



POLYTEC ASSET HOLDINGS LIMITED

保利達資產控股有限公司

(Stock Code 股份代號：208)



ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2019

CONTENTS

| | |
|--------------------------------------|----|
| Business Review | 2 |
| About this Report | 3 |
| Reporting Standard, Period and Scope | 3 |
| Stakeholder Engagement | 4 |
| Materiality Assessment | 5 |
| Contact Details | 6 |
| Words to Stakeholders | 7 |
| Monitoring Environmental Footprints | 8 |
| Waste Management | 8 |
| Energy Consumption and Emissions | 10 |
| Resource Consumption | 13 |
| Outreaching Social Footprints | 15 |
| Employment and Labour Practices | 15 |
| Production Safety | 19 |
| Responsible Operation | 21 |
| Community Outreach | 23 |
| Looking Forward | 25 |
| Performance Table | 26 |

BUSINESS REVIEW

Listed in Hong Kong since 1998, Polytec Asset Holdings Limited (“the Company” or “PAH”) (Stock Code: 208) is a listed subsidiary of Kowloon Development Company Limited (Stock Code: 34). PAH and its subsidiaries (collectively “the Group”) currently focus on property markets in Zhongshan and Macau, ice manufacturing and cold storage business in Hong Kong, oil production and exploration business in Kazakhstan and financial investment activities in Hong Kong and other recognised financial markets.

The Group’s ice manufacturing and cold storage company, The Hong Kong Ice & Cold Storage Company Limited, is one of the largest ice making distributors in Hong Kong, which manufactures edible ice, industrial ice and trades dry ice. The Group strives to provide ice products with high quality and hygiene standard. With a cold storage facility on-site and self-logistics teams, the Group provides optimal condition and temperature for clients’ goods in storage and during delivery. The Group’s oil company in Kazakhstan, Caspi Neft TME, has also been producing and exploring oil under the 25-year contract with local government since 2006. During the year under review, no material non-compliance with the respective local laws and regulations related to social and environmental aspects was noticed in the Group’s operations.

In order to promote environmental stewardship and fulfil corporate social responsibility, the Group is dedicated to minimising the environmental and social impacts in our operations.



ABOUT THIS REPORT

Reporting Standard, Period and Scope

PAH hereby presents its fourth standalone Environmental, Social and Governance (“ESG”) Report (the “Report”).

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group adheres to the reporting principles of Materiality, Quantitative, Balance and Consistency to report on the measures and performances. Details regarding the Group’s Corporate Governance are addressed in the Annual Report.

The Report summarises the ESG performances and activities of the Group’s main operations from 1 January 2019 to 31 December 2019 (the “Reporting Year”). The Report mainly covers the Group’s operations consisting of 4 ice plants in Hong Kong located at Yau Tong Bay, Aberdeen, Castle Peak and Tai Po, and a cold storage facility situated beside the ice plant in Aberdeen; and the oil production business in Kazakhstan.

Taking into consideration that the Group does not have full control over the Group’s property development business in Macau, the ESG performance of the Macau operations has not been disclosed in the Report. During the Reporting Year, the Group has started the planning stage for the Zhongshan property development project (the “Zhongshan Project”) acquired in December 2018. In addition, the Group commenced its engagement in financial investment activities in August 2019. In view of the relatively low ESG impact in these activities undertaken in the Reporting Year, the Zhongshan Project and the financial investment segment have not been included in the Report.

The Group shall review the business operations in determining the reporting boundary. Any updates on the reporting scope would be explained in future ESG reports.

Stakeholder Engagement

Recognising the growing importance of stakeholder communication to a long-term business development, the Group places emphasis on establishing an effective engagement framework. As such, maintaining active dialogue with stakeholders has always been a priority of the Group’s management approach. In addition to establishing whistleblowing channel for different stakeholders, the Group has utilised the following communication channels to engage stakeholders:

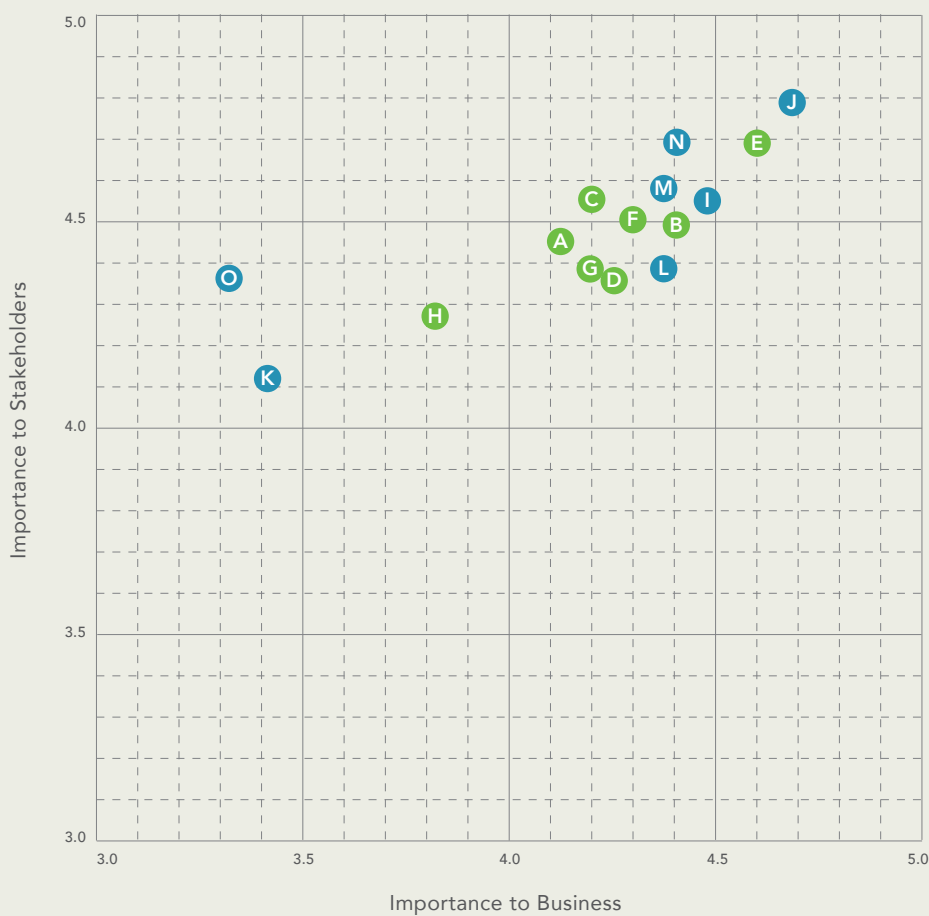


ABOUT THIS REPORT

Materiality Assessment

Continuous engagement with stakeholders enables the Group to grasp a more comprehensive projection of stakeholders’ viewpoint and consideration. With an aim to better align reporting disclosure and business strategy with stakeholders’ interests, the Group has continued carrying out stakeholder engagement exercises in the Reporting Year.

To refine the materiality assessment, the Group has invited customers to participate in the stakeholder engagement exercises in the Reporting Year. In the past 3 years, the Group has surveyed over 200 stakeholders across different stakeholder groups, including employees, management, suppliers, contractors/subcontractors and service providers, to rank the importance of various ESG-related topics. The following materiality matrix has mapped out the topics that, from stakeholders’ perspectives, are important to the Group’s long-term development.



| | | | | |
|-----------------------------|---|----------|---------------------------------------|----------|
| ENVIRONMENTAL ASPECT | • Use of Materials | A | • Hazardous Waste Management | E |
| | • Greenhouse Gas and Air Pollutants Emissions | B | • Wastewater Discharge and Management | F |
| | • Resource Consumption | C | • Noise Pollution | G |
| | • General Waste Management | D | • Use of Renewables | H |

| | | | | |
|----------------------|----------------------------------|----------|--------------------------------------|----------|
| SOCIAL ASPECT | • Employment Practices | I | • Contractor / Subcontractor Quality | M |
| | • Occupational Health and Safety | J | • Ethics and Integrity | N |
| | • Community Investment | K | • Whistle-blowing Policy | O |
| | • Procurement Practices | L | | |

Among the 15 topics listed on the survey, the Group has identified the following material environmental and social topics:



Demonstrating the Group's commitment to address stakeholders' concerns, the Report has incorporated the relevant disclosure of these material topics. The Board of the Company shall evaluate the levels of relevance and importance of these topics and plan for the integration of future ESG approach and risk management into its operational practices. Moving forward on its sustainability journey, the Group shall set up a systematic management framework to oversee these material topics. From a long-term developmental standpoint, the Group shall regularly update the listed material issues and review its sustainability approach to better align with stakeholders' perspectives.

The Group also attaches high importance on responding to the evolving trends and requirements on the sustainability aspect. Connecting stakeholders to these updates through performing materiality assessment annually has become the foundation in preparation of future ESG reports.

Contact Details

We welcome any comments or suggestions from our stakeholders. If you have any comments, please contact:

Polytec Asset Holdings Limited
23rd Floor, Pioneer Centre,
750 Nathan Road,
Kowloon, Hong Kong

Tel : (852) 2380 9682

Fax : (852) 2380 6310

E-mail : enquiry@polytec.com.hk

WORDS TO STAKEHOLDERS

Dear Stakeholders,

I am delighted to present the Company's 2019 ESG Report. The Report highlights our efforts and reflects our dedication to bring in environmental consciousness and social well-being through our daily operations.

Hong Kong

Leveraging our experienced and professional staff in the ice manufacturing and cold storage business in Hong Kong, we take a proactive approach in promoting operation efficiency and safety in a long run. Beyond compliance with relevant local laws and regulations in the industry, we are eager to grasp the opportunity of enhancing resource efficiency and production safety through upgrading on-site facilities. Taking a step further, we also pay close attention to the quality of our products and services to sustain long-term and trusting relationship with valuable customers.

Kazakhstan

In respect of the oil production business in Kazakhstan, we remain vigilant in the associated impacts on the surrounding environment and communities. We strive to enforce operational policies and procedures in compliance with relevant laws and regulations in relation to environmental conservation, occupational safety and employment. In addition, we are glad to enlarge our community footprint via active community outreach and engagement.

I would like to take this opportunity to thank all our staff for their participation in promoting environmental and social stewardship. Joining hands with stakeholders, I am encouraged to contribute to better and greener community development as a whole.



Yeung Kwok Kwong

Managing Director

Hong Kong, 21 July 2020

MONITORING ENVIRONMENTAL FOOTPRINTS

The Group's enduring commitment to environmental stewardship helps to build the foundation for its sustainable growth. By responsibly managing waste, energy and other essential resources, the Group continues to improve its environmental performances to boost efficiency and minimise its environmental footprints.

Waste Management

Holistic and sustainable waste management is a strategic imperative for recovering useful materials and mitigating adverse impacts on the environment. In this regard, the Group is devoted to overseeing the processes of handling its hazardous and non-hazardous waste in compliance with relevant regulations and standards.

In the Reporting Year, the Group has abided by relevant local laws and regulations concerning disposal and discharge of waste, including the Waste Disposal Ordinance of Hong Kong and the Environmental Code of the Republic of Kazakhstan.



Ice Manufacturing and Cold Storage


With an aim to reduce waste at source, the ice plants strive to separate, recycle and divert useful materials from daily waste, including ironware and office supplies. In addition to proper non-hazardous waste management, the Group also carefully monitors the treatment of special waste such as lubricating oil. To prevent the oil from discharging to the neighbouring areas and contaminating the environment, the ice plants have appointed a qualified contractor to collect it on a regular basis. No hazardous waste was produced throughout the ice manufacturing process.



Oil Production and Exploration

The oilfield remains committed to stringent waste management practices. By stipulating explicit guidelines and policies, the Group disseminates proper handling procedures of waste to its employees, from collection and storage to disposal and transportation of hazardous waste, such as spent caustic and used accumulators, in separate and clearly labelled containers.

MONITORING ENVIRONMENTAL FOOTPRINTS

|  Waste Discharged ^(Note 1) | | Unit | 2019 | 2018 |
|---|----------------|------|--------------|--------------|
| Hong Kong | | | | |
| Hazardous waste (liquid) ^(Note 2) | Litres ("L") | | 1,000 | 2,800 |
| Kazakhstan | | | | |
| Non-hazardous waste ^(Note 3) | Tonnes | | 25.36 | 24.11 |
| Hazardous waste (liquid) ^(Notes 4 & 5) | m ³ | | 18 | 6,001 |
| Hazardous waste (solid) ^(Notes 4 & 6) | Tonnes | | 0 | 0.43 |

Note 1: Waste discharged is non-material to the Group's business. Therefore, no waste intensity figures were disclosed.

Note 2: Hazardous waste produced in Hong Kong includes lubricating oil used for maintenance of equipment in the ice plants. In the Reporting Year, the use of lubricating oil has decreased due to the completion of large-scale maintenance works in 2018.

Note 3: According to the environmental rules of Kazakhstan, non-hazardous waste is classified into the green category.

Note 4: According to the environmental rules of Kazakhstan, hazardous waste is classified into the amber category (mildly hazardous) and the red category (hazardous). No red category hazardous waste was recorded for both years.

Note 5: In the Reporting Year, the Group upgraded the existing wastewater treatment equipment to treat and purify industrial wastewater before discharge, resulting in a significant reduction in the discharge of liquid hazardous waste.

Note 6: As the solid hazardous waste disposed of was insignificant and would be handled by assigned contractor in 2020, no relevant waste was recorded in the Reporting Year.

Energy Consumption and Emissions

Electricity and fuel consumptions constitute a major proportion of the Group's energy use in daily manufacturing and cold storage operations. In the meantime, the Group stays vigilant of the greenhouse gas ("GHG") and air emissions incurred by the energy consumption. In the Reporting Year, no material non-compliance in respect of local laws and regulations concerning relevant emissions was noted.



Ice Manufacturing and Cold Storage

The operation equipment and refrigeration systems of the ice plants consume electricity, whereas the vehicles that deliver ice products are run by fossil fuels. The Group pursues constant efforts to keep track of the consumptions and implement feasible measures to bolster energy efficiency and cut down emissions.

The Group carries out monitoring and analysis of energy consumption for different periods at various production units as a guide to better energy management. In a bid to avoid unnecessary power wastage, the Group assigns responsible staff to inspect and detect any malfunctions for timely maintenance.

In addition to installing LED lightings in all ice plants, the Group has implemented various energy-saving initiatives in the ice plants in the Reporting Year. In the Tai Po ice plant, the Group has launched a pilot programme to adjust the production hours at nighttime in hopes of reducing peak demand of electricity. The Group has also modified the compressor system hardware and installed energy-efficient water pumps in the Castle Peak ice plant.


The condensers, critical machines for ice-making, in the Yau Tong Bay ice plant were installed for decades. The Group has been upgrading them phase by phase to enhance electricity and production efficiency.



Oil Production and Exploration

The electricity consumption is attributed to operation of the oil plant in Kazakhstan, and fossil fuels are used for industrial machines and vehicles. To comply with the applicable Kazakhstan laws, the Group reviews energy consumption and emissions through regular energy audits, annual inspection and maintenance, and quarterly in-house assessment of on-site equipment. In the Reporting Year, the Group has modified the heating system to reduce electricity use. The Group shall continue to explore opportunities for improving energy efficiency.

MONITORING ENVIRONMENTAL FOOTPRINTS

|  Energy Consumption | | Unit | 2019 | 2018 |
|---|--|------------------------------------|-------------------|-------------------|
| Total electricity consumption | | kWh ^(Note 1) | 20,439,193 | 22,789,543 |
| | | Gigajoules ("GJ") | 73,581 | 82,042 |
| Hong Kong ^(Note 2) | | kWh | 15,740,435 | 18,056,120 |
| | | GJ | 56,666 | 65,002 |
| Kazakhstan | | kWh | 4,698,758 | 4,733,423 |
| | | GJ | 16,915 | 17,040 |
| Total fuel consumption | | GJ | 13,500 | 14,468 |
| Hong Kong ^(Notes 2 & 3) | | Diesel, L | 186,434 | 194,673 |
| | | Petrol, L | 2,468 | 3,302 |
| | | Total, GJ | 7,281 | 7,627 |
| Kazakhstan ^(Note 3) | | Diesel, L | 117,890 | 128,422 |
| | | Petrol, L | 47,365 | 53,676 |
| | | Liquefied Petroleum Gas ("LPG"), L | 1,646 | 1,582 |
| | | Total, GJ | 6,219 | 6,841 |
| Total energy consumption | | GJ | 87,081 | 96,510 |
| Hong Kong ^(Note 2) | | GJ | 63,947 | 72,629 |
| Kazakhstan | | GJ | 23,134 | 23,881 |
| Total energy intensity | | | | |
| Hong Kong ^(Notes 2 & 4) | | GJ/'000 revenue | 0.562 | 0.617 |
| Kazakhstan ^(Note 5) | | GJ/'000 revenue | 0.376 | 0.318 |

Note 1: 1 kWh = 0.0036 GJ.


Note 2: The 2019 and 2018 data cover the headquarters in the Pioneer Centre, cold storage facility in Aberdeen, ice plants in Yau Tong Bay, Aberdeen, Castle Peak and Tai Po.

Note 3: The conversion rates for diesel oil (for automotive), diesel oil (for industrial), petrol and LPG are 38.6 Mega-joules ("MJ")/L, 39.6 MJ/L, 34.2 MJ/L and 25.7 MJ/L respectively. The relevant figures of oil consumption have been excluded from the Report as oil was not used as fuel.

Note 4: The revenues in Hong Kong for 2019 and 2018 are HK\$113,801,000 and HK\$117,801,000 respectively.

Note 5: The revenues in Kazakhstan for 2019 and 2018 are HK\$61,539,000 and HK\$75,053,000 respectively.

MONITORING ENVIRONMENTAL FOOTPRINTS

|  Greenhouse Gas (GHG) Emissions | | | |
|---|--|---------------|---------------|
| | Unit | 2019 | 2018 |
| Hong Kong | | | |
| Direct GHG emissions (Scope 1) ^(Note 1) | Tonnes CO ₂ equivalent ("tCO ₂ e") | 495 | 518 |
| Energy Indirect GHG emissions (Scope 2) ^(Note 2) | tCO ₂ e | 10,349 | 11,723 |
| Total GHG emissions | tCO ₂ e | 10,844 | 12,241 |
| Total GHG emissions intensity | tCO ₂ e/'000 revenue | 0.095 | 0.104 |
| Kazakhstan | | | |
| Direct GHG emissions (Scope 1) ^(Notes 1 & 3) | tCO ₂ e | 4,036 | 3,328 |
| Energy Indirect GHG emissions (Scope 2) ^(Note 2) | tCO ₂ e | 3,665 | 3,692 |
| Total GHG emissions | tCO ₂ e | 7,701 | 7,020 |
| Total GHG emissions intensity | tCO ₂ e/'000 revenue | 0.125 | 0.094 |

Note 1: Scope 1 GHG emissions in Hong Kong refer to the direct GHG emission from mobile vehicles, while Scope 1 GHG emissions in Kazakhstan refer to the direct emissions of GHG from sources owned or controlled by the Group, including (i) mobile vehicles and (ii) stationary machinery usage.

Note 2: Scope 2 GHG emissions refer to the energy indirect GHG emissions resulting from the generation of the electricity which the Group purchased. The relevant Scope 2 GHG emissions data in 2018 are modified based on the updated emission factors according to the applicable electricity provider.

Note 3: Scope 1 GHG emissions in Kazakhstan refer to the direct GHG emissions for mobile and stationary sources which were 420 tCO₂e and 3,616 tCO₂e respectively in 2019, while the relevant emissions were 462 tCO₂e and 2,866 tCO₂e respectively in 2018.

|  Air Pollutant Emissions at Kazakhstan | | | |
|--|--------|--------------------------|-------------|
| | Unit | 2019 ^(Note 1) | 2018 |
| Nitrogen oxides (NO_x) | Tonnes | 2.98 | 5.9 |
| Sulphur dioxide (SO₂) | Tonnes | 21.49 | 39.3 |

Note 1: The release of air pollutants has decreased in 2019 due to the reduced production level during the Reporting Year. The intensity figures of relevant air pollutants were not disclosed due to the respective insignificance.

MONITORING ENVIRONMENTAL FOOTPRINTS

Resource Consumption

Optimising vital resources such as water and packaging materials plays a major part in eco-friendly operation and cost-savings. With regular monitoring of resource consumption and enhancement measures, the Group works to minimise environmental footprints.

Water Usage and Discharge



Ice Manufacturing and Cold Storage

Although the Group does not encounter any significant issues in sourcing water, water stewardship is considered as one of the major foci to the ice plants due to their water-intensive operation.

With water meters installed on site, the Group closely monitors and analyses the pattern of water consumption every month. In case of unusual fluctuations in water demands, proper remedial actions shall be taken promptly to improve the water use efficiency.

The Group conducts standardised discharge of sea water with the valid discharge licence granted under the Water Pollution Control Ordinance.




Oil Production and Exploration

Water mainly serves drinking purpose for staff on-site while a small portion is allocated to oil processing and irrigation. Emergency water storage tanks are set up for better management of water resources.

In effort to alleviate environmental footprints, the Group collects sewage with on-site sedimentation facilities. In dedication to address stakeholders' concern, the Group has upgraded these facilities in the Reporting Year to effectively enhancing management of effluent and significantly reducing the discharge of domestic and production wastewater. Additionally, the oil plant has appointed qualified staff to conduct inspection and necessary maintenance of the water supply system to curb water leakage.

MONITORING ENVIRONMENTAL FOOTPRINTS

|  Water Consumption | | Unit | 2019 | 2018 |
|--|--|------------------------------|----------------|----------------|
| Total water consumption | | m ³ | 211,819 | 253,632 |
| Hong Kong | | m ³ | 203,504 | 245,563 |
| Kazakhstan ^(Notes 1 & 2) | | m ³ | 8,315 | 8,069 |
| Water intensity | | | | |
| Hong Kong | | m ³ /’000 revenue | 1.788 | 2.085 |
| Kazakhstan ^(Note 2) | | m ³ /’000 revenue | 0.135 | 0.108 |

Note 1: Water consumption data include industrial and non-industrial (i.e. domestic use) usage.

Note 2: The increase of water consumption and intensity in Kazakhstan in 2019 was mainly due to the repairment and cleaning of furnaces as well as the malfunction of on-site drinking water treatment system in the Reporting Year.

Packaging Material Selection

The ice plants uphold the commitment to managing packaging materials. In order to ensure product hygiene and safety, durable food-grade plastic bags are served as packaging materials for edible ice products. During the Reporting Year, the Group has procured a total of 62.3 tonnes of such plastic bags for ice packaging.

Environmental Conservation

Echoing the commitment to environmental stewardship, the Group has become a corporate member of WWF-Hong Kong during the Reporting Year to engage in its conservation and education programmes while promoting environmental awareness within the Company.



OUTREACHING SOCIAL FOOTPRINTS

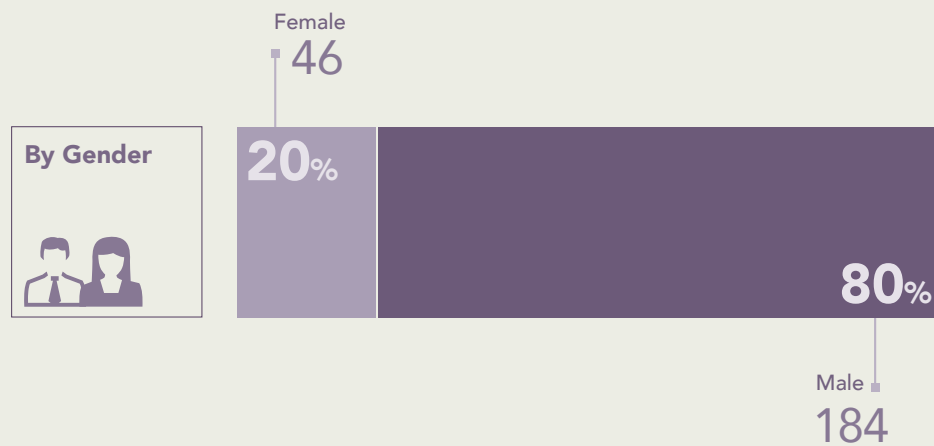
In pursuance of a sustainable development, the Group takes pride in fulfilling corporate social responsibility. By ways of its caring mindset and rigorous standards, the Group looks to extend its footprints from the workplace to the communities it operates in.

Employment and Labour Practices

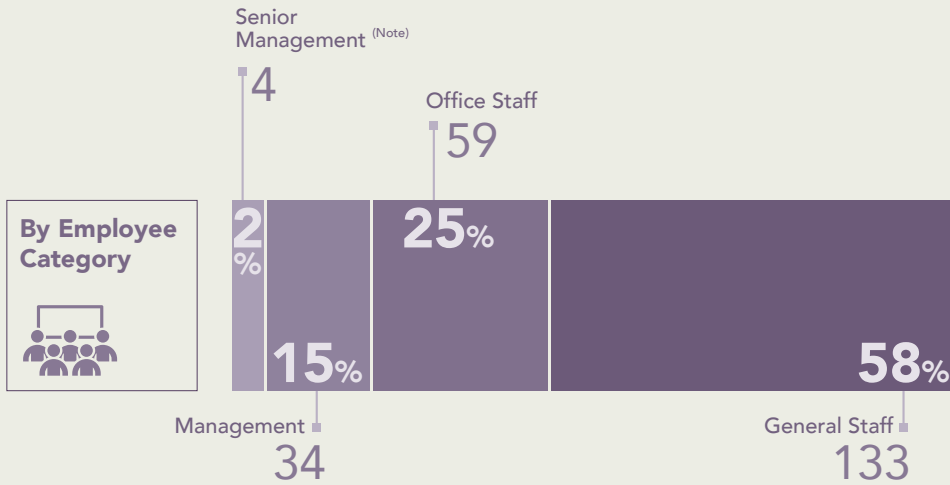
As a responsible employer, the Group ensures fair and inclusive employment practices. The Group’s employment policies are developed in accordance with the applicable local employment laws and regulations.

To reinforce a discrimination-free working culture, the Group has established an Equal Opportunity Policy in Hong Kong to prohibit any forms of discrimination. Regardless of gender, religion, race, family status, disability or age, the Group is committed to stipulating fair employment practice from recruitment, promotion, internal transfer to resignation. The Group has also adhered to all labour laws and standards during recruitment to prevent the employment of any child, forced or other illegal labour. In the Reporting Year, there was no material non-compliance with regards to relevant employment practices and laws.

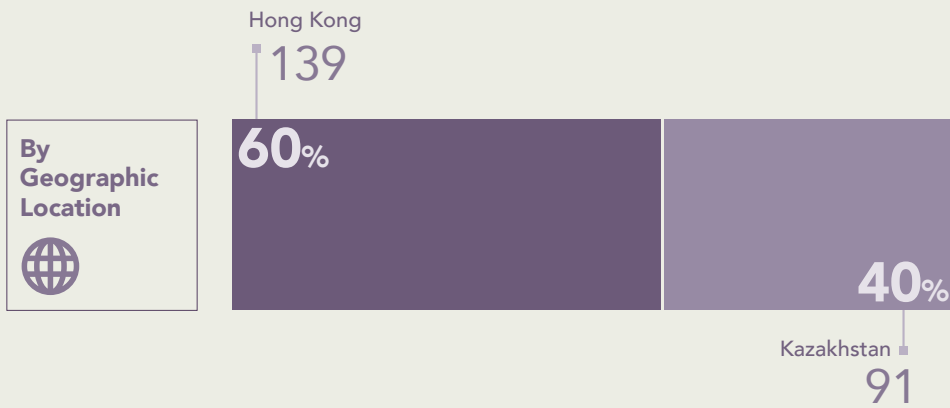
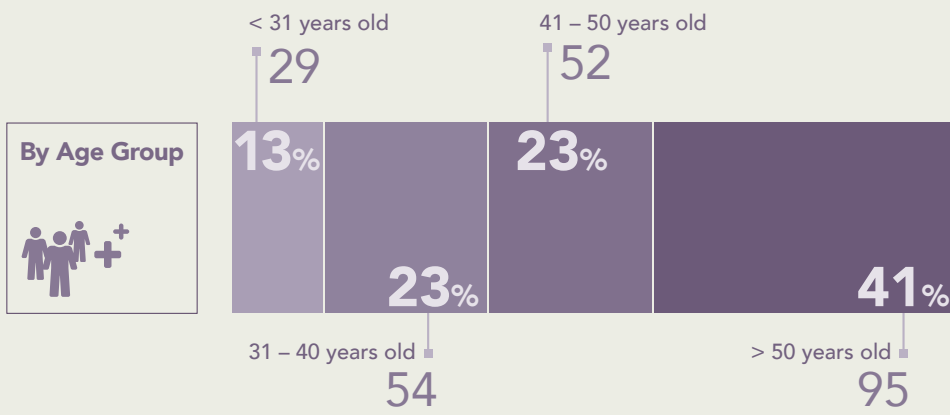
As of the Reporting Year end, the total number of full time employees in Hong Kong and Kazakhstan was 230 and the total turnover headcount was 82 during the Reporting Year. The breakdown of employees by different categories is listed as follow:



OUTREACHING SOCIAL FOOTPRINTS



Note: Senior management of the Group is the Executive Directors of the Company.



OUTREACHING SOCIAL FOOTPRINTS

Staff Activities

As the Group strives to foster a cohesive workplace, a number of team building activities were organised in the Reporting Year.

The Group's Annual Dinner in Hong Kong



The Hong Kong Ice & Cold Storage Company Limited's Annual Dinner 2019 in Hong Kong



Christmas Lucky Draw in Hong Kong



Kazakhstan Nauryz (Traditional New Year) Celebration



OUTREACHING SOCIAL FOOTPRINTS

Oilman's Day Celebration in Kazakhstan



New Year's Celebration in Kazakhstan

To praise our employees for their dedicated contribution, a number of our employees have been recognised as the Honoured Worker of the Oil and Gas Industry by the Ministry of Energy of Republic of Kazakhstan.



Professional Development

The Group places high importance on employees' training and professional development. In this regard, the Group has provided a wide range of training programmes for employees. These programmes were designed based on employees' needs and positions to deliver suitable trainings and build up their capability. An average of 50 training hours per employee was accomplished in the Reporting Year.

OUTREACHING SOCIAL FOOTPRINTS

Production Safety

Production safety has always been one of the Group's prioritised topics. The Group is dedicated to maintaining production safety and preventing the leakage of hazardous/dangerous substances. In this endeavour, the Group has enforced appropriate trainings and precautions in the ice plants and the oilfield.



Ice Manufacturing and Cold Storage

During ice manufacturing, ammonia is used as a refrigerant. Concentrated ammonia gas may be hazardous to human health. Hence, the ice plants have obtained licence to store dangerous goods as to ensure proper handling and storage of ammonia. To minimise potential occupational hazards and build up employees' safety awareness, the Group has adopted the following preventive and mitigation measures:

- Host regular meetings with the Safety Committee and the Joint Consultation Committee to discuss and seek improvements in operational safety;
- Provide mandatory on-board orientation and safety trainings for employees to ensure their understanding of potential workplace hazards and to handle ammonia;
- Train designated employees to properly handle and store hazardous substances, such as ammonia gas, and to stop any leakage;
- Require employees to wear protective equipment, such as masks, goggles, gloves and boots at designated premises, and wear necessary warm clothing when entering the cold storage warehouse;
- Verify the number of employees entering and exiting the low temperature cold storage warehouse to ensure no one is locked in the facility;
- Equip the ice plants with ammonia concentration sensors to check the concentration levels;
- Perform ammonia gas leakage detections prior to daily production;
- Record any cases of on-site health and safety incidents and any leakage of ammonia gas immediately;
- Review the reported instances to develop preventive measures;
- Place warnings and signs at visible areas to remind employees of the potential risks on-site; and
- Conduct regular drills (e.g. fire hazard and ammonia gas leakage) to increase employees' familiarity and awareness of escape routes.



Oil Production and Exploration

As the leakage of oil may lead to contamination in the surrounding environment, the Group pays cautious attention in preventing oil spill while providing adequate support and resources to reduce risk of workplace hazards. As such, the Group has implemented the following safety measures:

- Conduct quarterly safety trainings for employees on topics including industrial safety, fire safety, electrical safety and blow-out safety;
- Require all employees and subcontractors to undergo training to ensure their familiarity of the on-site equipment before conducting field works;
- Appoint designated employees to oversee all operations to ensure the safety requirements and standards are met;
- Install all processing facilities on concreted areas to negate contamination;
- Equip automation controls, shut-off valves and safety valves to relieve excess pressure of the equipment;
- Carry out regular on-site inspection to ensure safe and normal operations;
- Conduct routine checks on the oil processing and transporting equipment; and
- Establish emergency response plans and provide relevant training to increase employees' awareness and enhance their capability to react under emergency.

In the Reporting Year, the Group has achieved zero work-related fatality with no material non-compliance relating to the relevant local laws and regulations of occupational health and safety.



OUTREACHING SOCIAL FOOTPRINTS

Responsible Operation

The Group believes that operational responsibility is one of the upmost important aspects of its business operation. In this connection, the Group has policies and guidelines in place to ensure product quality, prevent any operational violations and maintain sound corporate governance.

Supply Chain Management

Suppliers and contractors are the determinant factors that influence the performance and sustainability of the Group's production chain. In the selection process, the Group prioritises suppliers and contractors with sound environmental and social practices. Particularly, ice plants require suppliers and contractors to comply with applicable laws and regulations in relation to employment and labour practices, occupational health and safety standards and environmental management.

Quality Assurance

The Group is committed to providing high quality products to satisfy customers. In addition to following relevant local laws and regulations during production, the Group has also appointed external laboratory to test ice and oil product samples to ensure quality.



Ice Manufacturing and Cold Storage

As the leading ice distributor in Hong Kong, the Group holds in high regard on quality assurance from production, storage to delivery. The Group has implemented the following measures to demonstrate its commitment:

- Set out quality control policies in accordance with the Food and Environmental Hygiene Department's standards and guidelines;
- Host the Joint Consultation Committee meetings and Safety Committee meetings regularly to share perspectives on product safety and responsibility;
- Conduct tests on ice samples in the on-site laboratory and send samples to the external certified laboratory for additional microbiological testing; and
- Monitor the temperature in the cold storage warehouses to maintain suitable conditions for preserving goods.



Oil Production and Exploration

In Kazakhstan, the Group places great importance on fulfilling customers' expectations by ensuring product quality. In this regard, the Group has appointed independent laboratories to perform routine sample examination on our products.

Data Protection

Safeguarding the confidential information of customers and business partners has been a key component in upholding a responsible operation. The Group's Code of Conduct conveys the standard procedures for employees to follow when handling confidential information of customers and business partners. During the Reporting Year, the Group was not aware of any material non-compliance related to the relevant local laws and regulations of data protection.



Anti-corruption

The Group strictly prohibits any bribery, extortion, fraud and money laundering activities and requires all employees to declare any conflicts of interest and any acceptances of advantage including gifts and discounts offered during the discharge of official duties.

The Group's whistleblowing policy allows employees and other stakeholders to report any suspected impropriety, misconduct or malpractice through appropriate channels. In case of any reports, the Group shall investigate and undertake disciplinary actions or refer the case to relevant disciplinary body if necessary. In the Reporting Year, there was no material legal case of corruption brought against the Group.



OUTREACHING SOCIAL FOOTPRINTS

Community Outreach

In dedication to extend corporate responsibility, the Group has outreached to the surrounding communities through participating in various community projects in the Reporting Year.

Charity Cookies

To extend community care from within, the Group has continued to partner with Fu Hong Society in the charity cookies campaign.



The Community Chest - Dress Casual Day 2019

The Group was pleased to support the Community Chest - Dress Casual Day 2019 in hopes of raising funds for social welfare organisations in a relaxed and casual setting.

The Community Chest - Skip Lunch Day 2019

Through the participation of the Community Chest - Skip Lunch Day 2019, the Group encouraged employees to donate their lunch fees to support those in need.

公益行善

SKIP LUNCH DAY

為公益金資助之「露宿者、籠屋及板房居民服務」籌款

To benefit the "Services for Street Sleepers, Residents in Cage Homes and Cablets" supported by The Community Chest

為捐款逾港幣三十五元以上之會員，均獲公益金回贈「折」，當日慶心享一餐，憑券可於2019年3月8日至4月14日於全港滿福堂門市換領下列其中一款食品：

By making a donation of HK\$35 or more, each donor will receive a Skip Lunch Day Coupon. Holder of the Coupon can redeem ONE of the following items at the Hung Fook Tong outlets in Hong Kong from 8 March to 14 April 2019.

查詢電話: 2599 6111
網址: www.comchest.org

主辦機構 Organized by: 公益金 THE COMMUNITY CHEST

贊助機構 Sponsors: 香港賽馬會 The Hong Kong Jockey Club

活動日期 Event dates: 2019年3月8日至4月14日

OUTREACHING SOCIAL FOOTPRINTS

The Community Chest -
Love Teeth Day 2019

The Group was delighted to take part in the Community Chest – Love Teeth Day 2019, a healthy and meaningful fund-raising event to enhance public awareness of oral health.



Hill's x SPCA Dogathon 2019

The Group has donated 20 bags of edible ice to the Society for the Prevention of Cruelty to Animals (the "SPCA")'s Dogathon activity to provide comfort to dogs in hot weather.

Earth Hour 2019

In support of the WWF – Hong Kong's initiative of Earth Hour campaign, the Group's head office in the Pioneer Centre has switched off unnecessary lighting for one hour on 30 March 2019 and pledged to promote energy reduction.



Extending our care to the surrounding communities, the Group has donated HK\$896,000 in the Reporting Year. The donations were contributed to the community groups and disadvantaged in Hong Kong and Kazakhstan, supporting conservation and environmental education programmes, veterans, social workers, elderly and disabled persons.

LOOKING FORWARD

The Group is aspired to fulfil corporate responsibility through actively monitoring the associated environmental and social footprints. In this aspiration, the Group envisions the promising and encouraging long-term development in the sustainability path.



PERFORMANCE TABLE

| Indicator | Unit | 2019 | 2018 |
|--|------------------------------------|------------|------------|
| Energy Consumption | | | |
| Total electricity consumption | kWh ^(Note 1) | 20,439,193 | 22,789,543 |
| | Gigajoules ("GJ") | 73,581 | 82,042 |
| Hong Kong ^(Note 2) | kWh | 15,740,435 | 18,056,120 |
| | GJ | 56,666 | 65,002 |
| Kazakhstan | kWh | 4,698,758 | 4,733,423 |
| | GJ | 16,915 | 17,040 |
| Total fuel consumption | GJ | 13,500 | 14,468 |
| Hong Kong ^(Notes 2 & 3) | Diesel, L | 186,434 | 194,673 |
| | Petrol, L | 2,468 | 3,302 |
| | Total, GJ | 7,281 | 7,627 |
| Kazakhstan ^(Note 3) | Diesel, L | 117,890 | 128,422 |
| | Petrol, L | 47,365 | 53,676 |
| | Liquefied Petroleum Gas ("LPG"), L | 1,646 | 1,582 |
| | Total, GJ | 6,219 | 6,841 |
| Total energy consumption | GJ | 87,081 | 96,510 |
| Hong Kong ^(Note 2) | GJ | 63,947 | 72,629 |
| Kazakhstan | GJ | 23,134 | 23,881 |
| Total energy intensity | | | |
| Hong Kong ^(Notes 2 & 4) | GJ/'000 revenue | 0.562 | 0.617 |
| Kazakhstan ^(Note 5) | GJ/'000 revenue | 0.376 | 0.318 |
| GHG emissions | | | |
| Hong Kong | | | |
| Direct GHG emissions (Scope 1) ^(Note 6) | tCO ₂ e | 495 | 518 |
| Energy Indirect GHG emissions (Scope 2) ^(Note 7) | tCO ₂ e | 10,349 | 11,723 |
| Total GHG emissions | tCO ₂ e | 10,844 | 12,241 |
| Total GHG emissions intensity | tCO ₂ e/'000 revenue | 0.095 | 0.104 |
| Kazakhstan | | | |
| Direct GHG emissions (Scope 1) ^(Notes 6 & 8) | tCO ₂ e | 4,036 | 3,328 |
| Energy Indirect GHG emissions (Scope 2) ^(Note 7) | tCO ₂ e | 3,665 | 3,692 |
| Total GHG emissions | tCO ₂ e | 7,701 | 7,020 |
| Total GHG emissions intensity | tCO ₂ e/'000 revenue | 0.125 | 0.094 |
| Air pollutant emissions at Kazakhstan ^(Note 9) | | | |
| Nitrogen oxides (NO _x) | Tonnes | 2.98 | 5.9 |
| Sulphur dioxide (SO ₂) | Tonnes | 21.49 | 39.3 |

PERFORMANCE TABLE

| Indicator | Unit | 2019 | 2018 |
|---|------------------------------|----------------|----------------|
| Water consumption | | | |
| Total water consumption | m ³ | 211,819 | 253,632 |
| Hong Kong | m ³ | 203,504 | 245,563 |
| Kazakhstan ^(Notes 10 & 11) | m ³ | 8,315 | 8,069 |
| Water intensity | | | |
| Hong Kong | m ³ /’000 revenue | 1.788 | 2.085 |
| Kazakhstan ^(Note 11) | m ³ /’000 revenue | 0.135 | 0.108 |
| Usage of packaging materials | | | |
| Plastic bags used for Hong Kong ice manufacturing | Tonnes | 62.3 | 61.2 |
| Waste discharged ^(Note 12) | | | |
| Hong Kong | | | |
| Hazardous waste (liquid) ^(Note 13) | L | 1,000 | 2,800 |
| Kazakhstan | | | |
| Non-hazardous waste ^(Note 14) | Tonnes | 25.36 | 24.11 |
| Hazardous waste (liquid) ^(Notes 15 & 16) | m ³ | 18 | 6,001 |
| Hazardous waste (solid) ^(Notes 15 & 17) | Tonnes | 0 | 0.43 |

Note 1: 1 kWh = 0.0036 GJ.

Note 2: The 2019 and 2018 data cover the headquarters in the Pioneer Centre, cold storage facility in Aberdeen, ice plants in Yau Tong Bay, Aberdeen, Castle Peak and Tai Po.

Note 3: The conversion rates for diesel oil (for automotive), diesel oil (for industrial), petrol and LPG are 38.6 Mega-joules (“MJ”)/L, 39.6 MJ/L, 34.2 MJ/L and 25.7 MJ/L respectively. The relevant figures of oil consumption have been excluded from the Report as oil was not used as fuel.

Note 4: The revenues in Hong Kong for 2019 and 2018 are HK\$113,801,000 and HK\$117,801,000 respectively.

Note 5: The revenues in Kazakhstan for 2019 and 2018 are HK\$61,539,000 and HK\$75,053,000 respectively.

Note 6: Scope 1 GHG emissions in Hong Kong refer to the direct GHG emission from mobile vehicles, while Scope 1 GHG emissions in Kazakhstan refer to the direct emissions of GHG from sources owned or controlled by the Group, including (i) mobile vehicles and (ii) stationary machinery usage.

Note 7: Scope 2 GHG emissions refer to the energy indirect GHG emissions resulting from the generation of the electricity which the Group purchased. The relevant Scope 2 GHG emissions data in 2018 are modified based on the updated emission factors according to the applicable electricity provider.

Note 8: Scope 1 GHG emissions in Kazakhstan refer to the direct GHG emissions for mobile and stationary sources which were 420 tCO₂e and 3,616 tCO₂e respectively in 2019, while the relevant emissions were 462 tCO₂e and 2,866 tCO₂e respectively in 2018.

Note 9: The release of air pollutants has decreased in 2019 due to the reduced production level during the Reporting Year. The intensity figures of relevant air pollutants were not disclosed due to the respective insignificance.

Note 10: Water consumption data include industrial and non-industrial (i.e. domestic use) usage.

Note 11: The increase of water consumption and intensity in Kazakhstan in 2019 was mainly due to the repairment and cleaning of furnaces as well as the malfunction of on-site drinking water treatment system in the Reporting Year.

Note 12: Waste discharged is non-material to the Group’s business. Therefore, no waste intensity figures were disclosed.

Note 13: Hazardous waste produced in Hong Kong includes lubricating oil used for maintenance of equipment in the ice plants. In the Reporting Year, the use of lubricating oil has decreased due to the completion of large-scale maintenance works in 2018.

Note 14: According to the environmental rules of Kazakhstan, non-hazardous waste is classified into the green category.

Note 15: According to the environmental rules of Kazakhstan, hazardous waste is classified into the amber category (mildly hazardous) and the red category (hazardous). No red category hazardous waste was recorded for both years.

Note 16: In the Reporting Year, the Group upgraded the existing wastewater treatment equipment to treat and purify industrial wastewater before discharge, resulting in a significant reduction in the discharge of liquid hazardous waste.

Note 17: As the solid hazardous waste disposed of was insignificant and would be handled by assigned contractor in 2020, no relevant waste was recorded in the Reporting Year.