



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

Over the last decade, sustainability has increasingly become a crucial aspect of investing. As Environmental, Social and Governance (“ESG”) investing underpinned by the Principles for Responsible Investment is accelerating in demand nowadays, topics from climate change, health and wellbeing, through to labour rights and social welfare are emerging and incorporated in investment decision-making processes. Globally, a growing share of investment processes, products and active ownership practices are integrating ESG principles. In 2020, while the COVID-19 Pandemic (“pandemic”) has led to a dramatic loss of human life worldwide and posed an unprecedented threat to public health, economic growth and social stability, it also brought people’s health and a series of ESG topics to the forefront and acted as a wake-up call for decision makers to prioritise a more sustainable approach to investment.

Wealthking Investments Limited (the “Company”) and its subsidiaries (the “Group”) is one of the leading cross-border investors with a focus on China’s fast-growing industries and the best investment opportunities. The Group has been embracing ESG concepts in daily operations and believes that by putting an appropriate emphasis on ESG and sustainability 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 2021 (“FY2020/2021”), which demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2020/2021. For corporate governance section, please refer to the Group’s 2020 Annual Report on page 31.

The ESG Report has been prepared with reference to the latest enhancements to the existing ESG reporting regime adopted by the Stock Exchange. A complete content index table is available at the end of the ESG report for readers’ convenience to check its integrity. If there is any conflict or inconsistency, the English version shall prevail.

Boundary Setting

Given the business nature of the Group, the boundary of the ESG report remains the same as previous years that covers the performance and management policies of the Group’s investment business based in Hong Kong.

Reporting Principles

Materiality

In FY2020/2021, the Group performed a materiality assessment of the ESG-related topics with reference to the recommended procedures of the Stock Exchange based on continuous dialogues with its stakeholders. The Group consulted with its key stakeholders on its ESG impacts and their sustainability concerns, and prioritised and presented 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.

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, geographic locations, gender and position and position types, implementation of training policies and contributions to local communities and the society in a numeric manner.

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Balance

To provide an unbiased picture of the Group's impact on and contribution to sustainable development, both achievements and rooms for improvements were discussed in the ESG Report.

Consistency

For better comparability and 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.

III. MESSAGE FROM THE BOARD

Adhering to its mission of "Linking Opportunities to Value" and with a deep root in Hong Kong, the Group, since its establishment, has leveraged its unique cross-border and cross-sector advantages, and invariably acted as a bridge to facilitate cross-border integration and collaboration, based on which to create mutual benefits is its core value. Over the years, the Group has identified and invested in many leading companies with promising prospects in the sectors driven by China's economic development, technology advancement and social evolution, and achieved numerous accolades that consolidate its investment strategy and business purposes. In 2020, the Group was awarded the "Best Financial Company" in the 5th Golden Hong Kong Stock Award, which recognised its prominent position and development in financial performance, social responsibility as well as information transparency for better compliance.

With an increasing interest and tenacity to pursue the integration of ESG and impact investing into operations, the Group has persevered in seeking ways to enhance the ESG alignment of its analysis and investments, aiming to create a positive environmental and social impact while generating decent financial returns. Over the years, the Group has contributed to environmental protection and social welfare through investments, and more importantly, as part of the stewardship responsibility that it undertakes, the Group has focused on strengthening the engagement with investee companies in its portfolio from the perspective of ESG issues and relevant activities, with the goal of improving their ESG practices and disclosure.

Building upon a robust governance framework and resilient business model, fulfilling environmental and social responsibilities has been engrained in the Group's corporate culture, which starts from the commitment to sustainable investing and principles set by the Board of Directors of the Group (the "Board"). The Board is responsible for ensuring that the necessary mechanisms for corporate governance and ESG policies are in place, and overseeing the Group's ESG issues from a strategic perspective.

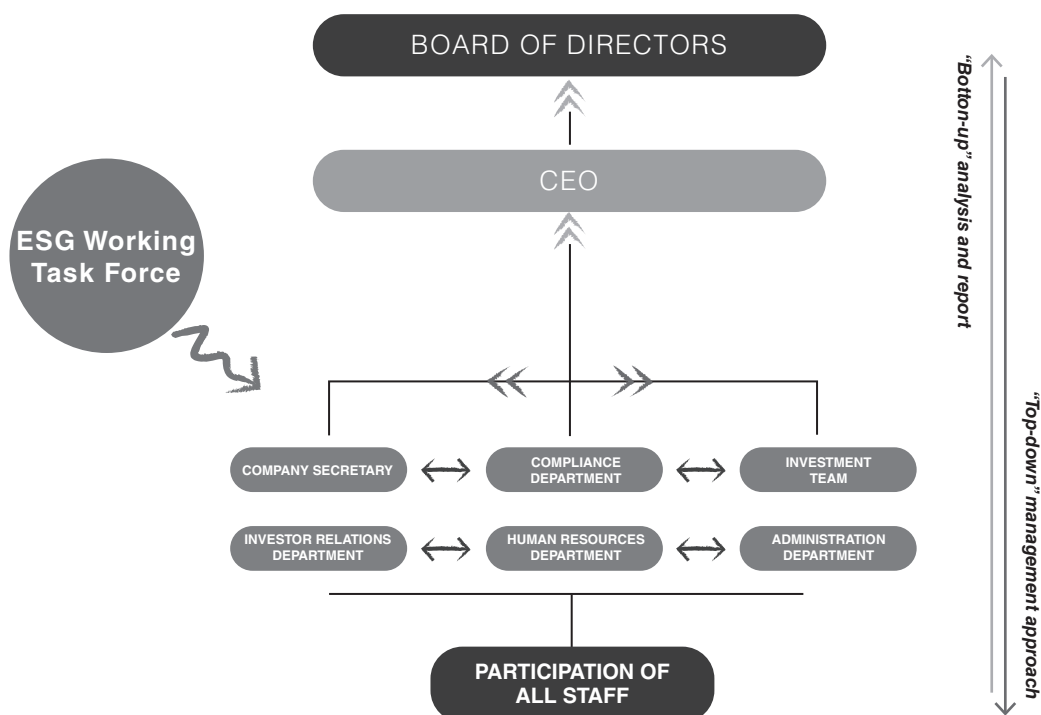
2020/21 was a year full of uncertainties and challenges due to the outbreak of the pandemic. Facing the unprecedented difficulties, the Group fully responded to the call of the government and brought in draconian measures in an effort to curb the spread of the virus, thereby protecting the health of its employees, business partners and clients.

The Group's investment strategy is comprised of three pillars, namely core-holding-centred private equity, portfolio management as well as trading and others, which allows the Group to empower the invested companies with great growth potential. Under the core holding strategy, the Group will be focusing on intelligent manufacturing, biotechnology 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 unwaveringly 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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IV. ESG MANAGEMENT STRATEGY

The Board takes the lead on and oversees the management of ESG matters of the Group. Under the Board's leadership, all departments and staff execute relevant ESG policies and report on material affairs in performing duties. The ESG Working Task Force, comprised of employees from the departments of compliance, investment, investor relations, administration and human resources, is the unit responsible for coordinating daily ESG management, formulating and implementing annual ESG plans and organising internal ESG-related activities.



When integrating ESG considerations into operations including investment analysis, due diligence, decision-making and portfolio management, etc., our strong 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 is committed to leveraging its capital strength to address the pressing ESG issues, including environmental degradation and climate change.

The Group acquires relevant ESG information including the effectiveness of the internal implementation of ESG policies and changes to the market that may engender external risks through regular reports and feedback from different departments. With a package of well-defined KPIs, the Group's ESG performance and potential risks arising externally can be monitored and measured effectively.

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V. STAKEHOLDER ENGAGEMENT



The Group has been engaging with its stakeholders to identify and address their concerns about the Group’s sustainable development on a continuous basis. By maintaining a sound relationship with all its stakeholders as well as through a proactive, outcomes-based engagement with its investee companies to promote best practices, the Group has involved its internal and external partners 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
Government and regulatory authorities	<ul style="list-style-type: none"> - Law and regulation compliance - Anti-corruption policies - Occupational health and safety 	<ul style="list-style-type: none"> - Supervision on the compliance with local laws and regulations - Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> - Return on investments - Corporate governance - Law and regulation compliance 	<ul style="list-style-type: none"> - Regular reports - Announcements - Annual general meetings
Employees	<ul style="list-style-type: none"> - Employees’ remuneration and benefits - Career development - Training opportunities - Health and safety in the workplace 	<ul style="list-style-type: none"> - Performance appraisal - Regular meetings and training courses - Written comments via emails, notice boards, telephone calls and team building activities with management
General public	<ul style="list-style-type: none"> - Involvement in communities - Environmental, social and economic impacts of the Group’s investments - Employment opportunities 	<ul style="list-style-type: none"> - Media conferences and responses to enquiries - Corporate website - Social media platform



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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 selected stakeholders were invited to participate in an online survey to express their views on a list of ESG issues of the Group. The online survey contained numerous 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, transparent and decision-useful materiality assessment allowed the Group to prioritise its ESG issues.

Through the materiality analysis, the Group identified "Systemic Risk Management (e.g. Financial Crisis)", "Business Ethics & Anti-corruption", "Labour Practices" and "Water & Wastewater Management" 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 welcomed to share their views on the ESG matters with the Group at ir@wealthking.com.hk.

VI. ENVIRONMENTAL SUSTAINABILITY

Under the overarching 14th Five-Year Plan of China highlighting a green, low-carbon and high-quality development transition, the Group has sought long-term sustainability of the environment and community in which it operates. Striving to minimise the potential environmental impact during its daily operations, the Group stringently complied with relevant environmental laws and regulations in Hong Kong in FY2020/2021, including Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).

This section primarily discloses the Group's policies, practices and quantitative data on emissions, use of resources, the environment and natural resources in FY2020/2021.

Emissions

Given its business nature, the Group did not generate significant air emissions, which mainly came from the fuel combustion for vehicles. In FY2020/2021, the air emissions of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM") amounted to 0.13, 4.67 and 0.34 kg, respectively. In 2020, China has announced its pledge to achieve carbon peak by 2030 and carbon neutrality by 2060. In response to the national ambitions towards zero-carbon economy, the Group has been dedicated to lowering its carbon footprint and in FY2020/2021, the GHG emissions from the Group were primarily due to the combustion of fossil fuels for vehicles and the purchase and consumption of electricity in the office. Specifically, the Group's total GHG emissions were 84.61 tonnes CO_{2e}, with an intensity of 0.07 tonnes CO_{2e}/m² Floor Area. As the solid waste and wastewater generated by the Group were managed by the property management company of the building where the Group operated in a unified manner, the Group did not have a detailed record of its waste amount during the year under review. Considering the business nature, the Group did not generate any hazardous waste in FY2020/2021. The Group's total emissions in FY2020/2021 were summarised in Table 1 in the Appendix.

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Air & GHG Emissions

Climate change is widely recognised to be caused by anthropogenic GHG emissions, mainly from transportation, industry and agriculture. Under the ambitious climate goals pledged by China to achieve carbon peak by 2030 and carbon neutrality by 2060, the Group has targeted at a steeper cut in rates of carbon emissions by strictly controlling its electricity consumption and improving energy efficiency in vehicle use for business trips, thereby contributing to limiting the global temperature rise below the internationally agreed 1.5 °C.

While the Group's operations were mainly in the office that did not generate great amounts of air and GHG emissions, the Group has been committed to focusing on clean and renewable energy sectors through investments, in an effort to reduce its portfolio exposure to carbon-related risks and push forward the restoring of a "Beautiful China" (美麗中國).

In FY2020/2021, while the air pollutants from vehicle use rose slightly given the increasing amount of fossil fuels for business trips and purchase of electricity, the GHG emissions of the Group dropped substantially, which was primarily due to the significantly declined frequency of business air travels by employees during the pandemic. As the Group kept strengthening its efforts on the monitoring and recording of its GHG performance, the Scope 3 GHG emissions in FY2020/2021 further covered the disposal of waste paper from the Group.

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 subsections under **Electricity** and **Other energy resources**.

Wastewater & Solid Waste

In FY2020/2021, the waste generated from the Group's office was mainly commercial wastewater and 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 water used, the Group has adopted specific measures, which will be further described in the next subsection under **Water**, to reduce its water consumption in the office.

As part of its commitment to operational excellence and Sustainable Waste Stewardship, a circular thinking has been integrated into the ways the Group operates, which specifically advocates the "3R Principle" in waste management, namely Reduce, Reuse and Recycle. In FY2020/2021, the Group furthered its efforts in paper recycling, in collaboration with the property management company of the building.

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Energy & Resources

In FY2020/2021, the primary resources consumed by the Group were electricity, unleaded petrol, water and paper. Table 2 in the Appendix illustrates the amount of different resources used by the Group in FY2020/2021 and FY2019/2020. Given the business nature, the Group did not consume any packaging materials during the year under review.

Electricity

The electricity consumed by the Group mainly came from the business operations in the office. In FY2020/2021, the electricity consumption of the Group in FY2020/2021 was 72,835 kWh, which was 14.5% higher than that in FY2019/2020.

The Group has integrated 'Saving Electricity' into its business strategy and operations. In particular, the Group's office specifically implemented the following practices during the year under review:

- Turned off all lights, electronic device and other power-consuming equipment at the end of the day;
- Switched off all idle lights and air conditioners;
- Placed 'Save electricity and turn off the light when you leave please' stickers to encourage employees to conserve energy;
- Purchased equipment with automatic low power mode or energy saving mode;
- Assigned representative(s) to coordinate energy saving programmes; and
- Partnered with the property management company to clean dust filters and fan coil units regularly.

Other Energy Resources

In FY2020/2021, the Group consumed unleaded petrol as its primary energy resources for transportation. During the year under review, the amount of fossil fuels for vehicles went up by around 5.7%. To manage the emissions and operating costs associated with the combustion of fossil fuels for energy, 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 & Resources

As a key part of its environmental strategy, the Group has put forward a number of practical advices and solutions to help its employees better understand their water footprint and achieve water conservation. In FY2020/2021, the Group did not face any problem in sourcing water and has set up policies and raised recommendations pertinent to how to use water smartly. The Group will focus its efforts on monitoring and benchmarking the water usage in its operations, committed to improving the performance in water efficiency.

- Promoted and educated all staff to save water;
- Posted "Saving Water Resources" stickers in prominent places;
- Fixed and reported dripping taps timely for repair and maintenance; and
- Partnered with external parties to involve employees in water conservation initiatives.

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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 waste paper.

- Promoted office automation and disseminated messages by electronic means (i.e. emails or e-bulletin boards) as much as possible;
- Gave priority to recycled paper instead of virgin paper;
- 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.

Environment and Natural resources

As the Group keeps integrating sustainability and ESG mindset into its business strategy and investment activities, its commitment to corporate and environmental responsibility has been unwavering. Despite its minimal environmental impacts considering that most of the Group's operations are carried out in the indoor environment, the Group has put efforts in improving its performance in energy and resource conservation, aiming to forge a workplace featuring sustainability elements.



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The Group has made its best effort to become an enterprise leading environmental sustainability, implementing various green projects in its investments and creating a workplace in energy conservation. In FY2020/2021, the Group was awarded the Green Office Awards Labelling Scheme (GOALS) and ECO-Healthy Workplace which was organised by the World Green Organisation (WGO). It was the 5th consecutive year of the Group achieving the award. Over the years, the Group has taken effective measures to minimise its impacts on the environment. For instance, the Group put a waste paper recycling grid 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 that reduced paper use. Looking forward, the Group will continue to be the ambassador to inspire actions on sustainable solutions and promote green office practices.

FIVE PRINCIPLES IN CREATING A GREEN OFFICE

WEALTHKING INVESTMENTS LIMITED

- Use only when necessary
- Reduce, reuse & recycle
- Adopt energy saving practices
- Think before print
- Use public transport

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VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

As part of its corporate sustainability strategy, the Group believes that an inclusive corporate culture should be founded upon its respect and caring for employees. The Group treasures its employees' talent and strives to provide its employees with a suitable platform and working environment for their professional development. As of 31 March 2021, the total number of employees of the Group was 21, 20 of which were based in Hong Kong and 1 was based in Shenzhen, the People's Republic of China (the "PRC"). The breakdown of the Group's workforce in terms of age, gender and position levels is detailed in table 3 in the Appendix.

Law compliance

The Group's employment policies and practices abide by the relevant laws and regulations. In FY2020/2021, the Group complied with the relevant laws and regulations, including the following:

- *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

The Human Resources Department of the Group is responsible for reviewing and updating relevant company policies on a regular basis in accordance with the latest laws and regulations. The Employee Handbook (員工手冊) and other internal policies are the Group's core standards regulating the employment practices of the Group and the foundation for maintaining a respectful, inclusive and safe working environment. 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, which clearly specifies the Group's policies, employment instructions and code of conduct. Specifically, as a 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. With reference to market benchmarks in relation to staff promotion, the Group provides equal opportunities of promotion and development for eligible employees who have shown outstanding performance and potential in their positions.

Compensation and dismissal

The Group regularly reviews its compensation packages and performs appraisals of its employees to ensure that all employees can be recognised by the Group appropriately with respect to their capability, efforts and contributions. 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.



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Working hours and rest periods

In compliance with relevant ordinances, the Group has followed the Employee Handbook to determine the working hours and rest periods for its employees. The Group advocates the balance between work and life, thereby ensuring that the rights of employees for rest are respected. The Group believes that working long hours continuously without any break causes fatigue as well as safety and health problems. As such, the Group is committed to maintaining a working schedule under which its employees are encouraged to take rest breaks for work.

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 that prohibits discrimination and promotes equality in the workplace, the Group endeavours to create a fair, respectful and diverse working environment in all its human resources and employment decisions. The Group's internal policies regulate that hiring, training, promotion opportunities, dismissal and retirement policies are all 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. The Group has zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Employees are vigorously encouraged 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

The well-being of employees has always been one of the key concerns of the Group since its establishment. To enhance its employees' sense of belongings and boost their morale for work, the benefits including five-day workweeks, flexible leave application and annual dinner and parties have been arranged for the Group's colleagues. The Group works on building a "Breastfeeding Friendly Workplace" by providing adequate supporting mechanisms that allow for optimal breastfeeding practices. Over the years, the Group has participated in the "Family-friendly Employers Awards Scheme" organised by Family Council and has been awarded the "Family-friendly Employers" label. In FY2020/2021, given the social distancing rules under the pandemic, only a limited number of activities were organised by the Group for its employees.

In FY2020/2021, 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.

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Health and Safety

The Group endeavours to create and maintain a healthy and safe workplace for its employees, and in particular commits to address any exposures of its employees to occupational health and safety risks. To provide a secure, clean and environmentally friendly working environment for its employees, the Group has established OHS (Occupational Health and Safety) policies as clearly specified in the Employee Handbook in line with material relevant laws and regulations in Hong Kong. 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 regularly;
- Maintained and cleaned the air-conditioning systems regularly;
- Promoted "5S" concept in workplace management;
- Organised professional disinfection of carpets; and
- Prohibited smoking and drinking liquor in the workplace.

All full-time employees are entitled to medical plans covering out-patient clinical visits, hospitalisation, dental check-ups and surgical treatment. The Group upgraded the medical plan in FY2018/2019 that covered 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. Travel insurance is provided as an extra protection, especially for the employees who have frequent business trips. 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.



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Response to the COVID-19 Pandemic

In 2020, the consequences of the pandemic profoundly affected public health, the economic and social stability and threatened long-term livelihoods and wellbeing of millions. Facing the significant challenges and extreme uncertainties brought by the global public health emergency, the Group, under the guidance of the Centre for Health Protection, has formulated and implemented a series of epidemic prevention and control guidelines and measures. To prevent and reduce the risks of virus transmission at workplace, the Group arranged its employees in different positions to work from home and allowed for flexible working hours. 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.

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

As the Group believes that its employees’ weakness and deficiency of knowledge can be identified timely and addressed effectively through training, the Group encourages and supports its employees to further improve and develop their job-related skills and knowledge for career development as well as taking courses with recognised institutions.

The Group has been committed to designing and providing suitable training programmes to its employees in different positions, in order to enhance the professional competence of the post, develop good personal qualities and strengthen its core competitiveness in the market.

Given the business nature of the Group, it is of paramount importance for its employees to keep updated of the latest regulatory requirements and significant changes to the economic market. To further enhance their professional skills, so as to be aligned with the Group’s investment objectives, the employees of the Group are highly encouraged to take professional qualification examinations and enrol in external training programmes. 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 “Examination & Training Reimbursement Form” can be obtained from the Administration & Personnel Manager for list of pre-approved examinations and procedures of reimbursement.

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Labour Standards

In FY2020/2021, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) in Hong Kong to prohibit any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Human Resources Department of the Group requires all job applicants to provide valid identity documents and other materials including academic transcript, qualification/professional certificate and photos 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 also 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 FY2020/2021, 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

As an enterprise with operations mainly in the office, the Group has partnered with a handful of suppliers and service providers for its office supplies and technical support. The Group has implemented its internal policies in controlling the potential risks in its supply chain management. As for the selection of suppliers for collaboration, a range of criteria including the reputation of suppliers, service/product quality, environmental management performance, cost, production and technical capacity, business track record for the past 3 years, economic disputes history with the Group and regulation compliance are elevated carefully before entering into agreement. The Administration Department is responsible for the procurement of the Group.

The Group considers environmental factors during the procurement and gives priority to the eco-friendly products under its “Green Procurement” principles. 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. The Group regularly performs inspections or audits on its suppliers from environmental perspectives, which is an important criterion in its supplier evaluation and contract renewal.

Product Responsibility

In FY2020/2021, the Group abided by the relevant rules, regulations and standards in Hong Kong and the PRC that have a significant impact on the Group concerning 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;*
- *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 and the principle of materiality, the health and safety and labelling-related issues are not applicable to the Group, thereby not being discussed in this section.



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Protecting data and customer privacy

In FY2020/2021, the Group abided by the laws in relation to customer and data privacy, and strictly implemented its internal policies including Personal Data Privacy Policy and Chinese Walls Policy, which were overseen by the Group's Compliance Department. To maintain the accuracy and security of personal data, the Group has taken appropriate 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. The Chinese Wall, which has been developed by the Group, is a system of functional barriers. The application of the Chinese Wall can:

- restrict the flow of non-public or price sensitive information by any means;
- ensure the use of confidential information is restricted to the appropriate user;
- reduce the risk of committing insider dealing due to the leakage of confidential and price-sensitive information; and
- protect the integrity and reputation of the company.

The Group's internal policies strictly regulate the procedures and requirements in handling confidential information and protecting or preventing disclosure or leakage of information to external parties. For instance, the Group requires that all files containing confidential information be securely protected, by following the rules including always carrying confidential papers in a briefcase when outside the office and encrypting the access to all desktop computer terminals or computer records that contain confidential information.

During the reporting year, there were no substantiated complaints received by the Group concerning the breaches of customer privacy and losses of customer data.

Responsible investment

As green finance and sustainable investing have become a global trend, the Group has integrated these non-financial factors into its existing investment process, which it believes can not only allocate capital to the market segments dedicated to solving the most pressing problems around the globe, but also play a role in funnelling investment opportunities and analysing the growth potential and risks of the investees and investment targets. The Group adopts both a "top-down" and "bottom-up" model upholding its investment activities. Specifically, the management identifies investment opportunities, performs research and due diligence with the investment team and prepares an investment recommendation report for the Investment Review Committee for approval. As for the investment opportunities spotted by the investment team, an in-depth analysis and comprehensive report is needed to be submitted to the management for approval, followed by procedures including due diligence, investment recommendation report and approval of Investment Review Committee. The amount of investment is the major factor determining if the investment needs to be reported to the Board who is responsible for decision-making.

In the selection of external investment managers, the Group follows the employment ordinances in Hong Kong and performs thorough due diligence of the candidates' techniques and capability, and in particular, 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.

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As screening is one of the several widely used tools that investment managers use to implement a responsible investment policy, the Group has adopted two ways of screening with clear criteria:

- Positive screening: Taking clean and new energy as one of the key focuses in investment. The due diligence, evaluations and calculations of investment projects are carried out to prioritise those with positive environmental, social and economic impacts.
- Negative screening: excluding military, tobacco and gambling industries, as well as the industries and companies with significant ESG-related risks.

In the past few years, the Group has partnered with and invested in “green” and “socially responsible” projects and companies engaged in businesses related to sustainability.

In 2017, the Group partnered 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 contributed to various environmentally sustainable projects, such as the improvement of water recycling and aquatic environment.

In 2019, the Group made an investment to 德興市益豐再生有色金屬有限責任公司 (“益豐”), which is an environmentally friendly technology-based enterprise engaged in resource regeneration that focuses on circular economy. Running its leading project called the “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), 益豐 currently has 3 practical independent patents and one engineering technology research centre.

In FY2019/2020, the Group also made a prepaid consideration amounting to HK\$494.46 million through one of its subsidiaries with the seller, under which the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group Co., Ltd. (“Dagang Holding”). Dagang Holding is a high-tech enterprise specialised in the R&D, manufacture and service of road construction and maintenance machinery and equipment and general contracting of domestic and overseas projects. Dagang Holding has penetrated into the environmental protection industry beyond its existing business and acquired 52% of the total equity of 眾德環保科技有限公司 in 2019, which engages in non-ferrous metal recycling based in Hunan Province, PRC.

In 2020, the pandemic restricted economic activities and triggered large-scale economic stimulus policies by central banks of various countries and economies. The intense efforts to address COVID-19 have greatly enhanced public perception of biopharma industry, escalating the global attention to the healthcare sector to an unprecedentedly high level. In terms of equity investment, the Group has incorporated biopharma into its focus, aiming to facilitate the development of the healthcare industry to protect people’s wellbeing while creating a considerable rate of return for the Group. In 2018, the Group invested in iCarbonX Group Limited (“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 Mainland, iCarbonX’s newly established Shenzhen Weiban Medical Test Lab (深圳微伴醫學檢驗實驗室) has been approved by Shenzhen government for conducting COVID-19 test for people who need a testing results report to travel or work.



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Anti-Corruption

To maintain a fair, ethical and efficient working environment, the Group abides by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region where the Group operates, including the Anti-corruption law of the people's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group has formulated and strictly enforced its anti-corruption policies, such as Non-investment Transaction Compliance Checklist (非投資交易合規初評檢查表), 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 fraudulent practices. Under the guidelines issued by the Securities & Futures Commission, all employees are required 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 Group regards honesty, integrity and fair play as its core values that must be upheld by all directors and staff of the Group at all times. The directors and Compliance Department of the Group are responsible for establishing and overseeing the internal control system.

Whistle-blowers can report verbally or in writing to the Audit Committee of the Group for the suspected misconduct with full details and supporting evidence. The Audit Committee will conduct investigations against the suspicious or illegal behaviour to protect the Group's interests. The Group promotes 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 encouraged and required its employees to receive certain hours of anti-corruption training. In FY2020/2021, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Community Investment

Since its establishment, the Group has been committed to supporting the development of local communities by leveraging its strength to address urgent social challenges and livelihood issues. Over the years, the Group and its directors, management and staff have relentlessly participated in the improvement of the wellbeing of community groups, and will in particular further its support on the development of education. Due to the pandemic, the Group postponed or cancelled many community activities in a response to local social distancing rules. To promote a caring and sustainable community, the Group will actively support the development and wellbeing of its local communities.

Six Industries Research Institute

The Group jointly cooperated with Shanghai Fudan University and the Finance Centre for South-South Cooperation Limited (FCSSC), to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院). This institute aims to assist Fudan University to promote the development of applied economics and management science, and on this basis, to promote the innovative projects of national food safety, healthy endowment and Six Industries-based poverty alleviation.

VIII. ENDING

2020 was a tough year to all in health and safety, and it is still yet to be over. Climate change, societal welfare, labour rights and a range of Sustainability topics during the difficult period have been highly emphasised to be the determinant of the resilience of any business. Looking ahead, the Group will keep benchmarking sound ESG practices in the market and genuinely integrate sustainability into its long-term business development strategy and roadmap.

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APPENDIX

Table 1 — The Group's Total Emissions by Category in FY2020/2021 and FY2019/2020⁶

Emission Category	Key Performance Indicator (KPI)	Unit	Intensity ¹		Intensity ²	
			Amount in FY2020/2021	(Unit/Floor Area m ²) in FY2020/2021	Amount in FY2019/2020 ²	(Unit Floor Area m ²) in FY2019/2020
Air Emissions	SO _x	Kg	0.13	–	0.12	–
	NO _x	Kg	4.67	–	3.06	–
	PM	Kg	0.34	–	0.23	–
GHG Emissions	Scope 1 (Direct Emissions) ³	Tonnes of CO _{2e}	23.30	–	22.05	–
	Scope 2 (Energy Indirect Emissions) ⁴	Tonnes of CO _{2e}	58.27	–	51.54	–
	Scope 3 (Other Indirect Emissions) ⁵	Tonnes of CO _{2e}	3.04	–	94.69	–
	Total (Scope 1, 2 & 3)	Tonnes of CO _{2e}	84.61	0.07	168.28	0.13

- 1 Intensity for FY2020/2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's floor areas of operations in FY2020/2021, which was around 1,293 m²;
- 2 The amount and intensity in FY2019/2020 were extracted from the data in the ESG report set out in the Group's annual report for FY2019/2020;
- 3 The Group's Scope 1 (Direct Emissions) included only the consumption of unleaded petrol in motor vehicles;
- 4 The Group's Scope 2 (Energy Indirect Emissions) only included only electricity consumption;
- 5 The Group's Scope 3 (Other Indirect Emissions) only included other indirect emissions from paper waste disposed at landfill in FY2020/2021, whilst in FY2019/2020, the Group's Scope 3 (Other Indirect Emissions) only included business air travel. Under the strict travel restrictions due to the pandemic, the business air travel by the Group's employees declined dramatically, which was not integrated in the Group's GHG profile following the principle of Materiality;
- 6 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, 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.

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Table 2 – Total Resource Consumption in FY2020/2021 and FY2019/2020

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2020/2021	Intensity ¹	Amount in FY2019/2020	Intensity ²
				(Unit/Floor Area m ²) in FY2020/2021		(Unit Floor Area m ²) in FY2019/2020
Energy	Electricity	kWh	72,835.00	56.33	63,628.00	49.21
	Unleaded Petrol	L	8,761.55	6.78	8,290.61	6.41
	TOTAL³	MJ	555,935.62	429.96	507,002.76	391.99
Water	Water ⁴	m ³	210	0.16	317.40	0.25
Paper	Paper	Kg	632.51	0.49	–	–

- 1 Intensity for FY2020/2021 was calculated by dividing the amount of resources the Group has consumed in FY2020/2021 by the Group's floor areas of operations in FY2020/2021, which was around 1,293 m²;
- 2 The amount and intensity in FY2019/2020 were extracted from the data in the ESG report set out in the Company's annual report for FY2019/2020;
- 3 The total energy was based on the energy conversion factors from the US Energy Information Administration; and
- 4 Given no record of water consumption that was managed 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 FY2020/2021¹

Unit: Number of employees						
Gender	Age group				Total	
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above		
Male	2	5	2	6	15	
Female	2	1	2	1	6	
Total	4	6	4	7	21	

Employment type		
Full time	Part time	Total
21	0	21

Position Level			
General staff	Senior employees	Director and management	Total
9	6	6	21

- 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 2: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

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Table 4 — Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2020/2021¹

Unit Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Gender					
Male	3	4	2	6	15
Employee turnover rate (percentage)					71%
Female	1	2	4	1	8
Employee turnover rate (percentage)					73%
Total	4	6	6	7	23
Total employee turnover rate (percentage)					72%

Geographical locations

Locations	Employee turnover	Employee turnover rate (percentage)
Hong Kong	23	73%
Shenzhen, PRC	0	0%

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 FY2020/2021 by the number of employees on average in FY2020/2021. Due to the pandemic and economic downturn, mass layoffs were made that resulted in the high turnover rate. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report? — Appendix 2: 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 Years¹

Year	FY2018/2019	FY2019/2020	FY2020/2021
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 2: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 6 — Product/Service Recall and Complaint Received by the Group in FY2020/2021¹

Items	Number/Percentage
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0 (N/A)
Number of products and service-related complaints received	0 (N/A)