



KINGWELL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1195

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2021**

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Kingwell Group Limited (the “Company”) and its subsidiary (the “Group” or “we”) is principally engaged in the sale of properties and parking lots; provision of property management services, construction services and sales agency service; and gold mining (the “principal activities”) in the People’s Republic of China (the “PRC”) and Russia. The Group is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the year ended 30 June 2021 (the “Reporting Period” or “2021”). This ESG Report summarises the environmental, social and governance (“ESG”) initiatives, plans, and performances of the Group and demonstrates its ongoing commitment towards sustainable development.

THE ESG GOVERNANCE STRUCTURE

We consider ESG commitment as a part of our fiduciary duty and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our corporate social responsibility is divided into two components, namely the board of directors (the “Board”) and an ESG Taskforce.

The Board holds the overall responsibility on the Group’s ESG issues and oversees the ESG strategies, direction and policies. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board discusses and reviews the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG Taskforce. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitates the exchange of best practices with other comparison companies.

The ESG taskforce is composed of core members from different departments of the Group. The ESG taskforce facilitates the Board’s oversight of ESG matters and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG taskforce arranges meeting semi-annually to evaluate the effectiveness of current policies and procedures, and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG taskforce discussed the existing and upcoming plans in order to monitor and manage the Group’s strategic goals in terms of sustainable development, mitigating potential risks, and minimising the negative impact on our business operations. The ESG taskforce would periodically report to the Board, assist in assessing and identifying the Group ESG risks and opportunities and evaluate the implementation and effectiveness of internal control mechanism.

REPORTING SCOPE

Owing to the COVID-19 pandemic, the Group has changed the exploitation plan and postponed the normal production of the gold mine in Russia. As the gold mining activities was conducted by the outsourced contractor during the Reporting Period, the Group does not have direct access to the data of major ESG aspects of the business, therefore no relevant data are available for disclosure. However, we pledge to improve our communications with the outsourced contractors to implement more comprehensive control on the documentation of ESG data for future disclosure.

Unless otherwise stated, the ESG Report mainly covers the Group's operation in investment holding located in the PRC and the office located in Russia, which contributed to the majority of the Group's revenue during the Reporting Period. The Group will continue to assess the major ESG aspects of different businesses of its major subsidiaries to determine the reporting scope of the ESG Report.

The reporting boundary is determined according to the corresponding materiality of each entity to our business and operations. Entities outside the scope of the ESG Report can be found in the Annual Report 2021, note 1 to the financial statements.

REPORTING FRAMEWORK

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance structure and practices has been set out in the Corporate Governance Report of the Annual Report 2021.

During preparation for this ESG Report, the Group has applied the reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the Report. The materiality of issues was reviewed and confirmed by the Board and senior management. Please refer to the section headed "Stakeholder Engagement" for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in this Report, as well as the applicable assumptions were disclosed. The key performance indicators ("KPIs") are supplemented by explanatory notes to establish benchmarks where feasible.

Balance: This Report was written in an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.

Consistency: The preparation approach of this Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, and measures being taken during the year ended 30 June 2021.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address stakeholders' key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to shareholders and investors, customers, tenants, employees, suppliers and subcontractors, government and other regulatory bodies as well as the local community.

In formulating operational and ESG strategies, the Group considers stakeholders' expectations by utilising diversified communication channels as shown below:

Stakeholders	Communication channels	Expectations
Shareholders and investors	<ul style="list-style-type: none"> Financial reports Annual general meeting Company website Press releases Investor relations inquiry Hotline and email 	<ul style="list-style-type: none"> Business strategy Financial performance Corporate governance Business sustainability
Customers	<ul style="list-style-type: none"> Customer service hotline and email Complaint hotline Exhibitions 	<ul style="list-style-type: none"> Quality of the property Timely service
Tenants	<ul style="list-style-type: none"> Direct communication with frontline staff Regular meetings Satisfaction survey 	<ul style="list-style-type: none"> Quality of property and services Privacy protection Rent level
Employees	<ul style="list-style-type: none"> Staff performance appraisal Training Internal policies Regular meetings Surveys 	<ul style="list-style-type: none"> Rights and benefits Staff remuneration Development and training Working hours Occupational health and safety
Suppliers and subcontractors	<ul style="list-style-type: none"> Business meetings Quotation and tendering processes Regular audits and assessments 	<ul style="list-style-type: none"> Commitments Payment schedule Business ethics and reputation
Government and other regulatory bodies	<ul style="list-style-type: none"> Statutory filings and notices Compulsory or voluntary disclosure 	<ul style="list-style-type: none"> Compliance with laws and regulations Transparency of internal information
Local community	<ul style="list-style-type: none"> Community activities Sponsorships and donations 	<ul style="list-style-type: none"> Business ethics Fair employment opportunity Environmental protection

The Group aims to collaborate with its stakeholders to improve its ESG performance and continuously create greater value for the wider community.

BOARD STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the ESG report of the Group for the year ended 30 June 2021. This report demonstrates our growing commitment to advancing our sustainability performance in areas such as corporate governance, community participation, customer satisfaction, and employee care.

We view ESG commitments as part of our responsibility and are committed to incorporating ESG considerations into our decision-making process. As such, the Group decided to set directional targets for the financial year ended 30 June 2024 (“2024”), which would be a three-year target plan. By setting ESG-related goals, the Group can raise the employee’s awareness of environmental protection and improve its ESG performance continuously.

We believe that a forceful governance structure is of utmost importance to the successful integration and effective management of sustainability at Kingwell. The Board holds the overall responsibility on the Group’s ESG issues and oversees the ESG strategies, directions and policies. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board analyses and reviews the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitates the exchange of best practices with other comparable companies.

Looking forward, we will continue our efforts to further deepen the integration of ESG concepts internally and externally, implement sustainable management more responsibly, and work together.

Finally, I would like to express my greatest gratitude to the Board, management and staff of the Group for their strenuous contribution in the past year. Furthermore, I would also like to take this opportunity to sincerely thank our customers, suppliers, business partners and shareholders for their continuous support and trust. I believe all members of the Group will dedicate their best effort to drive business growth and to deliver enhanced returns to shareholders.

Mu Dongsheng

Chairman

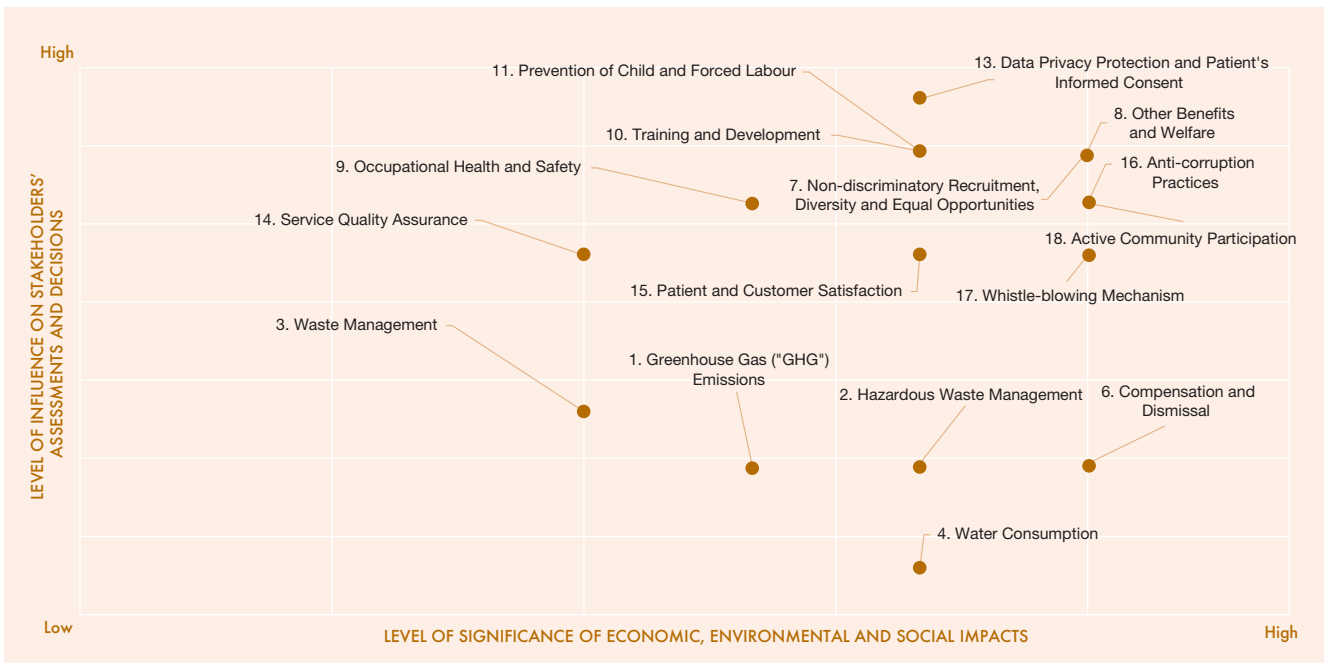
Hong Kong, 29 September 2021

MATERIALITY ASSESSMENT

The management and staff of the Group’s major operations have participated in the preparation of the Report in order to assist the Group in reviewing its operations, identifying relevant ESG issues and assessing the importance of related matters to its businesses and stakeholders. The Group has compiled a questionnaire with reference to the identified material ESG issues to collect the information from the stakeholders of the Group.

Feedback from the relevant stakeholders has been considered in determining the Group’s material ESG aspects to be covered in the Report. Summary of the Group’s material ESG issues according to its relative importance are shown below:

MATERIALITY MATRIX



During the Reporting Period, the Group has confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL TARGETS

To better manage the Group's material topics and its performance on those aspects, the Group has set some directional targets for the financial year ended 30 June 2024 ("2024"), which would be a three-year target plan.

The table below summarises the Group's sustainability targets for 2024. The Group will continue to review the progress of the set targets every Reporting Period prior to 2024, and will continue to work for the targets set.

Environmental Targets Setting		Status
GHG Emissions	<ul style="list-style-type: none">Reduce both Scope 1 and Scope 2 GHG emissions intensities by 1% in 2024 compared to 2021Expand disclosure of Scope 3 GHG emissions prior to 2024	In progress
Waste Management	<ul style="list-style-type: none">Reduce waste intensity by 1% in 2024 compared to 2021	In progress
Energy Consumption	<ul style="list-style-type: none">Reduce electricity and gasoline intensities by 1% in 2024 compared to 2021	In progress
Water Consumption	<ul style="list-style-type: none">Reduce water consumption intensity by 1% in 2024 compared to 2021	In progress

CONTACT US

Please feel free to provide comments and suggestions on this Report or the Group's ESG work performance through email at 1195@kingwellgroup.com.hk.

ENVIRONMENTAL

A1. Emissions

Environmental protection has always been one of the fundamental values of the Group. The Group attaches great importance to sustainable development in its operation. To reduce GHG emissions and energy consumption, the Group has actively implemented environmental policies and procured more energy-efficient appliances to reduce its carbon footprint.

The responsible person of the Group's environmental affairs supervises the implementation of the above measures and relevant environmental protection policies. Under the stringent supervision and guidance, various departments endeavour to implement environmental protection policies of the Group and ensure that all operation processes have complied with legal requirements. The responsible person of environmental affairs continues to review the policies and implementation procedures of the Group and reports to the management and makes suggestions when appropriate, to ensure its effectiveness.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that would have a significant impact on the Group, including but not limited to the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmosphere Pollution, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and the Federal Law No. 7-FZ on Environmental Protection of Russian Federation.

Air Emissions

To align the global development of the low-carbon economy, the Group pays attention to its air emissions arose from the daily operation. The main source of air emissions is the combustion of gasoline for vehicle use.

The table below illustrates the Group's air emissions performance:

Types of air emissions	Unit	2021
Nitrogen Oxides (NOx)	kg	29.53
Sulphur Oxides (SOx)	kg	0.04
Particulate Matter (PM)	kg	2.82

ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

Greenhouse Gas ("GHG") Emissions

The major sources of the Group's GHG emissions were generated from gasoline consumption of vehicles (Scope 1) and purchased electricity (Scope 2). To reduce GHG emissions, the Group embraces driving green practices in its day-to-day operations and has actively adopted environmental protection measures mentioned below.

- Purchase energy-efficient vehicles on replacing previous high energy-consuming vehicles;
- Plan routes ahead of time to reduce route repetition and optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling;
- Regularly undergo maintenance service to ensure optimal engine performance and fuel use; and
- Actively adopt energy conservation measures which are described in the section headed "Energy Consumption" under aspect A2.

During the Reporting Period, the total GHG emissions have increased by about 4.94%, from approximately 23.46 tCO₂e in last financial year to approximately 24.62 tCO₂e in 2021. The Group will continue its effort in mitigating the GHG emissions in the following year by performing more efficient route planning to optimise fuel consumption by vehicles.

The table below illustrates the Group's GHG emissions performance:

Indicator ¹	Unit	2021	2020
Direct GHG emissions (Scope 1)	tCO ₂ e	7.90	6.77
– Gasoline consumption			
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	16.72	16.69
– Purchased electricity			
Total GHG emissions	tCO ₂ e	24.62	23.46
Intensity²	tCO ₂ e/employee	0.45	0.35

ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

GHG Emissions (Continued)

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of China’s regional power grid basis, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5) and “Project Carbon Footprint Methodologies (July 2020)” published by European Investment Bank (EIB).
2. As at 30 June 2021, the Group has 55 (2020: 67) full-time employees in the reporting scope. The data is also used for calculating other intensity data.

Sewage Discharge

The Group only involves in river transportation for its gold mining business whereas the gold powder does not carry the chemical substance. All of the gold powders has been treated in accordance to the Safety Incidents Guidelines established by the Group and thus not pollutes the river water. The Group also discharges domestic sewage during daily operation, which is discharged into the urban sewage pipe network after being purified by the underground sewage treatment facilities. Since the wastewater discharged by the Group is disposed of through the municipal sewage network to the regional water purification plant, the amount of sewage discharge can be considered as the amount of water consumed. The data on the water consumed will be disclosed in the section headed “Water Consumption” under aspect A2.

Waste Management

Hazardous Waste

Due to the business nature of the Group, it did not directly generate hazardous wastes during its operations. Despite the Group did not generate hazardous waste during the Reporting Period, it has established guidelines to govern the management and disposal of hazardous wastes. In case there is any hazardous wastes generated, the Group has contracted licensed hazardous wastes collectors for the disposal of hazardous materials. The Group strictly abides by the relevant policy in the treatment of the hazardous wastes.

Non-hazardous Waste Treatment

The Group recognises the importance of good wastes management practices. The Group mainly disposed of paper, general wastes and ink cartridges. The Group details the consumption volume of paper and ink cartridges and then appoints the qualified service collector to gather and sort such wastes. The consumption and disposal amount of office paper is regularly monitored to detect any anomalies in usage. To promote environmental protection, most of the offices’ wastes would be recycled for reuse. The Group maintains a high standard in wastes reduction, educates its employees on the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

Waste Management (Continued)

Non-hazardous Wastes Treatment (Continued)

Various reduction measures have been established and posters can be seen in the vicinity of the offices to increase employees' awareness and achieve the environmental target by reducing wastage, said measures include but are not limited to:

- Encourage double-sided printing or photocopying and electronic communication;
- Use recycled paper for draft documents or photocopying;
- Reuse envelopes, cartons and folders are encouraged; and
- Use stainless steel cutlery and boxes instead of single-use disposable items.

During the Reporting Period, the total non-hazardous wastes disposal increased by about 1,420.98%, from approximately 75.60 kg in last financial year to approximately 1,149.86 kg in 2021, the significant increase in non-hazardous wastes disposal was mainly attributable to the clearance of the office of Anlu City after the retrenchment exercise resulted from the completion of the project. The Group will continue its effort in mitigating the non-hazardous wastes disposal in the following year by enhancing its information technology systems in furtherance to a paperless environment.

During the Reporting Period, a total of 119.43 kg of paper has been recycled by the Group.

The table below illustrates the Group's non-hazardous wastes disposal performance:

Types of wastes	Unit	2021	2020
Paper ³	kg	148.14	2.16
General wastes	kg	1,000.00	70.00
Ink cartridges	kg	1.72	3.44
Total non-hazardous wastes	kg	1,149.86	75.60
Intensity	kg/employee	20.91	1.13

Note:

3 The total recycled paper are also accounted into the data.

ENVIRONMENTAL (Continued)

A2. Use of Resources

The Group aims to minimise environmental impacts in its operations by identifying and imposing measures to increase energy and resource efficiency. The Group actively promotes green office and operates four basic principles “Reduce, Reuse, Recycle and Replace”. As such, the Group has formulated relevant policies and procedures related to environmental management to manage the use of energy and water by monitoring monthly usage statistics in order to use the energy fully and efficiently.

Energy Consumption

The principal energy consumption of the Group was the electricity consumed in its operations and gasoline combustion from the transportation. The Group has formulated rules and regulations to achieve the target of energy saving. The said rules and regulations are subject to review to assess whether they are sufficient or too lenient. Changes will then be made as soon as practicable. Relevant reduction measures are as follow, including but not limited to:

- Select energy-efficient equipment and electrical appliances for offices and domestic electricity use, and gradually replace obsolete equipment with energy-saving certified alternatives;
- Forbid the use of large-power electrical appliances, such as heaters, kettles, refrigerators, etc., to avoid electrical overload. Employees should turn off all electrical appliances that come with them when they leave offices;
- Turn off all the unnecessary lights, air conditioners, computers and other office equipment in office areas, conference rooms and corridors when they are not in use to avoid any wastage;
- Use energy-saving bulbs or LED lamps instead of traditional lamps;
- Strictly prohibit the running of idle equipment, unreasonable electric wiring distribution, etc.;
- Avoid the waste of electricity by strictly regulating the use of air conditioners;
- Allow employees to turn off their computers (mainframe and monitor) when away for a long time, and switches them to standby or sleep mode when going out for lunch; and
- Enhance the maintenance and overhaul of equipment, maintains the best condition of all electronic equipment for effective use of electricity.

During the Reporting Period, the total energy consumption has increased by about 30.36% from approximately 44.11 MWh in 2020 to approximately 57.50 MWh in 2021, which was mainly attributable to the daily operation of the newly acquired parking lots in Xuzhou City, the PRC. The Group will continue its effort in mitigating the energy consumption in the following year by increasing the frequency in replacing obsolete equipment with energy-saving certified alternatives.

ENVIRONMENTAL (Continued)

A2. Use of Resources (Continued)

Energy Consumption (Continued)

Summary of energy consumption performance:

Types of energy	Unit	2021	2020
Direct energy consumption			
– Gasoline	MWh	28.78	24.65
Indirect energy consumption			
– Purchased electricity	MWh	28.72	19.46
Total energy consumption	MWh	57.50	44.11
Intensity	MWh/employee	1.05	0.66

Water Consumption

The Group is committed to reducing water usage by educating its employees on the importance of water conservation. The Group wishes to nurture its employees the habit of water conservation and achieve the water-saving target. The aforementioned procedure confers the power to respective department heads to monitor and control the water usage, where necessary.

Water usage of the Group is not limited to its basic business operations but also the cleaning and sanitization during the pandemic. As such, the Group implemented the water conservation measures, such as posting environmental messages to remind employees for water conservation in the vicinity of the pantry and washrooms. With the implementation of these measures, the Group has observed an increase in employees' awareness of water conservation.

During the Reporting Period, the total water consumption has increased by about 181.48%, from approximately 573.00m³ in last financial year, to approximately 1,612.87 m³ in 2021, which was mainly attributable to newly acquired business in Russia and the increased cleaning works in response to COVID-19. The Group will continue its effort in reducing water consumption in the following year.

The table below illustrates the Group's water consumption performance:

Indicator	Unit	2021	2020
Total water consumption	m³	1,612.87	573.00
Intensity	m³/employee	29.32	8.55

Due to the geographical location of our offices, we do not have any issue in sourcing water that is fit for purpose.

Use of Packaging Material

Due to the Group's business nature, the Group neither produces any final products nor does it have any industrial facilities. Thus, it did not use any significant amount of packaging materials during its daily operations.

ENVIRONMENTAL (Continued)

A3. The Environment and Natural Resources

The Group is committed to minimising negative environmental impacts occasioned by its business operations where practicable by adopting a multifaceted approach proactively.

Managing Environmental Impacts

The Group aims to promote environmental protection during its operations. The Group is committed to putting in continuous effort to nurture its employees' habits and increase their environmental awareness.

The Group is also committed to providing employees with a comfortable and green working environment to enhance work efficiency. The Group has established office discipline and maintained the hygiene and tidiness of the office areas. The Group will inspect the conditions of the living areas and workspace all the time, and implement preventive management ahead of time to identify problems and hidden dangers. The Group will deal with the identified problems and hidden dangers promptly to maintain a sound working environment.

On the other hand, the Group regularly monitors and measures indoor air quality in the workplace. The Group maintains indoor air quality and filters pollutants and dust by using air purification equipment in the workplace and cleaning air conditioning systems regularly.

A4. Climate Change

Climate Change Adaptation and Mitigation

The Group recognises the importance of the identification and mitigation of significant climate-related issues, and is committed to managing the potential climate-related risks which may impact the Group's business activities. Therefore, the Group has established a robust set of policy and procedures to identify, monitor and manage ESG issues, including climate change. Material climate-related risks are identified and managed under our enterprise risk management framework.

Climate-related Issues

Physical Risks

The increased frequency and severity of extreme weather events such as extreme cold or heat, storms, heavy rains, typhoons can disrupt operations by damaging the power grid or communication infrastructures, obstructing and injuring our employees on the road or during their work. These events could disrupt supply chains, interrupt business operations, and damage Group assets. As countermeasure, the Group will identify these risks and prioritise those that have a serious impact to take precautionary measures in the first place. At the same time, the Group will examine the possibility of a change of business model to reduce or avoid these serious effects on business operations.

Transition Risks

There are more stringent climate legislations and regulations to support the global vision of decarbonisation. For instance, the Stock Exchange has required the listed companies to enhance the climate-related disclosures in their ESG reports. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The company's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, noncompliance fines or reputational risks due to delayed response. Besides, we have set targets to reduce our energy consumption and GHG emissions during 2021.

SOCIAL

B1. Employment

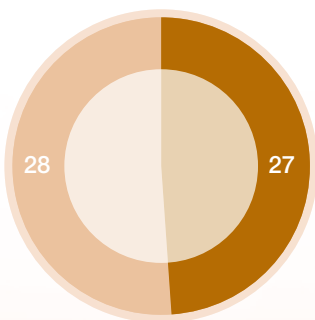
Employees are the most valuable asset of the Group. The Group recognises that its sustainable development relies heavily on good recruitment and retention practices. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises employment management, and protects employees' occupational health and safety. The Group also enhances democratic management, protects the vital interests of employees, and fully respects and values their enthusiasm, initiative and creativity in order to build a harmonious employment relationship.

Relevant employment policies are formally documented in the Employee Handbook, covering recruitment and promotion, compensation and dismissal, working hours and rest periods, other benefits and welfare as well as diversity and equal opportunities, etc. The Group regularly reviews these policies and practices to ensure continuous improvement of its employment standards and competitiveness against the common interests of employees and the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Regulations on Work-related Injury Insurances and the Labour Code of the Russian Federation No.197-FZ.

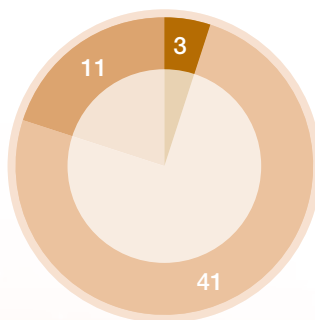
As at 30 June 2021, the Group employed a total of 72 (2020: 87) employees, of which 55 (2020: 67) full-time employees falls within the reporting scope. The composition of full time employees of the Group by gender, age and geographical location is shown as below:

EMPLOYEE DATA BY GENDER GROUP



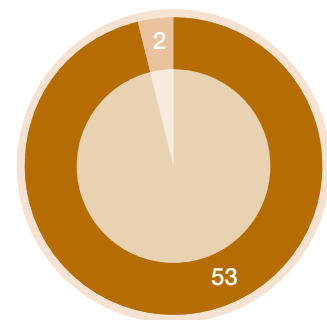
● Male 49%
● Female 51%

EMPLOYEE DATA BY AGE GROUP



● Age below 30 5%
● Age between 30 to 50 75%
● Age over 50 20%

EMPLOYEE DATA BY GEOGRAPHICAL LOCATION



● PRC 96%
● Russia 4%

SOCIAL (Continued)

B1. Employment (Continued)

Recruitment, Promotion and Dismissal

Employees of the Group are recruited via a robust, transparent, and fair recruitment process based on their merits and their potential to fulfill the Group's current and future needs. In the course of the recruitment process, the Group standardises the recruitment principles and procedures, upholds the hiring criteria of morality, knowledge, ability, experience and suitability for the positions as well as the principles of justice, fairness and openness, to continuously attract and retain the talents.

The Group has implemented a fair and open assessment system to provide employees with opportunities for promotion and development based on their work performance and internal assessment results to explore their potential at work. The Group prioritises internal promotion over external recruitment because this not only reduces administrative and time costs on recruitment but also encourages staff retention. The consideration of promotion will be based on the assessment of the existing staff's qualifications, seniority, performance, leadership, and other relevant factors.

Unreasonable dismissal under any circumstances is prohibited; dismissal would be based on reasonable and lawful grounds supported by the internal policies pertained to the Employee Handbook. Verbal warnings will be issued upon misconduct or unsatisfactory performance to provide a fair opportunity to staff for improvement. If there is no improvement, the Group shall then consider dismissal only upon receiving dismissal instruction from the relevant departments.

During the Reporting Period, the employee turnover rate is shown below:

	Employee turnover rate in percentage (%)	Employee turnover (in person)
By Gender		
Male	55.56	15
Female	32.14	9
By Age Group		
Age below 30	–	–
Age between 30 to 50	39.02	16
Age over 50	72.73	8
By Geographical Region		
The PRC	45.28	24
Hong Kong	–	–
Russia	–	–

SOCIAL (Continued)

B1. Employment (Continued)

Remuneration and Benefits

The Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on the principles of fairness, competitiveness, reasonableness, and legality. The employees' remuneration package comprises of basic salary, performance bonus, overtime payment, position subsidy, related subsidies and other various bonuses. In addition, the Group conducts annual assessments on the efficacy of the remuneration system to safeguard employees' benefits.

The Group legally pays "five social insurance and one housing fund" for its employees in the PRC, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund to ensure that employees are covered by the prescribed social insurance.

Working Hour, Rest Period and Compensation

The Group has clearly stated the working hours and rest periods in the Employee Handbook in accordance with the gazetted public holidays. Employees are also allowed to apply for flexible working schedules based on their job requirements. The Group also implements the paid leave policies to pay overtime allowances who are working exceed statutory working hours.

Equal Opportunities, Diversity and Anti-discrimination

The sustainable growth of the Group relies on the diversity of talents. The Group is committed to promoting equal opportunities and diversity in recruitment by maintaining an inclusive and collaborative workplace culture that protects employees from any forms of discrimination, such as race, gender, colourism, age, family status, customs traditions, religion, physical fitness and nationality. The Group prohibits any sexual harassment or abuse in any form in the workplace. All employees have a right to equal pay for equal work. The Group endeavours to attract professionals with diverse backgrounds to join the Group. The Group also follows the Labour Code of the Russian Federation No.197-FZ to promote equal opportunity in its workplace.

SOCIAL (Continued)

B2. Health and Safety

The Group places high priority on providing its employees a safe and healthy working environment and strives to eliminate potential health and safety hazards at the workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China and the Labour Code of the Russian Federation No.197-FZ. There were no work-related fatalities that occurred in each of the past three years including the Reporting Period. In addition, the Group did not record any lost days due to work injury during the Reporting Period.

Internal Health and Safety Management System

The Group has implemented an internal audit and inspection system to ensure the health and safety of customers and employees during the operation. The review process is designed to ensure that the workplace is under constant monitoring and to identify and correct the deficiencies that do not meet the standard. The Group regularly inspects and reviews the safety issues of offices and actively encourages employees to report any health and safety incidents and risks.

The Group also arranges health screening and body check-up packages for employees in the view of preventative healthcare. The Group particularly pays attention to employees who have abnormal examination results and supports them with medical advice or treatment.

Fire Safety

The Group has formulated fire safety measures in its workplace, such as storing fire extinguishers and first aid kits at visibly seen areas in case of emergencies; fire escape routes are clearly shown throughout the workplace. To further avoid fire hazards, no smoking is allowed within the workplace, meanwhile, fire exits and major passageways are kept clear from obstruction. Fire drills are conducted on a regular basis in order to ensure the employees are familiar with the proper evacuation routes.

Response to the COVID-19 Pandemic

In view of the outbreak of COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. In response to the PRC Government's public health measures and various actions, the Group has promptly established a crisis management working team in its PRC workplaces for coordinating and arranging the provisions of services to maintain the normal operation. The Group has strengthened the sanitation of its operation locations to ensure a healthy and safe working environment by providing sufficient protective equipment and surgical masks to its employees and applies stringent temperature screening on employees and visitors before entry into the workplace. The Group also sent out guidelines to employees advising the reporting procedure in case of an infection of the COVID-19 among employees and their related family members.

SOCIAL (Continued)

B3. Development and Training

The Group focuses on improving the enterprise internal management development and training system to promote the Group's sustainable development while facilitating the personal growth and development of employees through multiple training schemes, so as to satisfy different needs of employees at various levels and improve their skills.

Training Management

The training proposals of the Group are formulated by the management on an annual basis, which are also subject to review on an annual basis for their effectiveness. Training and continuous development are indispensable for the employees to keep abreast of the latest trend and industrial requirements. Therefore, the Group takes a proactive approach to allow employees to be exposed to different types of opportunities to advance their careers. Employees, in particular, salespersons and employees from the Customer Services Department are encouraged to apply for internal and external training courses to refresh prior knowledge, familiarise themselves with newly updated guidelines, and maintain their competitiveness within the industry.

Internally, the Group provides its new employees with training allowances, remuneration and promotion incentives, such as sponsorship of attending business marketing training courses. However, in order to minimise the risk of spreading COVID-19 at the workplace, most of the internal training activities were suspended during the Reporting Period. The Group will resume these activities as soon as the situation allows.

The breakdown of the percentage of employees trained and average training hours by gender and employee category are as follows:

Percentage of employees trained by gender and employee category

Male	%	100
Female	%	–
Board of directors	%	50
Senior management	%	50

The average training hours completed per employee by gender and employee category

Male	hours/employee	2.20
Female	hours/employee	–
Board of directors	hours/employee	10.00
Senior management	hours/employee	39.50

Even though most of the internal training activities was suspended, the employees still received on-the-job training and attend external training sessions during the Reporting Period, however, these training hours are not recorded by the Group and thus not included in the disclosure of the ESG Report.

SOCIAL (Continued)

B4. Labour Standards

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as prescribed by the laws and regulations. The Group strictly complies with local laws and does not employ children underaged to work. Personal data such as identification cards will be collected to verify the identity of the interviewee during the recruitment process to ensure the applicant is legally authorised to work. Should violations occur, corrective actions will be taken by the Group immediately to rectify the situation, by terminating the contract with the corresponding employees and report to relevant Governmental authorities if necessary.

To prevent forced labour practices, the Human Resources Management Department ensures that sufficient rest days would be given to employees, and authorises all overtime work applications. The Group would not force any employees to work overtime against their will in any form or otherwise, it would be subjected to corporal punishment or coercion of any type related to work. Similarly, the Group avoids engaging the administrative vendors and contractors who have a poor record in using child and forced labour.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labour of the People's Republic of China and the Labour Code of the Russian Federation No.197-FZ.

B5. Supply Chain Management

The supply chain management in environmental and social risks is of utmost importance to the Group. In the course of procuring raw materials, the Group has established a stringent and standardised procurement system and a supplier assessment by taking into consideration of environmental and social risk controls. As such, the control costs can be regulated in an effective and transparent manner. During the Reporting Period, the Group has 8 approved key suppliers which all located in the PRC. These suppliers are evaluated and engaged according to the Group's procurement system and supplier assessment.

Suppliers Assessment

The Group takes into account the environmental impact, quality, society, corporate governance and commercial ethics in the selection of suppliers. To be qualified as the Group's suppliers and business partners, they should be complied with the prescribed standards and requirements especially in the areas regarding environmental risks and providing environmentally preferable products and services. The Group regularly assesses its suppliers and business partners to identify any environmental and social risks along the supply chain and expects the suppliers and business partners to deliver positive environmental and social impacts, the scope of which mainly includes operational compliance, employees' security and health, social responsibility, commercial ethics, environmental protection and promotion of the environmentally preferable products and services.

The management will review and scrutinise the entire supplier selection process to ensure the openness and fairness of the procurement procedure and to rectify any environmental and social risks along the supply chain occasioned. The Group strives to not rely solely on specific suppliers but maintain more than one supplier for each product or service it provides to ensure supply chain stability. In any procurement process, quotations must be obtained and compared with different suppliers. In addition, during business meetings, the Group also encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts. The Group will continue to monitor and inspect the performance of its supply chain on a regular basis and will terminate the contracts with those suppliers and business partners that cause severe social harms or material environmental accidents.

SOCIAL (Continued)

B6. Product Responsibility

The Group is dedicated to providing high-quality services, not only is it crucial to end-user safety but it also attracts future business opportunities.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Law of the People's Republic of China on Protection of Consumer Rights, Advertising Law of the People's Republic of China, the Protection of the Consumers' Rights of Russian Federation and the Civil Code of the Russian Federation.

Customer Satisfaction

Customer satisfaction is vital to the Group as understanding and satisfying their demands and expectations may drive the improvement of its services. Further, the Group has maintained ongoing communication with its customers and safeguarding its quality services through internal control. During the Reporting Period, the Group has reported zero cases in relation to the products and service-related material complaints received. In case there are complaints occasioned, the Group ensures that a thorough investigation will be conducted in a timely manner and appropriate remedial actions are carried out when complaints were received. All complaint cases and details are documented to reduce the possibility of re-occurrence in the future. Due to the Group's business nature, the Group did not have any products sold or shipped subject to recalls for safety and health reasons during the Reporting Period.

Quality Assurance

The Group strives to provide a comfortable and safe experience to customers. The Group has entrusted professional parties including approved personnel, registered structural engineers and registered contractors to carry out the assessment and conduct a safety check on the facilities of the leasing properties on a regular basis, to ensure the projects are in accordance with applicable laws and regulations. Feedbacks from customers and tenants are welcomed as it is the key to enhancing the service of the Group. Procedures for handling feedbacks have been set up. Feedbacks are recorded in detail and appropriate follow-up actions are taken by the Administrative Department. Should the feedback bear significant weight to the improvement of the Group, the feedback will be considered as a case study to prevent re-occurrence. During the Reporting Period, the Group did not receive any material complaints from its customers concerning the quality of its service.

Recall procedures were not applicable due to the Group's business nature.

Intellectual Property Rights

Despite intellectual property rights is not considered as a material ESG aspect to the Group due to the Group's business nature, the group has established relevant policies to govern the information technology management within the Group. Also, the Human Resources Department is in charge of securing proper licenses for software, hardware and information the Group uses in its business operation. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. Furthermore, the Human Resources Department closely monitor the infringement actions in the market and prevent any infringement behaviour, such as counterfeit trademarks. The Group will continue to monitor to ensure that its intellectual property rights are not being infringed upon.

SOCIAL (Continued)

B6. Product Responsibility (Continued)

Protection of Customer Privacy

The primary mission of the Group is to protect and assure customers of privacy. Stringent policies have been formulated on the collection and use of personal data for its principal operations, in which all confidential information in relation to privacy will be locked in safety cabinets with dedicated security control. The Group also distributes manuals to customers and tenants with detailed instructions regarding the authenticity of sales information to ensure the transparency. Access rights to computers and accounts are reviewed annually to limit access to information to current employees only; access right to information will be removed upon termination of employment or contract. Our employees are prohibited from using our customers' personal data for purposes unrelated to the business context, unless their prior consent has been obtained. In the event of violations, it will be treated as serious misconduct, which is subject to disciplinary action including termination and legal proceedings.

Advertising and Labelling

Due to the Group's business nature, the Group does not involve in any promotional activities. Therefore, such business operation does not involve material advertising and labelling related risks.

B7. Anti-corruption

The Group emphatically affirms its zero-tolerance stance regarding corruption, fraud, and all other behaviour that severely violate professionalism and work ethics. The Group believes that an honest and transparent corporate culture is a key to its continued success, and thus it attaches great importance to anti-corruption work and system building.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Company Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery of the People's Republic of China and the Criminal Code of The Russian Federation. The Group has no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Anti-corruption Practices

The Group has an Anti-bribery Function which is responsible for developing the overall framework of anti-bribery and anti-corruption policies and procedures, as well as guiding and monitoring the implementation of policies and procedures in different aspects of the Group's operations. The subsidiaries of the Group will duly report any suspected bribery and corruption to the Group's responsible officer, who will then carry out further investigation and determine appropriate course of action when necessary.

Furthermore, the Finance Department and Audit Department (whereas Chief Executive Officer is the responsible officer) are responsible for regular monitoring and checking all non-operational capital flow activities of its major businesses. The Group has also formulated an anti-fraudulent system to standardise whistle-blowing, investigation, handling, assessment and remedial action process.

SOCIAL (Continued)

B7. Anti-corruption (Continued)

Whistle-blowing System

The Group has established a whistle-blowing system that encourages employees to report fraudulent activities pertained to the Whistle-blower Protection Policy. The said system allows all employees and independent third parties (including customers and suppliers), who are in constant contact with employees, to report in anonymous calls and e-mail way to the Management in the aspect of negligence, corruption, bribery and other misconduct. The Management will process the reports in due course.

The Group also endeavours to protect the whistle-blower from various concerns such as confidentiality, potential retaliation, unfair dismissal and unwarranted disciplinary actions. Therefore, employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

Anti-corruption Training

The Group also sets out the relevant policies to provide its directors and employees with anti-corruption training with an aim to help them to adhere to the latest anti-corruption laws and regulation. During the Reporting Period, our directors and staff were given anti-corruption training conducted by the Hong Kong of Chartered Secretaries (“CSJ”) of Hong Kong Special Administrative Region.

B8. Community Investment

Corporate Social Responsibility

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of its community investment. The Group strives to nurture corporate culture and practice corporate citizenship in the daily work life of its employees. To fulfill the Group’s corporate social responsibility, it focuses on inspiring its employees’ sense of social responsibility by encouraging them to participate in charitable activities, such as home visiting the elderly during their work hour and spare time. The Group also believes participating in activities that repay the society can increase its employees’ civic awareness while establishing correct values. The Group sustains its corporate social responsibility as a part of the strategic development of the Group.

The Group has devoted its resources to maintain its business operation during the pandemic and suspended all its philanthropic activities. Should the pandemic have been ended, the Group will reallocate its resources to focus more on social activities and repay the community in the future.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs

Aspect A1: Emissions

General Disclosure

Description

Section/Declaration

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions

KPI A1.1

The types of emissions and respective emissions data.

Emissions – Air Emissions

KPI A1.2

GHG emissions in total (in tonnes) and intensity.

Emissions – GHG Emissions

KPI A1.3

Total hazardous waste produced (in tonnes) and intensity.

Emissions – Waste Management

KPI A1.4

Total non-hazardous waste produced (in tonnes) and intensity.

Emissions – Waste Management

KPI A1.5

Description of reduction initiatives and results achieved.

Emissions – Air Emissions, GHG Emissions and Wastes Management

KPI A1.6

Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.

Emissions – Waste Management

Aspect A2: Use of Resources

General Disclosure

Policies on the efficient use of resources, including energy, water and other raw materials.

Use of Resources

KPI A2.1

Direct and/or indirect energy consumption by type in total and intensity.

Use of Resources – Energy Consumption

KPI A2.2

Water consumption in total and intensity.

Use of Resources – Water Consumption

KPI A2.3

Description of energy use efficiency initiatives and results achieved.

Use of Resources – Energy Consumption

KPI A2.4

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

Use of Resources – Water Consumption

KPI A2.5

Total packaging material used for finished products (in tonnes) and with reference to per unit produced.

Use of Resources – Use of Packaging Material (Not applicable – Explained)

Aspects, General

Disclosures and KPIs

Description

Section/Declaration

Aspect A3: The Environment and Natural Resources

General Disclosure

Policies on minimising the issuer's significant impact on the environment and natural resources.

The Environment and Natural Resources

KPI A3.1

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

The Environment and Natural Resources – Managing the Environmental Impacts

Aspect A4: Climate Change

General Disclosure

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

Climate Change

KPI A4.1

Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

Climate Change – Climate Risks

Aspect B1: Employment

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.

Employment

KPI B1.1

Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.

Employment

KPI B1.2

Employee turnover rate by gender, age group and geographical region.

Employment – Recruitment, Promotion and Dismissal

Aspects, General Disclosures and KPIs

Aspect B2: Health and Safety

General Disclosure

Description

Section/Declaration

Information on:
 (a) the policies; and
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

Health and Safety

KPI B2.1

Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.

Health and Safety

KPI B2.2

Lost days due to work injury.

Health and Safety

KPI B2.3

Description of occupational health and safety measures adopted, how they are implemented and monitored.

Health and Safety – Internal Health and Safety Management System, Fire Safety, Response to COVID-19 Pandemic

Aspect B3: Development and Training

General Disclosure

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

Development and Training

KPI B3.1

The percentage of employees trained by gender and employee category (e.g. senior management, middle management).

Development and Training – Training Management (Not applicable – Explained)

KPI B3.2

The average training hours completed per employee by gender and employee category.

Development and Training – Training Management (Not applicable – Explained)

Aspects, General

Disclosures and KPIs

Aspect B4: Labour Standards

Aspects, General Disclosures and KPIs	Description	Section/Declaration
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management – Supplier Assessment
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Supplier Assessment
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Supplier Assessment

**Aspects, General
Disclosures and KPIs**

Aspect B6: Product Responsibility

General Disclosure	Description	Section/Declaration
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Protection of Customer Privacy

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing System
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment – Corporate Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Corporate Social Responsibility (Not applicable – Explained)