



PROSPERITY INTERNATIONAL  
HOLDINGS (H.K.) LIMITED  
昌興國際控股(香港)有限公司  
(Incorporated in Bermuda with limited liability)  
Stock Code: 803

# MAKING HEADWAY

ENVIRONMENTAL, SOCIAL, AND  
GOVERNANCE REPORT 2019





# CONTENTS

I. Introduction and Environmental, Social and Governance Policies	<b>2</b>	3. Environmental Protection and Natural Resources Conservation	<b>9</b>
II. Environment	<b>4</b>	3.1. Property Business	<b>9</b>
1. Emission	<b>5</b>	3.2. Mining Business	<b>10</b>
1.1. Property Business	<b>5</b>	3.3. Daily Administration	<b>10</b>
1.2. Trading Business	<b>5</b>	III. Society	<b>11</b>
1.3. Mining Business	<b>6</b>	1. Employment and Labour Practices	<b>11</b>
1.4. Key Performance Indicators ("KPIs") of Emission Management	<b>6</b>	2. Health and Safety	<b>13</b>
2. Use of resources/Energy Efficiency Management	<b>7</b>	3. Development and Training	<b>13</b>
2.1. Energy Consumption	<b>7</b>	4. Mechanism for Supply Chain Management	<b>14</b>
2.2. Water Consumption	<b>8</b>	5. Product Responsibility	<b>15</b>
2.3. Resources Utilization in Mining Business	<b>9</b>	6. Anti-corruption Mechanism	<b>15</b>
		7. Community Investment	<b>16</b>

## **I. Introduction and Environmental, Social and Governance Policies**

### **About the Report**

The Environmental, Social and Governance Report (the “Report”) summarizes the initiatives, plans and performance of Prosperity International Holdings (H.K.) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) in the environmental, social and governance (“ESG”) aspects, and illustrates the sustainability of its business activities in terms of these aspects..

The Group adheres to the management’s policies on sustainable development and is committed to handling the Group’s ESG matters effectively and responsibly, which we believe are of great significance for our business and operation.

### **Reporting Framework**

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The details of the operations of the Group are set out in the “Management Discussion and Analysis” section of the annual report of the Company for the financial year ended 31 March 2019 annual report (the “Annual Report”).

### **Reporting Period**

The ESG Report elaborates on the Group’s ESG efforts, the challenges it faced and measures it adopted during the year from 1 April 2018 to 31 March 2019 (the “Reporting Period”).

### **Reporting Scope**

During the Reporting Period, the Group operated three core businesses, including:

- (1) Real estate investment and development (the “Property Business”), which is primarily operated in the People’s Republic of China (the “PRC”);
- (2) Trading in clinker, cement and other building materials, as well as iron ore and raw materials (the “Trading Business”); and
- (3) Mining of iron ore (the “Mining Business), which is principally operated in a resource-rich mine in Malaysia (“Malaysia Mine”). However, the mining operations were suspended during the Reporting Period to minimize the operating loss since the iron ore price fluctuated wildly and did not stabilize at a high enough level to make such operations profitable.

The directors (the “Directors”) and the board of Directors (the “Board”) of the Company have confirmed that the Report does not contain any false information, misleading statements or material omissions, and collectively and individually, accept responsibility for the truthfulness, accuracy and completeness of its contents.

It is the Group’s third ESG report compiled based on this ESG Reporting Guide. General disclosures are made based on the “comply or explain” provision of the ESG Reporting Guide. This year’s Report is further enhanced with a wider range of key performance indicators. In line with these standards, key stakeholders, including operation departments, management and independent third parties, were engaged in the material assessment and identification of the relevant and important environmental, social and governance policies, for incorporation in the Report.

The key indicators, in relation to safety and environmental issues of the Company, are measured and calculated based on the regulations or industry standards of the PRC for its Property Business, and based on those of Malaysia for its Mining Business. Unless specified otherwise, we obtained the information on ESG key performance indicator (“KPI”) through the operation control mechanisms of the Group and its subsidiaries. We will continue to expand the scope of disclosure in the future when the Group has a more sophisticated system for data collection and further develop the work on sustainable development.

## Stakeholder Engagement

Stakeholders’ participation is an indispensable process for the Group to continuously improve its sustainable development performance. Therefore, the Group values the opinions of various stakeholders on its operation and ESG matters. In order to comprehensively understand, respond to and address the major concerns of different stakeholders, we have maintained close communication with all these stakeholders, including but not limited to shareholders/investors, customers, suppliers, employees, the government and regulators, peers, chambers of commerce, industry associations, non-government institutions and media.

Through the diverse and effective communication channels, the expectations of stakeholders are incorporated into our operation and ESG strategies. The stakeholder engagement and communication channels are as follows:

Major Stakeholders	Communication Channel
<b>Employees</b>	Regular performance appraisals Channels for employees to express their opinions (such as systems for voicing complaints and reporting misdeeds) Department meetings Internal trainings
<b>Investors/Shareholders</b>	Annual general meeting Annual reports and interim reports, announcements and circulars Investor meetings
<b>Customers</b>	Regular customer meetings Customer service hotlines and emails
<b>Suppliers</b>	Meetings and events about supplier management Supplier on-site audit management policy
<b>The government and regulators</b>	Annual reports and interim reports, announcements and circulars On-site visits and inspections by government officials
<b>Associations, non- government institutions and media</b>	Voluntary activities Group activities ESG reports

## **Materiality Assessment**

The management and employees that perform major functions in the Group have all participated in the preparation for the ESG Report and assisted the Group in reviewing its operation, identifying relevant ESG matters, and assessing the importance of such relevant matters to our business and stakeholders. Information was collected from relevant departments and business units of the Group based on the major ESG matters that had been assessed.

For the year ended 31 March 2019, the Group confirmed that appropriate and effective management policies and control systems for ESG matters have been established and that the disclosed contents are in compliance with the requirements of the Reporting Guide. Corporate governance is addressed separately in the “Corporate Governance Report” of the Annual Report. The Group is committed to implementing the environmental policies and safety assessments in business processes comprehensively, through continuously improving its management systems and measures, aiming to minimize the impact on the environment and to achieve zero employee fatalities in business processes.

## **Contact us**

The Group welcomes stakeholders’ feedback on its ESG approach and performance. Please give your suggestions or share your views with us via email at [ir@pihl-hk.com](mailto:ir@pihl-hk.com).

## **II. Environment**

### **Major scope & aspects**

The Group attaches high importance to environmental management in its businesses and formulates scientific environmental protection measures by adopting the world’s leading practices in its operation. The Group also endeavours to fulfil the social responsibility for environmental protection as its efforts to protect the Earth and build a sustainable future for our future generations. In order to monitor our environmental management and minimize the impacts of our business operation, the Group has formulated relevant policies for environmental management, while promoting employees’ awareness of environmental protection and complying with relevant laws and regulations.

Besides, various environmental protection management systems with the aim of achieving emission reduction targets were also formulated for the Group’s subsidiaries. The Group is actively updating its “Green Policies” to ensure a balance between sustainable corporate development and environmental protection. Also, the Group has developed emergency plans for accidents that can cause harm to environment. If any accident occurs, the Group will report the nature of it immediately, investigate and analyze its causes, propose and implement remedial measures, and assess their effectiveness and the impacts on the environment with the aim of preventing any environmental accident in the future and minimizing the negative impact.

During the Reporting Period, the Group was not aware of any major violations against environmental laws and rules, including but not limited to the Noise Control Ordinance and the Waste Disposal Ordinance.

## 1. Emissions

### General Disclosures and Key Performance Indicators (“ KPIs ”)

#### 1.1. Property Business

The Group’s Property Business focuses on the development of real estate (with construction processes outsourced) and the property investment. Although the property development is outsourced to external contractors, it produces certain amount of greenhouse gas (“GHG”) emission, dusts, waste water in construction sites and wastes from construction projects. Therefore, the Group pays a lot of attention to the qualifications of contractors and it also supervises and manages the construction processes so as to minimize any possible emissions. The Group encourages its contractors to take measures to effectively control emissions in accordance with the requirements stipulated in agreements over renovation and management of construction projects, and to be responsible for supervision. If the desired results are not attained, the contractors are required to make rectification until such results are achieved.

As for the property investment business, the Group has conducted environmental assessment and developed the pollutant control procedures to ensure that the emissions from premises are effectively controlled. The major emissions from the Group’s property investment business are nitrogen oxides (“NO<sub>x</sub>”), sulphur dioxide (“SO<sub>2</sub>”), particulates (“PM”) and GHG arising from fuel consumption in the use of vehicles, electricity consumption at the offices and air travel by employees.

The Group complies with the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, National Vehicles’ Exhausted Gases Monitoring Regulation and other relevant requirements. By arranging vehicle testing such as exhaust gas test for business vehicles, we ensure compliance with national emissions standards.

During the reporting period, the Group does not identify any major violations or complaints that have been confirmed in relation to environmental laws and regulations.

#### 1.2. Trading Business

The Group’s Trading Business requires limited natural resources to operate and does not involve transportation of the trading goods. Therefore, it has a relatively low environmental impact. The direct environmental impact mainly comes from normal office operations and staff’s travel. The Directors believe that the Trading Business does not materially contribute to pollution or cause material damage to the environment. Moreover, during the daily operations, this business segment does not generate any chemical and clinical hazardous waste; and the amount of non-hazardous waste that it generates is not large. Therefore, the data on non-hazardous waste was not included in the calculation. However, the Group takes all practicable steps to meet statutory requirements and minimize the effect of the operation on the environment and encourages its employees to conserve energy, minimize waste and recycle work materials.

The emission of GHG and the use of energy, such as electricity, mainly resulted from the use of vehicles and air-conditioning, with direct emissions from the business activities at office, and indirect emissions from the employees’ business travel.

### 1.3. Mining Business

Since the Group has suspended its iron ore mining operation during the Reporting Period, only minimal processing activities had been carried out in the Malaysia Mine for maintenance purpose. Therefore, the total amount of pollutants was minimal and immaterial, and as such, no data was recorded in relation to the mining and processing activities during the Reporting Period.

Meanwhile, the Group owns several trucks for transporting iron ores and raw materials between the mining site and the processing plant, and also between the processing plant and the port. Since no mining activity and minimal processing activities had been carried out during the Reporting Period, the trucks were instead used in the logistics business. However, the logistics business was neither a material part of the Group's Mining Business, nor the Group's operation. Furthermore, all vehicles underwent regular maintenance checks to ensure fuel consumption efficiency and road safety with a view to keeping CO<sub>2</sub> emission from the vehicles at the minimum level. Apart from the trucks, the Group also owns a few cars for daily administrative purposes.

The Mining Business's direct exhaust emissions mainly come from its vehicles.

Despite the fact that the Group has not carried out any mining activity and had only minimal processing activities, the Mining Business produced GHG mainly from three types of activities of the Group, including, but not limited to, use of motor vehicles with direct emissions, electricity consumption at the office with indirect emissions, and employees' business travel by air with indirect emissions.

As mentioned before, the Group owns vehicles of various types and they contribute to the emissions of GHG. All the vehicles undergo regular maintenance checks to ensure fuel consumption efficiency and road safety with a view to keeping CO<sub>2</sub> emission from the vehicles at the minimum level.

### 1.4. Key Performance Indicators ("KPIs") of Emission Management

The following table summarizes the KPIs of the Group's overall emission management:

The emissions come from fuel consumption in the use of vehicles, electricity consumption at the offices and air travel by employees.

	<b>Unit</b>	<b>31 March 2019</b>
Nitrogen Oxides (NOx)	Kg	8,520
Sulphur Dioxide (SO <sub>2</sub> )	Kg	31
Particulate Matter (PM)	Kg	613

The Group also encourages the employees to keep the usage of electricity to a minimum by introducing certain energy conservation measures, such as turning off unnecessary electronic appliances. The Group has also put notes at prominent places to encourage the employees to cut electricity consumption and conserve energy during office hours.



### Greenhouse Gas Emission

Most of the Group's greenhouse gas emission comes from, among others, gasoline consumed by vehicles and the electricity consumed by corporate offices. During the Reporting Period, the total greenhouse gas emission of the Group was approximately 5,462 tonnes and the total greenhouse gas emission per HK\$1 million of revenue was 2.34 tonnes. An overview of the greenhouse gas emissions is as follows:

Indicator <sup>1</sup>	Total emissions (in tonnes)	Intensity — Quantity (tonnes) per HKD 1 million of revenue <sup>2</sup>
Direct greenhouse gas emission (Scope I) — gasoline consumption	4,758	2.04
Indirect greenhouse gas emission (Scope II) — electricity consumption	646	0.28
Other Indirect Emissions (Scope III) — Business Air Travel	58	0.02
Total greenhouse gas emission	5,462	2.34

Note:

- Greenhouse gas emission data are presented in terms of carbon dioxide equivalence with reference to the requirements of, including but not limited to, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (《溫室氣體盤查議定書：企業會計與報告標準》) published by the World Resources Institute and the World Business Council for Sustainable Development, the Reporting Guidance on Environmental KPIs (《環境關鍵績效指標彙報指引》) published by the Stock Exchange and the 2017 Sustainability Report published by CLP Power Hong Kong Limited.
- During the Reporting Period, the total revenue of the Group was HK\$2,331 million. Other intensity data in the ESG Report are also measured using this data.

## 2. Use of resources/Energy Efficiency Management

### General Disclosures and KPIs

#### 2.1. Energy Consumption

The main types of energy consumed by the Group in its operations include diesel fuel and electricity. Its demand for electricity is especially great. The Group saves energy and reduces consumption of it through technological upgrade, equipment renewal and enhancement of energy utilization efficiency.

The table below sets out the data on energy use and emission at the Group during the Reporting Period:

Types of energy	Consumption (unit)	Intensity — Unit/HK\$1 million of revenue
Diesel fuel	1,716,915 (L)	412.72
Electricity	962,296 (KWh)	736.38

Energy consumption control and energy-saving measures include, but are not limited to:

- the upgrading of the existing wiring and establishment of special lines for better electricity transmission and for reducing damage to the wiring; and
- optimizing equipment management and improving the techniques of the operation to enhance the Group's standards of energy saving and management.

Moreover, the Group has developed a number of specific energy-saving initiatives to reduce greenhouse gas emission and conserve energy usage throughout our operation, including:

- equipment, machines and electronic devices shall be turned off after office hours;
- indoor temperature is maintained at an optimal level for comfort;
- signage is put up at appropriate areas to raise the awareness of energy-saving;
- LED lighting system is recommended to be set up widely in workplaces at order to save energy during the office hours; and
- telecommunication system is recommended to replace unnecessary travel arrangements wherever appropriate and possible.

## 2.2 Water Consumption

During the Reporting Period, there was no major problem of sourcing water that is fit for use in its operations. As for the offices of the Group, due to the nature of the operations, water consumption mainly arises from the daily use of water by the employees at the offices during working hours, and the domestic sewage is directly discharged into municipal sewage pipelines.

The table below sets out the water consumption level of each of the businesses of the Group during the Reporting Period:

<b>Business Segment</b>	<b>Annual Water Consumption (Cubic Metres)</b>	<b>Intensity —Unit/HK\$ 1 million of revenue</b>
Property Business	92.29	0.04
Trading Business	n/a*	—
Mining Business	4.87	0.002
Total	97.16	0.042

Note:

- \* As the Group rented an office premise from an independent third party and paid management fee for the use of the common water facilities so data for the water consumption were not available.

### 2.3. *Resources Utilization in Mining Business*

The Mining Business of the Group minimizes the mining loss rate and dilution rate and maximizes the processing recovery rate by improving its mining methods and processing techniques, strengthening the management of on-site operations, and establishing stringent technical standards of mining and processing in light of the actual conditions of the mine.

During the Reporting Period, the Board has decided to shift the focus of business from iron ore mining, processing and trading to property investment and development. Meanwhile, the Group will take a more conservative approach in order to minimize the negative effect of the cyclical nature of the mining industry and related policy changes that have led to iron ore industry consolidation. Therefore, the Group suspended its iron ore mining and processing businesses during the Reporting Period, and the consumption of water, electricity and other natural resources in the relevant business was minimal.

## 3. **Environmental Protection and Natural Resources Conservation**

### **General Disclosures and KPIs**

The Group pledges to uphold quality management and implements policies on conserving resources and managing waste. The Group will continue to increase its capacity for recycling to reduce the material impact of the Group's operation on the environment and natural resources. The Group adopts consistent policies to save resources effectively and follow the laws and regulations to achieve healthy business development.

Awareness of environmental protection among all employees is enhanced through environmental protection activities, training programs and promotion. The Group is promoting the concepts of "Reduce", "Reuse" and "Recycle" in order to protect the environment and give back to society.

### 3.1. *Property Business*

#### 3.1.1. Property Development Business

The Group follows the "Green Construction" concept, aiming to provide people with a healthy and comfortable living environment and to utilize space efficiently so as to allow them to live in harmony with nature. "Green Construction" maximizes the effect of resource-saving practices that cover energy, land, water and materials. The concept is also aimed at protecting the environment and reducing pollution throughout the property's life cycle. The Group has adjusted its architectural design plan according to actual conditions. It has adopted the architectural concept of "reducing consumption of energy and resources at the source" and environmental installations for natural ventilation, natural lighting, sun shading and heat insulation and rainwater collection.

The quality of the materials is a key aspect in product quality control, and the Group always emphasizes material management. During the Reporting Period, the Group only uses the construction materials that have passed the third-party material testing for its property development projects. The Group requires all of its suppliers and contractors to ensure that all construction materials had complied with legal and environmental requirements in China.

### 3.1.2. Property Investment Business

The Group believes that “Green Property Management” is not only the cornerstone of development of “Green Construction” but also an inevitable trend in property management. Therefore, the Group has effectively reduced energy consumption in various properties and recycled waste through scientific management and technological upgrade while ensuring service quality. The Group outsourced its property management to independent management companies and encouraged them to adopt green property management. For the premises under the Group’s direct management, the Group reduces carbon emissions and improves efficiency of use of electricity by gradually implementing various energy-saving measures, including but not limited to:

- turning off unnecessary lighting fixtures in properties under the Group’s management;
- installing time switches to control lighting fixtures; and
- designating personnel to turn on and off the lighting fixtures in various lobbies and spaces at specified times.

## 3.2. *Mining Business*

### 3.2.1. Land Resources

After mining is completed, the Group will restore the land and vegetation there through land reclamation and rehabilitation measures. Reclamation and rehabilitation activities typically involve the removal of buildings, equipment, machinery, other physical remnants of mining operations and waste rock piles, restoration of land features in mined-out areas, dumping sites and other mining areas and contouring, covering and revegetation of the affected areas.

The Group adopts environmental measures and practices to manage environmental risk of land disturbance, reclamation and site closure, for example, and proposed progressive reclamation, surface stripping, replanting and reclamation monitoring, etc. Besides, the Group paid a deposit of Malaysian Ringgit 490,000 to a mine environmental rehabilitation fund under the local governments in accordance with the legal and environmental requirements and the laws on mining.

### 3.2.2. Water Resources

The Group strictly complies with the national and local requirements for environmental protection to protect surface water resources and ground water resources, and to maximize the conservation and recycling of water as its principle. In order to fully utilise the water resources, most of the water is recovered from production plant and tailings dam and reused in the production process.

## 3.3. *Daily Administration*

The Group is aware that its major contribution to the greenhouse gas emission and energy footprints lies in the electricity consumption at its corporate offices and business premises. As such, it tries its best to reduce energy consumption so as to minimize its impact on the environment. It is committed to observing the “Indoor Temperature Energy Saving Charter” and the “No Incandescent Light Bulbs (“ILB”) Energy Saving Charter” introduced by the Environment Bureau of the Government of Hong Kong Special Administrative Region.

The measures include:

- turning off lights and air conditioners at the conference rooms and other places after use;
- requiring the employee who is the one to leave the office on any workday to turn off all the lights in the office unless otherwise instructed;
- encouraging employee to make less print-outs; and, when print-outs are necessary, to make the full use of copying or printing paper by printing documents on both sides of the paper or in double-page layout. The employees are also encouraged to use paper which is already printed on one side to print drafts, and dispose of paper materials in bins which are separated from those for the disposal of other materials. Confidential or sensitive documents including official signatures are destroyed; and
- collecting empty toner cartridges, empty cans or other recyclable materials and delivering them to recycling companies.

### **III. Society**

#### **Major scope & aspects**

The Group makes an effort to provide a safe working environment for the employees and to care for their the overall wellbeing. In relation to employment and labour practices, the human resource department focuses on employment, health, safety, development and training. The Group complies with laws and regulations on compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity and other benefits as well as anti-discrimination law.

#### **1. Employment and Labour Practices**

##### **General Disclosure**

The Group strictly follows the relevant laws and regulations. The Group determines salaries on the principle of fairness and ensures that wages are no lower than the minimum wage stipulated by law. Wages in related markets are also referenced, so that the Group can provide attractive compensation. The Group offers a variety of allowances to qualified employees, and provides staff members with retirement protection plans, as stipulated by law and regulations. The Group welcomes diversity in its staff members. Regardless of ethnicity, religion, gender or age, all people receive equal employment opportunity in such matters as recruitment, development, promotion and training.

The employees of the Group are employed, recognized and rewarded for their contributions, work performance and skills, and are provided with a good working environment and development opportunities.

The Group conducts open recruitment in society according to law. In order to prevent child labour, candidates must submit photocopies of identity cards and present the originals for verification. During the Reporting Period, there were no violations of the legislation and regulations such as child labour or forced labour by the Group.

The Group constantly monitors its employees' performances. Newly admitted employees will have a 3-month probation period and then they will be able to join the Group, permanently.

The Group also provides comprehensive support for its female employees. It provides comprehensive support for pregnant employees in accordance with the law. The female employees are allowed to return to their original jobs after childbirth. Also, during their pregnancy period, the Group prohibits its pregnant employees from performing physically demanding assignments to ensure the safety of both the child and mother.

As of 31 March 2019, the Group has a total of 240 employees, with 100% labour contract conclusion rate and 100% social insurance coverage rate. During the Reporting Period, there were no material violations of the regulations on recruitment and employment.

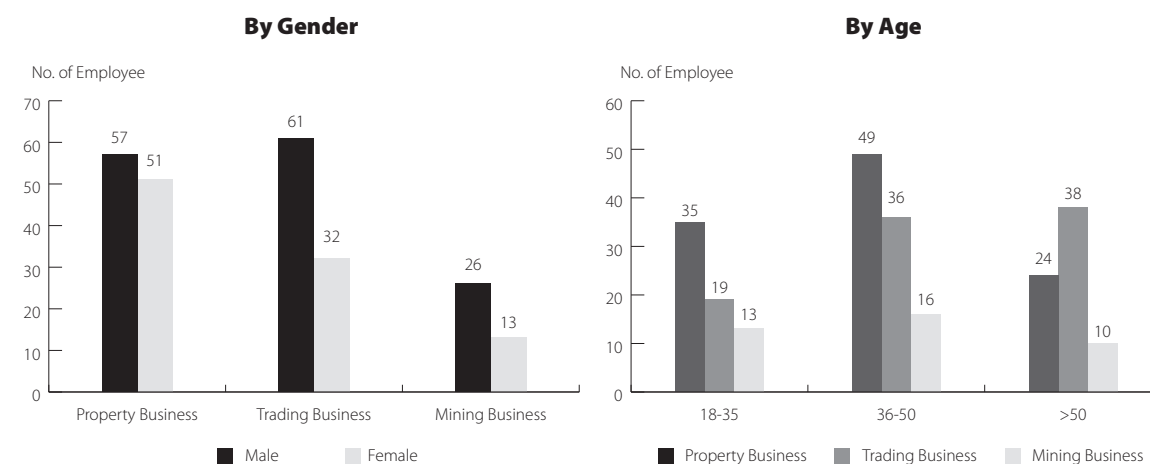
#### *Equal opportunities and Anti-discrimination*

With an objective to uphold an open, fair, just and reasonable policy on human resource, the Group recruits and promotes employees based on virtues, skillsets and experience, irrespective of gender, age, race, religion, political affiliation, national origin, and/or disability.

During the Reporting Period, we continued to strictly follow the relevant laws and regulations and our employment policies, providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, to recruit and retain our experienced employees. We also put in place a formal complaints procedure for employees to express their opinions.

The table below classifies the employees of each of the businesses of the Group by gender and age group during the Reporting Period:

<b>Business Segment</b>	<b>By Gender</b>		<b>By Age</b>		
	<b>Male</b>	<b>Female</b>	<b>18-35</b>	<b>36-50</b>	<b>&gt;50</b>
Property Business	57	51	35	49	24
Trading Business	61	32	19	36	38
Mining Business	26	13	13	16	10
Total employees	144	96	67	101	72



## 2. Health and Safety

### General Disclosure

The Group puts particular emphasis on health and safety and attaches great importance to health protection and a safe working environment as it firmly upholds the principle of “safety first and prevention prevails”. The Group cares about employees’ life and health so it has adopted a standardized, systematic, and modernised approach to the management of risks associated with hazards. It also strengthened the control over the sources of hazards.

The Group has established specific bodies and assigned personnel to the tasks. It has also set systems and rules for operations, and strengthens the awareness of health and safety through various ways, such as technological upgrade, monitoring and assessment.

As for the Property Business, the Group seeks to protect the health and safety of everybody. The Group has put in place a production safety mechanism in which individual workers are responsible for inspecting production safety regularly at each project. It has also set up a mechanism in which a project manager is responsible for the implementation of on-site safety measures, and a safety roster mechanism regarding the safety duties.

The Group adheres to the laws, regulations, standards and norms, and fulfils its responsibilities. It also adheres to the principle that prevention is better than cure to protect health and the related interests of staff members. During the Reporting period, the Group did not encounter any material injuries or casualties. In addition, we did not record any accidents that resulted in death or serious bodily injury and thus needed not pay any reimbursements or compensations to the Group’s employees due to such accidents. The Group was not aware of any major violations against laws and regulations related to employees’ health and safety.

## 3. Development and Training

### General Disclosure

Talent development is an important part of the Group’s strategy for managing human resources. Being closely related to a company’s sustainable development, training can enhance the overall quality of staff members and enable them to adapt to new job requirements, as well as improve their capabilities to perform their current duties. It can also help staff members to seize opportunities for promotion and meet their aspirations for career. The Group provides effective training for staff members and formulates a clear path for promotion to ensure that the staff members are equipped with the necessary skills. This also helps the Group to groom outstanding staff to be the successors and foster enthusiasm for learning within the Group.

Furthermore, the Group encourages and supports employees to participate in personal and professional trainings in response to the relevant evolving market needs, such as changes in laws and regulations, market trends, product trends and customer behaviours. Based on the needs of individual employees, we also provide education allowances to facilitate improvement of their job skills and encourage them to maintain their enthusiasm for learning.

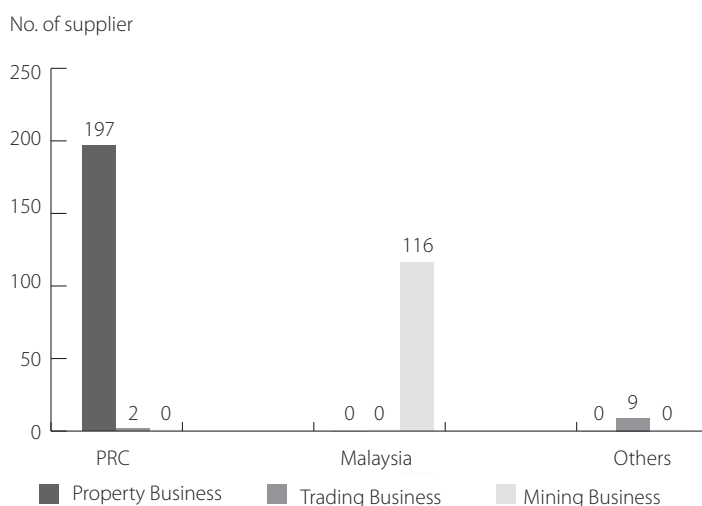
## 4. Mechanism for Supply Chain Management

### General Disclosure

The Group has formulated and implemented a procurement management system, which unifies the management of procurement, storage and allocation of resources. According to the demand, business plans and types of resources required, the resource procurement is generally conducted in three steps, which include tender, price comparison and procurement. Contracts are signed for all procurement activities. The Group strictly oversees the performance of contracts and monitors the payments. The Group does not rely on just one supplier. It evaluates a number of suppliers before it decides on who wins the contract, and it also updates the list of the supplier regularly.

As at 31 March 2019, the Group has a total of 324 suppliers. The suppliers are classified by the type of business and geographical location as follows:

Business Segment	PRC	Malaysia	Others	Total
Property Business	197	–	–	197
Trading Business	2	–	9	11
Mining Business	–	116	–	116
Total	199	116	9	324



The Group encourages suppliers to make a continuous improvement, and expects all suppliers to comply with the laws and regulations of their countries. Also, the suppliers need to continuously improve their safety standards and performance with the aim of achieving zero injuries. The Group understands the importance of environmental protection and fulfils its social responsibility by communicating with its suppliers from time to time.

The Group encourages and expects the suppliers to implement good employment measures by dealing with their employees fairly and reasonably, respecting employees' rights and providing employees with an environment free of discrimination, child labour and forced labour. The suppliers are also expected to adhere to the principle of transparency in business processes and the high standards of conduct — they have to avoid conflicts of interest and prohibit corruption and bribery.



The Group's suppliers are also expected to put emphasis on the efficient use of resources and strive to reduce waste. These include efficient use of fuel and water, proper processing and disposal of waste, monitoring and managing their impacts on the environment in a responsible manner, and continuous improvement in all aspects.

## **5. Product Responsibility**

### **General Disclosure**

In order to guarantee a high quality of products and services, the Group ensures that the products that it offers are safe and with certified quality at the time of delivery. The Group values the opinions of customers and has established procedures that will be used to record and investigate claims and complaints from customers in order to collect customer feedback and handle complaints in a professional manner. The Group's account managers and suppliers jointly investigate reported cases, if any, and take follow-up actions and identify solutions to subsequently improve the Group's operation. Feedback will be given to the customers concerned in a timely manner.

During the Reporting Period, the Group was not aware of any major violations against laws and rules that were related to the health and safety, advertisements, labels, privacy and remedial measures for or of the products and services we offered and that had material impacts on the Group.

## **6. Anti-corruption Mechanism**

### **General Disclosure**

Ethics and integrity are the cornerstones of the Group's success. The Group adopts a zero-tolerance approach to bribery, extortion, fraud and money-laundering. All Directors, management personnel and staff members must comply with all relevant national and local laws and regulations on preventing bribery, extortion, fraud and money-laundering in regions and areas where they operate businesses. All employees not only have responsibility to understand and comply with above policies on preventing bribery, extortion, fraud and money-laundering, but also have an obligation to report violations to the senior management of the Group. Any person, who contravenes the regulations will be reported to the authorities.

In order to strengthen the anti-corruption measures, the Board has delegated a team to carry out anti-corruption measures, commence special issues auditing and supervision processes in due course, investigate loopholes and rectify faults, and review the legality, reasonableness of practices and stringency of implementing anti-corruption measures in respective businesses. The management of each subsidiary of the Group also dedicates itself to promoting an anti-corruption culture and carrying out the anti-corruption measures. The Group establishes and improves various internal systems to specify the anti-corruption management disciplines and conduct requirements of the Company so that corruption can be eliminated with the help of an established system and better management approach.

Meanwhile, the Group participated in anti-corruption training, campaigns to educate the public on how to comply with law and case analysis so as to promote the importance of anti-corruption practices. The Group sets up various channels such as telephone hotlines, an email address and mailbox for whistleblowing. Dedicated staff members collect and sort reported information on a regular basis, as well as oversee and investigate reported matters referred to the audit department. The Group also adopts various measures to encourage staff members to proactively report acts of violation of rules and regulations, and strengthens the privacy protection of the whistleblower.

During the Reporting Period, the Group was not aware of any corruption litigation cases against the Group or its staff members.

## **7. Community Investment**

### **General Disclosure**

The Group is committed to contributing to the society through community involvement. As a part of the community that we cherish so much, the Group has made its best effort to help the local communities and people in need in society and to contribute to the well-being of the community through employee volunteer programs and social enterprise supports. Besides, the Group paid a deposit of Malaysian Ringgit 490,000 to a mine environmental rehabilitation fund under the local governments in accordance with the legal and environmental requirements and the laws on mining. We have partnered with a number of NGOs in community outreach programs. Our managements believe in social justice and equality, and the intrinsic rights of every needy individual. Through NGOs to provide individuals with the basic social and economic resources to develop their potentials, individuals in turn carry out their responsibilities towards their families, to be self-reliant and to achieve self-actualization.