staff during the Year.

The Group believes that a successful enterprise should not only maximise its profit at all costs, but should also balance stakeholders' interests, environmental concern and social responsibility for maintaining an enterprise's sustainable development in the long run. The Group is committed to the long-term sustainability of the environment and communities in which it operates. As a responsible corporation, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment in all material aspects. The Group has also adopted effective measures to achieve efficient use of resources, energy saving and waste reduction.

Although the Group has faced challenges from COVID-19 pandemic during the Year, the Group has used, and will continue to use, its best endeavours to mitigate the adverse impact of the COVID-19 pandemic on the Group. The Group has also implemented flexible working arrangements for its staff. The Group will closely monitor the development of COVID-19 pandemic and ensure the safety of employees and stable operations. As and when appropriate, the Group will adjust its measures and plans for pandemic prevention, operations and business development accordingly and will make timely disclosure on any significant matters which may arise in the future.

We would like to take this opportunity to express our sincere gratitude to our stakeholders for their immense support during a period of challenges and uncertainties. Looking forward, the Group will continue to adhere to the mission of sustainability in its operations, further strengthen the responsibility of the Board for our ESG strategy and reporting, as well as actively explore innovative ways to promote sustainable development. In view of the PRC's goal to become carbon neutral by 2060, the Group will strengthen the disclosure of climate-related issues and actions taken to combat climate change.

**Yours Sincerely,**

**Li Yuguo**

**Chairman**

**10 September 2021**



# STAKEHOLDER ENGAGEMENT



The Group is committed to understanding and meeting stakeholders' ever-changing expectations and creating shared value with stakeholders in order to achieve consistent and sustainable business growth. 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. Through a wide range of 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 meet its commitments to environment and social responsibility, and most importantly, to respond to the interest of stakeholders and expectations of the society in general.

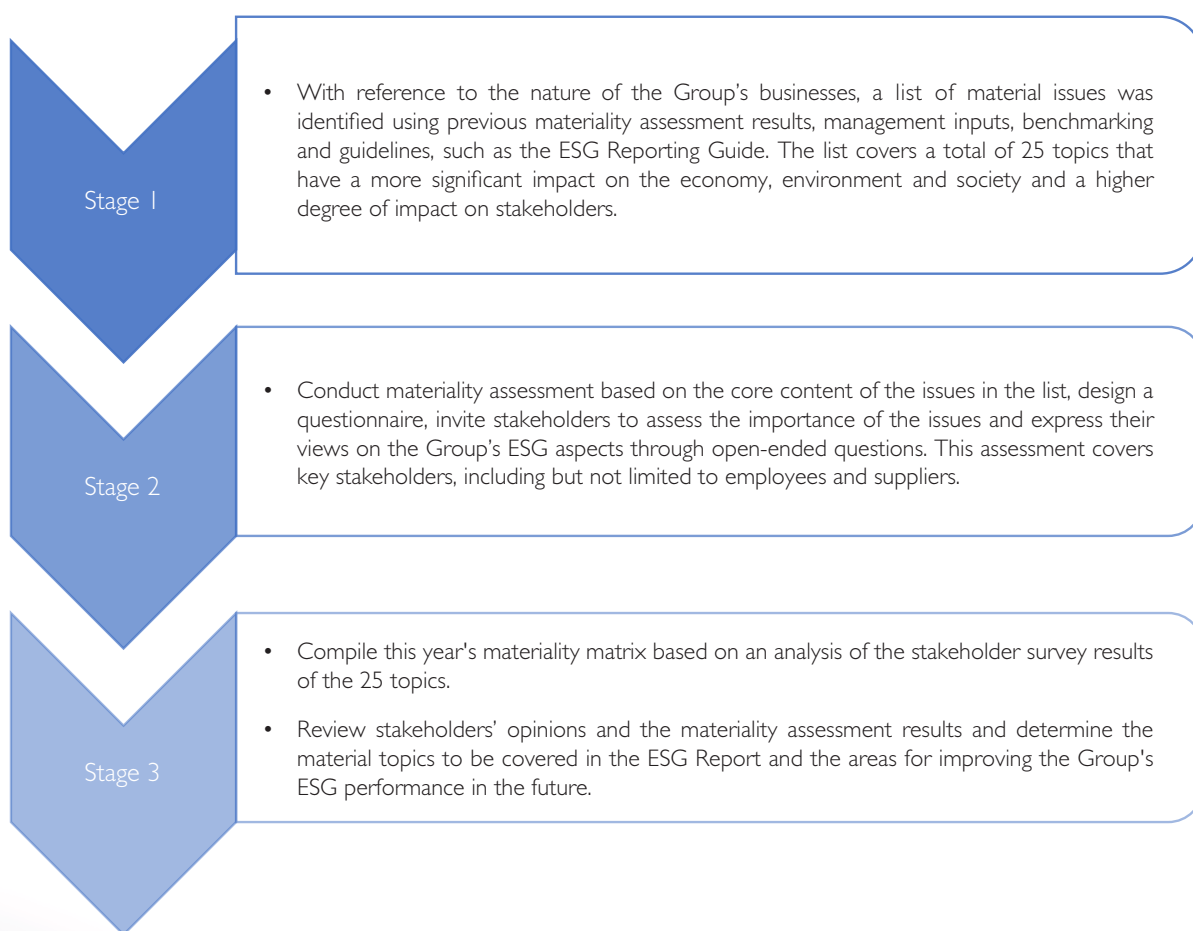
# STAKEHOLDER ENGAGEMENT

Stakeholders	Expectations and Concerns	Communication Channels
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Sustainable development</li> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Routine reports</li> <li>• Official website of the Group</li> <li>• Work reports preparation and submission for approval</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Return on investments</li> <li>• Corporate governance</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial reports</li> <li>• Announcements and circulars</li> <li>• Annual general meetings and other special general meetings</li> <li>• Official website of the Group</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employees' remuneration and benefits</li> <li>• Career development</li> <li>• Workplace health and safety</li> <li>• Labour rights</li> </ul>	<ul style="list-style-type: none"> <li>• Training and orientation</li> <li>• Regular meetings</li> <li>• Emails</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• High-quality products and services</li> <li>• Customers' rights</li> <li>• Customers' satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Face-to-face meetings and on-site visits</li> <li>• Customer service hotline and email</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fair and open procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Open tendering</li> <li>• Suppliers' satisfaction assessment</li> <li>• Telephone conferences, face-to-face meetings and on-site visits</li> </ul>
<b>General Public</b>	<ul style="list-style-type: none"> <li>• Community participation</li> <li>• Compliance with laws and regulations</li> <li>• Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Official website of the Group</li> </ul>
<b>Professional Organisations</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Environmental protection and social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Telephone discussions</li> <li>• Meetings (private or general meetings)</li> </ul>

# MATERIALITY ASSESSMENT

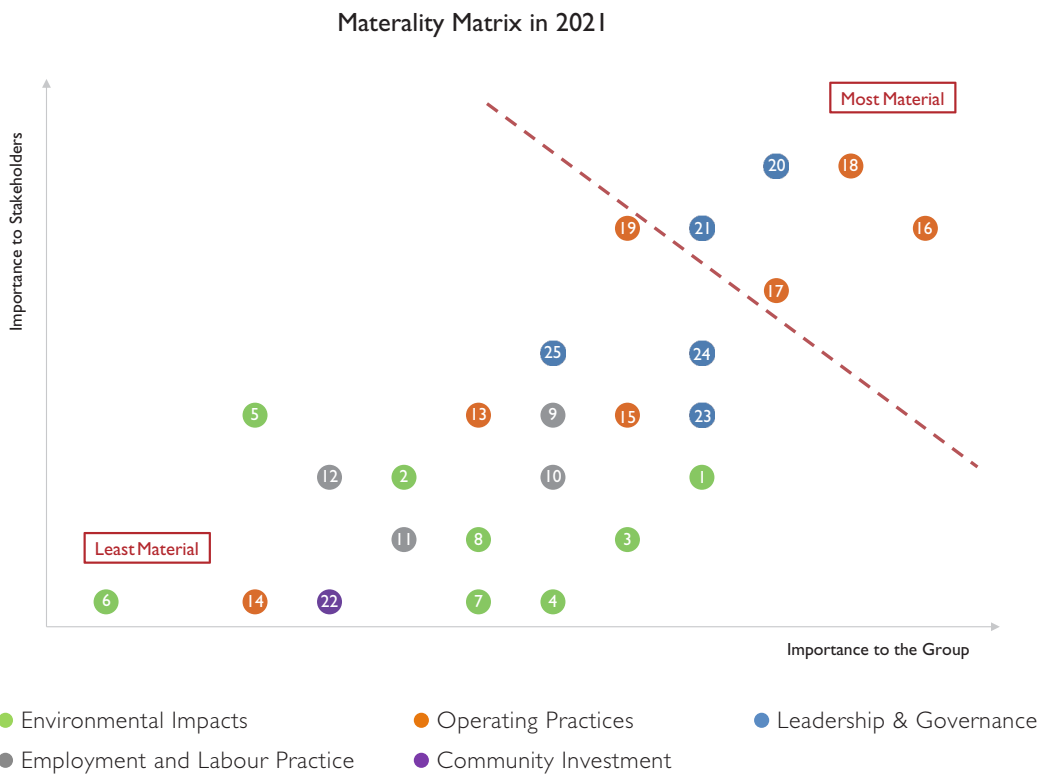
In order to better understand the views and expectations of stakeholders on the Group's ESG performance, the Group conducted an annual materiality assessment.

## Materiality assessment process



# MATERIALITY ASSESSMENT

The figure below is the Group's materiality matrix during the Year. The topics marked in the upper right corner of the matrix are those that have a greater impact on the development of the Group's business and are most concerned by stakeholders.



1.	Exhaust gas and GHG emissions	2.	Wastewater treatment	3.	Waste management	4.	Energy management
5.	Water resources management	6.	Use of raw materials (including metal, cement and wood)	7.	Environment and natural resources	8.	Climate change
9.	Employment and labour practices	10.	Occupational health and safety	11.	Employee development and training	12.	Prevention of child and forced labour
13.	Supply chain management	14.	Social and environmental risks management of suppliers	15.	Product and service quality assurance	16.	Customer satisfaction
17.	Protecting intellectual property rights	18.	Protection of consumer information and privacy	19.	Product and service labelling	20.	Anti-corruption
21.	Whistle-blowing mechanism	22.	Community investment	23.	Corporate governance & risk management	24.	Compliance with relevant social, economic & environmental regulations
25.	Economic performance						






# MATERIALITY ASSESSMENT

Through the materiality analysis, the Group identified “Customer satisfaction”, “Protection of consumer information and privacy” and “Anti-corruption” 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 underlying those matters and elaborated more under different sections of this ESG Report.

During the Year, the Group confirms that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the contents disclosed herein are in compliance with the requirements of the ESG Guide.

# SUSTAINABILITY DEVELOPMENT VISION

The Group believes that aligning its ESG management with a sustainable long-term trajectory for the world's people and the planet will be a global business imperative. As such, the Group has analysed its sustainability performance, and listened carefully to the views of its stakeholders and actively responded to certain United Nations Sustainability Development Goals ("SDGs") in relation to both its business and stakeholders' expectations. Looking forward, the Group is committed 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 consistent with international norms to create a more environmentally friendly corporation.

 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>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 has set up effective management system to standardise the operational practices and provided basic health insurance and medical care benefits to its employees. Meanwhile, the Group has brought in multiple internal policies and measures in an effort to eliminate occupational health and safety-related risks. During the Year, there were zero work-related injury or fatality case recorded in the Group.</p>
 <p><b>4</b> QUALITY EDUCATION</p>	<p>As a non-discriminative corporation, the Group endeavours to provide open access to all its employees to vocational training. The Group has implemented relevant Human Resources policies to ensure equal opportunities towards education and training programmes. Meanwhile, participation in training courses held by external organisations is also highly recommended by the Group. The Group motivates its employees to obtain more qualifications in the job field with incentives such as reimbursements for the course fees.</p>
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<p>As a corporation engaging in water mining, the Group understands that water is a valuable resource and thus puts emphasis on its water footprint along the value chain as well as endeavours to adopt innovative technologies for providing safe drinking water for its customers. The Group is committed to optimising its business operations, particularly focusing on improving water efficiency. The Group assesses and monitors its water consumption and intensity, while implementing water saving policies to raise water conservation awareness of the employees.</p>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p>Income equalities and respect of human rights are of paramount importance to the Group. As such, the Group offers fair employment and promotion opportunities and has established related policies to protect the rights and interest of employees. 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 in a timely manner. Furthermore, the Group has put efforts in its social contribution and partnership with NGOs to help the vulnerable people in order to eradicating social disparity.</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>The Group understands the importance of sustainable production and consumption for its long-term business development. In addition to fostering sustainable consumption through applying the concept of reduce, reuse and recycle ("3R") 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.</p>

## 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 ESG topics listed as highest importance in the materiality assessment.

Please contact us at <http://www.asiaresources899.com.hk/contact.html>.

## A. 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 is strictly abided by the 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 Waste (《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 during the Year.

### A.1. EMISSIONS

As sustainability is an integral part of 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.

During the Year, the Group has complied with the relevant applicable national and local environmental laws on emissions during its daily operations. In particular, the Group was not aware of any material non-compliance with the laws and regulations concerning exhaust gas emissions, GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.



## A. ENVIRONMENTAL SUSTAINABILITY

### **Exhaust Gas Emissions**

During the Year, air pollutants, including sulphur oxides ("SO<sub>x</sub>"), nitrogen oxides ("NO<sub>x</sub>") particulate matter ("PM") and dust were mainly generated from vehicles for transportation during the Group's operation. 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. In particular, the following practices are required to be strictly carried out:

- Inspect the company vehicles frequently to optimise fuel consumption;
- Encourage employees to use video or telephone conferences to reduce unnecessary business travels;
- 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.

During the Year, the amount of SO<sub>x</sub>, NO<sub>x</sub>, and PM emitted during the Group's operations were approximately 0.08kg, 20.17kg and 1.91kg respectively.

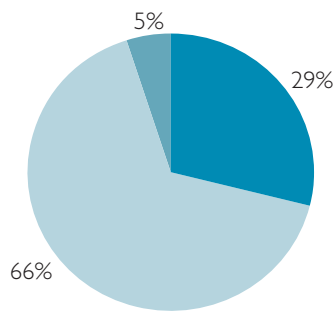
### **GHG Emissions**

To minimise the Group's GHG emissions, the Group has implemented effective policies and measures in its operation. To further eliminate its repercussions on the environment as well as to lower individuals' carbon footprint, the Group has emphasised employee's education on carbon reduction through trainings, posters, emails and educational activities, and encouraged all its employees to conserve energy, such as switching off the lights when leaving the office. The Group also actively implements energy-saving and paper-saving measures which will be further described in the subsections headed "Energy Management" and "Paper Consumption" under aspect A.2.

During the Year, the major sources of GHG emissions of the Group were generated from gasoline and diesel consumed by vehicles (Scope 1), electricity consumption for onsite operations and operations in offices (Scope 2), as well as methane gas generation at landfill in Hong Kong due to disposal of wastepaper and GHG emissions due to electricity used for processing fresh water and sewage by government departments (Scope 3). Meanwhile, the demand for business travel has reduced due to the outbreak of COVID-19 pandemic, hence the use of vehicles was reduced. Therefore, the patterns of GHG emissions of the Group have changed as compared with that of the previous financial year, in which indirect emissions was dominant during the Year.

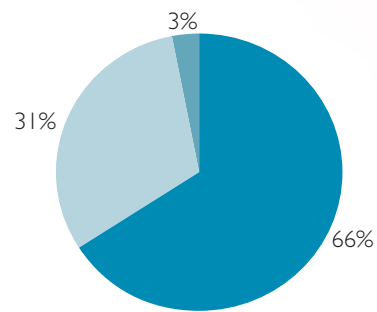
## A. ENVIRONMENTAL SUSTAINABILITY

GHG Emissions Pattern in 2021



■ Scope 1 ■ Scope 2 ■ Scope 3

GHG Emissions Pattern in 2020



■ Scope 1 ■ Scope 2 ■ Scope 3

Due to the decrease in business activities during the outbreak of COVID-19 pandemic, the Group's total GHG emissions decreased by approximately 65.50% as compared with that of the previous financial year. The Group will continue to work towards a cleaner and more climate-resilient development by monitoring and enhancing its GHG emission performance.

Summary of the Group's GHG emissions:

Indicator <sup>1</sup>	Unit	2021	2020
Direct GHG Emissions (Scope 1)	Tonnes of CO <sub>2</sub> e	13.59	89.49
<ul style="list-style-type: none"> <li>• Diesel Consumption</li> <li>• Gasoline Consumption</li> </ul>			
Indirect GHG Emissions (Scope 2)	Tonnes of CO <sub>2</sub> e	30.83	42.55
<ul style="list-style-type: none"> <li>• Purchased Electricity</li> </ul>			
Other Indirect Emissions (Scope 3)	Tonnes of CO <sub>2</sub> e	2.35	3.51
<ul style="list-style-type: none"> <li>• Paper Waste Disposal at Landfill</li> <li>• Freshwater and Sewage Processing</li> </ul>			
<b>Total</b>	<b>Tonnes of CO<sub>2</sub>e</b>	<b>46.77</b>	<b>135.55</b>
<b>Intensity</b>	<b>Tonnes of CO<sub>2</sub>e/employee<sup>2</sup></b>	<b>1.87</b>	<b>2.46</b>

## A. ENVIRONMENTAL SUSTAINABILITY

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, inter alia, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the latest Sustainability Report published by the HK Electric, and the latest published Baseline Emission Factors for Regional Power Grids in China.
2. As at 31 March 2021, the Group's total number of employees was 25 (31 March 2020: 55) This data is also used to calculate other intensity data.

### **Wastewater Treatment**

#### ***Property development and property investment business***

The wastewater from the Group's property development and property investment business during the Year is mainly commercial wastewater generated by its employees. Although the Group did not generate any industrial wastewater from its construction sites during the Year, it was still putting efforts into planning and regulating the discharge of wastewater from operation sites. For instance, the Group requires that the sewage treatment facilities in an appropriate scale should be installed in the construction sites for wastewater treatment. All wastewater generated at the construction sites must be treated internally before it is discharged into the municipal sewage network. Regular self-monitoring is conducted to ensure that the effluent discharged meets the national 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. After that, the floating sludge generated during the treatment process is collected and transported to certified external environmental organisations for further handling. To better manage the wastewater on-site, should there be any new construction project, the Group will further monitor and record the amount of onsite wastewater generated during its operations of the property business.

#### ***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 eco-friendly technologies and paid particular attention to its potential ecological impacts. Since there was not any intensive use of chemical materials or additives in the Group's water business, the wastewater generated in this business segment was non-hazardous. In addition, the Group focuses on reusing water wherever possible during its mining and manufacturing process as well as installing wastewater treatment facilities at all of its water bottling plants. For unusable wastewater, the Group treats that with a scientifically proven process before releasing it to the natural water bodies. The Group is committed to following the national wastewater treatment standard where all water used in the bottling processes returns to nature at a level that supports healthy aquatic life.

## A. ENVIRONMENTAL SUSTAINABILITY

### *Office operation*

The wastewater generated from offices of the Group was mainly commercial wastewater, of which the amount was not significant. The wastewater was discharged into the municipal sewage pipe network.

Since the amount of wastewater generated highly depends on the amount of water used, to make its water consumption more efficient, the Group has adopted specific water-saving measures, which is further described in the subsection headed "Water Resources Management" under aspect A.2..

Summary of the Group's wastewater treatment performance:

Wastewater discharged <sup>1</sup>	Unit	2021	2020
Total	m <sup>3</sup>	1,156.00	3,740.30
Intensity	m <sup>3</sup> /employee	46.24	68.01

Note:

1. Since the wastewater generated from the Group that was included in the calculation only covered commercial wastewater generated by the employees, which was handled by the property management company, the disclosed amount of wastewater discharged from the Group was based on the assumption that 100% of the freshwater consumed entered the municipal sewage system.

### **Waste Management**

Waste management, especially the waste generated during construction work and water business, is projected to be a critical challenge to the Group taking into account its business nature and development plan. To minimise the environmental impact caused by waste discharge, in addition to continuously be abided by the relevant laws and regulations, the Group also strengthens its monitoring on site on the quality and quantity of its discharged waste. Emphasising on promoting a 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 recycling of construction wastes and disposal of non-recyclable wastes more efficiently.

## A. ENVIRONMENTAL SUSTAINABILITY

### ***Non-hazardous Waste***

#### ***Property development and property investment business***

The Group pays great attention to its internal management and practices on the handling of waste. The non-hazardous waste generated from this business segment can be classified into two categories: commercial waste and construction waste. The Group has established relevant management approach to handle commercial waste and construction waste generated by the Group in line with the “Administrative Measures for Urban Living Garbage” and the “Technical Code for Construction and Demolition Waste Treatment” in the PRC. For commercial waste, it was regularly collected and handled by the administration department of the Group, whereas the construction waste generated from property development projects, including excess steel materials and battens, is collected by the Group on a regular basis and transported to designated waste disposal facilities by certified trucks for disposal. Furthermore, on-site recyclable waste is collected and transported to the recycling station for reuse. The Group has been in compliance with local waste disposal laws and regulations in handling excess mud and other construction waste in all material respects. During the Year, as there was no active construction project, the Group did not generate any material construction waste.

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 in the future, 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 3R principles, and reviewing the monitoring practice on-site.

#### ***Water business***

The Group is committed to lowering its solid waste disposal in its water business as well. At the current stage, the solid waste generated by the Group was primarily commercial waste, which was handled by the administration department of the Group and the property management company, and then transported to landfills managed by the City Management & Administration Execution Bureau of the PRC. Given the production in its water mining business is expected to commence in the second half of 2022, the Group endeavours to track the entire process of water business more effectively from a more comprehensive product lifecycle perspective in the near future, which will allow the Group to better control and manage the amount of solid waste generated from the water business.

## A. ENVIRONMENTAL SUSTAINABILITY

### *Office operation*

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

The Group has integrated the concept of 3R in its daily operations and encouraged all employees to act on their knowledge and bring innovative ideas to reduce the amount of solid waste in offices at source. Specifically, the Group has advocated the following practices:

- Recycle as much solid waste as possible through waste classification;
- Educate all employees to reduce the use of single-use items such as plastic tableware;
- Set up microwave ovens in offices to encourage employees to take their own lunch boxes instead of ordering takeaway food;
- Provide glass cups to guests instead of single-use ones;
- Promote the reuse of office stationeries; and
- Provide relevant training programmes for employees 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 the amount of waste and the recovery of valuable by-products, and at the same time make positive contributions to the society and environment. With the aforementioned practices and the decrease in business activities due to the outbreak of COVID-19 pandemic during the Year, the amount of non-hazardous waste generated by the Group during the Year fell significantly by approximately 30.05% as compared to that of the previous financial year.

## A. ENVIRONMENTAL SUSTAINABILITY

Summary of the non-hazardous waste disposal performance:

Non-hazardous waste <sup>1</sup>	Unit	2021	2020
General Waste	Tonnes	1.42	2.03
<b>Total</b>	<b>Tonnes</b>	<b>1.42</b>	<b>2.03</b>
<b>Intensity</b>	<b>Tonnes/employee</b>	<b>0.06</b>	<b>0.04</b>

Note:

- The amount of non-hazardous waste disclosed during the previous financial year only covered commercial wastes from the property buildings where the Group's employees worked. As the data collection mechanism is improved during the Year, the reporting scope of non-hazardous waste covered commercial solid wastes generated from the Group's water business, property development and property investment business, and office operation.

### **Hazardous Waste**

The Group does not directly produce hazardous wastes during its operation. Therefore, no material amount of hazardous waste was generated by the Group during the Year. Despite the amount of hazardous waste generated is considered to be immaterial to the Group during the Year, relevant guidelines have been established to govern the management and disposal of hazardous wastes. In case there is any hazardous waste produced, the Group must engage a licensed waste collector to handle such waste and comply with the relevant environmental laws and regulations.

### **A.2. USE OF RESOURCES**

The Group has put substantial efforts to fulfil its environmental responsibilities by monitoring and controlling its use of resources. Dedicated efforts have been invested in simplifying the operational process and advancing energy efficiency in all projects through adopting measures on improving the resource efficiency, and setting achievable targets to conserve resources such as energy and water.

## A. ENVIRONMENTAL SUSTAINABILITY

### ***Energy Management***

#### ***Direct Energy Consumption***

During the Year, the direct energy resources consumed by the Group were primarily gasoline and diesel. Given the Group's business nature, the consumption of energy resources for transportation in the property development business and water business, in the form of gasoline and diesel, is inevitably a significant issue to which the Group has paid particular attention. The Group has adopted fleet management, the details of which are described in the subsection headed "Exhaust Gas Emissions" under aspect A.I..

As compared with that of the previous financial year, the amount of gasoline consumed by the Group during the Year decreased by approximately 95.06%. The substantial drop in the gasoline consumption of the Group during its operations was primarily attributed to the reduction of business activities during the Year due to the outbreak of COVID-19 pandemic. The Group will continue to pay attention to the management of official vehicles to lower the fuel consumption.

In addition, due to the outbreak of COVID-19 pandemic, employees were required to arrange their own meal. Therefore, the Group did not consume material natural gas during the Year.

In order 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 innovative technologies in its business operations with a view to minimising the implications of climate-related risks on the Group's long-term development. In particular, the Group actively encourages the use of online conferences instead of unnecessary business trips.

#### ***Indirect Energy Consumption***

During the Year, the Group mainly purchased and consumed electricity for its daily operations. To 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. It commits to further decreasing its electricity consumption intensity and its reliance on fossil fuels by selecting energy-efficient machineries and devices. To continue its efforts in electricity conservation, the Group has implemented the following practices:

- Switch off all idle lights and electronic devices after work;
- Affix "Saving Electricity, Turn off the Light when Leaving" posters at prominent places to encourage employees to conserve energy;



## A. ENVIRONMENTAL SUSTAINABILITY

- 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 (e.g. LED) for office lighting; and
- Use energy-efficient equipment for construction work.

The electricity consumed by the Group during the Year fell by approximately 39.21% as compared to that of the previous financial year due to the suspension of projects during the outbreak of COVID-19 pandemic. The Group aims to achieve the target of maintaining the electricity intensity under 3 kWh'000/employee since the year ended 31 March 2019, which the Group again successfully achieved the same during the Year.

Summary of the Group's energy consumption performance:

Energy Consumption	Unit	2021	2020
Direct Energy Consumption			
• Gasoline	kWh'000	17.44	353.09 <sup>1</sup>
• Natural gas	kWh'000	–	16.51 <sup>2</sup>
• Diesel	kWh'000	35.13	–
• Direct Energy Consumption Intensity	kWh'000/employee	2.10	6.72
Indirect Energy Consumption			
• Electricity	kWh'000	36.22	59.58
• Indirect Energy Consumption Intensity	kWh'000/employee	1.45	1.08
<b>Total</b>	<b>kWh'000</b>	<b>88.79</b>	<b>429.18</b>
<b>Intensity</b>	<b>kWh'000/employee</b>	<b>3.55</b>	<b>7.80</b>

Notes:

1. In conversion, the gasoline consumption in the year ended 31 March 2020 was equivalent to approximately 36,433.78 litres.
2. In conversion, the natural gas consumption in the year ended 31 March 2020 was equivalent to approximately 1,578.95 cubic metres.

## A. ENVIRONMENTAL SUSTAINABILITY

### **Water Resources Management**

Water business is one of the Group's core businesses. The Group has been fully aware of the importance of water as one of the most precious resources on the planet. Thus, the Group has been seeking effective ways to use water and prioritise water conservation, and encourages all employees to develop a good habit of conserving water consciously to reduce water consumption.

During the Year, several seminars and informal discussions regarding more advanced and innovative ways of saving water were organized among the employees of the Group as it believes that developing a water-saving culture in the offices is of paramount importance. To improve the utilisation efficiency of water resources, the Group has adopted the following water-saving practices:

- Promote and educate staff to save water;
- Post banners of "Saving Water Resources" in prominent areas;
- Fix dripping taps and other defects in the water supply system promptly;
- Require employees to strictly adhere to the principle of water conservation in their daily work;
- Run regular leakage tests on water taps and joint rings; and
- Turn off water supply during holidays.

Through the above measures, employees' awareness on water conservation has been raised. During the Year, the amount of water consumed by the Group was approximately 69.09% lower than that in the previous financial year due to the decrease in business activities during the outbreak of COVID-19 pandemic. To continue its efforts in water conservation, the Group is committed to further enhancing its water efficiency during its operations.

Summary of the Group's water consumption performance:

<b>Water Consumption</b>	<b>Unit</b>	<b>2021</b>	<b>2020</b>
Total	m <sup>3</sup>	1,156.00	3,740.30
Intensity	m <sup>3</sup> /employee	46.24	68.01

## A. ENVIRONMENTAL SUSTAINABILITY

Committed to water conservation, during the Year, the Group has set a mid-to-long term target of reducing the amount of water use by 10% in 5 years based on the level in the year ended 31 March 2019 (i.e. the pre-pandemic level).

During the Year, the Group did not encounter any problem in sourcing water that was fit for its purpose.

### **Paper Consumption**

One of the principal materials consumed by the Group was paper for administrative purpose. To minimise the use of paper, the Group has advocated the concept of the paperless office, promoted the application of office automation and particularly adopted the following measures in its daily operations during the Year:

- Select suppliers with more environmentally friendly paper sources, 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.

With the aforementioned measures, the amount of paper consumed by the Group during the Year decreased by 34.31% as compared to that of the previous financial year. The Group is also 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.

Summary of the Group’s paper consumption performance:

<b>Paper consumption</b>	<b>Unit</b>	<b>2021</b>	<b>2020</b>
Total	kg	341.58	520.00
Intensity	kg/employee	13.66	9.45

## A. ENVIRONMENTAL SUSTAINABILITY

### ***Use of Raw Materials***

Raw materials such as metal, concrete and wood were mainly used by the Group for the repair and maintenance works in its water business during the previous financial year. During the Year, such works were completed. Therefore, the amount of raw materials consumed by the Group is insignificant.

### ***Use of Packaging Materials***

Due to the Group's business nature, the use of packaging material is not considered to be material to the Group.

### A.3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group recognises the impacts of its daily operations on the environment and is committed to conducting its business in an environmentally responsible manner. In order to minimise the significant impacts on the environment and natural resources, the Group is committed to implementing necessary measures as set out in the subsections headed "Emissions" and "Use of Resources" in energy conservation, emissions reduction and environmental protection. The Group would also promote environmental awareness amongst the customers, employees, subcontractors, suppliers, business partners and other stakeholders aiming to mitigate the waste of natural resources as a whole.

Moreover, the Group believes that aligning with the international standard in preserving natural resources and protecting the planet through a series of efficacious, adaptable and globally compatible policies are crucial in keeping the enterprise go with the trend of the global development.

### ***Noise Pollution Control***

Noise emitted by the Group mainly come from the use of machinery and equipment during its mining operations and construction process. In strict compliance with the national and local noise emissions standards, such as the 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 installed suitable noise-reducing facilities and adopted effective measures to mitigate the impact of noise to the surroundings. Specifically, shock pads on crushing and real-time sound monitoring equipment were widely used on-site as effective noise control practices by the Group. In addition, noise enclosures, noise barriers and vibration isolation facilities were installed. Meanwhile, the use of certain equipment/machinery were strictly regulated during the operation periods. Furthermore, to maintain or even reduce its noise emissions to a level that will not exert a prolonged or any health-related impact on nearby residents, the Group proactively conducts survey with local dwellers and research on the application of quieter and practicable methods for piling, construction and demolition in its mining operations and construction process. During the Year, the Group did not receive any complaints on noise emissions.

In the future, the Group targets to reduce noise at its source and therefore is committed to bringing forth more practical innovations and purchase equipment and facilities that are notably quieter, more environmentally friendly and more efficient compared with the outmoded and cacophonous ones.

## A. ENVIRONMENTAL SUSTAINABILITY

### A.4. CLIMATE CHANGE

The Group recognises that climate change is a growing worldwide concern. The increasingly severe and imminent climate change is undeniable, which is associated with many unexpected risks and catastrophic repercussions to business. The Group strives to further strengthen its resilience against climate change by identifying related challenges and by developing strategies to mitigate and adapt to the impact of climate change on its operations. 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 recommendations in the Task Force on Climate-related Financial Disclosures (“TCFD”).

In order to manage climate-related risks and opportunities more effectively, the Group has implemented the climate-related measures. For example, recognising that extreme weather could interrupt business operation, and cause financial and physical damage, the Group has established related operational procedures/plans in relation to storms, typhoons, floods and fires to minimise the impact. Ongoing reviews of crisis management procedures are conducted by the management. Considering the potential transition risks posed by the introduction of legislation or requirements to limit emissions, the Group assesses the risks from time to time to ensure appropriate strategies are formulated and responsible actions are taken to address the impact of climate change on and caused by its operations.

In addition, customers' expectations and behaviour may change with the rising environmental awareness. Therefore, the Group has always been mindful of the market sentiments and adapt its business and products to the public through risk assessment. It will continuously assess the market dynamics and strengthen the communication with its key stakeholders, so as to make informed decisions for its business development.

## B. SOCIAL SUSTAINABILITY

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1. Employment

The Group believes that employees are the most important asset of the Group while outstanding employees play a key role in the Group's business operations and growth. Sound human resources management and the implementation of appropriate employment policies to appeal talents are crucial 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.

Relevant employment policies of the Group have been formally documented in the Staff Handbook (《員工手冊》) and the Recruitment Management Regulations (《招聘管理規定》) of the Group, covering recruitment, promotion and dismissal, remuneration and benefits, etc. The Group's policies and employment process are reviewed on a regular basis to ensure the continuous improvement of its employment standards.

As of 31 March 2021, the Group has a total of 25 employees. The breakdown of the categorisation of the Group's employees by gender, age group, employment type and geographical region is as follow:

Total Workforce	Number of Employees
<b>By Gender</b>	
Male	17
Female	8
<b>By Age Group</b>	
Under 30 Years Old	1
30 to 50 Years Old	14
Above 50 Years Old	10
<b>By Employment Type</b>	
Full-time	25
Part-time	–
<b>By Geographical Region</b>	
The PRC	18
Hong Kong	7

## B. SOCIAL SUSTAINABILITY

The Group's employment policies are periodically updated and adjusted to cater to social changes since the commencement of business of the Group, and more importantly, to abide by the relevant laws and regulations in Hong Kong and the PRC. During the Year, the Group was not aware of any non-compliance with employment related laws and regulations that would have a significant impact on the Group, including but not limited to:

- 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》).

During the Year, the Group participates in the mandatory social insurance, medical insurance and provident fund schemes. The Human Resources Department of the Group is responsible for reviewing and updating relevant company policies regularly in accordance with the latest applicable laws and regulations.

## B. SOCIAL SUSTAINABILITY

### *Recruitment, Promotion and Dismissal*

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. Therefore, the Group has organised a number of job fairs for identifying and recruiting talents during the Year.

The Group adheres to a transparent and fair principle to our robust recruitment process based on merit selection against the job criteria applied. Recruitment of individuals is based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

As talent retention is the foundation of the company's business development in the long run, in addition to complying with the minimum wages requirements, the Group periodically reviews its remuneration 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.

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. To ensure promotions within the Group are made based on clear and legitimate procedures, staff performance reviews are carried out regularly to assess employees' work performance based on the principle of meritocracy, talents and competitiveness on an open and fair basis.

Meanwhile, the Group strictly prohibits any kind of unfair or illegitimate dismissal. All termination of the employment contract shall be 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.



## B. SOCIAL SUSTAINABILITY

### ***Remuneration and Benefits***

The Group's remuneration packages are generally formulated according to the market condition and individual performance. The Group offers fair and competitive salary packages and benefits according to the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates.

The Group signed and executed labour contracts with all employees in accordance with the Labour Contract Law of the PRC and the Employment Ordinance of Hong Kong. The Group makes contributions to the five social insurances and one housing fund for its employees in the PRC in compliance with the relevant laws and regulations of the PRC, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to ensure employees are covered by social insurance. The Group makes contributions to the Mandatory Provident Fund Scheme in accordance with the Hong Kong's Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong.

The Group believes that it bears 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 attractive benefits to its employees during the Year. Besides the mandatory provident fund and statutory retirement benefits, the Group has also provided its employees with medical benefits and subsidised them to enrol in various training and continuous education programs. In addition, the Group regularly organises meaningful and entertainment activities for its employees so as to strengthen their sense of belonging.

### ***Working Hours and Rest Periods***

The Group has formulated internal policies based on local employment laws, including the Provisions of the State Council on Working Hours of Workers and Staff (《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 and dismissals policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, religion or any other non-job-related elements in all business units of the Group. Meanwhile, the equal opportunity policy states that the Group's zero tolerance stance in relation to any workplace discrimination, harassment or vilification in accordance with the applicable local laws 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 the responsibility for assessing, dealing with and taking any necessary disciplinary actions in relation to the case and relevant individuals are treated fairly and transparently in accordance with the applicable local laws and regulations.

## B. SOCIAL SUSTAINABILITY

### **B.2. Health and Safety**

The Group believes that health and safety at work involve both the prevention of injuries and 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 the relevant laws and regulations in Hong Kong and the PRC. During the Year, the Group was not aware of any material non-compliance with laws and regulations related to provision of a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group, 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 the 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 engaging in construction works and water mining business, the prevention of occupational health and safety risks is of the utmost importance to the Group. Striving for zero accident 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 control measures 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 are 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, instructs 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 the relevant laws and regulations.

The Group believes that maintaining a high degree of emergency preparedness is important for minimising the occurrence of health and safety incidents during the construction work and water mining process. The Group has developed a set of crisis management plans and response mechanisms to address any emergency on-site. 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 regularly to secure a safe working environment for its employees.

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

During the Year, the Group did not discover any work-related fatalities, material injury cases and working day lost due to work injury.

## B. SOCIAL SUSTAINABILITY

### *Response to the Outbreak of COVID-19 Pandemic*

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 spread of the disease in the workplace, the Group has emphatically reminded its employees to pay attention to their personal hygiene and follow the health advice of the government to control the outbreak. Measures taken by the Group during the outbreak of COVID-19 pandemic include but not limited to the following:

- Provide adequate amount of surgical masks in offices, while advising employees to maintain good personal hygiene and avoid touching eyes, mouth and nose before sanitising their 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 their noses and mouths while sneezing or coughing;
- Remind 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 work from home policy to avoid travelling during peak hours and reduce travelling frequency; and
- Stipulate that any employee with symptoms of fever, or other respiratory symptoms must seek medical advice and be refrained from entering the workplace.

## B. SOCIAL SUSTAINABILITY

### B.3. Development and Training

The Group considers providing a suitable and customised package of training programmes for both its newly hired employees and experienced staff is beneficial to its development. Thus, the Group has formulated a training management system and documented it in the Staff Handbook (《員工手冊》). During the Year, the Group organised a number of training programmes that covered numerous topics. A complete training package is 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"). Meanwhile, non-scheduled profession-oriented courses are offered to experienced staff according to the corporate and individual needs. Apart from the internal training courses organised by the Group, external organisations and experts were also invited to provide relevant training courses to its employees. To further enhance the professional skills of its employees and meet the Group's development goals, employees are highly encouraged to attend external trainings and take professional qualification examinations. Employees who have passed professional qualification examinations and obtained vocational qualification certificates are eligible to receive reimbursements from the Group.

During the Year, approximately 23.64% of the employees of the Group participated in trainings of different types. The average training hours was around 2.00 per employee. A summary of the Group's training statistics is presented as follow:

Employee Training <sup>1</sup>	Percentage of Employees Trained (%)	Breakdown of Employees Trained (%)	Average Training Hours per Employee (hours)
<b>By Gender</b>			
Male	24.32	69.23	1.32
Female	22.22	30.77	3.39
<b>By Employee Category</b>			
Senior Management	58.82	76.92	4.12
Middle Management	42.86	23.08	5.71
General Staff	–	–	–

Note:

I. The figures cover existing and resigned employees.

## B. SOCIAL SUSTAINABILITY

### **B.4.Labour Standards**

#### ***Prevention of Child and Forced Labour***

The Group prohibits the employment of child labour and forced labour. During the Year, the Group was not aware of any material non-compliance with the laws and regulations related to the prevention of child labour or forced labour that would have a significant impact on the Group, including but not limited to 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 combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resources Department has formulated internal policies which require all job applicants to provide valid identity documents to ensure that they can be lawfully employed before they enter into a contract of employment. It is also the responsibility of the Group's Human Resources Department to monitor and ensure that the corporate policies and practices align with the latest requirements of the relevant laws and regulations concerning child labour and forced labour. Once the Group identified any case which fails to comply with the relevant labour laws, regulations or standards, the relevant employment contract would be immediately terminated, and disciplinary actions against the relevant management will be made accordingly.

## 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 and 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 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 the applicable local environmental laws, ordinances and regulations, as well as meeting the Group's own standards and contracts. During the Year, the Group had in total 1 supplier in the PRC.

## B. SOCIAL SUSTAINABILITY

### ***Social Risks Management***

Committed to control the risks that might arise from its supply chain according to ISO 9001:2015 (《質量管理體系》), 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 the past 3 years, economic disputes history with the Group, and the status of the fulfilment of compliance obligations.

### ***Environmental Risks Management***

The commitment to green procurement demonstrates the Group's dedication to improving environmental sustainability not only within the organisation, but also throughout the entire supply chain. To ensure the stability and resilience of its supply chain in response to climate change and to ensure a relatively eco-friendly procurement, the Group monitors in details 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 the applicable environmental laws and regulations in the regions where they operate.

### ***B.6. Product Responsibility***

The Group actively monitors the quality of its products with its internal control process, and maintains on-going communication with its customers to ensure mutual understanding while fulfilling customers' needs and expectations. The Group aims to apprehend customers' needs and expectations, and strives to continuously improve the quality of our products and services.

During the Year, the Group was not aware of any material non-compliance with the laws and regulations related to health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

## B. SOCIAL SUSTAINABILITY

### *Product and Service Quality Assurance*

#### *Property development and property investment business*

The property development and property investment business of the Group has complied with the 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》);
- Safety and Health in Construction Convention (《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 for its customers by delivering properties with top-notch quality and safety. Pursuing high-quality products and achieving timely delivery of reliable end-products to customers, 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. The safety and quality of the properties developed by the Group are monitored and assured at all stages of construction by the Engineering Department. Meanwhile, the chief supervision engineer of each project, who acts as the project supervisor, is required to be equipped with the relevant working experiences and obtain the certification for Engineering Construction Supervision in the PRC.

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 volatile organic compounds ("VOCs") may cause serious health problems to tenants, the Group prioritises the adoption of low VOCs emitting materials during the construction process. In addition, the Group adopts stringent policies where decisive measures shall be taken to adjust and coordinate the construction plans immediately, when there is a material deviation from the project plan. During the Year, the Group did not encounter any products sold being subject to recall for safety and health reasons in its property development and property investment business.

#### *Water business*

The Group aims to deliver a quality and safe water source to every client. It has implemented the principle of "serving the clients with reliable products, excellent management, perfect quality and service with complete sincerity" to ensure that all the products from its water business and production process are in full compliance with the applicable laws and regulations. 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 heavily in the source control, production monitoring and finished goods management for establishing a systematic management platform that, to a large extent, meets its customers' demands and expectations. During the Year, the Group did not encounter any products sold being subject to recalls for safety and health reasons in its water business.

## B. SOCIAL SUSTAINABILITY

### *Customer Satisfaction*

The Group welcomes feedback from its customers regardless of whether it is a compliment or not. 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, it will be handled by the Quality Control ("QC") Department of the Group in a prompt and fair manner. 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, the Group did not receive any complaint regarding product quality.

### *Protection of Customer Information and Privacy*

Meanwhile, the Group has strictly abided by the laws and regulations in relation to customer privacy, including but not limited to 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 specific designated personnel are allowed to access and would be used only for the purpose for which it is collected. The Group prohibits any employees from leakage of any customer's data to any third party without the customer's consent. During the Year, the Group did not receive any complaint regarding any breach of customer privacy.

### *Product and Service Labelling*

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, including but not limited to, 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 the relevant laws and regulations, including but not limited to, 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 releasing to the public in order to prevent any violation of the applicable laws and regulations regarding advertisement.

### **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 long-term development of the Group, the Group strives to maintain a fair, ethical and efficient business and working environment. During the Year, the Group has strictly complied with the applicable laws and regulations relating to bribery, extortion, fraud and money laundering irrespective of the area or country where the Group operates, including but not limited to 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) that would have a significant impact on the Group. In addition, no concluded legal case regarding corrupt practices were brought against the Group or any of its employees during the Year.



## B. SOCIAL SUSTAINABILITY

The Group highly values the employees' honesty and integrity, thereby strictly enforces 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, fraud, 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.

The Group has set an effective governance 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 (the "Audit Committee") for any suspected misconduct with full details of the incidents and supporting evidence. The Audit Committee 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 a confidential manner in order to protect the whistle-blowers from any unfair dismissal or victimisation. Where any criminal elements is found, a report will be made to the relevant regulators or law enforcement authorities when appropriate.

To further enhance the employees' awareness on the consequences of bribery, extortion, fraud and money-laundering, seminars and training programmes on anti-competition have been organised by the Group for the Directors and staff regularly, equipping the employees to be sensitive to the practices that might infringe upon the Group's interests or violate the relevant laws. During the Year, each of 8 Directors and 3 employees underwent an approximately 2-hour anti-corruption training session.

### 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 investment comprises 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:

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

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>A: Environmental</b>			
<b>A1: Emissions</b>	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 Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A.1. Emissions
	KPI A1.1	The types of emissions and respective emission data.	A.1. Emissions – Exhaust Gas Emissions, GHG Emissions, Wastewater Treatment, Waste Management
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A.1. Emissions – GHG Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A.1. Emissions – Waste Management – Hazardous waste
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A.1. Emissions – Waste Management – Non-hazardous Waste
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	A.1. Emissions – Exhaust Gas Emissions, GHG Emissions, Wastewater Treatment, Waste Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A.1. Emissions – Waste Management – Non-hazardous Waste, Hazardous Waste

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>A: Environmental</b>			
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	A.2. Use of Resources
	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).	A.2. Use of Resources – Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A.2. Use of Resources – Water Resources Management
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A.2. Use of Resources – Energy Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A.2. Use of Resources – Water Resources Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A.2. Use of Resources – Use of Packaging Materials (Not applicable – explained)
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A.3. The Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A.3. The Environment and Natural Resources – Noise Pollution Control

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>B. Social</b>			
<i>Employment and Labour Practices</i>			
<b>B1: Employment</b>	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.	B.1. Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B.1. Employment
<b>B2: Health and Safety</b>	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.	B.2. Health and Safety
	KPI B2.1	Number and rate of work-related fatalities.	B.2. Health and Safety
	KPI B2.2	Lost days due to work injury.	B.2. Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B.2. Health and Safety

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>B. Social</b>			
<i>Employment and Labour Practices</i>			
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B.3. Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B.3. Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	B.3. Development and Training
<b>B4: Labour Standards</b>	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.	B.4. Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B.4. Labour Standards – Prevention of Child and Forced Labour
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B.4. Labour Standards – Prevention of Child and Forced Labour
<i>Operating Practices</i>			
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	B.5. Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	B.5. Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	B.5. Supply Chain Management

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>B. Social</b>			
<b>Operating Practices</b>			
<b>B6: Product Responsibility</b>	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.	B.6. Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B.6. Product Responsibility – Product and Service Quality Assurance
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	B.6. Product Responsibility – Customer Satisfaction
	KPI B6.4	Description of quality assurance process and recall procedures.	B.6. Product Responsibility – Protection of Customer Information and Privacy
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B.6. Product Responsibility – Customer Service and Privacy Protection
<b>B7: Anti-corruption</b>	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.	A.7. Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	A.7. Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	A.7. Anti-corruption

# HKEX ESG GUIDE CONTENT INDEX

Aspects	ESG Indicator	Description	Section
<b>B. Social</b>			
<i>Community</i>			
<b>B8: Community Investment</b>	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.	B.8. Community Investment