

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## I. PREAMBLE

In 2021, the global livelihoods and economy gradually recovered along with the introduction of COVID-19 vaccines. Nevertheless, inflationary pressures and the emergence of virus variants have caused the economic recovery of various business segments to be slower than expected. In addition, the increasingly frequent extreme weather events, including floods, heatwaves, and cold fronts, have sparked the concerns from the finance industry, which press the finance industry to take into due consideration of climate change's associated impact on its investee's debt-paying ability and operations. As such, integrating Environmental, Social, and Governance ("ESG") considerations into its business strategy is of paramount importance for finance enterprises to minimize their exposure to significant ESG risks and climate-change-induced crises.

Since the Chinese Government has highlighted the importance of green finance in the 14th Five-Year Plan and the Securities and Futures Commission ("SFC") of Hong Kong established the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) in 2020, these implied that the market is laying greater emphasis on ESG topics, ranging from climate change, health, and wellbeing, to labour rights and social welfare. To this end, incorporating these factors into decision-making processes to facilitate green and sustainable development has increasingly become a crucial aspect for investing.

As one of the leading cross-border investors with its focus on China's fast-growing industries, Wealthking Investments Limited (the "Company") and its subsidiaries (collectively, the "Group") seizes every opportunity amid the challenging times. The Group has been embracing ESG concepts in its daily operations and believes that by putting an appropriate emphasis on ESG in investment analysis and decision making, it can achieve its investment objectives, lower the risks associated with ESG-related matters and ultimately create diversified returns for its shareholders.

## II. REPORTING BOUNDARY & PRINCIPLES

In strict compliance with the requirements under Appendix 27 — ESG Reporting Guide ("ESG Guide") of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Group is pleased to present its ESG Report for the year ended 31 March 2022 ("FY2021/2022"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2021/2022. For the corporate governance section, please refer to the Group's 2021/2022 Annual Report on pages 39 to 50.

The ESG report has been prepared in both English and Chinese Language. If there is any conflict or inconsistency, the English version should prevail. A complete content index table is available at the end of the ESG report for readers' convenience to check its integrity.

### **Boundary Setting**

Given the business nature of the Group, the boundary of the ESG report remains the same as in previous years that covers the performance and management policies of the Group's investment business. Other than the specified environmental performance disclosed which only focus on the operations based in Hong Kong, other disclosures in this ESG Report covers the operations of the whole Group.

### **Reporting Principles**

As reporting principles underpin the preparation of the ESG report, the main ESG performance of the Group FY2021/2022 of the ESG report has been determined and disclosed under the principles of Materiality, Quantitative, Balance and Consistency.

### **Materiality**

In FY2021/2022, a materiality assessment on ESG-related topics was performed with reference to the recommended procedures of the Stock Exchange based on continuous dialogues with the Group's stakeholders. The Group consulted with its key stakeholders on its ESG impacts and their sustainability concerns, then prioritised and mapped the results of consultation into a materiality matrix which presents the relevant ESG issues material to the Group in its ESG management, to which the Group will continue to pay more attention in its business development.

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## Quantitative

The Group collected and summarised its performance in greenhouse gas (“GHG”) emissions, consumption of various energy resources, and social Key Performance Indicators (“KPIs”) including the number of employees in terms of age, gender, position types, and geographic locations, implementation of training policies and contributions to local communities and the society in a numeric manner. Relevant calculation methods and assumptions are specified under the corresponding performance tables.

## Balance

To portray an unbiased picture of the Group’s impact from the environmental and social aspects, both achievements and room for improvements are discussed in the ESG Report.

## Consistency

For meaningful comparisons and better benchmarking, the Group based its approaches to boundary setting and the accounting of GHG emissions on Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, “How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories, which enabled the Group to effectively monitor its trajectory in minimising its carbon footprint. Given the application of the principle of Materiality, the Group considered the Scope 3 emission to be insignificant when compared to the overall emission of the Group during FY2020/2021 and FY2021/2022, and thus decided not to include Scope 3 emissions into the calculation of the total GHG emission.

## III. MESSAGE FROM THE BOARD

2021 is the opening year of the 14th Five-Year Plan, in which China has emphasised the importance of the development of green finance in the facilitation of the green and low-carbon transformation of the real economy. In response to the national call for green finance, the Group has persevered in seeking ways to enhance the ESG alignment of our analysis and investments to create a positive environmental and social impact while generating decent financial returns. In 2021, the Group was awarded the “Best Financial Company” in the 6th Golden Hong Kong Stock Award, which recognised its prominent position and development in financial performance, social responsibility as well as information transparency.

### Our ESG Strategy

As a financial enterprise, the major ESG-related risk that the Group has been exposed to is from its investment portfolio. As such, the Group has taken due consideration of the ESG risks in its investment portfolio. During the assessment phase, the Group has integrated ESG considerations into selection criteria, including investment analysis, due diligence, decision-making, and portfolio management. With regular reports and comments, the Group keeps being updated with the latest ESG information of its investees. The Group also effectively monitor and review the ESG performance and associated risks of its investees.

In the meantime, the Group values the engagement of both internal and external stakeholders. To this end, the Group is committed to conducting an annual materiality assessment to identify the priorities of the Group’s business when deciding our sustainability strategy. The consolidated stakeholders’ feedback will be reported to the Board of Directors of the Group (the “Board”) for internal discussions, so as to examine the topics of greatest interest to the Group and our stakeholders. The Board is responsible for ensuring that the necessary mechanisms for corporate governance and ESG policies are in place, meanwhile overseeing the Group’s ESG issues from a strategic perspective. More details can be found in the following chapters **ESG Management Strategy** and **Stakeholder Engagement**.

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## Response to the Pandemic

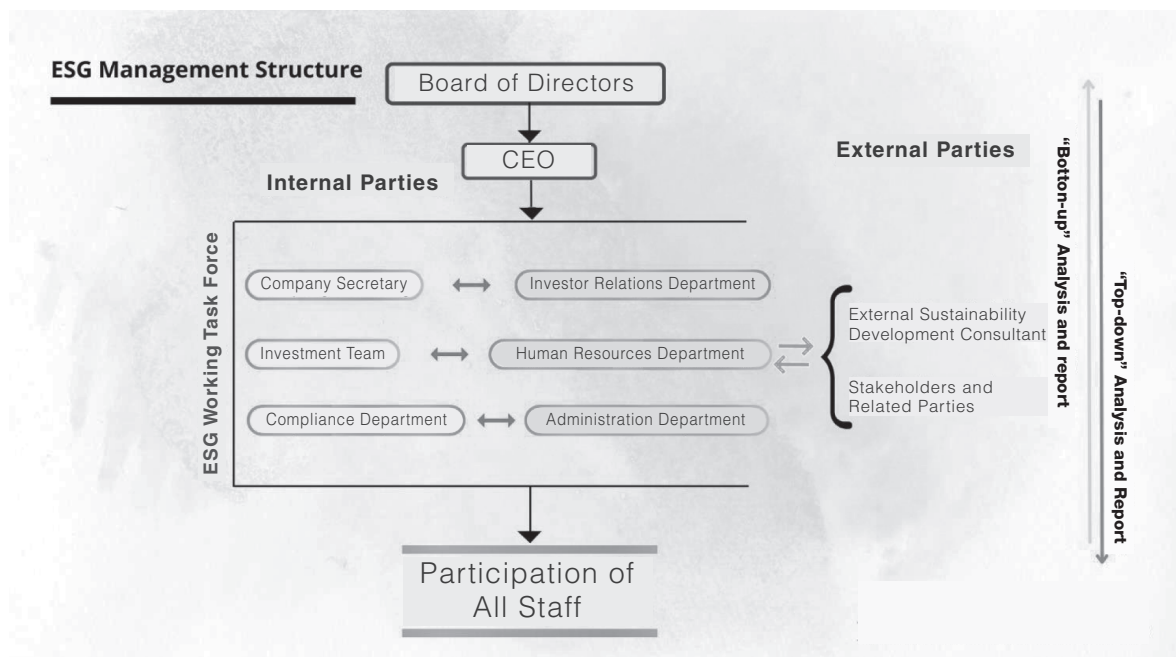
Benefiting from the increasing vaccination rate, the global economy and livelihood are ready to resume and shake off the impact of the pandemic. Nevertheless, we remain prudent in implementing control measures and fully complies social distancing rules announced by the government, to minimise the spread of the virus within the Group to safeguard the health and safety of our employees, business partners, and clients.

## Looking into the Future

With an increasing interest and attention in the integration of ESG and impact investing into operations, we will continue to contribute to environmental protection and social welfare via investments and reinforce the engagement with investee companies in the portfolio from the perspective of ESG issues and relevant activities, with the goal of improving our ESG practices and disclosure. In terms of our business operations, under the robust governance framework and resilient business model, we are well prepared to continuously deepen our sustainability strategy by setting more specific business-related environmental, social, and governance goals. Meanwhile, we plan to establish an ESG committee, which assists the investment team in identifying and analysing the potential ESG risks in investees and facilitate our understanding of the Group's progress in sustainable development.

## IV. ESG MANAGEMENT STRATEGY

In view of the increasing concerns about ESG issues from the society, the Group has been committed to constructing a comprehensive ESG management structure and integrating sustainability into its business development. The Group is fully aware of the pivotal role that the Board plays in the corporate ESG management, in which the Board is fully responsible for overseeing and coping with the Group's ESG matters. As such, the Group ensures that the material sustainability topics that encompass ESG-related concerns are positioned on the Board agendas. For instance, the information of the latest update concerning ESG-related laws and regulations that have a significant impact on the Group and their expected impacts on the Group's operations will be reported to the Board by relevant departments, such that the Board can formulate plans promptly.



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The Group adopts a two-way approach, namely “top-down” and “bottom-up”, as its internal ESG management strategy. This helps the Group to better deliver the message of its corporate vision from the Board to all staff, while the frontline staff is also encouraged to update the policymakers and executives of the Group on a timely basis with their hands-on experience from their daily operations.

Under the Board’s oversight and leadership on the management of ESG matters of the Group, all departments and staff execute relevant ESG policies and report on material affairs in performing duties. In order to facilitate the coordination of daily ESG management, the Group has constructed an ESG Working Task Force, comprised of employees from the Compliance Department, Investment Department, Administration Department, and Human Resources Department, which is responsible for formulating and implementing annual ESG plans and organising internal ESG-related activities.

In order to have a better assessment of its ESG-related risks during business development, the Group has integrated ESG considerations into operations including investment analysis, due diligence, decision-making and portfolio management, etc. The well-organised management framework and community strategy enable timely identification, report, discussion, and analysing of material ESG risks and opportunities faced by different departments, which allows the Group to formulate and implement effective countermeasures in an efficient manner. The Group pays particular attention to the ESG-related risks associated with new investments and investees, and the Group is committed to leveraging its capital strength to address the pressing ESG issues, including environmental degradation and climate change.

To manage the ESG-related risks in its investment portfolio, the Group acquires relevant ESG information via regular reports and feedback from various departments, and monitors and measures the ESG performance and associated underlying risks in the investees.

## V. STAKEHOLDER ENGAGEMENT



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The Group values its stakeholders' feedback and thus has been actively engaging with its stakeholders to identify and address their concerns in relation to the Group's sustainable development on a continuous basis. For the sake of realising the industrial best practices, the Group has been committed to maintaining a sound relationship with all its stakeholders as well as through a proactive, outcomes-based engagement with its investee companies. Besides, the Group has involved the representatives from both internal and external parties in defining, prioritising, and implementing its sustainability strategies through the following means, during which the Group has carefully listened to and responded to its stakeholders' concerns.

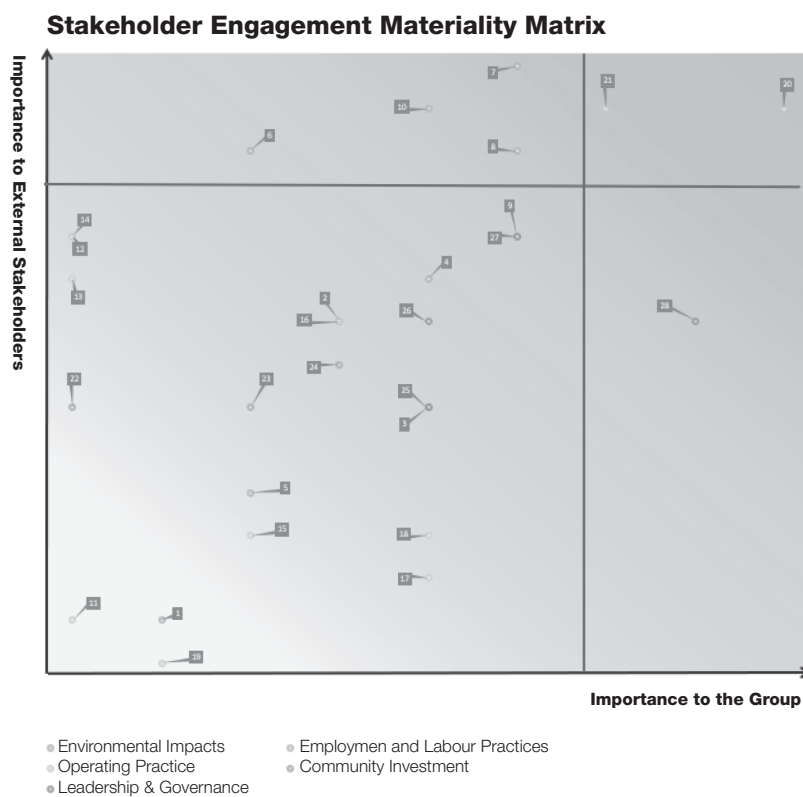
## Communication with Key Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>– Law and regulation compliance</li> <li>– Anti-corruption policies</li> <li>– Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Supervision on the compliance with local laws and regulations</li> <li>– Routine reports and tax payments</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>– Return on investments</li> <li>– Corporate governance</li> <li>– Law and regulation compliance</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports</li> <li>– Announcements</li> <li>– Annual general meetings</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>– Employees' remuneration and benefits</li> <li>– Career development</li> <li>– Training opportunities</li> <li>– Health and safety in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>– Performance appraisal</li> <li>– Regular meetings and training courses</li> <li>– Written comments via emails, notice boards, telephone calls and team building activities with management</li> </ul>
<b>General public</b>	<ul style="list-style-type: none"> <li>– Involvement in communities</li> <li>– Environmental, social and economic impacts of the Group's investments</li> <li>– Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>– Media conferences and responses to enquiries</li> <li>– Corporate website</li> <li>– Social media platforms</li> </ul>

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## Materiality Assessment

As ESG risks and opportunities vary among stakeholders of the Group involving different backgrounds, principal activities, and business/operating models, the Group identifies the material ESG topics in a stepwise manner, including performing a materiality assessment survey with its selected stakeholder representatives. Specifically, the Group engaged the selected stakeholders from both internal and external parties including the general staff, senior management, directors, suppliers and professional organisation in an online survey to express their views against a list of ESG issues of the Group. The online survey contained well-designed questions, which were believed to be material and relevant to the Group's business development and strategies from the stakeholders' standpoint. The objective and decision-useful materiality assessment allowed the Group to prioritise its ESG issues after mapping the results of the survey into a materiality matrix as shown below.



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1	GHG Emissions	15	Products/Services Quality and Safety
2	Energy Management	16	Customer Privacy and Data Security
3	Water and Wastewater Management	17	Marketing and Promotion
4	Solid Waste Stewardship	18	Intellectual Property Rights
5	Climate Change Mitigation and Adaptation	19	Labelling Relating to Products/Services
6	Renewable and Clean Energy	20	Business Ethics and Anti-corruption
7	Labour Practices	21	Internal Communication and Grievance Mechanism
8	Employee Remuneration and Benefits	22	Participation in Philanthropy
9	Occupational Health and Safety	23	Cultivation of Local Employment
10	Employee Development and Training	24	Support of Local Economic Development
11	Green Procurement	25	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12	Engagement with Suppliers	26	Management of the Legal and Regulatory Environment (regulation-compliance management)
13	Environmental and Social Risk Management of Supply Chain	27	Critical Incident Risk Responsiveness
14	Supply Chain Resilience	28	Systemic Risk Management (e.g. Financial Crisis)

Through the materiality analysis, the Group identified “Business Ethics and Anti-corruption” and “Internal Communication and Grievance Mechanism” as the ESG issues that were of great importance to the Group’s sustainable development.

## Stakeholders’ Feedback

Striving for excellence, the Group welcomes its stakeholders’ feedback and advice on the improvement of its corporate ESG approach and performance, especially the ESG issues identified as the most important ones in the materiality assessment of the Group. Readers are also welcome to share their views on the ESG matters with the Group at [ir@wealthking.com.hk](mailto:ir@wealthking.com.hk).



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## VI. ENVIRONMENTAL SUSTAINABILITY

In response to the national call of constructing a green, low-carbon, and high-quality development transition, the Group strives to minimise the underlying environmental impacts and has been committed to practising sustainability of the environment and community in which it operates. During the year under review, the Group stringently complied with relevant environmental laws and regulations in Hong Kong, including the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).

This section primarily discloses the Group's policies, practices, and performance on emissions, use of resources, the environment and natural resources, as well as climate change in FY2021/2022.

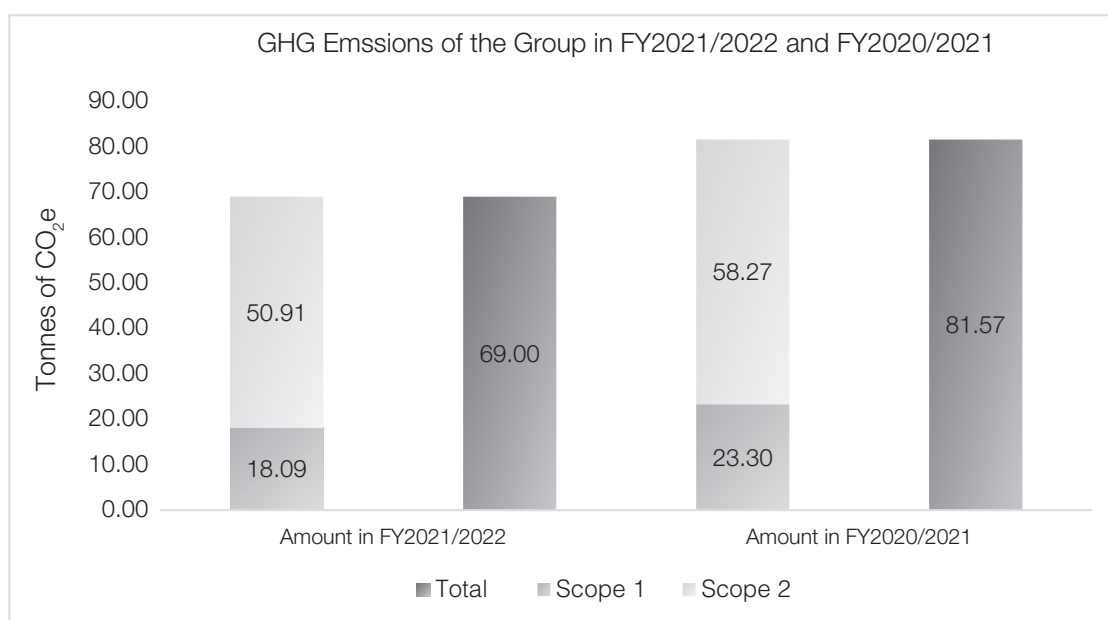
### Emissions

In FY2021/2022, the Group was not aware of any violation of laws and regulations in relation to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise that have a significant impact on the Group.

Given its business nature, the Group did not generate significant air emissions during business operation. The air and GHG emissions mainly came from the fuel combustion for vehicles and electricity consumption. In FY2021/2022, the air emissions of sulphur oxides ("SO<sub>x</sub>"), nitrogen oxides ("NO<sub>x</sub>"), and particulate matter ("PM") amounted to 0.10 kg, 2.94 kg, and 0.22 kg, respectively. In response to the "Dual Carbon Goal" pledged by the Chinese government, the Group strives to reduce its carbon footprint throughout its business operation. In FY2021/2022, the GHG emissions from the Group were primarily due to the combustion of gasoline and the electricity consumption. Specifically, the Group's total GHG emissions were 69.00 tonnes CO<sub>2</sub>e, with an intensity of 0.05 tonnes CO<sub>2</sub>e/m<sup>2</sup>. As the solid waste and wastewater were collected and managed by the property management company of the building where the Group operates in a unified manner, the Group did not receive a detailed record of its waste amount during its operations in FY2021/2022. In light of its business nature, the Group did not generate any hazardous waste in FY2021/2022. The Group's total emissions in FY2021/2022 were summarised in Table 1 in the Appendix.

### Air & GHG Emissions

In full support of the construction of a "Beautiful China", the Group has been strictly monitoring its resource consumption and improving its energy efficiency in its business operation so as to eliminate its carbon emissions. In FY2021/2022, given the reduction in gasoline consumption for transportation, the air emissions of the Group dropped significantly. Compared with FY2020/2021, the Group's SO<sub>x</sub>, NO<sub>x</sub>, and PM dropped by around 23%, 37%, and 35% respectively.





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During the year under review, the Group's GHG emissions were mainly due to the combustion of gasoline for its vehicles and electricity consumed in its office. The Group's Scope 1 and Scope 2 emissions in FY2021/2022 were 18.09 and 50.91 tonnes CO<sub>2</sub>e respectively. As compared to that in FY2020/2021, Scope 1 emissions of the Group dropped by approximately 22% while Scope 2 emissions of the Group lessened by approximately 13%, which was mainly due to the reduction in consumption of the electricity and gasoline during the year under review. As the Group did not have any business air travel during the FY2021/2022, the Group's Scope 3 emissions were insignificant to the total GHG emissions, therefore, the Scope 3 emissions are not disclosed given the application of the principle of Materiality.

Despite the fact that the Group did not generate a great amount of air and GHG emissions, the Group has been dedicated to reducing its portfolio exposure to carbon-related risks via making investments in clean and renewable energy sectors.

The Group's policies in controlling air and GHG emissions that are closely linked to the energy use will be further described in the next subsection under **Electricity** and **Other Energy Resources**.

## Wastewater & Solid Waste

During the year under review, the waste discharged from the Group's office was mainly commercial wastewater and commercial solid waste including paper, batteries, cartridges and toners. The wastewater was directly discharged into the municipal drainage system, while the solid waste was handled by the property management company of the building. Since the amount of wastewater highly depends on the quantity of fresh water consumed, the Group has adopted specific measures, which will be further described in the next subsection under **Water**, to enhance its resource efficiency in the office.

As part of its commitment to operational excellence and Sustainable Waste Stewardship, the Group has integrated circular thinking into its daily operations and advocated the "3R Principle" in waste management, namely Reduce, Reuse and Recycle, to practice its resource circularity.

## Targets and Actions

Areas	Targets	Actions and Practices
<b>Air Emissions</b>	Taking FY2021/2022 as the baseline year, the Group targets to maintain its air emission within 5 years under the same scope.	The Group rigorously advocates "green travel" and encourages its employees to practice carpooling and taking public transport.
<b>GHG Emissions</b>	Taking FY2021/2022 as the baseline year, the Group targets to maintain its GHG emission within 5 years under the same scope.	The Group will reinforce the education of its employees concerning "Energy Conservation". In addition, the Group will put forward a series of practicable measures in reducing unnecessary electricity consumption.
<b>Solid Waste and Wastewater</b>	<p>Given that the Group's solid waste and wastewater were under unified collection and management from the property management company of the building where it operates, accurate figures of the Group's solid waste and wastewater disposed of are hard to obtain, thereby not allowing the development of specific reduction targets on such wastes.</p> <p>The Group will keep integrating the philosophy of resource circularity into its daily operations and simultaneously encourage its employees to practice "3R" principles to lessen the amount of waste generated.</p> <p>In the future, the Group will strengthen its data collection on the non-hazardous waste disposed or discharge of throughout its daily operation, to facilitate the formulation of specific reduction targets on non-hazardous waste.</p>	

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## Energy & Resources

In FY2021/2022, the major resources consumed by the Group were electricity, unleaded gasoline, water and paper. Table 2 in the Appendix illustrates the amount of different resources used by the Group in FY2021/2022 and FY2020/2021. Given the business nature, the Group did not consume any packaging materials during the year under review.

### Electricity

During the year under review, the electricity was consumed for the business operations in the office, where the electricity consumption was 71.71 kWh'000 with a consumption intensity of 0.06 kWh'000/m<sup>2</sup>. In FY2021/2022, the electricity consumption was slightly lessened by approximately 2% than that in FY2020/2021.

To mitigate its electricity consumption so as to further control its Scope 2 GHG emissions, the Group has integrated “Saving Electricity” into its business strategy and operations. In particular, the Group’s office has implemented the following practices during the year under review:

- Turn off all lights, electronic devices and other power-consuming equipment at the end of the day;
- Switch off all idling appliances including lights and air conditioners;
- Purchase equipment with automatic low power mode or energy-saving mode;
- Assign representative(s) to coordinate energy-saving programmes; and
- Partner with the property management company to clean dust filters and fan coil units regularly.

### Other Energy Resources

In FY2021/2022, unleaded gasoline was consumed by the Group as its primary energy resource for transportation. The amount of gasoline consumed by the Group was 6,800.96 L with a consumption intensity of 5.26 L/m<sup>2</sup>. The consumption dropped by approximately 22% as compared with that in FY2020/2021. In order to diminish the impact brought by the Group’s daily operations on the natural resources and the environment, the Group has employed an improved energy management strategy grounded in data and focused on energy-efficient solutions, including the encouragement of employees to make use of advanced video conferencing instead of unnecessary business travels and the promotion of “green travel” through carpool and means of public transport.

### Water

The Group considers water as a precious natural resource, thus puts forward various practical measures to help its employees better understand their water footprint and achieve water conservation. In FY2021/2022, the Group consumed 214.0 m<sup>3</sup> of water with an intensity of 0.17 m<sup>3</sup>/m<sup>2</sup>. During the year under review, the Group did not face any problem in sourcing water fit for its purpose. The Group has formulated policies and raised recommendations to guide its employees to use water smartly. Committed to improving its performance in water efficiency, the Group will continue its efforts on monitoring and benchmarking the water usage in its operations:

- Promote and educate all staff with the concept of water conservation;
- Fix and report dripping taps timely for repair and maintenance;
- Partner with external parties to engage employees in water conservation initiatives;
- Set quotas and targets for water consumption restrictions to urge staff to save water;
- Adjust the water supply according to the season and resting time; and
- Establish water filters and emphasis the reuse of water.

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## Paper

Given the business nature, paper is one of the primary resources consumed throughout its operation. During the year under review, the paper consumption of the Group was 378.96 kg with a consumption intensity of 0.29 kg/m<sup>2</sup>, which dropped by approximately 40% in consumption as compared to that in FY2020/2021. The Group has long been promoting the concept of “Paperless Office” and “Office Automation” and encouraging its employees to use less paper in the workplace while strengthening their efforts to recycle the wastepaper.

- Promote office automation and disseminate messages by electronic means as much as possible;
- Give priority to recycled paper instead of virgin paper during procurement;
- Set duplex printing as the default mode for most of the network printers;
- Put a single-sided paper collection box and recycling box near the photocopiers; and
- Encouraged all staff to reuse one-side printed papers as drafts.

## Targets and Actions

Areas	Targets	Actions and Practices
<b>Electricity</b>	Taking FY2021/2022 as the baseline year, the Group targets to maintain its intensity of electricity consumption under the same scope at the same level within next 5 years.	In addition to the reinforcement of the promotion of “Saving Electricity” among its employees, the Group also gives priority to energy-efficient equipment during the procurement of the office supplies.
<b>Other Energy Resources</b>	Taking FY2021/2022 as the baseline year, the Group targets to maintain its consumption in gasoline under the same scope within next 5 years.	The Group encourages its employees to make use of video conferencing, carpooling and public transport to eliminate unnecessary business travel, so as to minimise the consumption of gasoline for company’s vehicles.
<b>Water</b>	<p>Given the amount of water consumed by the Group was calculated based on appropriate assumptions and an accurate figure of the Group’s water consumption is hard to obtain, thereby not allowing the establishment of a specific reduction target on water consumption.</p> <p>Nevertheless, the Group will rigorously stick to its internal water conservation policies to guide its employees to use water smartly.</p> <p>In the future, the Group will strengthen its data collection on the water consumption throughout its daily operations, to facilitate the formulation of a reduction target.</p>	

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## Environment and Natural resources

Given the business nature, the major resources consumed by the Group were electricity, unleaded gasoline, water and paper. Despite the fact that the Group did not pose significant impacts on environment and natural resources during its office operations, the Group has spared no effort in improving its performance in energy efficiency and resource conservation. Besides, the Group has integrated sustainability and ESG mindset into its business strategy to forge a workplace featuring sustainability elements. For instance, the Group was awarded the Green Office Awards Labelling Scheme (GOALS) and ECO-Healthy Workplace organised by the World Green Organisation (WGO) before.

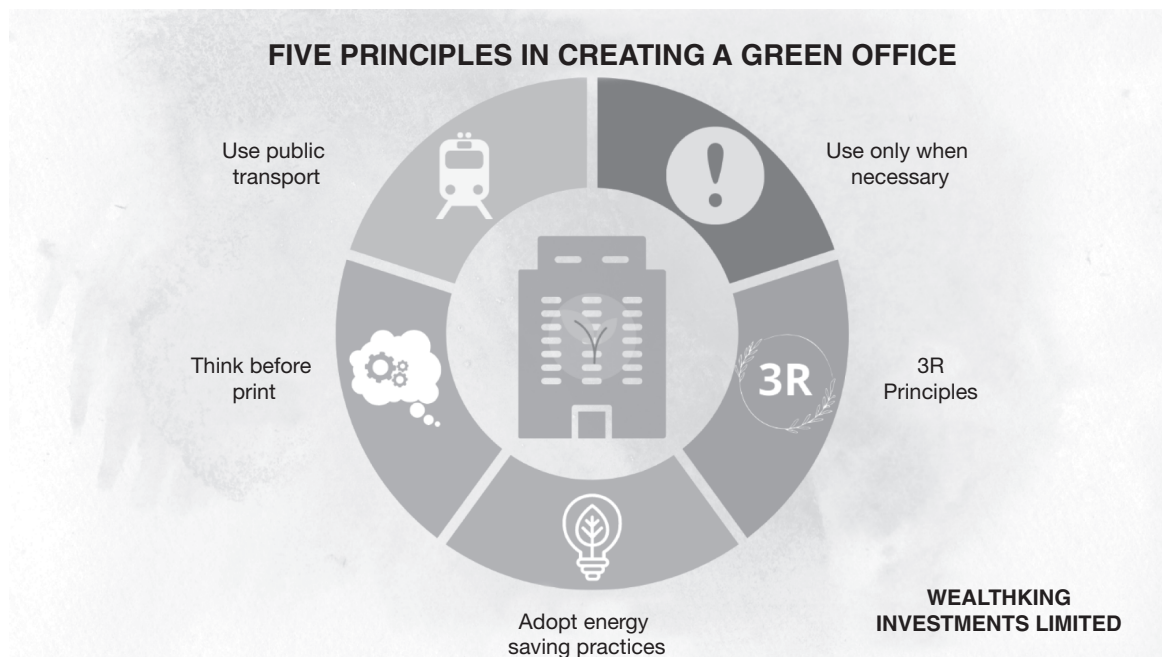


Striving to be one of the leading enterprises in environmental sustainability, the Group has been unceasingly implementing green projects in its investments and creating a workplace in energy conservation. Over the years, the Group has taken the following practices in a proactive manner to minimise the underlying environmental impacts throughout its daily operations. For instance, the Group puts a wastepaper recycling box in each photocopying area of the office. The Group worked on waste classification through the “Recycle Box” provided by the property management firm. As part of its communication strategy, material exchange was mainly in electronic form to reduce paper use. Other environmental management measures of the Group include:

- Strengthen the awareness of environmental protection of its employees via education;
- Replace energy-intensive lights with LED lights;
- Encourage clients to use electronic invoices;
- Utilising renewable energy sources, such as solar energy, in its daily operation; and
- Posted “Plastic Free”, “Non-recyclable Paper Towel” and “Greening X Office” stickers in prominent places.

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Looking forward, the Group will continue its effort in practicing environmental sustainability and promoting green office practices to minimise its environmental impacts.



## Climate Change

Climate change has been considered as one of the factors, which poses impacts on the entire economic environment. For instance, governments may propose mandates and regulations on existing products and services to cope with climate change, thereby restricting the operations and performances of various industries. Nevertheless, after taking due discussion and consideration, the Group sees that climate change has yet posed any significant acute impact on the Group's daily operations. As such, the Group does not consider climate-related risks and targets to be a priority during its business development and operations at this stage.

The Group's investment strategy is comprised of three pillars, namely core-holding-centred private equity, asset management as well as trading and others. Despite the fact that climate-related risk does not pose acute risks to the Group's operations, the increasingly frequent extreme weather events brought by climate change may lead to potential capital expenditures, capital re-allocation, or divestments in the Group's investees' operations, and thus affects the performance of the Group's investment portfolio. To minimise the impacts of climate change-related risks on the Group's investment portfolio, the Group has been in stable collaboration with external experts to acquire up-to-date climate-related information during the decision-making process. Besides, the Group has established relevant KPIs and a progress tracking system in relation to water consumption, waste management, and GHG emissions to monitor the performance of the Group's investees.

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As a leading investment company, the Group has been continuously integrating non-financial factors, such as waste management policies, GHG emissions and labour practices, into its investment assessment process in accordance with the Principles of Responsible Investment, to manage ESG risk and identify investment opportunities. In particular, the Group recruits talents to be its external investment managers who agree with and can implement the concept of responsible investment, so as to lower the Group's exposure to ESG and climate-related risks, and to attain its investment target effectively. More details can be found in "**Responsible Investment**" under "**Social Sustainability**".

In the future, the Group will strive to maintain its investment in "green" industries to account for not less than 5% of the Company's total investment and will be focusing on intelligent manufacturing, biopharmaceutical ("biopharma") and new energy industries. The new energy industry is strongly believed to benefit from the acceleration of transitioning towards clean energy, which will address the risks posed by energy depletion and climate change and the Group will be unswervingly dedicated to further integrating the mindset and practices of ESG in its business, and continuously creating "green" investment returns for its shareholders.

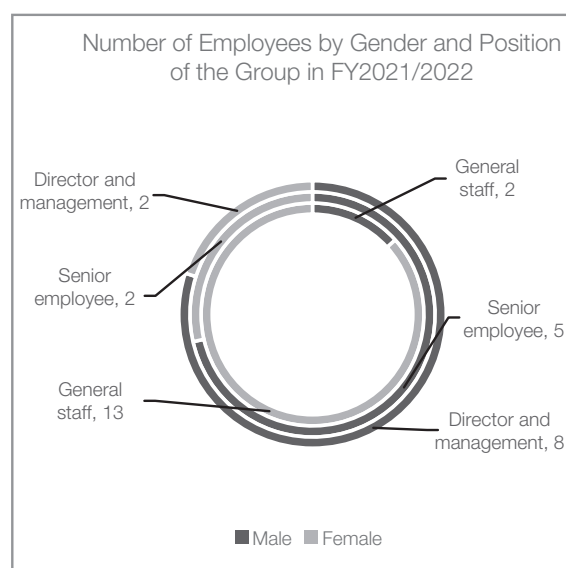
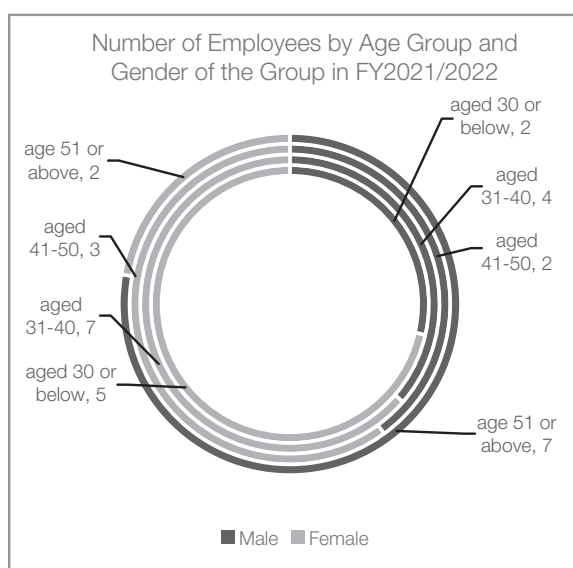
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## VII. SOCIAL SUSTAINABILITY

### Employment and labour practices

#### Employment

As of 31 March 2022, the total number of employees of the Group was 32, 27 of which were based in Hong Kong and 5 were based in Shenzhen, Mainland China. The Group values its employees and regards them as the key to attaining success and sustainable development in the Group. As part of its corporate sustainability strategy, the Group endeavours to create an inclusive corporate culture with mutual respect and care for its employees. The Group treasures its employees' talents and strives to provide its employees with a suitable platform and working environment for their professional development. The breakdown of the Group's workforce in terms of age, gender and position levels is detailed in Table 3 in the Appendix.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **Law compliance**

The Human Resources Department of the Group is responsible for reviewing and updating relevant human capital management policies on a regular basis in accordance with the latest applicable laws and regulations. In FY2021/2022, the Group's abided by the relevant laws and regulations, including the following:

- *The Labour Law of the People's Republic of China;*
- *The Employment Promotion Law of the People's Republic of China;*
- *Minimum Wage Standards of the People's Republic of China;*
- *The Labour Contract Law of the People's Republic of China;*
- *The Social Insurance Law of the People's Republic of China;*
- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);*
- *Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong);*
- *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong); and*
- *Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong).*

## **Recruitment and promotion**

Aiming to create a respectful, inclusive and safe working environment, the Group's employment practices are in strict compliance with its Employee Handbook (員工手冊) and other internal policies, which serve as the Group's core standards in employment. The Group has formulated the "Annual Recruitment Plan", which concludes the position vacancies of each department, and the Human Resources Department is responsible for selecting talents in fulfilment of the Group's business development. Pursuant to the recruitment procedures and principles, the Group offers fair and competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. All new staff will receive an Employee Handbook, with the Group's policies, employment instructions and code of conduct clearly specified. Specifically, as supplemental material to the employment contract, the Employee Handbook details the work requirements in various areas, including probation period, attendance and punctuality, compensation, leaves, ethical and legal responsibilities, etc. To retain high-calibre employees, the Group refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion and development for eligible employees who have shown outstanding performance and potential in their positions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***Compensation and dismissal***

The Group benchmarks the standard of local markets, company performance and economic circumstances, to review and adjust the compensation packages for employees after the Group performs its annual evaluation and appraisal on its employees with respect to their capability, efforts and contributions. In order to attract, retain and incentivise its employees, competitive salary packages and benefit policies are in place. The procedures for adjustment of compensation and termination of employment are based on internal policies of the Group, such as the Employee Handbook. The Group strictly prohibits any kind of unfair or illegitimate dismissal, thereby implementing stringent policies regulating the procedures of dismissal, including verbal warning, warning in writing and termination of employment contracts if necessary. In FY2021/2022, the employee turnover rate of the Group was 37.5%. The breakdown of the Group's employee turnover in terms of age, gender and geographical locations is detailed in Table 4 in the Appendix.

## ***Working hours and rest periods***

In compliance with applicable laws and regulations, including The Legal Protection of the Rights and Benefits of the Peasant Workers, Rules of the State Council on Working Hours of Workers and Staff Members, etc, the Group has formulated and followed its Employee Handbook, in which clearly defines the working hours and rest periods for its employees. The Group advocates the balance between work and life, and strives to maintain a schedule under which its employees are encouraged to take rest breaks between work. The Group believes working long hours continuously without any break causes fatigue as well as safety and health problems. As such, the Group has established a clock-in system to monitor its employees' working hours and rest period, while additional days off or extra pay are given to those employees who have worked overtime.

In addition to basic annual leave and statutory holidays, the employees of the Group are also entitled to extra leave benefits, such as marriage leave, maternity leave, paternity leave, compassionate leave as well as study and examination leave.

## ***Equal opportunity, diversity and anti-discrimination***

As an equal opportunity employer, the Group strictly prohibits any discrimination and promotes equality in the workplace through its human resources and employment decisions. The Group makes its decisions in hiring, training, promotion opportunities, dismissal and retirement policies based on factors irrespective of its employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job-related factors in all business unit of the Group. Having zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, the Group encourages its employees to report any incidents involving discrimination to the Human Resources Department of the Group, which takes the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to the substantiated cases.

## ***Other benefits and welfare***

Since its inception, the Group has attached great importance to the well-being of its employees. On top of the five-day workweek, flexible leave application, annual dinner and parties, the Group has purchased various social insurance items stipulated by relevant laws and regulations such as the "five insurances and housing provident fund" (五險一金) for its employees in Mainland China and the Mandatory Provident Fund Scheme (MPF) and medical insurance for its employees in Hong Kong. The Group works on building a "Breastfeeding Friendly Workplace" by providing adequate supporting mechanisms that allow for optimal breastfeeding practices. The Group participated in the "Family-friendly Employers Awards Scheme" organised by the Family Council and was an awardee of the "Family-friendly Employers" label. In FY2021/2022, given the social distancing rules under the pandemic, the Group postponed or cancelled its activities for the sake of its employees' health.

In FY2021/2022, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Health and Safety

As part of its corporate commitment, the Group strives to create and maintain a healthy and safe workplace for its employees, and in particular, commits to addressing any exposures of its employees to occupational health and safety risks. In FY2021/2022, the Group was in compliance with relevant laws and regulations in relation to health and safety protection, including the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and Occupational Safety and Health Ordinance (Cap 509 of the Laws of Hong Kong).

The Group has strictly implemented its OHS (Occupational Health and Safety) policies as clearly specified in the Employee Handbook in line with material relevant laws and regulations, to provide a secure, clean and environmentally friendly working environment for its employees. Adhering to the instructions of Occupational Health and Safety Management Systems (ISO 45001: 2018), under the supervision of the Human Resources Department, the Group has rigorously implemented its internal policies and taken the following measures in particular:

- Ensured employees' desk setup is ergonomic;
- Encouraged employees to take regular breaks and lower overall sedentary exposure;
- Arranged emergency response drills and safety meetings regularly;
- Maintained and cleaned the air-conditioning systems regularly;
- Promoted the "5S" concept in workplace management;
- Ensured the ventilation in the offices complies with the guidelines and standards of the building;
- Organised professional disinfection of carpets; and
- Prohibited smoking and drinking liquor in the workplace.

The Group attaches great importance to the health of its employees, and thus all full-time employees of the Group are entitled to medical plans covering out-patient clinical visits, hospitalisation, dental check-ups and surgical treatment. Besides, the Group had upgraded the medical to provide wider coverage, such as body check-ups, vaccinations and vision care, and increased the upper limit of each claim of dental consultation. The Group has also partnered with the insurance service provider to adopt an e-claim mobile application. The Group has developed a response mechanism to deal with any emergency, by providing immediate support for the injured, launching investigations to examine root causes and taking corrective actions to avoid recurrence.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Response to the COVID-19 Pandemic

In 2021, the pandemic was getting relieved slowly, and the livelihoods and businesses were gradually resumed. Nevertheless, the Group remains vigilant regarding the prevention and control of the virus. The Group, under the guidance of the Centre for Health Protection, has formulated and stringently implemented a series of epidemic prevention and control guidelines and measures. To prevent and reduce the risks of virus transmission at the workplace, the Group arranged for its employees in different positions to work from home and allowed for flexible working hours. The Group has purchased rapid antigen test kits for its employees, only the employees who tested negative can work at the office, so as to safeguard the hygiene and safety within the office. Moreover, the Group supported and strictly conformed to the requirements of the property building in epidemic prevention and control, encouraging its employees to download and use the App of “LeaveHomeSafe”. Other requirements of the Group to protect the health of its employees included but were not limited to:

- Employees should check their body temperature before going to work;
- Employees who feel unwell should seek medical treatment as soon as possible;
- Employees should maintain good personal and environmental hygiene habits at all times, such as washing hands with liquid soap and water, and rubbing for at least 20 seconds; and
- Employees should wear masks when taking public transport or staying in crowded places.

In FY2021/2022, the Group had zero work-related fatalities and zero work-related injuries recorded, leading to no lost days due to work injury. During the year under review, the Group was not in violation of material relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that may have a significant impact on the Group.

## Development and Training

The Group sees its employees as its precious assets, and endeavours to formulate training programmes to strengthen its employees' capability and competitiveness. To address the deficiency in knowledge and professional skillsets of its employees, the Group encourages and supports its employees to further improve and develop their job-related skills and knowledge for career development through taking courses with recognised institutions.

In order to enhance its employees' professional competence to further strengthen the Group's core competitiveness in the market, the Group has been committed to designing and providing suitable training programmes to its employees in accordance with their job nature. The Group has covered the introduction to industry background, professional knowledge and skillsets, laws and regulation in its training programmes. For instance, in October 2021, the Group launched a one-hour seminar named “Capital Market Industry Analysis” with 23 employees participating in. In November 2021, the Group organised a talk, which lasted for 1.5 hours, introducing the quantitative investment strategies with 24 employees participating.

Given the business nature of the Group, it is crucial for its employees to keep updated with the latest regulatory requirements and significant changes to the economic market. Therefore, the employees of the Group are highly encouraged to take professional qualification examinations and enrol in external training programmes to further equip themselves with professional knowledge. Employees who have taken professional qualification examinations and obtained vocational qualification certificates relevant to their roles in the Group will receive reimbursements from the Group. A copy of the “Examination & Training Reimbursement Form” can be obtained from the HR Manager with a list of pre-approved examinations and procedures of reimbursement.

During the reporting year, the Group provided a total of 234 hours of training for its employees including general staff, senior employees, management, and directors. The breakdown of the Group's training information in terms of gender, employee category and training hours is detailed in Tables 6 and 7 in the Appendix.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Labour Standards

Being a socially responsible enterprise, the Group is committed to respecting and protecting labour rights. In FY2021/2022, the Group was in strict compliance with applicable laws and regulations, including the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, job applicants are required to provide valid identity documents and other material including academic transcript, qualification/professional certificates and photos to the Human Resources Department, to ensure that they are lawfully employable prior to the confirmation of the employment according to the requirements in the Employee Handbook, as part of mandatory procedures for recruitment. The Human Resources Department is responsible for monitoring and keeping the compliance of corporate policies and practices with relevant laws that prohibit child labour and forced labour. Once the Group finds any case against labour standards, a report will be made to the police and the employment will be immediately terminated.

In FY2021/2022, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

## OPERATING PRACTICES

### Supply Chain Management

Given the business nature, the Group partnered with a handful of suppliers and service providers for office supplies or technical support during the year under review. In order to effectively identify and address underlying environmental and social risks in the Group's supply chain, the Group has established internal policies for managing its supply chain. The Administrative Department is responsible for monitoring the selection of suppliers and overseeing the procurement process. During the selection of suppliers, the Administrative Department takes into account a series of criteria, including the reputation of suppliers, service/product quality, environmental management performance, cost, production and technical capacity, the business track record for the past 3 years, economic disputes history with the Group and regulation compliance into the suppliers' evaluation before entering into the agreement.

In order to minimise the environmental and social risks in its supply chain, the Group requires its suppliers to comply with the applicable laws and regulations. The Administrative Department is responsible for performing inspections or audits on its suppliers regarding their environmental performance and labour practices and evaluating their legality and quality of supplies or service on a regular basis. Those suppliers who fail to comply with the Group standards will be blacklisted. The Group continues its cooperation with those suppliers who are reviewed and approved by the Administrative Department.

The Group has integrated the concept of "Green Procurement" into its procurement practices and gives priority to eco-friendly products. For example, the Group prioritises local suppliers in collaboration, which it believes can minimise the environmental footprint of products during transportation, while boosting local economic benefits. In FY2021/2022, the Group was in a stable cooperation with 6 suppliers and service providers located in Mainland China for its office supplies and technical support. The supplier engagement and management policies mentioned above cover all the suppliers and service providers of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Product Responsibility

In FY2021/2022, the Group abided by the applicable relevant rules, regulations and standards that have a significant impact on the Group with regard to health and safety, advertising, labelling and privacy matters with respect to its operations and services and methods of redress, including the following:

- *Main Board Listing Rules;*
- *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;*
- *Code on Takeovers and Mergers and Share Buy-backs;*
- *Companies Act (2021 Revision), Laws of Cayman Islands;*
- *Company Law of the People's Republic of China;*
- *Securities Law of the People's Republic of China;*
- *Trust Law of the People's Republic of China;*
- *Contract Law of the People's Republic of China;*
- *Companies Ordinance (Cap. 622 of the Laws of Hong Kong);*
- *Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);*
- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong).*

Given the Group's business nature, the Group does not provide services or products to any customers during its business operations. The Group regarded the health and safety of its products/services, complaints handling, customer privacy, recalling procedures, intellectual property rights and labelling-related issues as not applicable to the Group in accordance with the principle of materiality, thereby not being discussed in this section. During the Year under review, the Group did not receive any complains nor have any recalls for health and safety reason.

## Advertising and marketing

To ensure its advertising material is in strict compliance with applicable laws and regulations, including the Advertising Law of the People's Republic of China, the Group has formulated its internal policies to stringently prohibit any false or exaggerated publicity. Advertising material is arranged by Investor Relations Department and reviewed and approved by the management and Legal and Compliance Department before its publication. Immediate corrective measures will be implemented to rectify advertising material, once the advertising material is found to have misrepresentation or exaggeration that is in violation of the Group's internal policies.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***Protecting data and security***

To assure the security of data, the Group has taken practical physical, administrative and technical measures to safeguard the Closed-Circuit Television (“CCTV”) record, which is used to facilitate access security improvement, property security improvement and computer security improvement.

To avoid the exposure risk of the Group to data breaches or confidential information leakage, the Group has strictly implemented its internal policies to regulate the procedures and requirements in handling and protecting confidential information. For instance, files containing confidential information are required to be carried in a briefcase when outside the office. Besides, the Group has encrypted access to all desktop computer terminals or computer records to ensure the confidential information is securely protected.

During the year under review, there were no incidents concerning the leakage of confidential or sensitive data happened.

## ***Responsible investment***

Under the overarching 14th Five-Year Plan of China highlighting the development of green finance to accelerate the green and low carbon transformation of the national economy, the Group has integrated non-financial factors into its existing investment process to keep align with the national advocacy. The Group believes that it helps not only allocate capital to the market segments dedicated to solving the most pressing problems around the globe, but also plays a role in funnelling investment opportunities and analysing the growth potential and risks of the investees and investment targets.

The Group adopts a two-way approach upholding its investment activities, namely “top-down” and “bottom-up”. Specifically, the management identifies investment opportunities, performs research and due diligence with the investment team and an investment recommendation report is prepared for the Investment Review Committee for approval. As for the investment opportunities spotted by the investment team, the team needs to conduct an in-depth analysis and prepare a comprehensive report for management approval, followed by procedures including due diligence, investment recommendation report and approval of the Investment Review Committee. The amount of investment and whether an investment constitutes a connected transaction are the major factors determining if the investment needs to be reported to the Board who is responsible for decision-making.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group follows the employment ordinances in Hong Kong in the selection of external investment managers. Besides, the Group performs thorough due diligence of the candidates' techniques and capability, and specifically, requires the investment managers to:

- (1) Possess good performance in investment management with no records of violations of laws or regulations; and
- (2) Comply with relevant laws and regulations in relation to anti-corruption and anti-money laundering.

Screening is one of the several widely used tools that aid investment managers to implement a responsible investment policy. The Group has adopted two ways of screening with clear criteria:

- Positive screening: Giving priority to those investment projects with positive environmental, social and economic impacts in due diligence, evaluations and calculations, such as clean and new energy industry.
- Negative screening: Ruling out those industries and companies come with significant ESG-related risks, for example, military, tobacco and gambling industries.

The Group targets its investment in "green" industries to account for not less than 5% of the Company's total investment. The Group has taken ESG factors into due consideration for its investment plan in accordance with Principles for Responsible Investment, and has partnered with and invested in "green" and "socially responsible" projects and companies engaged in businesses related to sustainability, such as medical and health, environment and industrials, in the past few years.

In 2017, the Group was in collaboration with Beijing Enterprises Water Group ("BEWG") to facilitate the establishment of BE Financial Service (Beijing) Investment Holdings Limited ("BEFS"). Through the establishment of BEFS, the Group has emphasized the improvement of water recycling and the aquatic environment to continuously contribute to the environment.

In 2019, the Group was also concerned about hazardous waste management, thereby investing in Dexing Yifeng Regeneration Non-Ferrous Metal Co., Ltd. (德興市益豐再生有色金屬有限責任公司) ("Yifeng"), an environmentally friendly technology-based enterprise engaged in resource regeneration which focuses on circular economy. Yifeng currently has 3 practical independent patents and one engineering technology research centre and its leading project is "Harmless Treatment of Waste Residues and Comprehensive Recovery and Recycling of Polymetallic Materials" (廢渣無害化及多金屬綜合回收循環利用) which promotes the resource circularity and copes with hazardous waste residues.

In FY2019/2020, the Group determined to purchase a total of 63,202,590 shares, or 19.9% of the total capital of Dagang Holding Group Co. Ltd. ("Dagang Holding Group"). Dagang Holding Group has developed into a comprehensive high-tech enterprise specialising in high-end road equipment R&D and manufacturing, urban road smart operation and maintenance, and comprehensive recycling of hazardous waste and solid waste. Dagang Holding Group has penetrated into the environmental protection industry beyond its existing business and acquired 52% of the total equity of Zhongde Environmental Science And Technology Co. Ltd. (眾德環保科技有限公司) in 2019, which engages in non-ferrous metal recycling based in Hunan Province, China.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Since 2020, COVID-19 has posed unprecedented impacts on the global economy, which restricts economic activities and triggered large-scale economic stimulus policies by central banks of various countries and economies. The intense efforts to address the pandemic have greatly enhanced the public perception of the biopharma industry and brought about growing attention from society to the development of the healthcare segment. In terms of equity investment, the Group aims to facilitate the development of the healthcare industry to protect people's wellbeing via investment. In 2018, the Group invested in iCarbonX which is a global pioneer in artificial intelligence ("AI") and precision health management as one of its core holding companies. iCarbonX has been deeply concerned with the outbreak of the pandemic since January 2020 and its COVID-19 neutralizing antibody test kit has received the CE Mark certification as at the end of 2020. In order to ease the workload of local hospital of conducting tests, iCarbonX's newly established Shenzhen Weiban Medical Test Lab (深圳微伴醫學檢驗實驗室) in Mainland China, which has been approved by Shenzhen government for conducting COVID-19 test for people who need a testing results report to travel or work.

## Anti-Corruption

Considering honesty, integrity and fairness as its core values that must be upheld by all directors and staff of the Group at all times, the Group has been dedicated to maintaining a fair, ethical and efficient working environment. During the year under review, the Group was not in violation of any applicable laws and regulations relating to anti-corruption and bribery, irrespective of the region where the Group operates, including:

- Anti-corruption Law of the People's Republic of China;
- Law of the People's Republic of China on Anti-money Laundering;
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

Having zero tolerance for all forms of bribery and corruption, the Group has formulated and strictly enforced its anti-corruption policies, including the Investment Compliance Assessment Form, Declaration of Relationship with Listed Companies and/or Listing Applicants, Anti-money Laundering Risk Assessment Form, Investment Management Form and Policy on Acceptance of Advantage and Handling of Conflict of Interest, which clearly specifies the requirements under prevention of bribery, acceptance of advantage, offer of advantage, conflict of interest, misuse of official position and company information, etc, to prevent any misconducts or malpractices. The Group strictly followed the guidelines issued by the Securities & Futures Commission, requiring all its employees to make a declaration of interests for those accounts in which they or their associates have beneficial interests and report all such transactions to the Group. The directors and Compliance Department of the Group are responsible for establishing and overseeing the internal control system.

The Group values its employees' concerns regarding suspected misconduct or malpractice. Therefore, employees are encouraged to report verbally or in writing to their superior manager, the Company Secretary, or the Audit Committee of the Group for the suspected misconduct with full details and supporting evidence. The Audit Committee will conduct investigations against suspicious or illegal behaviour to protect the Group's interests. Striving to keep whistle-blower's identities confidential, the Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where criminality is suspected, a report will be made promptly to the relevant regulators or law enforcement authorities when the management considers it necessary.

Over the years, the Group has encouraged and required its employees to receive certain hours of anti-corruption training to enhance their anti-corruption awareness. During the year under review, the Group organised 2 seminars, in which all of the Group's employees participated. In FY2021/2022, no concluded legal cases regarding corrupt practices were brought against the Group or its employees. The Group was in compliance with relevant laws and regulations relating to bribery, extortion, fraud, and money laundering that have a significant on the Group during the year under review.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Community Investment

Endeavouring to practice its corporate citizenship, the Group has been leveraging its strength to address the pressing social challenges and livelihood issues since its inception. During the year under review, the Group entered into a service agreement with the Financial Centre for South-South Cooperation Limited (FCSSC), from which, FCSSC provided the Group a range of service in terms of ESG development, including arranging on-site inspections and negotiation and collaboration of energy project.

To promote the idea of impact investment and to showcase the cooperation projects of the Group with FCSSC, the Director-General of FCSSC, Dr. WU Zhong, who was also the Group's former Non-executive Director, was invited to attend several forums and conferences regarding impact investment and ESG investment such as the 4th Impact Investment Roundtable Conference, the International Forum for China Impact Investing 2021 as well as the 11th ESG Investing Frontiers. The Group made good use of the opportunities during these events to share with different corporate representatives its endeavours on ESG and impact investing.

Over the years, the Group has been engaging its directors, management and staff in contributing to the improvement of the well-being of community groups and will specifically further its support on tackling the environmental issues encountered by the community. The Group plans to make donations for improving the living environment in which communities it operates. Yet, the Group postponed or cancelled many community activities in response to the local anti-pandemic social distancing rules.

Looking forward, the Group will unswervingly fulfil its social responsibility, actively support the development and wellbeing of its local communities and explore more opportunities to create value for the society for the sake of constructing a caring and sustainable community.

## VIII. ENDING

In 2021, the globe is ready to get rid of the catastrophic impacts of the pandemic and back on the right track. Along with the increasing social attention on the sustainability topics, including climate change, societal welfare, labour rights and environmental commitment, the Group will keep benchmarking sound ESG practices in the market and relentlessly integrate sustainability into its long-term business development strategy and roadmap to practice its corporate social responsibility.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX

**Table 1 — The Group's Total Emissions by Category in FY2021/2022 and FY2020/2021<sup>5</sup>**

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2021/2022	Intensity <sup>1</sup> (Unit/Floor Area m <sup>2</sup> ) in FY2021/2022	Amount in FY2020/2021 <sup>2</sup>	Intensity <sup>2</sup> (Unit/Floor Area m <sup>2</sup> ) in FY2020/2021
<b>Air Emissions</b>	SO <sub>x</sub>	Kg	<b>0.10</b>	—	0.13	—
	NO <sub>x</sub>	Kg	<b>2.94</b>	—	4.67	—
	PM	Kg	<b>0.22</b>	—	0.34	—
<b>GHG Emissions</b>	Scope 1 (Direct Emissions) <sup>3</sup>	Tonnes of CO <sub>2</sub> e	<b>18.09</b>	—	23.30	—
	Scope 2 (Energy Indirect Emissions) <sup>4</sup>	Tonnes of CO <sub>2</sub> e	<b>50.91</b>	—	58.27	—
	Total (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e	<b>69.00</b>	<b>0.05</b>	81.57	0.06
<b>Non-Hazardous Waste</b>	Wastewater	m <sup>3</sup>	<b>214.00</b>	<b>0.17</b>	210.00	0.16

- Intensity for FY2021/2022 was calculated by dividing the amount of emissions by the Group's floor areas of operations in FY2021/2022, which was around 1,293 m<sup>2</sup>;
- The amount and intensity in FY2020/2021 were extracted from the ESG report set out in the Group's annual report for FY2020/2021;
- The Group's Scope 1 (Direct Emissions) included only the consumption of unleaded gasoline in motor vehicles;
- The Group's Scope 2 (Energy Indirect Emissions) only included only electricity consumption;
- The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Table 2 — Total Resource Consumption in FY2021/2022 and FY2020/2021**

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2021/2022	Intensity <sup>1</sup> (Unit/Floor Area m <sup>2</sup> ) in FY2021/2022	Amount in FY2020/2021 <sup>2</sup>	Intensity <sup>2</sup> (Unit/Floor Area m <sup>2</sup> ) in FY2020/2021
<b>Energy</b>	Electricity	kWh'000	71.71	0.06	72.84	0.06
	Unleaded Gasoline	L	6,800.96	5.26	8,761.55	6.78
	<b>TOTAL<sup>3</sup></b>	kWh'000	<b>137.62</b>	<b>0.11</b>	157.75	0.12
<b>Water</b>	Water <sup>4</sup>	m <sup>3</sup>	214.00	0.17	210.00	0.16
<b>Paper</b>	Paper	Kg	378.96	0.29	632.51	0.49

- 1 Intensity for FY2021/2022 was calculated by dividing the amount of resources the Group has consumed in FY2021/2022 by the Group's floor areas of operations in FY2021/2022, which was around 1,293 m<sup>2</sup>;
- 2 The amount and intensity in FY2020/2021 were extracted from the ESG report set out in the Company's annual report for FY2020/2021;
- 3 The methodology adopted for energy conversion and calculation conversion factors set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; and
- 4 Given no record of water consumption was provided by the property management company of the building during the year under review, the amount of water withdrawal was based on the estimation of water consumption per capita per day.

**Table 3 — Number of Employees by Age Group, Gender, Employment Type and Position Level of the Group in FY2021/2022<sup>1</sup>**

Unit: Number of employees		Age group			
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	2	4	2	7	15
Female	5	7	3	2	17
Total	7	11	5	9	32

Position Level				
Gender	General staff	Senior employees	Director and management	Total
Male	2	5	8	15
Female	13	2	2	17
Total	15	7	10	32

Employment type		
Full time	Part time	Total
32	0	32

Geographical Locations		
Mainland China	Locations Hong Kong	Total
5	27	32

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- 1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

**Table 4 — Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2021/2022<sup>1</sup>**

Unit: Number of employees		Age group			
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	0	2	1	2	5
Employee turnover rate (percentage)	0.0%	50.0%	50.0%	28.6%	33.3%
Female	2	3	2	0	7
Employee turnover rate (percentage)	40.0%	42.9%	66.7%	0.0%	41.2%
Total	2	5	3	2	12
Total employee turnover rate (percentage)	28.6%	45.5%	60.0%	22.2%	37.5%

Geographical locations		
Locations	Employee turnover	Employee turnover rate (percentage)
Hong Kong	10	37.0%
Mainland China	2	40%

- 1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who left the Group in FY2021/2022 by the number of employees in FY2021/2022. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

**Table 5 — Number and Rate of Work-related Fatalities of the Group in Past Three Financial Years<sup>1</sup>**

Year	FY2019/2020	FY2020/2021	FY2021/2022
Number of work-related injuries or fatalities	0	0	0
Rate of injuries or fatalities (per hundred workers)	0	0	0
Lost days due to work injury	0	0	0

- 1 The injury and fatality information was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

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**Table 6 — Number and Percentage of Employees Trained in the Group by Gender and Position Level in FY2021/2022<sup>1</sup>**

Total number of employees	32
Total number of employees trained	36
Total percentage of employees trained <sup>2</sup>	112.5%

Unit: Number of employees		Position Level		
Gender	General staff	Senior employees	Director and management	Total
<b>Male</b>	4	5	8	17
Percentage of employees trained	11.1%	13.9%	22.2%	47.2%
<b>Female</b>	15	2	2	19
Percentage of employees trained	41.7%	5.6%	5.6%	52.8%
<b>Total</b>	19	7	10	
Percentage of employees trained	52.8%	19.4%	27.8%	

1 The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2021/2022. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and

2 Since the training records of the employees who left the Group in FY2021/2022 are also included in the calculation, the number of employees trained at the financial year end is higher than the number of employees as at the year end, which leads to a training percentage higher than 100%.

**Table 7 — Training Hours Completed in the Group by Gender and Position Level in FY2021/2022<sup>1</sup>**

Unit: Training Hours		Position Level		
Gender	General staff	Senior employees	Director and management	Total
<b>Male</b>	17	35.5	62.5	115
Average training hours	8.5	7.1	7.8	7.7
<b>Female</b>	85	17	17	119
Average training hours	6.5	8.5	8.5	7
<b>Total</b>	102	52.5	79.5	234
Average training hours	6.8	7.5	8.0	7.3

1 The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



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## REPORT DISCLOSURE INDEX

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<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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.  Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	58
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	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	76
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	58
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	76
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	59
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	59

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Aspects	ESG Indicators	Description	Page
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	60
	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).	77
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	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	61
	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.	60, 61
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	60
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	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	62
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Aspects	ESG Indicators	Description	Page
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<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.	65
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