

# 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

# 2023

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# ABOUT THE REPORT

This Environmental, Social and Governance Report (the “ESG Report”) summarises the environmental, social and governance (“ESG”) initiatives, programs and performance of Asia Resources Holdings Limited (the “Company”) and its subsidiaries, (collectively the “Group”, or “we”). As a socially responsible corporation, we are here to commit to a long-term goal towards sustainability. The Group has been continuously implementing sustainable operations and protecting the environment in different ways to better the lives of people.

## **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”).

## **Reporting Principles**

During the preparation of this ESG Report, the Group has applied the reporting principles as stipulated in the ESG Reporting Guide:

- Materiality:** A materiality assessment was conducted to identify material issues, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the “Board”) and the ESG Taskforce (the “ESG Taskforce”). Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.
- Quantitative:** Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and sources of conversion factors used during the calculation of emissions and energy consumption.
- Consistency:** The preparation approach of this ESG Report was substantially consistent with the previous years, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

The corporate governance practices of the Group are set out in the “Corporate Governance Report” on pages 11 to 25 of its Annual Report 2023.

# ABOUT THE REPORT

## **Reporting Scope**

This ESG Report covers the two principal businesses of the Group: 1. water mining and bottling; and 2. property development and investment. These businesses are headquartered in Hong Kong and the People's Republic of China (the "PRC") with operational locations across various cities in the PRC. As the two businesses together contributed to the majority of income for the Group, we consider the reporting scope as appropriate and adequate. We will continue to refine and expand the scope of reporting when more information becomes available and when there are any changes in circumstances in the future.

It should be noted that the Group completed an acquisition of new properties for lease in Suzhou, which resulted in an overall increase in emissions and resource consumption for the Reporting Period. The emissions and resource consumption data for the Reporting Period may therefore not be directly comparable with that of the prior periods.

## **Reporting Period**

This ESG Report details the Group's environmental, social and governance initiatives, measures and performance for the period from 1 April 2022 to 31 March 2023 (the "Reporting Period").

## **Forward-looking Statements**

The forward-looking statements contained in this ESG Report are based on current expectations, estimates, forecasts, beliefs, and assumptions about the businesses of the Group and its subsidiaries and the markets in which they operate and are not guarantees of future performance. Our performance may be affected by market risks, uncertainties, and factors beyond the control of the Group. Accordingly, actual results and returns may differ materially from the assumptions made and the statements contained in this ESG Report.

## **Contact Us**

We welcome comments and suggestions from stakeholders. You can share your valuable opinions on this ESG Report or our sustainability performance by emailing [info@asiaresources899.com.hk](mailto:info@asiaresources899.com.hk).

## MESSAGE FROM THE BOARD

On behalf of the Board of the Company, I hereby present the ESG Report, demonstrating the Group's approach and performance in terms of sustainable development for the Reporting Period.

During the past year, the impact of the COVID-19 pandemic began to subside. Relying on the diversification of business and the efforts of our employees, we continue to strengthen the coordination and cooperation among various departments, make better use of human resources and technology, and continue to advance the development of the Group to ride on the trajectory of economic recovery.

The Group firmly believes that ESG, as the core part of our business strategy, is the key to the Group's continued success in the future. We will continue to fulfil our ESG commitment effectively and responsibly, set sustainable development goals towards issues that will improve the well-being of our community, be conscious of the global climate change, respond to the pressing ESG issues and formulate corresponding policy and measures to reduce the Group's ESG risks.

To better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessments with the assistance of the ESG Taskforce. We have prioritized the opinions of stakeholders and major ESG-related issues and respond to the needs and expectations of all parties in a timely manner. Collectively, with our employees and different stakeholders, we devote our efforts to strive for sustainable development.

Social distancing measures have been relaxed and businesses are gradually resuming normalcy. The Group will continue to work together with the government and all sectors of society to foster a healthy environment and economy.

The Board would like to take this opportunity to thank all employees for their efforts and contributions, and all our business partners, customers, suppliers and shareholders for their continued trust and support.

**Li Yuguo**

**Chairman of the Board**

**Asia Resources Holdings Limited**

**Hong Kong, 21 July 2023**

# BOARD STATEMENT – THE ESG GOVERNANCE STRUCTURE

The Group believes that sound ESG performance is important to the Group's sustainable business development. The Group is committed to protecting and improving the environment as well as the community well-being and minimizing the impact of its activities on the environment.

To achieve this goal, we have integrated ESG factors into our decision-making process. We have a core governance framework to ensure that ESG factors are being considered while achieving business growth. Our corporate social responsibility structure is divided into two parts, the Board of Directors and the ESG Taskforce.

## ***The Board's Responsibilities***

The Board has ultimate responsibility for overseeing the Group's ESG matters, including its ESG approaches, strategies and policies. To better manage the Group's ESG performance and identify potential ESG risks, the Board conducts materiality assessments with the assistance of the ESG Taskforce, takes into account the opinions of different stakeholders, assesses and prioritises important ESG-related matters, sets ESG-related targets and provides management guidelines and strategies for achieving these targets. The Board and senior management are responsible for ensuring that the Group's ESG strategies and related activities, including climate-related issues, are relevant and effective.

## ***The ESG Taskforce's Responsibilities***

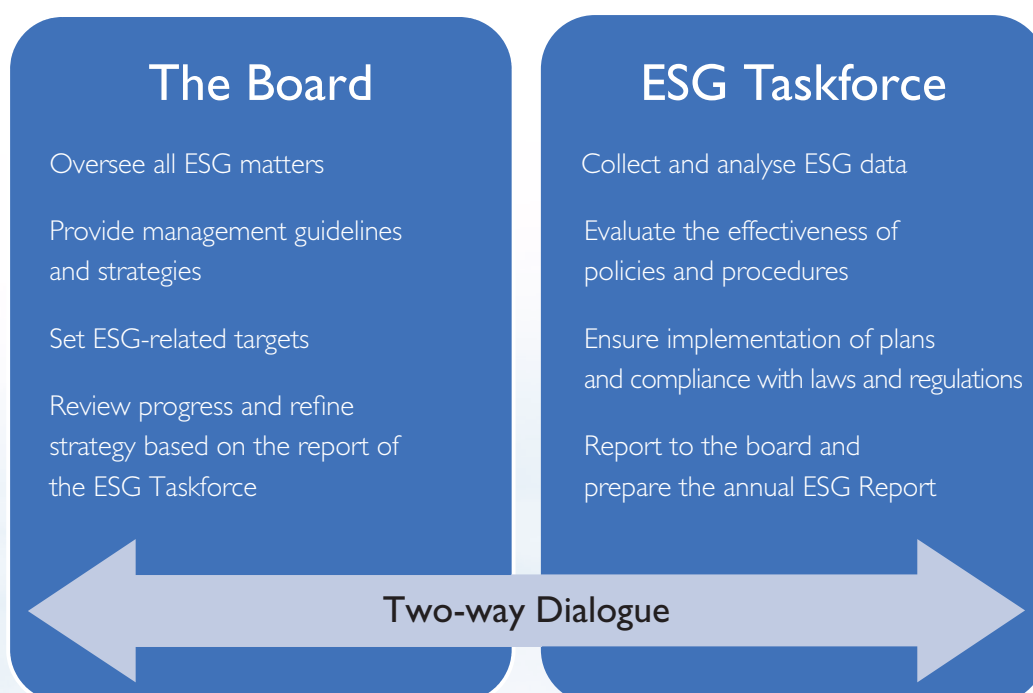
The ESG Taskforce is authorised by the Board to carry out all works related to the implementation of ESG practices and facilitate the Board's overview of ESG matters. The Group's ESG Taskforce comprises core members from different business units of the Group. Its main responsibilities include collecting and analysing ESG data, evaluating the Group's ESG performance, ensuring implementation of plans and complying with ESG-related laws and regulations, and preparing the annual ESG Report.

The ESG Taskforce arranges regular meetings to assess the effectiveness of current policies and procedures and develop appropriate solutions to improve the overall ESG performance. At the meetings, the ESG Taskforce communicates plans to achieve the Group's ESG goals. The ESG Taskforce ensures concepts of sustainable development are incorporated into its business operations. It reports to the Board on a regular basis to evaluate the effectiveness of the internal control mechanism and review the progress of achieving the established goals and targets. The ESG Taskforce is also involved in the enterprise risk assessment to identify the Group ESG risks and opportunities.

# BOARD STATEMENT – THE ESG GOVERNANCE STRUCTURE

## ***A Two-way Dialogue Approach***

To promote effective communication within the organisation, the Group adopts a two-way dialogue approach. Both top-down and bottom-up communications are encouraged and facilitated. It allows the Board to monitor the implementation of policies, identify potential risks, rectify problems that are inconsistent with sustainable development practices and keep track of the progress of achievement. It also allows employees to provide feedback on those policies implemented.



# STAKEHOLDER ENGAGEMENT

The Group places great importance to maintaining ongoing communication with different stakeholders and collecting their feedback on ESG matters. To fully understand, respond to and address the core concerns of different stakeholders, the Group has been working with key stakeholders from time to time through different communication channels to gain a deeper understanding of their concerns and expectations.

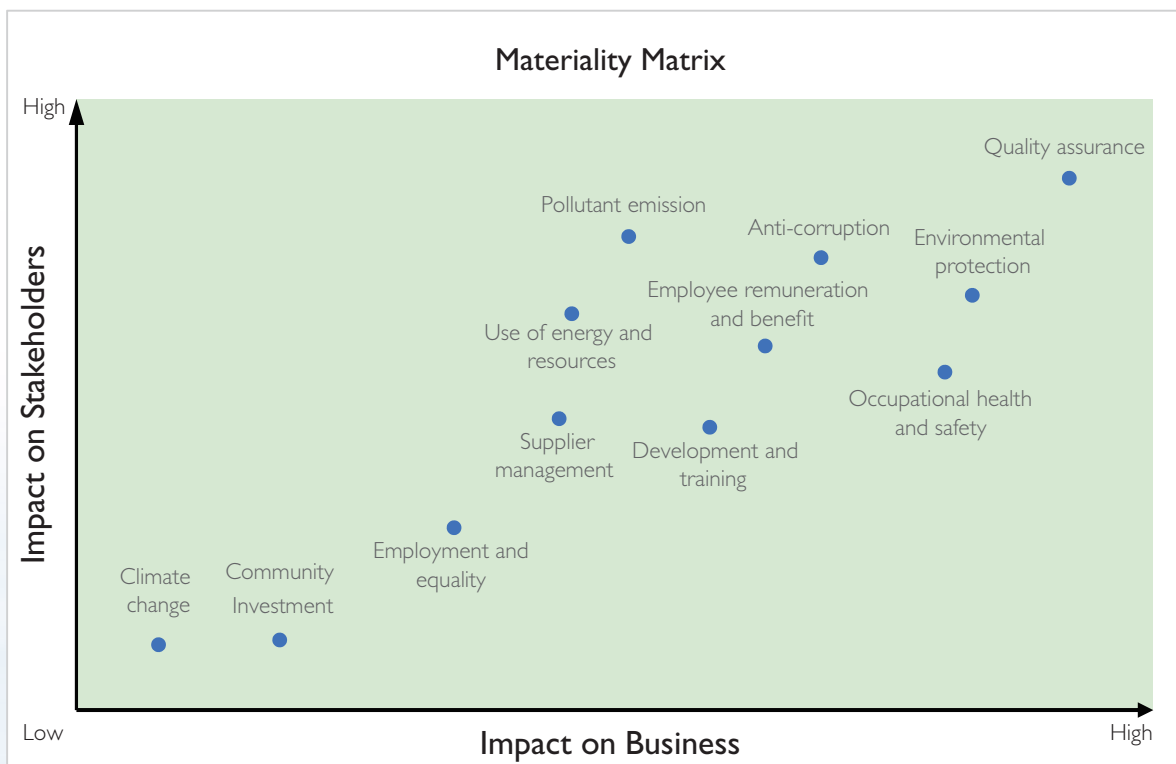
| Stakeholders                                 | Expectations and Concerns  | Communication Channels  |
|--|--|---|
| <b>Government and Regulatory Authorities</b> | <ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Sustainable development</li> <li>Occupational health and safety</li> <li>Paying taxes in full and on time</li> </ul>        | <ul style="list-style-type: none"> <li>Regular 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> <li>Transparent information and effective communication</li> </ul> | <ul style="list-style-type: none"> <li>Financial reports</li> <li>Announcements and circulars</li> <li>Annual general meetings and other shareholder meetings</li> <li>Official website of the Group</li> </ul> |
| <b>Employees</b>                             | <ul style="list-style-type: none"> <li>Employee 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 and other electronic communications</li> </ul>  |
| <b>Customers</b>                             | <ul style="list-style-type: none"> <li>Quality products and services</li> <li>Customer rights</li> <li>Customer satisfaction</li> <li>Performance of contracts</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 emails</li> </ul>                                   |
| <b>Suppliers</b>                             | <ul style="list-style-type: none"> <li>Fair and open procurement</li> <li>Performance of contracts</li> <li>Mutual benefits and win-win situation</li> </ul>   | <ul style="list-style-type: none"> <li>Open tendering</li> <li>Supplier satisfaction assessment</li> <li>Telephone conferences, face-to-face meetings and 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</li> <li>Transparent information</li> </ul>                       | <ul style="list-style-type: none"> <li>Official website of the Group</li> <li>ESG Reports</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> <li>Emails and other electronic communications</li> </ul>                                     |

The Group is committed to working with various stakeholders to improve the Group's ESG performance and create greater value for the general community.



# ESG MATERIALITY ASSESSMENT

Throughout the stakeholder engagement exercise, the Group has identified its major ESG issues, and assessed the importance of these issues to its business and stakeholders. The results are illustrated in the matrix below. The Group has reviewed the results and considered that the results are applicable to the Group. The Group will continue to monitor these major issues and their impact on its business and stakeholders.



# THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We unequivocally support the Sustainable Development Goals adopted by the United Nations (“UN”) in 2015, and have identified five Sustainable Development Goals with higher relevance to our business. Meaningful initiatives are directed to support the achievement of these goals. During the process, we continuously review our performance and ensure that our operations are in line with international norms.

## Environmental Goals



Water scarcity affects billions of people every year. It is not only a vital to our survival but is also a valuable resource for our water mining business. We pay particular attention to our water footprint, a measure of the amount of water used to produce each of the goods and services. We are committed to using innovative technologies to produce safe drinking water. Our business operations are optimised with an emphasis on improving water efficiency. We regularly assess and monitor our water consumption and implement a water conservation policy to raise employee awareness on water conservation.



The consequences of climate change may be catastrophic to humans. Climate threats include intense droughts, widespread flooding, rising sea levels, extreme weather, and declining biodiversity. We are aware of any negative impacts that our operations may have on the environment. We also proactively identify and mitigate any major climate risks that may affect our business and operations. Contingency measures are in place to respond to emergency situations to ensure the safety and well-being of our employees and the continuity of our operations. In event of any substantial disruption as a result of climate threats, our potential loss will be contained to a minimum.

## Social Goals



As of the end of 2022, COVID-19 pandemic had infected more than 700 million people worldwide. Ensuring the health and promoting well-being of our employees are essential to our sustainable development. During the COVID-19 pandemic, we provided surgical face masks and sanitary supplies in our offices and allowed flexible work arrangements to enable social distancing. Our employees are provided with basic health insurance and medical benefits. For our day-to-day operations, we have effective measures in place to improve workplace health and safety. During the Reporting Period, the Group recorded zero cases related to work-related injuries or deaths.



Inequalities perpetrate discrimination, conflicts, and social unrest. We believe everyone should be treated with equality and dignity, and endeavour to provide a work environment with fair opportunities and free from discrimination. Comprehensive policies are in place to protect employee rights and interests. We also ensure that the provision of employee benefits appropriately addresses their needs and concerns in a timely manner. In addition, we are conscious of social issues related to income inequality and are committed to social contribution targeting at alleviating the extent of income inequality between different groups.



Unsustainable patterns of consumption and production are the root causes of pollution and environmental threats. We believe responsible consumption and production patterns are integral to the livelihood of our future generations. Apart from applying the “Reduce, Reuse, Recycle and Replace” (“4R”) concept to all stages of our projects, we promote energy conservation, resource management, and waste reduction in our daily operations. We also engage in responsible sourcing by applying selection criteria that favour green suppliers, and ensure our production practices are in line with international standards.

## A. ENVIRONMENTAL

The Group attaches great importance to excellent environmental management in order to fulfil its social responsibilities. The Group has applied environmental protection management to regulate emissions and wastes generated during operations, so as to contribute to environmental protection and reduce carbon emissions and achieve the goal of long-term sustainable development.

### **2030 Environmental Goals**

The below objectives are set at the Group level to address the pressing climate issues and facilitate the evaluation of the Group's performance on achieving its environmental goals. By using 2022/2023 as the base year, we target to achieve the following goals by 2030. Detailed plans and initiatives taken to achieve these goals are outlined in the following sections.

| <b>Electricity Consumption</b> | <b>Water Consumption</b> | <b>Non-hazardous Waste</b> | <b>Greenhouse Gas Emissions</b> |
|--------------------------------|--------------------------|----------------------------|---------------------------------|
| ↓ 4%                           | ↓ 4%                     | ↓ 8%                       | ↓ 8%                            |

### **AI. EMISSIONS**

The Group ensures its environmental policies are implemented under stringent supervision, and that all its business processes comply with the legal and regulatory requirements. The person-in-charge at each level continuously review the Group's policies and procedures and report to the management when appropriate. Suggestions for improvement will be carried out as needed.

During the Reporting Period, the Group was not aware of any significant violation of the relevant laws and regulations on air and greenhouse gas emissions ("GHG emissions"), water and land pollution and the generation of hazardous and non-hazardous wastes that had a significant impact on any important aspects of the Group. Relevant laws and regulations include but are not limited to the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Waste Disposal Ordinance and the Water Pollution Control Ordinance of Hong Kong.

## A. ENVIRONMENTAL

### ***Exhaust Gas Emissions***

The Group's exhaust gas emissions mainly come from petrol and diesel consumed in its vehicles. The Group has in place an internal policy, the "Anti-pollution and Anti-noise Operation Scheme", for all of its property development and water mining projects, to improve the air quality of its operational sites. In relation to the management of emissions from petrol and diesel consumption, Group has implemented the following measures:

- Inspect company vehicles regularly to optimise fuel consumption;
- Encourage employees to use video conferences or teleconferencing in order to reduce unnecessary travel; and
- Reduce the number of vehicle trips through better logistics planning.

### ***Construction Dust***

During the Reporting Period, the Group was mainly involved in the sale and lease of properties, as well as the mining and bottling of drinking water. It was not involved in any property development or construction projects. Nonetheless, it has implemented policies to reduce air pollution that may be caused by any construction projects. Airborne dust particles at construction sites may limit visibility and cause respiratory problems for employees and those living in the surrounding area. Therefore, the Group actively keeps construction dust under control during operations:

- Set speed limits of the vehicles at construction sites;
- Wash the wheels before a vehicle leaving the construction site;
- Minimize the disturbance to the ground area during construction at any time;
- Sprinkle water at construction sites daily to minimize dust and avoid sludge build-up; and
- Install baghouses, enclosures and pressurised spray dust collectors along major roads of construction sites.

## A. ENVIRONMENTAL

During the Reporting Period, the Group's emissions performance is summarised as follows:

| Types of Exhaust Gas               | Unit | 2023  | 2022  |
|------------------------------------|------|-------|-------|
| Nitrogen Oxides (NO <sub>x</sub> ) | kg   | 25.38 | 21.70 |
| Sulphur Oxides (SO <sub>x</sub> )  | kg   | 0.04  | 0.03  |
| Particulate Matter (PM)            | kg   | 2.35  | 1.67  |

### GHG Emissions

The main GHG emissions of the Group are from the direct GHG emissions of petrol and diesel consumed by its vehicles (Scope 1) and the indirect GHG emissions from purchased electricity (Scope 2). To properly manage GHG emissions, the Group actively adopts power-saving and energy-saving measures. These measures are described in section A2. Use of Resources under "Energy Management".

| Indicators                                 | Unit                             | 2023          | 2022         |
|--|----------------------------------|---------------|--------------|
| Direct GHG Emissions (Scope 1)             | tCO <sub>2</sub> e               | 9.71          | 6.10         |
| Energy Indirect GHG Emissions (Scope 2)    | tCO <sub>2</sub> e               | 128.50        | 32.97        |
| <b>Total GHG Emissions (Scope 1 and 2)</b> | <b>tCO<sub>2</sub>e</b>          | <b>138.21</b> | <b>39.07</b> |
| <b>Intensity</b>                           | <b>tCO<sub>2</sub>e/employee</b> | <b>2.94</b>   | <b>1.06</b>  |

- GHG emissions data is presented in carbon dioxide equivalent with reference to, inter alia, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the latest published Baseline Emission Factors for Regional Power Grids in the PRC and the "Sustainability Report 2022" published by the Hong Kong Electric Investments Limited.
- As of March 31, 2023, the total number of employees within the Group's reporting scope, including Hong Kong and the PRC, was 47 (as of March 31, 2022: 37). The data is also used to calculate other intensity data.

Both direct and indirect emissions have been increased as compared to that of previous year, because of operations resuming normalcy during the Reporting Period. In the prior year, the Group was affected by the COVID-19 pandemic. Temporary lockdowns and work from home arrangements resulted in much lower fuel consumption and electricity usage. Moreover, the acquisition of new properties for lease in Suzhou has resulted in an overall increase in electricity consumption for the Reporting Period. The emission data for the previous year may therefore not be directly comparable with that of the Reporting Period.

## A. ENVIRONMENTAL

### ***Sewage Disposal***

#### ***Property Development and Property Investment Business***

The Group was principally engaged in the sale and lease of properties during the Reporting Period. As a result, the Group did not generate any industrial wastewater from its operational sites. The main sewage discharge is commercial wastewater generated from the Group's properties and office premises.

The Group has installed sewage treatment facilities of appropriate scale at its operational sites to carry out the treatment of sewage. All wastewater generated at its operational sites must be treated on-site before being discharged into the city sewer network. The Group also conducts internal monitoring on a regular basis to ensure that the treated wastewater complies with the national and local standards, such as the Integrated Wastewater Discharge Standard (GB 8978-1996) of the PRC. Any floating sludge produced during the treatment process is collected and transported to a certified environmental organisation for further processing. Whenever a new construction project is initiated, the Group will record the amount of industrial wastewater generated throughout its construction period.

#### ***Water Business***

The production and bottling of water involve a series of processes such as water mining, inspection, filtration and purification. The Group is highly concerned with the potential ecological impact of its production process. As the process does not involve a lot of chemicals or additives, the wastewater generated is harmless. In addition, the Group is committed to reusing water as much as possible during extraction and production, and has installed wastewater treatment facilities at its bottling plants. Wastewater that cannot be reused is treated with scientifically validated methods before discharge. The Group is committed to complying with the national and local wastewater treatment standards to ensure that all water used in the bottling process and discharged into the environment meets the standards that is harmless to the aquatic organisms.

The wastewater generated by the water business is mainly commercial wastewater, which is discharged directly into the urban sewer network. As the amount of wastewater generated by the Group largely depends on its water consumption, the Group has taken specific water-saving measures. These are further explained in section A2. Use of Resources under "Water Management".

## A. ENVIRONMENTAL

### **Waste Management**

Depending on the Group's future plan of property development, waste management may be of significance to the Group. The Group will strictly abide by the relevant laws and regulations and pay attention to the quantity and quality of construction waste generated. The Group is committed to promoting a circular economy within the enterprise to control and manage the recycling and disposal of construction waste, and deal with non-recyclable construction waste more effectively.

### **Hazardous Waste**

The Group does not directly generate hazardous wastes in the course of its operations. Nonetheless, the Group has adopted guidelines for the management and disposal of hazardous waste. If any hazardous waste is generated, the Group must engage qualified waste collectors to dispose of such waste in order to comply with the relevant environmental laws and regulations.

### **Non-hazardous Waste**

#### ***Property Development and Property Investment Business***

During the Reporting Period, the Group did not generate any significant construction waste as no construction projects were carried out, and only commercial waste was generated from its property selling and leasing business. Nonetheless, the Group has established waste management methods that comply with the "Administrative Measures for Urban Living Garbage" and the "Technical Code for Construction and Demolition Waste Treatment" of the PRC that govern the disposal of commercial waste and construction waste respectively. Commercial solid waste is regularly collected and processed by the Group. Construction waste generated from property development projects, including scrap steel and slats, is regularly collected and transported by trucks to designated waste disposal facilities. In addition, the recyclable construction waste is transported to the recycling station. The Group strictly abides by local waste management laws and regulations, and disposes of excess mud and all other construction waste in a legal and compliant manner in all material respects.

The Group will continue to expand the scope of waste management in the future. Specifically, it will strengthen on-site measurement, keep track of construction waste, improve site logistics, reduce the dust and waste generated, and improve the environmental awareness of on-site staff.

## A. ENVIRONMENTAL

### *Water Business*

The Group is committed to reducing solid waste in its water business. Solid waste generated at the water plants is mainly commercial waste, which is managed by the Group's administrative department and property management department, and finally delivered to the landfill for disposal by the urban management in the PRC. Given that water mining and the production relating thereto are expected to be commenced in the last quarter of 2023, the Group will continue to monitor and keep track of the production process from a full product life cycle perspective, and better control waste emissions from its water operations.

### *Office Operations*

The Group adheres to the 4R principle: "Reduce, Reuse, Recycle and Replace" for effective waste management. The non-hazardous wastes generated in the Group's offices are mainly paper, household waste and kitchen waste, which are processed and disposed of by qualified waste treatment service providers after collection and sorting. Recyclable waste, such as paper and metal, will be recycled and reused as far as is practicable.

In addition, the Group is committed to establishing a green and paperless office. Our administrative personnel regularly monitor the amount of paper and office supplies used. The following measures have been implemented to encourage minimisation of waste:

- Make use of electronic means for communication;
- Use paper printing only when necessary;
- Use double-sided printing and double-sided photocopying as much as possible;
- Reuse single-sided printing paper for printing draft documents;
- Post reminders on office equipment to remind employees on efficient use of resources;
- Choose environmentally-friendly office supplies;
- Use old envelopes and recycle used stationery, paper, cartons, and folders;
- Install microwave ovens in offices and encourage employees to bring their own lunch instead of ordering take-out food; and
- Minimise the use of disposable products, such as paper cups and paper towels.



## A. ENVIRONMENTAL

| Type of Waste             | Unit            | 2023   | 2022 |
|---------------------------|-----------------|--------|------|
| Total Non-hazardous Waste | tonnes          | 730.80 | 0.94 |
| Intensity                 | tonnes/employee | 15.55  | 0.03 |

The acquisition of new properties for lease in Suzhou has contributed to an overall increase in non-hazardous wastes. The Group collected and disposed of commercial waste on behalf of the tenants of its shops and commercial buildings, and this resulted in an increase in the amount and intensity of non-hazardous wastes.

### A2. USE OF RESOURCES

Through adherence to the 4R principles aforementioned, the Group has embedded the concept of “Reduce, Reuse, Recycle and Replace” in its everyday operations. The Group actively promotes the efficient use of resources, monitors the potential impact of its business operations on the environment and raises the awareness of resource conservation of its employees.

#### **Energy Management**

The Group’s main energy consumption is the use of petrol and diesel in company vehicles and electricity purchased. As stated in section A1, the Group has in place an internal policy, the “Anti-pollution and Anti-noise Operation Scheme”, for all of its property development and water mining projects, and measures are implemented to reduce fuel consumption and the number of trips required in daily operations. To reduce electricity consumption, the Group has implemented the following practices:

- Choose energy-efficient appliances;
- Turn off lights when they are not in use;
- Make use of daylight and LED lighting;
- Regular cleaning and inspection of office equipment such as refrigerators, air conditioners and shredders to ensure efficiency;
- Set proper air conditioning temperature;
- Reduce carbon generated from business travels by teleconferencing or video conferencing; and
- Use of energy-efficient equipment during construction.

## A. ENVIRONMENTAL

Through the implementation of the above measures, employee awareness of energy conservation has been improved.

The details of the Group's energy consumption are as follows:

| Types of Energy                          | Unit         | 2023          | 2022         |
|--|--------------|---------------|--------------|
| <b>Total Direct Energy Consumption</b>   | MWh          | <b>37.41</b>  | <b>23.38</b> |
| – Unleaded Petrol                        | MWh          | 18.80         | 10.47        |
| – Natural Gas                            | MWh          | 8.01          | 2.25         |
| – Diesel                                 | MWh          | 10.60         | 10.66        |
| <b>Total Indirect Energy Consumption</b> | MWh          | <b>161.03</b> | <b>39.39</b> |
| – Purchased electricity                  | MWh          | 161.03        | 39.39        |
| <b>Total Energy Consumption</b>          | MWh          | <b>198.44</b> | <b>62.77</b> |
| – Intensity                              | MWh/employee | <b>4.22</b>   | <b>1.70</b>  |

Both direct and indirect energy consumption have been increased as compared to that of previous year because of operations resuming normalcy during the Reporting Period. In the prior year, the Group was affected by the COVID-19 pandemic. Temporary lockdowns and work from home arrangements have resulted in much lower fuel consumption and electricity usage. Moreover, the acquisition of new properties for lease in Suzhou has resulted in an overall increase in electricity consumption for the Reporting Period. The energy consumption for the previous year may therefore not be directly comparable with that of the Reporting Period.

## A. ENVIRONMENTAL

### **Water Resources Management**

Water is one of the most precious resources on the planet. The Group has been seeking effective ways to use and conserve water. It encourages all employees to develop a good habit of using water in an efficient way to reduce water consumption. The following water conservation measures have been implemented:

- Regularly check the water supply pipeline to detect leakages;
- Formulate plan to minimize the loss of water in case of leakages;
- Use water-saving facilities as much as possible; and
- Strengthen water-saving propaganda, post water-saving messages, and guide employees to use water efficiently.

Due to the geographical location of the Group's office, the Group does not encounter any problems in obtaining suitable water sources.

The performance of the Group's water consumption is as follows:

| <b>Indicator</b>        | <b>Unit</b>              | <b>2023</b> | <b>2022</b> |
|-------------------------|--------------------------|-------------|-------------|
| Total Water Consumption | m <sup>3</sup>           | 5,452.00    | 600.00      |
| Intensity               | m <sup>3</sup> /employee | 116.00      | 16.22       |

During the Reporting Period, the acquisition of new properties for lease in Suzhou has resulted in an overall increase in water consumption. In addition, the Group was affected by the COVID-19 pandemic in the prior year, temporary lockdowns and work from home arrangements have resulted in much lower water consumption for the Reporting Period. The water consumption data for the previous year may therefore not be directly comparable with that of the Reporting Period.

## A. ENVIRONMENTAL

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

Given the nature of the Group's business, it does not consume significant amount of packaging materials, and therefore the use of packaging materials by the Group is immaterial.

### **A3. THE ENVIRONMENT AND NATURAL RESOURCES**

The Group actively pursues best practices in environmental protection and is committed to being responsible for the impact of its operations on the environment and natural resources in order to achieve sustainable development. In addition to complying with the relevant environmental laws and regulations and international standards, the Group has also taken various measures to reduce the environmental impacts.

### ***Indoor Air Quality Management***

As employees spend a lot of their time in the office, good indoor air quality is very important. The Group regularly monitors and measures the indoor air quality of the workplace. By using air purification equipment in the workplace to filter pollutants, impurities and dust particles, and regularly cleaning the air-conditioning system, the Group strives to ensure the good indoor air quality in the office.

### ***Noise Management***

The noise generated by the Group mainly comes from the use of machinery and equipment during water mining operations and construction. The Group strictly complies with the national and local noise emission standards, such as the "Emission Standards for Industrial Enterprises Noise at Boundary" (GB12348-2008), and the Group adopts appropriate noise reduction facilities and measures to reduce noise. Vibration pads and real-time sound monitoring equipment are widely used noise control tools at the Group's construction sites. In addition, the Group has installed noise enclosures, noise barriers and vibration isolation facilities, and stipulated the operating hours for the use of certain equipment or machines. In order to reduce noise emissions to a level that will not cause long-term or health impacts on the nearby residents, the Group actively conducts surveys with local residents to explore better ways for piling, construction and demolition of buildings.

## A. ENVIRONMENTAL

### A4. CLIMATE CHANGE

The Group recognises that climate change has become a growing global concern. Climate change is a significant and impending issue that poses several unforeseen hazards and catastrophic consequences for businesses. Governments of various countries and international organisations have deepened their efforts to seek solutions related to climate change. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change further warns of the severity and urgency of the climate crisis. The PRC government has proposed to achieve carbon peaking by 2030 and carbon neutrality by 2060. Therefore, it is expected that our country will take a more proactive attitude and adopt more active measures, policies and laws and regulations to achieve carbon neutrality.

The Group is aware of the threat posed by climate change. It closely monitors the potential impact of climate change on its business and actively contributes by offsetting its carbon footprint. In accordance with the reporting framework developed by the Taskforce on Climate-Related Financial Disclosures ("TCFD"), there are two major categories of climate-related risks, physical and transition risks. Based on the suggestion of the TCFD, the Group has evaluated relevant climate-related risks, and has strived to manage possible impacts of climate risks on the Group's businesses.

#### ***Physical Risks***

The increased frequency and severity of extreme weather events, such as typhoons, storms, torrential rain, extreme cold or extreme hot weather, create acute and chronic physical risks to the Group's businesses. Under extreme weather events, the safety of employees may be threatened, the power grid or communications infrastructure may be disrupted, and the Group's productivity may decline. These events expose the Group to risks associated with non-performance and delayed performance and may affect the Group's financial situation.

To minimise potential risks and hazards, the Group has put in place contingency plans, including flexible working arrangements and precautions in the event of severe or extreme weather conditions. The Group will continue to explore emergency response plans to further reduce the vulnerability of our operations to extreme weather events to improve business stability and sustainability.

#### ***Transition Risks***

The Group anticipates that there will be more stringent climate-related legislation and regulations to support the global vision of carbon neutrality. Such changes may increase the Group's costs of compliance. Moreover, in the low-carbon economy, stakeholders expect companies to take more actions in climate change response and increase the transparency in disclosure. The Group may experience reputational risks if it fails to respond to the above expectations of stakeholders properly, which may materially and adversely affect its business operations and financial performance. In response to the potential policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to the industry and is prepared to alert the top management where necessary to avoid cost increments, non-compliance fines and/or reputational damage due to delayed response.

## B. SOCIAL

### BI. EMPLOYMENT

Human resources are the most valuable assets of the Group and constitute our competitive advantages. The Group is committed to improving its employment standards to attract, develop and retain employees. The Employee Handbook and Recruitment Management Regulations are compiled to guide and govern the Group's practices on recruitment, promotion, dismissal, remuneration and benefits, and other employment terms. The Group also reviews its policies and recruitment procedures regularly to ensure that its recruitment standards are updated and improved continuously.

During the Reporting Period, the Group was not aware of any issues that had a significant impact on the Group and that seriously violated relevant laws and regulations on employment. Relevant laws and regulations include but are not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As of March 31, 2023, the total number of employees was 47 (2022: 37 employees). The employee profile is outlined in the table below:

| Employee Data                     | 2023 | 2022 |
|-----------------------------------|------|------|
| <b>By Gender</b>                  |      |      |
| Male                              | 30   | 27   |
| Female                            | 17   | 10   |
| <b>By Age Group</b>               |      |      |
| Below 30                          | 0    | 0    |
| 30-50 years old                   | 28   | 23   |
| Above 50                          | 19   | 14   |
| <b>By Employee Category (new)</b> |      |      |
| Directors and senior management   | 20   | 17   |
| Middle management                 | 7    | 10   |
| General staff                     | 20   | 10   |
| <b>By Geographical Region</b>     |      |      |
| Hong Kong                         | 7    | 10   |
| Mainland China                    | 40   | 27   |
| <b>By Employee Type</b>           |      |      |
| Full-time                         | 45   | 37   |
| Part-time                         | 2    | 0    |

## B. SOCIAL

As of March 31, 2023, the employee turnover rate<sup>3</sup> of the Group was 14.29% (2022: 9.68%). The breakdown of the employee turnover rate is set out in the table below:

| Employee Data                 | Number of Employees | Percentage of Employees <sup>4</sup> |
|-------------------------------|---------------------|--------------------------------------|
| <b>By Gender</b>              |                     |                                      |
| Male                          | 3                   | 10.53%                               |
| Female                        | 3                   | 22.22%                               |
| <b>By Age Group</b>           |                     |                                      |
| Below 30                      | 0                   | 0.00%                                |
| 30-50 years old               | 4                   | 15.69%                               |
| Above 50                      | 2                   | 12.12%                               |
| <b>By Geographical Region</b> |                     |                                      |
| Hong Kong                     | 0                   | 0.00%                                |
| Mainland China                | 6                   | 17.91%                               |

3. Employee turnover rate = Total number of employees left during the Reporting Period/Average number of employees during the Reporting Period × 100%.
4. Employee turnover rate by category = Total number of employees left during the Reporting Period in the specified category/Average number of employees in the Reporting Period in the specified category × 100%.

## B. SOCIAL

### *Employment Practices*

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#### **Recruitment, Promotion and Dismissal**

- The Group actively recruits potential talents and applies a fair and open evaluation system in its recruitment process. Factors such as individual capabilities, qualifications, work experience, and matching with the actual job requirements are the Group's recruitment criteria, ensuring a transparent and open recruitment process.
- The Group conducts regular performance appraisals, which forms the basis for promotion and salary adjustment. Outperforming employees will be rewarded and the recognized. The Group regularly reviews its remuneration package to ensure that it reflects prevailing market conditions and properly recognises employee contribution. Internal promotion rather than external recruitment is encouraged to increase employee engagement.
- The Group strictly prohibits any form of unfair or unlawful dismissal. Termination of any employment contract shall be based on reasonable, lawful grounds and internal policies. The Group has formulated the procedures and conditions for dismissal and contract termination in the Employee Handbook. The Group also has a handover to-do list to ensure a seamless transition of job responsibilities.

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#### **Compensation and Benefits**

- The Group considers employee compensation and benefits to be crucial to talent retention. The Group strictly applies the annual salary or hourly wage system with respect to the different positions of employees, in accordance with the labour law. The Group also provides medical benefits and subsidises professional training and postgraduate programmes enrolled by its employees. The Group regularly organises team building events and meaningful entertainment activities for its employees to enhance their sense of belongingness.
  - The Group enters into labour contracts with all employees in accordance with the Labour Contract Law of the PRC and the Employment Ordinance of Hong Kong. As required by the PRC laws and regulations, the Group contributes to the social insurance and housing fund of its PRC employees, namely endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund. All PRC employees are therefore entitled to the protection of social insurance. The Group also makes contributions to the Mandatory Provident Fund Scheme for its employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance.
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## B. SOCIAL

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**Working Hours and Rest Periods** • The Group acknowledges the importance of work-life balance and its significance on employee health. It has implemented policies to govern working hours and the rights of employees to rest periods and vacations. Statutory holidays and paid annual leave are provided as required by law. Other types of paid leaves, such as maternity leave, paternity leave, sick leave, personal leave, are provided and reviewed regularly according to market standards.

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- The Group has formulated policies in accordance with the Provisions of the State Council on Working Hours of Workers and Staff and other local labour laws, and outlined the arrangements of working days and hours in the Employee Handbook. It does not tolerate any kind of forced labour. All overtime work is on voluntary basis and appropriate overtime allowance is offered.

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**Equal Opportunity, Diversity, Anti-discrimination**

- As an equal opportunity employer, the Group values fair competition, mutual respect, and diversity. It is committed to promoting an inclusive work environment that is free from discrimination. Recruitment, promotion, and termination are not affected by the employee's age, gender, marital status, pregnancy, family status, disability, race, colour, ancestry, national or ethnic origin, national origin, religion, and any other non-job-related factors.

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- The Group has zero tolerance towards any kind of harassment or slanderous conduct in the workplace. In accordance with the local laws and regulations, such as the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), the Group has implemented an equal opportunity policy against discrimination.

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- The Group encourages employees to report any incident of discrimination to the Group's Human Resources Department. The Group is responsible for a fair and transparent assessment, and it will take necessary disciplinary actions against relevant persons in accordance with the applicable laws and regulations.
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## B. SOCIAL

### B2. HEALTH AND SAFETY

The Group is committed to providing its employees with a healthy, safe and comfortable working environment. It strives to eliminate potential workplace safety hazards and has upheld safety standards in all aspects to ensure the health and safety of employees during work.

The Group has formulated stringent internal safety and health policies to comply with the relevant laws and regulations in Hong Kong and the PRC. During the Reporting Period, the Group was not aware of any violation of laws and regulations related to the provision of a safe working environment and the protection of employees from occupational hazards, which had 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;
- Law of the People's Republic of China on the Prevention and Control of Occupational Diseases; and
- Regulation on Work-Related Injury Insurance of the People's Republic of China.

As a company engaged in property investment, property development and water mining, the mitigation of occupational health and safety risks is of paramount importance to the Group. The Group strives for zero accident in its operations. It strictly follows the instructions of the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Management Systems ISO 45001: 2018) on hazards identification and measures to reduce on-site safety risks.

The Group has posted warning labels and announcements on health and safety issues in conspicuous places of the operational sites and stipulated that smoking and liquor drinking are strictly prohibited in the workplace. To ensure the health and safety of employees, the Group requires on-site workers to wear appropriate protective equipment, such as safety helmets, safety ropes and gloves. All other personnel entering the construction area are also required to wear safety helmets. Safety inspections of all operational sites are carried out from time to time. The Group also provides employees with medical and work injury insurance in accordance with the requirements of relevant laws and regulations.

## B. SOCIAL

Contingency planning can effectively minimise the risks associated with health and safety incidents. The Group has developed a crisis management plan and response mechanism to deal with any emergencies that may occur. All work areas have unobstructed emergency exits and fully-equipped first aid boxes. The Group arranges emergency drills to ensure that employees are familiar with measures that will be taken upon occurrences of any emergencies.

To further enhance employee awareness on occupational health and safety, the Group arranges regular training courses on various topics such as emergency management, handling of hazardous substances and protection of machinery and equipment.

The Group achieved zero employee casualties for three consecutive years (including the Reporting Period). During the Reporting Period, the Group did not lose any working days due to work-related injuries.

### ***COVID-19 Pandemic Outbreak Response Measures***

The COVID-19 pandemic has brought various challenges to the Group. To prevent the spread of virus in the workplace, the Group focuses on requiring its employees to pay attention to personal hygiene and follow the government's health advice. The Group has taken the preventive measures below for the COVID-19 pandemic, including but not limited to:

- Provide adequate number of surgical face masks in the office;
- Advise employees to practice good personal hygiene;
- Encourage employees to use hand sanitiser or wash their hands for at least 20 seconds frequently;
- Provide 70-80% alcohol-based hand sanitiser in all work areas;
- Check and monitor the body temperature of employees;

## B. SOCIAL

- Remind employees to cover their mouth and nose when they sneeze or cough, and avoid touching their eyes, mouth and nose before cleaning their hands;
- Remind employees to dispose of used tissues properly;
- Wear surgical face masks in the office;
- Encourage employees to maintain appropriate social distances;
- Arrange flexible work arrangements to avoid peak-hour travel and reduce travel frequency; and
- Require any employee with fever or other respiratory symptoms to seek medical attention and rest at home.

### B3. DEVELOPMENT AND TRAINING

Development and training help the Group to attract and retain talents, improve employee job satisfaction, morale and productivity, and improve health and safety standards. The Group encourages the development and training of employees of all levels, to keep them abreast with industry trends and refresh existing skills.

During the Reporting Period, the Group provided a total of 241 hours (2022: 148 hours) of training to its employees. Approximately 31.91%<sup>5</sup> (2022: 32.4%) of the employees were trained with an average training hours per employee of 5.13 hours<sup>6</sup> (2022: 4.00 hours).

## B. SOCIAL

The percentage of employees trained and the average training hours completed by each employee by gender and employee category is as follows:

| Categories                      | Percentage of Employees Trained <sup>7</sup> | Average Hours of Training per Employee <sup>8</sup> |
|---------------------------------|--|---|
| <b>By Gender</b>                |  |   |
| Male                            | 33.33%                                       | 5.37  |
| Female                          | 29.41%                                       | 4.71  |
| <b>By Employee Category</b>     |  |   |
| Directors and senior management | 35.00%                                       | 2.25  |
| Middle management               | 71.43%                                       | 13.14   |
| General staff                   | 15.00%                                       | 5.20  |

5. The percentage of employees trained = Total number of employees trained during the Reporting Period/Total number of employees at the end of the Reporting Period.
6. The average training hours per employee = Total training hours for the Reporting Period/Total number of employees at the end of the Reporting Period.
7. The percentage of employees trained by category = Number of employees trained in the specified category during the Reporting Period/Number of employees at the end of the Reporting Period in the specified category.
8. The average training hours per employee by category = Training hours by category for the Reporting Period/Total number of employees at the end of the Reporting Period in the specified category.

## B. SOCIAL

### B4. LABOUR STANDARDS

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

The Group prohibits any child labour and forced labour in its business, and it has formulated an internal policy to govern related labour issues. The Human Resources Department inspects the identification documents of job applicants before they are hired in order to prevent the employment of child labour. If the Group finds any violation of relevant labour laws, regulations or standards regarding child labour, the Group will immediately terminate the labour contract and take disciplinary action against the relevant management personnel.

Each employee's labour contract clearly states his working hours, work location and main responsibilities, to protect employees from being assigned to work that is not within the scope of their responsibilities. If employees need to work overtime, the overtime work must be agreed mutually and compensated according to relevant laws and regulations.

During the Reporting Period, the Group was not aware of any material matters that had a significant impact on the Group and that seriously violated the relevant laws and regulations on child labour and forced labour. Relevant laws and regulations include but are not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Regulations Prohibiting Child Labour of the People's Republic of China.

### B5. SUPPLY CHAIN MANAGEMENT

The Group has in place a supplier evaluation management system, namely "Supplier Management Measures", for the selection of suppliers. According to this system, the procurement department assesses suppliers based on their performance on ESG issues, product quality, qualifications, production capacity, technological level, past performance, customer base, and related matters for a comprehensive assessment. The selected suppliers are required to submit the required information for the Group's assessment.

The Supplier Management Measures ensure that selected suppliers will meet the Group's quality standards. The procurement department will perform site inspection, if necessary, to gain a better understanding of the supplier's production plant. Suppliers can only be included in to the Group's qualified supplier list after passing the Group's assessments and interviews. In addition, suppliers should comply with all relevant laws and regulations, including but not limited to environmental and labour laws and regulations. The Group conducts on-going assessments and communicates feedback to suppliers on a regular basis to ensure that suppliers continue to meet the standards.

## B. SOCIAL

### ***Green Procurement***

The commitment to “Green Procurement” reflects the Group’s determination to improve its environmental sustainability, not only within the Group’s organisation, but also along the value chain. The Group is committed to local procurement in order to support the local economic development, create employment opportunities, and reduce the carbon generated from transportation. During the procurement process, the Group will give priority to local suppliers and environmentally friendly products and services.

The Group also takes measures to monitor its suppliers’ compliance with the relevant laws and regulations, and whether they meet standards on issues such as health, safety, forced labour and child labour. It is done by conducting site visits at the suppliers’ operating sites. The Group aims to minimize environmental and social risks in its supply chain.

The Group also pays attention to the integrity of suppliers and will only select reputable suppliers and partners with no records of business violations. The Group does not tolerate any acts of bribery and corruption, and strictly prohibits suppliers from obtaining procurement contracts or cooperative relationships through any form of benefit transmission or gift.

During the Reporting Period, the Group had 20 suppliers, 7 located in China and 13 located in Hong Kong.

### **B6. PRODUCT RESPONSIBILITY**

Customer satisfaction is the cornerstone of the Group’s sustainable development. The Group actively monitors product quality through internal control procedures and maintains constant communication with customers to ensure the Group’s products and services meet customer expectations. The Group hopes to continuously improve the quality of its products and services by understanding the needs and expectations of its customers.

### ***Property Development and Property Investment Business***

The Group is committed to creating a high-quality living environment. Every detail of a project must meet the Group’s quality standards before it can be offered to market. The Group has established an integrated management system that meets the requirements of ISO9001:2015 and ISO 14001:2015, and strictly monitors the entire construction process to ensure that reliable products can be delivered to customers on time. The safety and quality of the properties developed by the Group are monitored and confirmed by the Engineering Department at all stages of construction. Meanwhile, the chief supervision engineer of each project, who acts as the project supervisor, is required to possess the relevant working experiences and the certification for Engineering Construction Supervision in the PRC.

## B. SOCIAL

The Group gives priority to environmentally-friendly and harmless materials when selecting construction materials. Since inhalation of volatile organic compounds (“VOCs”) may cause serious health problems to tenants, the Group uses materials that emit low VOCs. In addition, the Group has established strict policies to adjust and coordinate the construction plan immediately when there is a material deviation from the project plan. During the Reporting Period, the Group did not encounter any properties for sale that had to be recalled due to safety and health issues.

### ***Water Business***

The Group aims to provide every customer with safe, clean and natural water. Its principle of “Serving clients with reliable products, excellent management, perfect quality and considerate sincerity” serves to ensure that all products in the water business fully comply with the applicable laws and regulations, including but not limited to the Water Law of the People’s Republic of China and the Food Safety Law of the People’s Republic of China, and the guidelines of ISO9001:2015. The Group has invested heavily in source control, production monitoring and finished product management to establish a system management platform that meets customer needs and expectations. During the Reporting Period, the Group did not encounter any water products that had to be recalled due to safety and health reasons.

### ***Customer Satisfaction***

Customers can give their feedback to the Group through customer satisfaction surveys and direct contact. After receiving the complaint, the Customer Relations Department will follow up on the complaint within a specified time. Through effective dialogue and communication with customers, the Group strives to improve its business performance and provide its customers with quality services and products. During the Reporting Period, the Group did not receive any complaints about product quality regarding safety and health issues.

### ***Protection of Intellectual Property Rights, Customer Data and Privacy***

The Group strictly abides by the laws and regulations on customer privacy, including but not limited to the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests and the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), to ensure that its customers’ rights are safeguarded. The customer data collected by the Group are stored in encrypted systems, and only designated staff are authorised to access. Customer data are used only for the purposes for which the data was collected. The Group prohibits any employee from divulging the customer’s information to any third party without the customer’s consent. During the Reporting Period, the Group did not receive any complaints about customer privacy.



## B. SOCIAL

### ***Product and Service Labelling***

The Group has also issued internal guidelines to ensure that product descriptions and materials, including labelling of its products and services, are accurate and compliant with relevant laws and regulations, including but not limited to the Advertising Law of the People's Republic of China. For example, the label of bottled water should be clear and comply 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 and GB 28050-2011 China Food Safety National Standard General Rules for the Nutrition Labelling of Pre-packaged Foods. Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited by the Group. The sales and marketing materials are reviewed by the legal counsel of the Group before releasing to the public in order to prevent any violation of the applicable laws and regulations regarding advertisement.

### **B7. ANTI-CORRUPTION**

The Group has zero tolerance against any corruption or fraud and strictly abides by the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Anti-Corruption Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Anti-Corruption Law of the People's Republic of China Law and other laws and regulations.

The Group has appointed risk control personnel responsible for supervising related matters and has established integrity rules and regulations, covering the operation of business and project management, including detailed regulations on bidding, reimbursement, and other issues. The Group is committed to maintaining an image of integrity and no corruption lawsuits have been brought against the Group or any of its employees that have been concluded during the Reporting Period.

### ***Whistle-blowing System***

The Group has established whistle-blowing mechanisms for employees to report any suspected corrupt activity. Whistle-blowers may report any suspected misconduct orally or in writing to the Group's audit committee (the "Audit Committee"), providing details and evidence of the incident. The Audit Committee conducts independent investigations of any suspicious or illegal conduct to safeguard the interests of the Group. Investigations of relevant cases are conducted confidentially and independently to protect whistle-blowers from unfair dismissal or harm. If the Group discovers any suspected illegal activities, it will report to the relevant regulatory authorities or law enforcement authorities as appropriate.

## B. SOCIAL

### ***Anti-corruption Training***

The Group also regularly provides trainings to employees on anti-bribery and integrity through induction training, middle and senior management training and keynote speeches, so as to enhance employee awareness on preventing any unethical behaviour such as bribery, extortion, fraud and money laundering.

All directors have previously received anti-corruption training through anti-corruption training material titled “Anti-Corruption Programme – A Guide for Listed Companies” published by the Independent Commission Against Corruption and spent about 2 hours on self-study. Due to the impact of the COVID-19 pandemic during the Reporting Period, face-to-face physical training could not be conducted.

### **B8. COMMUNITY INVESTMENT**

The Group has been committed to giving back to society and participating in public welfare development while pursuing business development. Our businesses, including water business, property development and property investment, provide affordable housing and job creation for low-income and underprivileged families in the rural and rural suburban areas. The Group provides donations, participates in volunteer services and provides training and educational activities to the poor and needy in the community. During the Reporting Period, the Group collected plastic bottles in its Hong Kong office for recycling. All rebates received from recycling plastic bottles were subsequently donated to charitable organizations to help the disadvantaged groups. The Group focuses on contributing to making the communities where it operates a better place to live, especially by promoting the development of local philanthropy and the healthy growth of children as its top priority.

# MAJOR APPLICABLE LAWS AND REGULATIONS RELATED TO THE GROUP'S BUSINESSES

| Aspects                         | Major Applicable Laws and Regulations   |
|---------------------------------|---|
| Emissions and Ecosystem         | <p>Air Pollution Control Ordinance</p> <p>Water Pollution Control Ordinance</p> <p>Waste Disposal Ordinance</p> <p>Environmental Protection Law of the People's Republic of China</p> <p>Environmental Impact Assessment Law of the People's Republic of China</p> <p>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Prevention and Control of Water Pollution</p> <p>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</p> <p>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</p> <p>Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</p> <p>Water Law of the People's Republic of China</p> <p>Energy Conservation Law of the People's Republic of China</p> |
| Employment and Labour Standards | <p>Employment Ordinance</p> <p>Mandatory Provident Fund Schemes Ordinance</p> <p>Employees' Compensation Ordinance</p> <p>Minimum Wage Ordinance</p> <p>Sex Discrimination Ordinance</p> <p>Disability Discrimination Ordinance</p> <p>Family Status Discrimination Ordinance</p> <p>Personal Data (Privacy) Ordinance</p> <p>Labour Law of the People's Republic of China</p> <p>Labour Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Protection of Minors</p> <p>Insurance Law of the People's Republic of China</p>   |

# MAJOR APPLICABLE LAWS AND REGULATIONS RELATED TO THE GROUP'S BUSINESSES

| Aspects                | Major Applicable Laws and Regulations   |
|------------------------|---|
| Health and Safety      | <p>Occupational Safety and Health Ordinance</p> <p>Dangerous Goods Ordinance</p> <p>Fire Safety Ordinance</p> <p>Production Safety Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</p> <p>Regulation on Work-Related Injury Insurance of the People's Republic of China</p>   |
| Product Responsibility | <p>Trade Descriptions Ordinance</p> <p>Personal Data (Privacy) Ordinance</p> <p>Advertising Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Food Safety Law of the People's Republic of China</p> <p>Food Recall Management Measures</p> <p>GB 7718-2011 National Food Safety Standard – Standard for nutrition labelling of pre-packaged foods</p> <p>GB 28050-2011 China Food Safety National Standard General Rules for the Nutrition Labelling of Pre-packaged Foods</p> <p>Water Law of the People's Republic of China</p> <p>Regulation on the Administration of the License for Water Drawing and the Levy of Water Resource Fees</p> <p>Administrative Regulations on the Work Safety of Construction Projects</p> <p>Construction Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Protection of Consumer Rights and Interests</p> <p>Safety and Health in Construction Convention</p> <p>Regulation on the Quality Management of Construction Projects</p> <p>Law on the Management of the Environmental Inspection of Completed Construction Projects</p> |
| Anti-corruption        | <p>Prevention of Bribery Ordinance</p> <p>Anti-Money Laundering and Counter-Terrorist Financing Ordinance</p> <p>Criminal Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Anti-money Laundering</p> <p>Anti-Corruption Law of the People's Republic of China</p> <p>Anti-Unfair Competition Law of the People's Republic of China</p> <p>Bidding Law of the People's Republic of China</p>  |

# THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

| Subject Areas,<br>Aspects, General<br>Disclosures and KPIs | Description   | Section/Declaration   |
|--|---|---|
| <b>A. Environmental</b>                                    |   |   |
| <b>AI: Emissions</b>                                       |   |   |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(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. | Emissions   |
| KPI AI.1   | The types of emissions and respective emissions data.   | Emissions   |
| KPI AI.2   | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.  | Emissions – GHG Emissions                                   |
| KPI AI.3   | Total hazardous waste produced (in tonnes) and intensity.   | Emissions – Hazardous Waste<br>(not applicable – explained) |
| KPI AI.4   | Total non-hazardous waste produced (in tonnes) and intensity.   | Emissions – Non-Hazardous Waste                             |
| KPI AI.5   | Description of emissions target(s) set and steps taken to achieve them.   | 2030 Environmental Goals                                    |
| KPI AI.6   | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.  | 2030 Environmental Goals                                    |

# THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

| <b>Subject Areas, Aspects, General Disclosures and KPIs</b> | <b>Description</b>   | <b>Section/Declaration</b>  |
|---|--|---|
| <b>A2: Use of Resources</b>                                 |  |   |
| General Disclosure  | Policies on the efficient use of resources, including energy, water and other raw materials.   | Use of Resources  |
| KPI A2.1  | Direct and/or indirect energy consumption by type in total and intensity.  | Use of Resources – Energy Management  |
| KPI A2.2  | Water consumption in total and intensity.  | Use of Resources – Water Resources Management   |
| KPI A2.3  | Description of energy use efficiency target(s) set and steps taken to achieve them.  | Use of Resources – Energy Management 2030 Environmental Goals                           |
| KPI A2.4  | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Use of Resources – Water Resources Management 2030 Environmental Goals                  |
| KPI A2.5  | Total packaging material used for finished products (in tonnes) and with reference to per unit produced.   | 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.   | 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.                  | The Environment and Natural Resources – Indoor Air Quality Management, Noise Management |

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| Subject Areas,<br>Aspects, General<br>Disclosures and KPIs | Description   | Section/Declaration                                     |
|--|---|---|
| <b>A4: Climate Change</b>                                  |   |   |
| General Disclosure   | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.  | Climate Change  |
| KPI A4.1   | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.  | Climate Change –<br>Physical Risks, Transition<br>Risks |
| <b>B. Social</b>   |   |   |
| <b>B1: Employment</b>                                      |   |   |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(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. | Employment  |
| KPI B1.1   | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.  | Employment  |
| KPI B1.2   | Employee turnover rate by gender, age group and geographical region.  | Employment  |

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| <b>Subject Areas, Aspects, General Disclosures and KPIs</b> |   |                            |
|---|---|----------------------------|
| <b>Disclosures and KPIs</b>                                 | <b>Description</b>  | <b>Section/Declaration</b> |
| <b>B2: Health and Safety</b>                                |   |                            |
| General Disclosure  | Information on:<br>(a) the policies; and<br>(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. | Health and Safety          |
| KPI B2.1  | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.   | Health and Safety          |
| KPI B2.2  | Lost days due to work injury.   | Health and Safety          |
| KPI B2.3  | Description of occupational health and safety measures adopted, how they are implemented and monitored.   | Health and Safety          |
| <b>B3: Development and Training</b>                         |   |                            |
| General Disclosure  | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | Development and Training   |
| KPI B3.1  | The percentage of employees trained by gender and employee category.  | Development and Training   |
| KPI B3.2  | The average training hours completed per employee by gender and employee category.  | Development and Training   |



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| Subject Areas,<br>Aspects, General<br>Disclosures and KPIs | Description  | Section/Declaration  |
|--|--|--|
| <b>B4: Labour Standards</b>                                |  |  |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Labour Standards   |
| KPI B4.1   | Description of measures to review employment practices to avoid child and forced labour.   | Labour Standards –<br>Prevention of Child and<br>Forced Labour |
| KPI B4.2   | Description of steps taken to eliminate such practices when discovered.  | Labour Standards –<br>Prevention of Child and<br>Forced Labour |
| <b>B5: Supply Chain Management</b>                         |  |  |
| General Disclosure   | Policies on managing environmental and social risks of the supply chain.   | Supply Chain Management  |
| KPI B5.1   | Number of suppliers by geographical region.  | 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.                            | Supply Chain Management  |
| KPI B5.3   | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.   | Supply Chain Management  |
| KPI B5.4   | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.                            | Supply Chain Management  |

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| Subject Areas,<br>Aspects, General<br>Disclosures and KPIs |   |   |
|--|---|---|
| Disclosures and KPIs                                       | Description   | Section/Declaration   |
| <b>B6: Product Responsibility</b>                          |   |   |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(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. | Product Responsibility  |
| KPI B6.1   | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Product Responsibility  |
| KPI B6.2   | Number of products and service-related complaints received and how they are dealt with.   | Product Responsibility –<br>Customer Satisfaction   |
| KPI B6.3   | Description of practices relating to observing and protecting intellectual property rights.   | Product Responsibility –<br>Protection of Intellectual<br>Property Rights, Customer<br>Data and Privacy |
| KPI B6.4   | Description of quality assurance process and recall procedures.   | Product Responsibility  |
| KPI B6.5   | Description of consumer data protection and privacy policies, and how they are implemented and monitored.   | Product Responsibility –<br>Protection of Intellectual<br>Property Rights, Customer<br>Data and Privacy |

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| Subject Areas,<br>Aspects, General<br>Disclosures and KPIs | Description  | Section/Declaration                           |
|--|--|---|
| <b>B7: Anti-corruption</b>                                 |  |   |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 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.                                     | Anti-corruption                               |
| KPI B7.2   | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.   | Anti-corruption –<br>Whistle-blowing System   |
| KPI B7.3   | Description of anti-corruption training provided to directors and staff.   | Anti-corruption –<br>Anti-corruption Training |
| <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.                 | Community Investment                          |
| KPI B8.1   | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).  | Community Investment                          |
| KPI B8.2   | Resources contributed (e.g. money or time) to the focus area.  | Community Investment                          |