



KINGWELL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1195

2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Group's shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on environment and society, strives to set a good example for the public, while conducting business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

SCOPE

This is the first Environmental, Social and Governance ("ESG") Report issued by Kingwell Group Limited (the "Company", together with its subsidiaries, the "Group"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by the Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property development and property leasing services. This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of its key business operation ("key operation", accounting for 100% of the Group's total revenue) in Hubei office in Mainland China from 1 July 2016 to 30 June 2017, unless otherwise stated.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at 1195@kingwellgroup.com.hk.

THE COMPANY'S COMMITMENT ON ESG

The Mission of the Group is listed as below:

- i) To optimize efficient use of resources to minimize impact on the environment and natural resources; and
- ii) To encourage employees to be more aware of sustainable development of the business and the community we serve.

A. ENVIRONMENTAL

1. Emissions

(i) Greenhouse Gas Emissions

Scope of Greenhouse Gas Emissions	Emission Sources	Emission (in tonnes of CO ₂ e)	Total Emission (in percentage)
Scope 1			
Direct Emission	Consumption of petrol by the key operation's owned fleet	22.75	71%
Scope 2			
Indirect Emission	Purchased Electricity	8.45	26%
Scope 3			
Other Indirect Emission	Paper waste disposed at landfills	0.85	3%
	Electricity used for processing fresh water	0.12	
	Electricity used for processing sewage	0.06	
Total		32.23	

Note 1: Emission factors were made reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by the Stock Exchange of Hong Kong Limited, unless stated otherwise.

Note 2: Combined margin emission factor (average) of 0.88 t-CO₂/MWh was used for purchased electricity in Mainland China

There were 32.23 tonnes of carbon dioxide equivalent (CO₂e) greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the key operation of the Group in the reporting period. The annual emission intensity was 0.12 tonnes of carbon dioxide equivalent per square metre, with a total floor area coverage of 280 square metre.

Vehicle Operation

During the reporting period, 8,400 litres of petrol was consumed for vehicles used for business purposes, contributing to emission of 0.12kg of SO_x and 22.75 tonnes of carbon dioxide equivalent. The key operation of the Group will consider giving priority to higher fuel-efficient vehicles available in the market during future purchase.

Hazardous and non-hazardous Waste

No hazardous waste was involved with the key operation of the Group which was office based. 120 kg of non-hazardous waste (mainly paper waste) was generated, contributing to an emission of 0.85 tonnes of carbon dioxide equivalent. Double-sided printing is pre-set for copier machines, and is encouraged to be used for all non-confidential documents. Paper recycling bins are placed at the office for effective waste paper collection.

A. ENVIRONMENTAL (Continued)

2. Use of Resources

Electricity

The key operation of the Group consumed 9,600 kWh of electricity during the reporting period, contributing to an emission of 8.45 tonnes of carbon dioxide equivalent. Energy saving practice at office includes using energy saving lightings, switching off lights and air conditioners when leaving unoccupied room and before leaving work. Purchasing energy saving office appliances will be considered, when applicable, in the future.

Water

During the reporting period, the key operation of the Group consumed approximately 300 tonnes of water for office use, supplied by municipal water supply company. Water saving practice is encouraged at the office. It is noteworthy that water consumption is not a significant environmental issue for the key operation.

3. The Environment and Natural Resources

Having a business in property development and property leasing, the Group understands that the business nature could potentially pose impacts towards the environment. When environmental pollution arises, quality of life and individuals' healthiness would be significantly affected. The Group commits to strictly comply with all applicable environmental laws and regulations, and keeps its impact of business operation on the environment to minimal.

B. SOCIAL

1. Employment and Labour Practices

(i) Employment

The key operation of the Group had a total number of 11 employees as of 30 June 2017. Human Resources Policy has been established, in which it specifies guidelines and terms on recruitment, training, termination/dismissal, remuneration, appraisal, promotion, penalty, working hours, rest period, compensation for overtime work, job rotation, insurance coverage according to laws and regulations. Remuneration of the key operation of the Group makes reference to the latest industry trends. Equal employment opportunities are given to job applicants and employees regardless of their gender, religion, marital status, sexual orientation or race. No discrimination was reported or observed during the reporting period.

Appraisal is carried out on a yearly basis to review employees' performance. The performance results and the employees' opinion would be reported to the Chief Executive Officer and the Board of Directors.

(ii) Health and Safety

As stated in the employment contract, the key operation of the Group strictly complies with national and regional laws and regulations related to labour protection, provides safe working and operation environment, training for occupational health and safety, necessary personal protection equipment, and body check for employees on a regular basis.

(iii) Development and Training

The key operation of the Group support employees to further their education and qualification such as accountant continuous education training courses. The Group will consider developing policy related to development and training in the future.

B. SOCIAL (Continued)

1. Employment and Labour Practices (Continued)

(iv) Labour Standards

All employment and recruitment activities and procedures of the key operation of the Group abide by the Labour Law and Labour Contract Law of the People's Republic of China. The key operation has established internal control policy and procedure to prevent recruiting unsuitable candidates or employees, such as background and identity checking during recruitment process. There was no case of violation of laws and regulations relating to child or forced labour against the key operation of the Group during the reporting year.

2. Operating Practices

(i) Supply Chain Management

The key operation of the Group have established stringent internal controls to procuring goods and services through fair and unbiased procurement process. The selection of suppliers will be based on competitive pricing and product and service quality as well as service support.

(ii) Product Responsibility

The key operation of the Group has established a system to manage and safely store sensitive data and information. No products or service related complaints received in the reporting period.

The Group recognised that good customers services are the key influential factors to our success. Protecting and safe-guarding our customers' privacy have been our top priority. The key operation has stringent policies upon the collection and usage of personal data.

(iii) Anti-corruption

The key operation of the Group has policy on the control and prevention of bribery, extortion, fraud and money laundering in related to various business operations and trading activities among shareholders and related parties. Financial Department and Auditing and Supervision Department, with Chief Executive Officer being the person in charge, are responsible to regularly monitor and check all non-operating funds flowing activities of the key operation. Anti-fraud mechanism has been established to standardize the procedures for reporting, investigation, handling, assessment and remedy actions. The key operation of the Group has also set up whistleblowing and whistle-blower protection policies, as well as designated reporting hotline, specifies terms on reporting procedures, and standard processing time, for employees to raise concerns related to improprieties. There were no concluded legal cases regarding corrupt practices brought against the key operation of the Group during the reporting period.

3. Community

(i) Community Investment

The key operation of the Group has not participated in any community investment during the reporting period and the management will consider participating activities or partnering with organizations that benefits the community in the next reporting year.