

# Kimou Environmental Holding Limited 金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 6805**



# 2020

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

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# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. About the Report

Kimou Environmental Holding Limited (hereinafter referred to as “**Kimou**” or the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**” or “**we**”) are pleased to announce our second Environmental, Social and Governance Report (hereinafter referred to as the “**Report**”). The Report aims to describe the performance of the Group’s sustainable development related work and how the Group fulfilled the commitment to corporate social responsibility from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “**Year**”).

### 1.1 Reporting Standards

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “**Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”). This Report has complied with the “comply or explain” provisions in the Guide and complied with the principles of “materiality”, “quantitative”, “balance” and “consistency” under the Guide. Readers can refer to Appendix II herein for ease of reference. This Report should be read in conjunction with the “Corporate Governance Report” section of the annual report of the Company dated 23 April 2020 (hereinafter referred to as the “**Annual Report**”) for a comprehensive understanding of the Group’s environmental, social and governance performance. This Report has reviewed and approved by the board of the directors of the Company.

### 1.2 Reporting Scope

The Report focuses on the Group’s overall environmental, social and governance performance during the Year. Unless otherwise stated, the contents of the Report cover the Group’s Huizhou Longxi Environmental Electroplating Industrial Park (hereinafter referred to as “**Huizhou Park**”), Tianjin Bingang Electroplating Industrial Base (hereinafter referred to as “**Bingang Park**”) and Huazhong Surface Treatment Circular Economy Industrial Park (hereinafter referred to as “**Huazhong Industrial Park**”). Please refer to the section headed “Corporate Governance Report” in the Annual Report or the Group’s official website ([www.platingbase.com](http://www.platingbase.com)) for detailed information about the corporate governance of the Group.

### 1.3 Reporting Language

The Report is prepared in both traditional Chinese and English. In case of discrepancy, the traditional Chinese version shall prevail.

### 1.4 Feedback on the Report

We value your feedback with regards to the Report. Your valuable feedback is of great importance for the Group to determine our short-term and long-term sustainable development strategies. Please contact us for any inquiries or suggestions.

## 2. About the Group

The Group operates large-scale electroplating industrial parks in the People's Republic of China ("China" or the "PRC") with electroplating wastewater treatment as its core business. It was successfully listed on the Hong Kong Stock Exchange since 16 July 2019.

The Group owns three large-scale electroplating industrial parks, namely Huizhou Park, Bingang Park and Huazhong Industrial Park. Huizhou Park and Bingang Park are located in Guangdong and Tianjin, respectively, where most PRC electroplating enterprises are clustered, thus they enjoy convenient transportation network and have close proximity to their customers. Huazhong Industrial Park is located in the national economic and technological development area in Jingzhou, Hubei, and is scheduled to commence operations in the first half of 2021. As at 31 December 2020, the total leasable area of Huizhou Park and Bingang Park attained approximately 347,000 sq.m and 260,000 sq.m, respectively, with a daily wastewater treatment capacity of up to 16,000 metric tonnes in total.

The Group is committed to improving the ecological environment, promoting green development and reducing industrial wastewater pollution, and actively pursues sustainable development. With our extensive experience and excellent technology in developing and operating large-scale electroplating industrial parks, we continue to make positive contributions to the protection of ecological environment and local economic development.

## 3. Sustainable Development Strategies

Adhering to the vision of "Insisting on Green Development and Promoting Harmonious Coexistence Between Human and Nature", the Group actively practises the concept of sustainable development, strengthens environmental protection with professional technologies and a down-to-earth attitude, and continues to make positive contributions to ecological environmental protection and local economic development. Our board of directors attaches great attention to the implementation of environmental, social and governance of the Group and takes the issues and priorities of various stakeholders into consideration to formulate a sustainable development strategy for the Group. In order to better implement the environmental, social and governance strategy, we are preparing for the formation of an environmental, social and governance group to enable our board of directors to better supervise environmental, social and governance matters of the Group.





## 3.1 Communication with Stakeholders

We maintain close communication with our stakeholders through a variety of communication channels in an open and positive manner to keep them informed of their requirements and expectations for the Group, which not only helps us to keep abreast of the times, but also helps us to understand their focus on our sustainable development process.

| Key Stakeholders                         | Key Communication Methods  |
|--|--|
| Customers                                | <ul style="list-style-type: none"> <li>• Customer satisfaction survey and feedback form</li> <li>• Customer service center</li> <li>• Daily operation/interaction</li> <li>• Telephone</li> <li>• E-mail</li> </ul>  |
| Shareholders/Investors                   | <ul style="list-style-type: none"> <li>• Annual general meeting and other general meetings</li> <li>• Interim report and annual report</li> <li>• Corporate communications, such as letters/circulars to shareholders and notices of meetings</li> <li>• Results announcement</li> <li>• Visits by shareholders</li> </ul> |
| Employees                                | <ul style="list-style-type: none"> <li>• Channels for employees to express their opinions (form, suggestion box, opinion survey etc.)</li> <li>• Work performance assessments and appraisal</li> <li>• Business briefing</li> <li>• Conference/workshop/seminar</li> </ul>   |
| Business Partners                        | <ul style="list-style-type: none"> <li>• Meeting</li> </ul>  |
| Regulatory Authorities                   | <ul style="list-style-type: none"> <li>• Meeting</li> <li>• Written response to public consultation</li> </ul>   |
| Media                                    | <ul style="list-style-type: none"> <li>• Results announcement</li> </ul>   |
| Community/Non-Governmental Organizations | <ul style="list-style-type: none"> <li>• Donation</li> </ul>   |
| Suppliers                                | <ul style="list-style-type: none"> <li>• Supplier management procedure</li> <li>• Meeting</li> <li>• Supplier/contractor appraisal system</li> <li>• On-site inspection</li> </ul>   |

## 3.2 Materiality Assessment

In order to better monitor the sustainable development efforts of the Group, we conducted a materiality assessment again during the Year. The assessment process is as follows:

### a. Identification

The Group selected 30 environmental, social and governance material issues, by comparing with the requirements of the "Guide" of the Hong Kong Stock Exchange, considering the Group's business sustainable development goals, actual situation and operating experience, and referring to the Sustainability Accounting Standards Board ("SASB") materiality pool and the advice of professional consultants, so as to build the pool of material issues for the Group.

### b. Collection

We commissioned a professional third party to collect a number of questionnaires from stakeholders, including customers, management, employees, suppliers, government/regulatory authorities, and communities/non-governmental organizations, and sorted out and analyzed the expectations of different stakeholders for the Group.

### c. Assessment

Based on the results of the questionnaire, we identified the priority of material issues from the two dimensions of the impact of each environmental, social and governance issue on stakeholders and the importance of each environmental, social and governance issue to the business development of the Group, we compiled the following materiality matrix .

#### d. Confirmation

The Group has confirmed the results of the materiality assessment and will disclose the results in this Report accordingly to respond to the expectations and appeals of stakeholders. We will also review the business development, manage relevant risks and expand relevant opportunities in light of the results.

### Materiality Matrix on Environmental, Social and Governance Issues



| Environmental Protection   | Talent Caring  | Compliance Operation   | Contributing to the Community |
|--|--|--|-------------------------------|
| 2. Waste discharge and treatment<br>3. Wastewater discharge and treatment<br>7. Ecological influence<br>8. Exhaust gas emissions<br>9. Awareness of environmental protection of employees<br>12. Development of environmental protection technology<br>13. Energy consumption and efficiency<br>19. Greenhouse gas emissions<br>24. Use of material and resource<br>27. Water consumption<br>29. Environmental education<br>30. Climate change | 6. Occupational health and safety<br>10. Relationship between employees and employers<br>11. Employment benefits<br>15. Prevention of child and forced labour<br>18. Employee diversity and non-discrimination<br>21. Staff training and development<br>23. Qualifications and professional ethics | 1. Compliance with laws and regulations<br>4. Business ethics<br>5. Anti-fraud and anti-corruption<br>14. Intellectual property protection<br>16. Economic performance<br>17. Market competitiveness<br>20. Complaint handling and responding mechanism<br>22. Privacy protection<br>25. Technology development and application<br>26. Whistleblowing mechanism<br>28. Responsible procurement | 31. Concerning the community  |

## 4. Environmental Protection

Our electroplating industrial parks equipped with qualified and high standard wastewater treatment capacity. With the mission of “Protecting Environment for Human Welfare (保護環境，造福人類)”, the Group actively practises the concept of green development. The Group strictly complies with relevant laws and regulations such as the “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》), the “Cleaner Production Promotion Law of the PRC” (《中華人民共和國清潔生產促進法》), the “Circular Economy Promotion Law of the PRC” (《中華人民共和國循環經濟促進法》), the “Cleaner Production Standard — Plating & Surface Finishing Industry” (《電鍍行業清潔生產標準》) issued by State Environmental Protection Administration of China and the “Standard Conditions for the Electroplating Industry” (《電鍍行業規範條件》) issued by Ministry of Industry and Information Technology of China, so as to strictly control the generation, treatment and discharge of various toxic substances. On the other hand, we strive to facilitate resource recycling and reuse to create economic benefits while achieving environmental benefits. With the active implementation of various policies, the Group did not violate any regulations on environmental protection nor cause any major accidents damaging the environment and natural resources, nor receive any environment-related penalties or litigation during the Year.

To ensure the compliance with standards of pollutant emission by our electroplating industrial parks, improve the efficiency of resource and reduce the impact on environment and natural resources, we have formulated a series of strict electroplating pollutant discharge policies, and established independent files for each electroplating enterprise in our electroplating industrial parks, so as to manage the resources, production and emission information of electroplating enterprises therein. In case the pollutant discharge fails to meet standards, or electroplating enterprises fail to conduct rectifications on time due to defective production process or electroplating equipment, obsolete process or production lines, we will file a case for registration, require them to stop production, arrange technicians to offer guidance, urge them to rectify the emission equipment and process within a specified period, and assist them in optimizing and upgrading the emission facilities until the emission standard is met and the operation is in compliance. If any electroplating enterprise in the parks violates the any environment protection management requirements, we would give oral or written warnings, require payment of liquidated damages, suspension of production for rectification or termination of contract on a case-by-case basis.

### 4.1 Wastewater Treatment

We are aware that electroplating enterprises consume a large amount of water resources and generate a large amount of wastewater during their operations. We take various measures to ensure that the wastewater meets the following standards before it is discharged.

While strictly abiding by laws and regulations such as the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), Surface Water Environmental Quality Standard (《地表水環境質量標準》) (GB3838-2002) and Guangdong Province Electroplating Water Pollutant Discharge Standard (《廣東省電鍍水污染物排放標準》) (DB44/1597-2015), the Group formulates policies such as the Source Wastewater Standard (《源頭廢水標準》), the Measures to Ensure Stable Compliance with Wastewater Treatment (《保證廢水處理穩定達目標措施》), the Wastewater Treatment Process (《廢水處理工藝流程》) and the Safety Protection for Wastewater System Pipeline Transportation (《廢水系統管道輸送安全保障》), and establishes a real-time automatic monitoring system to ensure that the wastewater treatment reaches the standards regarding the source water quality management, treatment process technology and emergency protection system.



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We formulate the Code for Enterprises Entering the Parks (《入園守則》), which requires that the wastewater discharged by electroplating enterprises in our electroplating industrial parks shall be collected separately and marked clearly with the type of wastewater to prevent mixed discharge. All kinds of electroplating wastewater and waste liquid from electroplating enterprises containing acid and alkali cleaning wastewater are prohibited to be discharged from bathrooms of the factory buildings. In order to ensure the normal and stable operation of the wastewater treatment system and wastewater reuse system in the electroplating industrial parks, the wastewater discharged by electroplating enterprises in the electroplating industrial parks is collected separately, diverted and treated by its nature and mainly classified into three categories: rinsing wastewater, high-concentration wastewater and high-concentration waste liquid. We also formulate the Raw Water Quality Monitoring and Management System of Production and Operation Department (《生產運行部原水水質監測管理制度》), which requires the relevant staff of electroplating industrial parks to conduct regular spot checks on the wastewater discharged by electroplating enterprises in the electroplating industrial parks, and to conduct inspections and supervisions on the collected water quality every 2 hours so as to ensure that the wastewater discharge meets standards. If we discover mixed discharge and over-discharge from electroplating enterprises, we will register them and require them to suspend production for rectification, and arrange our wastewater treatment technicians to guide them and urge them to rectify the discharge equipment and process within the specified time until their wastewater discharge reaches standards. For example, the powder paint in some electroplating enterprises contains high phosphorus, fluorine or cyanide, which increases the difficulty of process treatment and the treatment cost. Therefore, these electroplating enterprises are required to replace powder paint with powder paint or degreasing agent with low phosphorus, no fluorine and no cyanide, and are encouraged to replace the nitric acid process on the production line with an environmentally friendly ash remover to reduce the use of nitric acid. The fluorinated waste acid production line in electroplating enterprises has high fluorine concentration, but some ammonium bifluoride is in an ineffective state. Therefore, we will communicate and negotiate with them to reduce the fluorine concentration and the use of ammonium bifluoride.

Our Huizhou Park and Bingang Park divert electroplating wastewater generated by electroplating enterprises in electroplating industrial parks to the central wastewater treatment facilities of the Group's electroplating industrial parks through pre-installed wastewater conduits. The Group classifies and treats the wastewater through its own developed process, and allows the treated and qualified wastewater to be reused by electroplating enterprises in our electroplating industrial parks through different processes. However, the wastewater that cannot be reused is discharged into the discharge channel through the pipeline after reaching standards.

We also entered into online monitoring service contracts with professional technology companies to ensure the normal operation of wastewater treatment facilities and the stable transmission of monitoring data to the network system and monitoring platform formulated by the government's environmental protection department through automatic monitoring systems. The online rate of automatic monitoring data, the normal operation rate of base stations, the accuracy rate of automatic monitoring data and the intact rate of equipment all meet the requirements of the "Measures for the Operation and Management of Pollution Source Automatic Monitoring Facilities" (《污染源自動監控設施運行管理辦法》) issued by the Ministry of Ecology and Environment of the PRC.

## 4.2 Waste Management

The Group strictly complies with relevant laws and regulations such as the “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢物污染環境防治法》), the “National Hazardous Waste Inventory” (《國家危險廢物名錄》), the “Standard for Pollution Control on Hazardous Waste Storage” (《危險廢物貯存污染控制標準》(GB18597)) issued by the Ministry of Ecology and Environment of the PRC, and the “Regulations of Tianjin Municipality on Municipal Solid Waste Management” (《天津市生活垃圾管理條例》) to ensure that all wastes are legally disposed of.

As the developer and operator of large electroplating industrial parks, our hazardous wastes are mainly from a large amount of heavy metal sludge produced in the process of treating electroplating wastewater. In accordance with the requirements under the “Management Regulation on Hazardous Wastes Manifests” (《危險廢物轉移聯單管理辦法》) issued by the Ministry of Ecology and Environment of the PRC, we strictly review and implement the compliance entrustment procedures, truthfully fill in the transferring tables, regularly check relevant information, and truthfully file and report to relevant government departments. We entrust qualified processors to treat heavy metal sludge from wastewater treatment process. During the Year, our parks generated 18,009.5 metric tonnes hazardous wastes<sup>1</sup>, which decreased by 17.6% compared with 2019 (21,859.1 metric tons in 2019<sup>2</sup>). The hazardous waste intensity was 24.9 metric tonnes per revenue of RMB one million. All hazardous wastes had been legally recycled.

Our non-hazardous wastes are mainly derived from office waste and domestic waste. We conduct strict waste classification during our daily work in order to recycle paper, metal and plastic. During the Year, the Group generated 1,461.6 metric tonnes non-hazardous wastes<sup>3</sup> and resulted with an intensity of 1.1 kg per square meter. All non-hazardous wastes have been legally treated.

## 4.3 Emission Management

Our electroplating industrial parks are committed to assisting the electroplating enterprises in the electroplating industrial parks to comply with discharge standards and providing them with corresponding management services. The Group strictly abides by laws and regulations such as the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (《中華人民共和國大氣污染防治法》), the “Technical Specification of Air Duct” (《通風管道技術規程》) issued by the Ministry of Housing and Urban-Rural Development of the PRC, and the “Emission Standard of Air Pollutants For Boiler” (《鍋爐大氣污染物排放標準》) issued by Tianjin and Huizhou governments respectively. We implement the “Electroplating Contaminants Discharge Standard” (《電鍍污染物排放標準》) (GB21900-2008) issued by the Ministry of Ecology and Environment of the PRC (Table 5, Emission Concentration Limits of Air Pollutants from Newly-built Enterprises) for organized exhaust gas emission, while the “Integrated Emission Standard of Air Pollutants” (《大氣污染物綜合排放標準》) (GB16297-1996) issued by the Ministry of Ecology and Environment of the PRC (Table 2, Emission Limits of Air Pollutants from New Pollution Sources) for unorganized exhaust gas emission.

- 1 Since Huazhong Industrial Park has not been officially put into operation in 2020, the amount of hazardous wastes generated only involves Huizhou Park and Bingang Park.
- 2 The unit of hazardous waste data for 2019 should be metric tonnes, so the previous year's data were restated.
- 3 As the non-hazardous wastes in Huizhou Park and Huazhong Industrial Park are uniformly treated by relevant government agencies, the amount cannot be estimated, so the amount of non-hazardous wastes generated only involves Bingang Park.

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Our "Code for Enterprises Entering the Parks" (《入園守則》) stipulates that each electroplating enterprise entering electroplating industrial parks shall design suitable exhaust gas treatment facilities according to its own production process. Our technicians carry out preliminary engineering inspection on the exhaust gas treatment facilities of all electroplating enterprises in the electroplating industrial parks, and then invite the Environmental Protection Department for acceptance after passing the preliminary inspection. We require the electroplating enterprises in electroplating industrial parks to collect and treat cyanide-containing exhaust gas, chromium-containing exhaust gas, acid-base exhaust gas and organic exhaust gas independently. For recoverable exhaust gas such as chromic acid mist, on-line recovery measures shall be set up. For exhaust gas without recovery value, we adopt the principle of governing wastes with wastes, using wastewater from electroplating production line to spray and purify exhaust gas, so as to realize source control of wastewater and exhaust gas and reduce exhaust gas treatment. We also conduct regular tests on designated exhaust emissions at emission detection ports in a bid to ensure early detection and early rectification.

Besides, we also actively manage the emission generation in the course of our own operation. The Group's emissions mainly are derived from the use of its vehicles. We reduce its vehicle exhaust emissions by encouraging employees to share vehicles, carrying out regular maintenance of vehicles, and refusing idling vehicles running.

Our greenhouse gases mainly are derived from direct emissions from the use of fuel generators and its vehicles (Scope 1) and indirect emissions from purchased electricity during operation (Scope 2). In order to reduce greenhouse gas emissions and fulfill our mission of "Protecting the Environment and Benefiting the Mankind" (「保護環境、造福人類」), we have actively taken a series of measures. For details, please refer to the energy conservation and emission reduction measures mentioned in the sections of "Emission Management" and "Resource Management".

During the Year, the Group reviewed the greenhouse gas emissions in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 established by the International Organization for Standardization. The emission performance of the Group was as follows:

| Greenhouse Gas Emissions Performance                    | Unit  | 2020            |
|---|---|-----------------|
| <b>Greenhouse Gas Emissions</b>                         |   |                 |
| Total Direct Greenhouse Gas Emissions (Scope 1)         | tonnes of carbon dioxide equivalent<br>(tonne of CO <sub>2</sub> e) | <b>37,630.9</b> |
| Total Indirect Greenhouse Gas Emissions<br>(Scope 2)    | tonne of CO <sub>2</sub> e  | <b>16,900.1</b> |
| Total Greenhouse Gas Emissions<br>(Scope 1 and Scope 2) | tonne of CO <sub>2</sub> e  | <b>54,530.9</b> |
| <b>Greenhouse Gas Emissions Density</b>                 |   |                 |
| Revenue of RMB One Million<br>(Scope 1 and Scope 2)     | tonne of CO <sub>2</sub> e/Revenue of<br>RMB One Million            | <b>75.2</b>     |

Scope 1: Direct greenhouse gas emissions from sources that are owned or controlled by the Group.

Scope 2: Indirect greenhouse gas emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the Group.

## 4.4 Resources Management

### 4.4.1 Energy Management

We actively implement energy management and formulate a series of measures to reduce energy consumption of the parks. We establish an energy management system and set up an energy management team. Through the real-time online energy monitoring system, we can accurately analyze the energy usage and make improvement in time. Furthermore, we set up "Energy-Saving Award and Punishment System" (《節能減排獎勵措施》) to encourage our employees to bring innovative solutions to energy-saving and emission-reducing measures.

The Group upgrades the aeration blower of the biochemical system in the wastewater treatment system. A magnetic levitation blower is installed to replace that existing Roots blower, which solves the problem of insufficient aeration air volume at present and ensures the stable operation of the biochemical system on one hand; also takes the advantages of low noise and low energy consumption of the magnetic levitation blower to improve the previous problems of loud noise in the blower room and high energy consumption during equipment operation and further reduce the energy consumption cost of blower operation on the other hand.

During the Year, the total electricity consumption of the Group during its operation was 27,746,095.3 kWh, and the electricity consumption intensity was 38,285.1 kWh per revenue of RMB one million. Although our disclosure scope during the Year covered Huazhong Industrial Park, our total electricity consumption decreased slightly from 2019 due to the effective implementation of energy-saving measures. Among them, the total electricity consumption of Huizhou Park and Bingang Park decreased by 10.6% compared with 2019.

### 4.4.2 Water Resources Management

We are committed to the recycling of water. By continuously optimizing the process of reused water treatment, the wastewater can be reused in various electroplating enterprises after the up-to-standard treatment. Meanwhile, we also established a condensed steam water circulation system. As the quality of condensed steam water is higher than that of demineralized water, it can be used for heat source water supply and raising boiler water temperature, thus we reuse it in steam production, greatly reducing the water consumption and the consumption of boiler fuel at the parks, saving the steam production cost, improving the boiler water quality and raising the boiler operation efficiency.

The water consumed during the operation of the Group mainly comes from municipal water supply, and there is no water sourcing issues. During the Year, we consumed 812,138.2 metric tonnes of water for wastewater treatment and daily office during our operation, with a water consumption intensity of 1,120.6 metric tonnes per revenue of RMB one million. Although our disclosure scope during the Year covered Huazhong Industrial Park, our total water consumption decreased slightly from 2019 due to the effective implementation of water-saving measures. Among them, the total water consumption of Huizhou Park and Bingang Park decreased by 6.9% compared with 2019.



### 4.4.3 Material Management

In order to reduce the cost of hazardous waste treatment and resource purchase, we actively reduced raw materials, reused goods and recycled goods through various measures.

We continuously improve our technology and build a recycling treatment system for electroplating sludge, which has improved the recovery rate of heavy metals during our electroplating sludge treatment process. All the recycled nickel is used to make raw materials of nickel carbonate. Meanwhile, we added waste acid generated during the operation to the sludge recycling process, so as to reduce the usage of fresh water and acid.

We also reduced the consumption of office supplies in various ways, including encouraging employees to reuse stationery, reducing the use of disposable and non-recyclable products, and performing double-sided printing and paperless office. By monitoring and evaluating the use of materials, we avoided unnecessary waste caused by excessive inventory and/or improper use of materials.

## 5. Talent Caring

The Group strictly abides by relevant laws and regulations such as the "Law of the PRC on the Protection of Minors" (《中華人民共和國未成年人保護法》), the "Provisions on the Prohibition of Child Labour" (《禁止使用童工規定》), the "Labour Law of the PRC" (《中華人民共和國勞動法》), the "Labour Contract Law of the PRC" (《中華人民共和國勞動合同法》), the "Implementing Regulations of the Labour Contract Law of the PRC" (《中華人民共和國勞動合同法實施條例》) and the "Employment Ordinance" (《僱傭條例》) of the Hong Kong Special Administrative Region. We formulate the "Employee Handbook" (《員工手冊》), and have been committed to providing employees with an equal, inclusive and safe working environment, eliminating discrimination in terms of gender, nationality, sexual orientation, religion and age, and ensuring that all employees enjoy fair and just opportunities for job and development. We constantly review the existing mechanism and set up an internal network function to enable employees to have better communication with the management, hoping that each employee can develop better together with us.

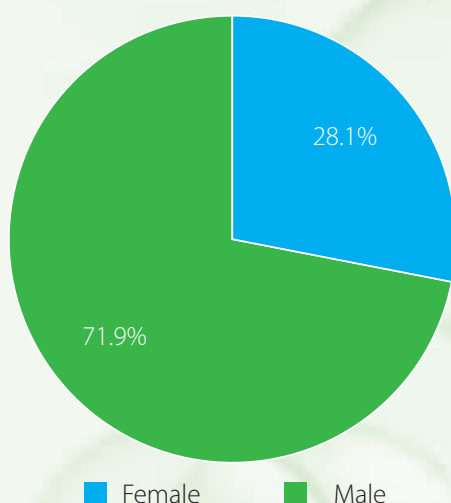
### 5.1 Attracting Talents

In order to standardize the recruitment work of the Group and efficiently select suitable talents, we formulate the "Standard Process for Recruitment and Onboarding Management" (《招聘與入職管理標準流程》). Our human resources department publishes recruitment information according to the employment needs of various departments, recruits talents through recruitment networks, on-site recruitment and other methods, and evaluates their matching with positions by consulting the applicants' identity documents, resumes and qualification documents, so as to ensure that the recruited employees comply with laws and regulations and prevent child labour recruitment. After the preliminary examination and interview, on the basis of equality, voluntariness, legal provisions and consensus, we sign a legally effective labour contract with the new employee to protect the rights and interests of both parties. We also set out working hours and overtime compensation arrangements including overtime pay and night shift allowance in the "Attendance Management System" (《考勤管理制度》). Once the Group finds any case against labour standards, the Group will deal with the issue according to the "Employee Handbook". Through the above measures, the Group did not violate any laws and regulations mentioned in the section headed "Talent Caring" during the Year.

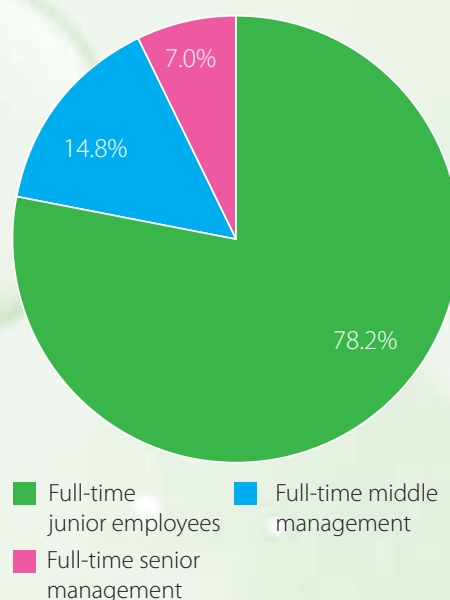
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Both the Group and the employees have the right to terminate the employment relationship. Our "Resignation Management System" (《離職管理制度》) also lists the types of resignation and related arrangements. The human resources department would handle relevant resignation procedures for employees who resigning employees, and conduct resignation interviews to understand the reasons for resignation. Resigning employees need to hand over their jobs as required. As at 31 December 2020, we had 602 employees, distributed as follows:

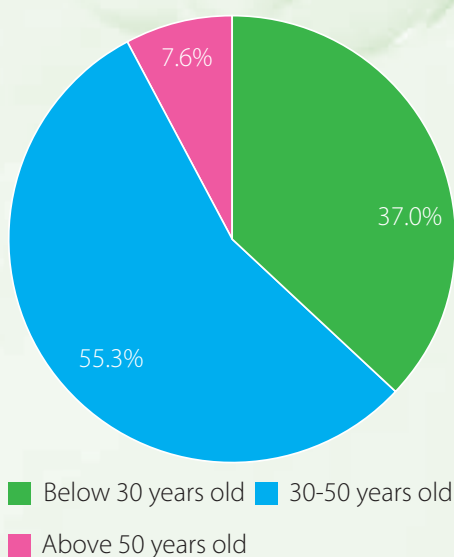
**Number of employees by gender**



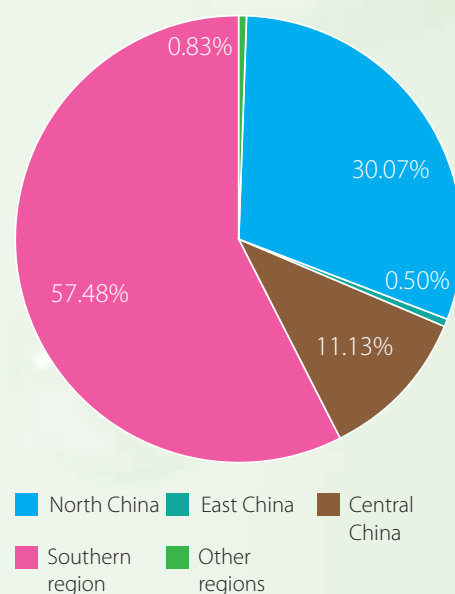
**Number of employees by employment type**



**Number of employees by age**



**Number of employees by geographical region**



### 5.2 Remuneration and Benefit

We have formulated the “Employee Probation/Promotion Appraisal Management System” (《員工試用／晉升考核管理制度》) and the “Salary Management System” (《薪資管理制度》). Based on the basic principles of fairness, competitiveness, incentive and legality, the salary structure of each post is comprehensively formulated from several factors such as structure determination, step-by-step change, distinction of job categories and improvement of the minimum treatment standard at the grass-roots level, and the salary structure is reviewed annually. In terms of subsidies, in addition to the Five Social Insurances and one Housing Fund, we also provide employees with subsidies such as skills subsidies, educational background allowances, full attendance awards, seniority awards, excellent employee awards, performance bonuses, and heatstroke prevention subsidy.

We have formulated the “Appraisal Management System” (《績效考核管理制度》) and conducted performance appraisal for employees based on the principles of fairness and openness. We have defined corresponding appraisal contents for different departments and set up an evaluation team to supervise the evaluation process, analyze and sort out the appraisal data, put forward suggestions for optimization and adjustment combined with the actual situation of the Group, and reach the final optimization plan after negotiating and confirming with various departments, which would be fully implemented after confirmation by the executive deputy general manager or general manager. The appraisal results of all employees would be used as the basis for excellence evaluation, promotion and becoming regular workers. For employees with appraisal results as excellence, we would present awards to them at the employee commendation meeting to encourage them for persistent efforts.

Pursuant to the “Employee Welfare System” (《員工福利制度》), our employees not only enjoy annual leave and statutory holidays prescribed by the state, but also enjoy paid leave such as personal leave, sick leave, work injury leave, marriage leave, funeral leave, annual leave, maternity leave, miscarriage leave, breastfeeding leave and paternity leave.

## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to enhance employees' sense of belonging to the Group, we also hold a variety of employee activities, including organizing quarterly birthday parties, Spring Festival gala, Mid-Autumn Festival activities, distribution of benefits and holding interesting activities for employees on holidays.



Quarterly birthday parties



2020 Spring Festival gala



2020 Mid-Autumn Festival activities

### 5.3 Talent Development

The growth of employees is closely related to the business development of the Group. We have formulated the "Training Management System" (《培训管理制度》), arranging diversified training and related meetings, so that employees can learn about the latest developments in environmental protection technology, as well as relevant laws and regulations, so as to enhance their professional skills and stimulate their creativity. Our training includes regular training, on-the-job training, temporary training, internal training and outsourced training. We also reimburse the training fees for training that employees attend outside.



## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The personnel administration department will follow up on the training on a monthly basis in accordance with the annual training plan, sort out the monthly training statistics and report them to the Company. The training of each employee will be recorded on the "Training Attendance Register" (《培訓履歷台賬》), which will be used as the basic personnel information for employee promotion and transfer, as well as management data for subsequent training operations.



Training on the "Law on the Prevention and Control of Environmental Pollution" (《污染環境防治法》)



Video Conference to Publicize the New "Solid Waste Law" (《固廢法》)

During the Year, the employee training rate of the Group was 100%.

### 5.4 Occupational Safety and Health Protection

The business of the Group is environmental engineering, which involves construction and chemical testing. Therefore, we attach great importance to the health and safety of employees in the industrial parks. The Group strictly complies with the laws and regulations such as the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》), "Fire Protection Law of the PRC" (《中華人民共和國消防法》), "Social Insurance Law of the PRC" (《中華人民共和國社會保險法》) and "Law of the PRC on Prevention and Control of Occupational Diseases" (《中華人民共和國職業病防治法》), and has formulated the "Compilation of Production Safety Management Systems" (《安全生產管理制度彙編》).

We provide employees in various electroplating industrial parks with compliant labour protection products, and strictly prohibit any illegal operations and work behaviors, violations of protective equipment wearing, and command violations on the site of the industrial parks. We purchase social insurance and commercial insurance for all employees, and the specific amount is handled by the personnel administration department in accordance with relevant national policies. If employees are killed, disabled, injured or sick due to occupational disasters, we will compensate them in accordance with relevant regulations and relevant insurance clauses. We also arrange annual physical examinations for employees to achieve early prevention, early detection and early treatment.

## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to our "Safety Education and Training System" (《安全教育培訓制度》), we also provide employees with necessary occupational health education and training. Leaders and employees at all levels are required to be familiar with the occupational health and occupational disease prevention and control responsibilities of their own positions, and understand the occupational diseases, treatment and preventive measures of their own positions and management scope. For employees in high-risk positions, they must receive pre-job education on the regulations related to occupational health and occupational disease prevention and control, labour protection knowledge and training in the use of protective equipment, and can only commence operation after passing the examination.

Besides, in accordance with the requirements of the "Guidelines for the Preparation of Work Safety Accident Emergency Plan for Production and Business Units" (《生產經營單位安全生產事故應急預案編制導則》), and based on the Group's potential incidents and emergencies as well as the results of risk assessment, we formulated the "Emergency Rescue Plan for Production Safety Accident" (《生產安全事故應急救援預案》). We review emergency rescue plans and make necessary amendments on a regular basis. We have established a professional emergency command department, combined with the three-level education system for entering the factory, so as to train emergency rescue personnel every six months, and conduct emergency rescue knowledge training for all employees once a year, thereby ensuring that employees can understand four aspects (i.e. the dangers of leakage and fire, preventive measures, safe handling, and escape methods), and capture four skills (i.e. call the police, use fire extinguishers, put out the initial fire, and escape), and conduct emergency drills at least once a year.



Safety production knowledge training



Risk control and fire drill

## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response to the safety precaution requirements during the prevention and control of COVID-19 epidemic, and in order to prevent the spread of the COVID-19 epidemic and protect the safety of our employees, we have formulated the "Work Plan for the Prevention of the Epidemic of the Resumption of Production and Work in Enterprises" (《關於企業復產復工疫情防範工作方案》), and set up an epidemic prevention team (the "**Team**"). The Team is divided into: employee return statistics team, daily diagnosis and isolation team, park disinfection and sterilisation team, epidemic publicity and education team, and protective equipment combination resumption inspection team. The leader of the Team is responsible for the overall coordination and deployment of the epidemic prevention work, as well as regular notification of the epidemic prevention situation. Meanwhile, members of the Team disinfect the park twice a day, inspect the epidemic prevention materials of the enterprises that resume production and work, distribute surgical masks, gloves and other related protective equipment to employees, recycle and disinfect the discarded protective equipment, publicise the knowledge of epidemic prevention to employees, as well as strictly conduct temperature check for returning employees and leaving and entering staff. In addition, we have also invited traditional Chinese medicine experts to give lectures on the prevention and control of COVID-19 epidemic to deepen the understanding of the characteristics and prevention and control measures of COVID-19 epidemic in winter, so as to further conduct normalised prevention and control of the COVID-19 epidemic at the park in winter.

Given the effective implementation of the above measures, during the Year, we had no work-related deaths and the loss of working days due to work-related injuries was 150 days. Our human resources department will summarise the cause of the accident, and timely equip the corresponding equipment and facilities to strengthen the safety education and emergency rescue training for employees.

### 6. Compliance Operation

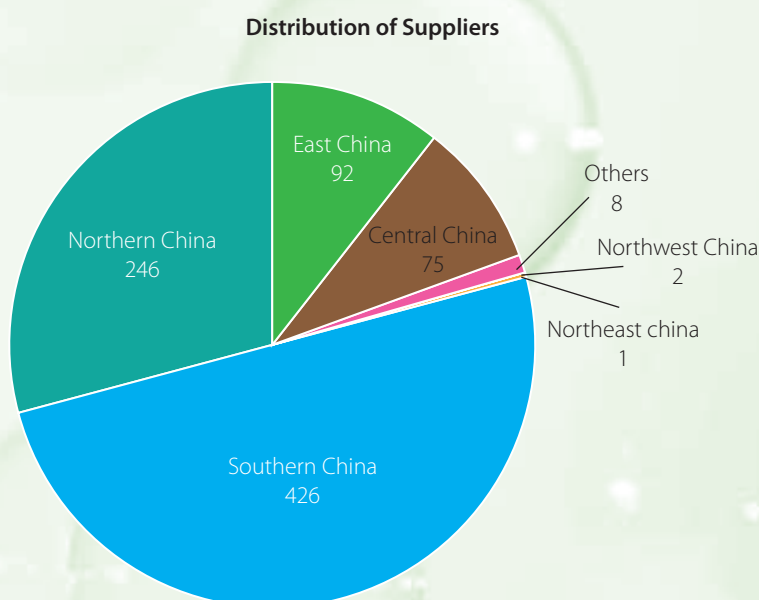
#### 6.1 Supply Chain Management

In order to build a sound cooperation relationship with supplier, we have formulated the "Material Procurement Management System" (《物資採購管理制度》), "Material Supply Management System" (《物資供應管理制度》), "Material Procurement Management Process and Risk Control" (《物資採購管理流程與風險控制》) and "Supplier Management Procedure" (《供應商管理程序》) to achieve high-quality and green procurement. Our materials department connects with the demand departments to find high-quality suppliers through various procurement channels. When purchasing materials, the purchasing clerk is required to compare the quality, cost, after-sales service, supply level, delivery date of products or services, financial position, credit status and management level of at least three suppliers, and submit the comparison results to the department manager for approval. We will give priority to select sustainable suppliers for cooperation, and require their products to have higher recycling efficiency, less packaging expenditure, longer expiration date and higher energy efficiency. For products with special processes, we require them to be conducive to reducing water consumption and releasing less radiation or harmful substances during installation and use. We require suppliers to provide open and transparent reports, disclose their major environmental, social and regulatory risks, and how to deal with the above risks.

We have also formulated the "Chemical Raw Material Monitoring and Management Process" (《化工原料監測管理流程》), and the materials department needs to formulate sampling standards based on the attributes of the materials and testing methods. All chemical raw materials are required to be tested before unloading. If any disqualification or the content under the standard is found, the testing center shall notify the storekeeper immediately, and then the storekeeper shall notify the material department. If it is verified that it is indeed substandard goods after review, we will return such goods in accordance with the process.

Our material department conducts monthly comprehensive evaluations on suppliers and records them in the "Monthly Assessment Record Sheet for Suppliers" (《供應商月考核記錄表》). For qualified suppliers, rewards will be granted at the Supplier Conference at the end of the year and relevant certificates of honor will be issued; for disqualified suppliers, they will be removed from the "Qualified Supplier List" (《合格供應商清單》).

During the Year, the Group had 850 suppliers in total, mainly in the categories of chemicals, construction, equipment, instrumentation, and pipes. The geographical distribution is as follows:



## 6.2 Quality Assurance

The Group strictly complies with relevant laws and regulations such as the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》) and the "Guideline of China Occupational Safety and Health Management System" (《企業安全生產標準化基本規範》).

We provide clean production, pollutant treatment, environmental accident treatment, technical consultation on environmental protection policy and environmental protection declaration and acceptance services to electroplating enterprises, and have obtained the certificate of quality management system (GB/T19001-2016/ISO9001:2015), certificate of occupational health and safety management system (GB/T28001-2011 idt OHSAS 18001:2007) and certificate of environmental management system (GB/T24001-2016/ISO14001:2015). We have set up supporting services for public utilities such as wastewater treatment system, solid waste collection and storage, municipal water supply system, electric system, gas supply system, hazardous items inspection system, e-commerce communication information system and intelligent management platform system in electroplating industrial parks, to ensure compliance with the production requirement of electroplating enterprises. In order to ensure the safe operation of electroplating enterprises, we have formulated the "Safety Inspection and Hidden Danger Control System" (《安全檢查與隱患排查治理制度》) and the "Compendium of Safety Production Management System" (《安全生產管理制度彙編》), which regulate the operation process of enterprises and employees in the electroplating industrial parks and set out the emergency handling methods. We also continue to optimize the wastewater and waste gas treatment process and assist electroplating enterprises to rectify the outdated production equipment and processes to ensure their safe and compliant production.



In order to analyze and predict the safety risk factors in the production and construction process, and select and develop reasonable and reliable risk control and mitigation measures, we conduct safety inspections, discover potential hazards, determine hazard levels, and make timely improvements through methods such as Job Hazard Analysis (JHA), Safety Check List (SCL), and Likelihood, Exposure and Consequence (LEC), which effectively prevent and reduce safety accidents.



### 6.3 Customer Communication

In order to better serve electroplating enterprises, understand their aspirations, solve their problems, standardize the process and improve the quality of service, we have developed the "Business Process Specification" (《事務處理流程規範》).

We welcome any feedback from electroplating enterprises in our electroplating industrial parks to our general department by phone, mail, or in person. After receiving the feedback from customers, the general department will classify and determine the processing time and deadline and then refer to the relevant processing department. After the relevant department has issued the processing plan, the processing plan will be sent to the division director/general manager for confirmation. After such confirmation, the relevant department will handle the customer's feedback according to the processing plan and visit the electroplating enterprise afterwards. At the same time, we will categorize and file all the feedback from customers for future review and improvement.

During the Year, the Group did not receive any significant complaints from electroplating enterprises in our electroplating industrial parks.

#### 6.4 Intellectual Property Protection

We strictly comply with "Advertising Law of the PRC" (《中華人民共和國廣告法》), "Patent Law of the PRC" (《中華人民共和國專利法》), "Rules for Implementation of the Patent Law of the PRC" (《中華人民共和國專利法實施細則》), "Trademark Law of the PRC" (《中華人民共和國商標法》), "Intellectual Property Law of the PRC" (《中華人民共和國知識產權法》) and other relevant laws and regulations.

The Group strictly forbids to make false advertising. We guarantee to provide accurate service information to customers in an overt fashion. All information published in market shall be reviewed to ensure that it's in compliance with requirements of laws and free from error or causing no misleading.

In the cooperation with third-party institutions, we made detailed regulations on the ownership, scope of use, duration and allocation of subsequent R&D achievements of the intellectual rights involved and execute documents with legal effects.

The Group has established long-term cooperation and exchange relationship in technology with scientific research institutions and partner units to transform and promote the R&D achievements in areas of electroplating equipment and materials, wastewater treatment process and wastewater treatment chemicals, etc., so as to contribute to the healthy development of electroplating industrial parks and settled electroplating enterprises constantly.

We actively keep innovating. Two members of the Group have been awarded "High-tech Enterprise" certificate. The Group obtained 53 registered patents and 20 patent were in the progress of application for registration as at 31 December 2020.



### 6.5 Information Security

We strictly comply with “Regulations of the PRC for Safety Protection of Computer Information Systems” (《中華人民共和國計算機信息系統安全保護條例》), “Provisions on Internet Security Protection Technology Measures” (《互聯網安全保護技術措施規定》), “Requirements for Internet Interactive Services Security Protection” (《互聯網交互式服務安全保護要求》), “Basic Procedures and Requirements for Internet Service Security Evaluation” (《互聯網服務安全評估基本程序及要求》), the “Personal Data (Privacy) Ordinance” (《個人資料(私隱)條例》) of the Hong Kong Special Administrative Region and other relevant laws and regulations.

We collect customer information by our specific department through legal channels, and no other departments are allowed to do so. The customer information can only be used for the purposes specified in the contract.

We strengthen the management of customer information and privacy through our file management system and job responsibility system. All transmission of external information is subject to the Group’s special third-level audit; confidential files are strictly managed by special personnel and inaccessible without obtaining approval in advance. Meanwhile, our computer system is equipped with firewall and the important documents will be backed up regularly to ensure information security.

With the implementation of the above measures, the Group did not experience any incidents related to information security or leakage of customer information during the Year.

### 6.6 Clean Operation

The Group strictly complies with the laws and regulations such as the “Anti-Money Laundering Law of the PRC” (《中華人民共和國反洗錢法》), “Contract Law of the PRC” (《中華人民共和國合同法》), and “Tax Law of the PRC” (《中華人民共和國稅法》), and applies zero tolerance policy for engaging any type of corruption or bribery. During the Year, we were not aware of any bribery, extortion, fraud and money laundering lawsuits concerning the Group or its employees.

The Group has formulated the “Code of Professional Ethics and Conduct for Employees” (《員工職業道德行為規範》), which requires employees to deal with related commissions, discounts, credits, subsidies and rebates in accordance with relevant regulations. It is prohibited to establish commercial relations with customers or establish improper relations with suppliers and partners through commercial bribery and other means and methods of unfair competition. At the same time, in addition to their own work, without the authorisation or approval of the legal representative/general manager of the Group, employees shall not take advantage of their powers to bribe, accept bribes or have any illegal income, or leverage the Group’s property in any way for personal gains.

In order to encourage employees, customers and the public to report illegal incidents in a timely manner, we have established a whistle-blowing mechanism to protect the whistle-blowers. After receiving the report, our supervisors of the Group will strictly keep confidential the personal information of the whistle-blowers and the content of the report, and the reported materials will be included in confidential document for management. Reported materials are strictly prohibited to be transferred to the person or department being reported. For propaganda reports and rewards for those who have contributed to the report, the whistle-blower’s private information shall not be disclosed except with the consent of the whistle-blower.

## 7. Contributions to the Community

Our business development is inseparable from the support of the community. Therefore, we endeavor to take the responsibility of promoting community development as possible as we can. As an environmental operator of industrial park, we also educate the community about relevant environmental protection knowledge while developing our business, and invite relevant government authorities to visit our park to understand the production, hazards and treatment processes of electroplating wastewater and enhance environmental awareness. We also encourage employees to participate in various charity activities and proactively consider the needs of community residents.

Since the outbreak of the COVID-19 epidemic, we have taken the initiative to assume the responsibilities of a listed company and fight the epidemic together with the whole society. To support the frontline anti-epidemic work, we donated RMB200,000 to Jingzhou Development Zone to help it purchase urgently needed medical supplies for epidemic prevention and control.

At the same time, we learned that there are many impoverished families in the community where our business is conducted, and the epidemic has made their lives worse. In order to implement the spirit of targeted poverty alleviation, the Trade Union of Kimou and Longxi Sub-district Office jointly carried out a poverty alleviation activity in the winter targeted at the impoverished families and provide peanut oil and rice to those families to improve their living standards and overcome difficulties with them. Our Bingang Park also actively participated in poverty alleviation activities and donated RMB30,000 to local poor families through the Tianjin Red Cross.



# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Appendix I: Sustainability Data Statements

The environmental sustainability data statements for the Year is as follow:

| Environmental aspect   | Unit   | 2020         |
|--|--|--------------|
| <b>Emissions*</b>  |  |              |
| Nitrogen Oxide   | kg   | 296.8        |
| Sulfur Oxide   | kg   | 0.7          |
| Suspended Particulate  | kg   | 26.8         |
| <b>Greenhouse Gas Emissions</b>  |  |              |
| Direct Greenhouse Gas Emissions (Scope 1)                                      | tonne of CO <sub>2</sub> e                     | 37,630.9     |
| Indirect Greenhouse Gas Emissions (Scope 2)                                    | tonne of CO <sub>2</sub> e                     | 16,900.1     |
| Total Greenhouse Gas Emissions (Scope 1 and Scope 2)                           | tonne of CO <sub>2</sub> e                     | 54,530.9     |
| Greenhouse Gas Emissions Intensity (per million revenue) (Scope 1 and Scope 2) | tonne of CO <sub>2</sub> e/per million revenue | 75.2         |
| <b>Energy Consumption</b>  |  |              |
| Total Electricity Consumption  | kWh  | 27,746,095.3 |
| Electricity Consumption per million revenue                                    | kWh/per million revenue                        | 38,285.1     |
| Purchased Electricity Consumption  | kWh  | 27,700,461.3 |
| Self-Produced Electricity (fuel generators)                                    | kWh  | 45,634.0     |
| <b>Fixed Equipment</b>   |  |              |
| Natural Gas Consumption  | m <sup>3</sup>                                 | 17,203,279.5 |
| Diesel Consumption   | L  | 22,700.0     |
| <b>Motor Vehicles</b>  |  |              |
| Gasoline Consumption   | L  | 34,954.3     |
| Diesel Consumption   | L  | 11,290.9     |
| <b>Water Consumption</b>   |  |              |
| Total Water Consumption  | tonne  | 812,138.2    |
| Water Consumption Intensity (per million revenue)                              | tonne/per million revenue                      | 1,120.6      |
| <b>Paper Consumption</b>   |  |              |
| Paper Consumption  | kg   | 3,418.9      |
| Paper Consumption per Capita   | kg/staff                                       | 5.7          |
| <b>Waste</b>   |  |              |
| Amount of Non-hazardous Waste Produced   | tonne  | 1,461.6      |
| Non-hazardous Waste Production Intensity (per square meter)                    | kg/m <sup>2</sup>                              | 1.1          |
| Amount of Hazardous Waste Produced   | tonne  | 18,009.5     |
| Amount of Hazardous Waste Produced (per million)                               | tonne/per million revenue                      | 24.9         |
| Recycling of hazardous waste   | tonne  | 18,009.5     |

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Wastewater Discharge \*\*

| Actual sewage discharge indicators | Unit | 2020 average emission concentration |              |
|------------------------------------|------|-------------------------------------|--------------|
|                                    |      | Huizhou Park                        | Bingang Park |
| Ammonia                            | mg/L | 1.0                                 | 0.8          |
| Total nitrogen                     | mg/L | 15.4                                | 20.0         |
| pH                                 | –    | 7.3                                 | 7.6          |
| Total suspended solids (TSS)       | mg/L | 4.0                                 | 7.0          |
| Chemical oxygen demand (COD)       | mg/L | 16.0                                | 46.0         |

Remark:

\* The above emissions include vehicle emissions and exhaust gas emissions from the Parks. Vehicle emissions were calculated in accordance with EMFAC-HK Vehicle Emission Calculation ([http://www.epd.gov.hk/epd/english/environmentinhk/air/guide\\_ref/emfac-hk.html](http://www.epd.gov.hk/epd/english/environmentinhk/air/guide_ref/emfac-hk.html)) (only in English) by Hong Kong Environmental Protection Department and MOBILE6.1 Particulate Emission Factor (<http://www3.epa.gov/otaq/m6.htm>) (only in English) by United States Environmental Protection Agency (not precluding changes or updated versions).

\*\* Since Huazhong Industrial Park has not yet commenced operation, only sewage discharge data of Huizhou Park and Bingang Park are disclosed, and the discharge standards are as follows:

1. Electroplating Water Pollutant Emission Standard (《電鍍水污染物排放標準》) DB441597-2015
2. Surface Water Environmental Quality Standard (《地表水環境質量標準》)(GB 3838-2002)
3. Comprehensive Wastewater Discharge Standard (《污水綜合排放標準》) DB12/356-2018
4. Table 3 Emission Standards and Table 1 Emission Standards in the Pearl River Delta Region under Guangdong Province Electroplating Water Pollutant Discharge Standard (《廣東省電鍍水污染物排放標準》) (DB44/1597-2015)

The following is a summary of the Group's sustainability data in the social area for the Year:

| Social aspects                            | Unit   | 2020       |
|---|--------|------------|
| Total Employees                           | people | <b>602</b> |
| <b>Total Employees by Gender</b>          |        |            |
| Female                                    | person | <b>169</b> |
| Male                                      | person | <b>433</b> |
| <b>Total Employees by Employment Type</b> |        |            |
| Full-time Junior Employees                | person | <b>471</b> |
| Full-time Middle Management               | person | <b>89</b>  |
| Full-time Senior Management               | person | <b>42</b>  |
| <b>Total Employees by Age</b>             |        |            |
| Aged below 30                             | person | <b>223</b> |
| Aged 30–50                                | person | <b>333</b> |
| Aged above 50                             | person | <b>46</b>  |

## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Social aspects  | Unit   | 2020  |
|---|--------|-------|
| <b>Total Employees by Geographical Region</b>             |        |       |
| North China   | person | 181   |
| Eastern China   | person | 3     |
| Central China   | person | 67    |
| Southern Region   | person | 346   |
| Other Region  | person | 5     |
| <b>Employees Turnover Rate **</b>                         |        |       |
| Total staff turnover rate                                 | %      | 20.6  |
| <b>Employees Turnover Rate by Gender</b>                  |        |       |
| Female  | %      | 17.2  |
| Male  | %      | 21.8  |
| <b>Employees Turnover Rate by Age</b>                     |        |       |
| Aged below 30   | %      | 25.7  |
| Aged 30–50  | %      | 17.6  |
| Aged above 50   | %      | 14.8  |
| <b>Employees Turnover Rate by Geographical Region</b>     |        |       |
| North China   | %      | 19.0  |
| Eastern China   | %      | 0.0   |
| Central China   | %      | 26.4  |
| Southern Region   | %      | 20.0  |
| Other Region  | %      | 0.0   |
| <b>Occupational Health and Safety</b>                     |        |       |
| Number of work-related fatalities                         | person | 0     |
| Lost days due to work injury                              | days   | 150   |
| <b>Employee Training</b>                                  |        |       |
| <b>Percentage of Employees Trained by Gender</b>          |        |       |
| Female  | %      | 100.0 |
| Male  | %      | 100.0 |
| <b>Percentage of Employees Trained by Employment Type</b> |        |       |
| Full-time Junior Employees                                | %      | 100.0 |
| Full-time Middle Management                               | %      | 100.0 |
| Full-time Senior Management                               | %      | 100.0 |

## Appendix II: Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Index

| KPI                   |                  |                    |   | Corresponding chapters  |
|-----------------------|------------------|--------------------|---|---|
| <b>A. Environment</b> |                  |                    |   |   |
| A1:                   | Emissions        | General Disclosure | Information on: (a) the policies; and (b) and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 4. Environmental Protection;<br>4.1 Wastewater Treatment;<br>4.2 Waste Management;<br>4.3 Emission Management |
|                       |                  | A1.1               | The types of emissions and respective emissions data.   | Appendix I: Sustainability Data Statements  |
|                       |                  | A1.2               | Greenhouse gas emissions in total and intensity.  | 4.3 Emission Management;<br>Appendix I: Sustainability Data Statements  |
|                       |                  | A1.3               | Total hazardous waste produced and intensity.   | 4.2 Waste Management;<br>Appendix I: Sustainability Data Statements   |
|                       |                  | A1.4               | Total non-hazardous waste produced and intensity.   | 4.2 Waste Management;<br>Appendix I: Sustainability Data Statements   |
|                       |                  | A1.5               | Description of measures to mitigate emissions and results achieved.   | 4.3 Emission Management   |
|                       |                  | A1.6               | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.  | 4.2 Waste Management;<br>4.4.3 Material Management  |
| A2:                   | Use of Resources | General Disclosure | Policies on the efficient use of resources.   | 4.4.1 Energy Management;<br>4.4.2 Water Resources Management;<br>4.4.3 Material Management                    |
|                       |                  | A2.1               | Direct and/or indirect energy consumption by type in total and intensity.   | 4.4.1 Energy Management;<br>Appendix I: Sustainability Data Statements  |
|                       |                  | A2.2               | Water consumption in total and intensity.   | 4.4.2 Water Resources Management;<br>Appendix I: Sustainability Data Statements                               |
|                       |                  | A2.3               | Description of energy use efficiency initiatives and results achieved.  | 4.4.1 Energy Management   |
|                       |                  | A2.4               | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.   | 4.4.2 Water Resources Management  |
|                       |                  | A2.5               | Total packaging material used for finished products and per unit produced.  | The business of our Group does not involve packaging material   |



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| KPI        |                                   |                    |   | Corresponding chapters   |
|------------|-----------------------------------|--------------------|---|--|
| A3:        | Environment and Natural Resources | General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources.  | 4. Environmental Protection  |
|            |                                   | A3.1               | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.   | 4. Environmental Protection  |
| B. Society |                                   |                    |   |  |
| 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, anti-discrimination, and other benefits and welfare. | 5. Talent Caring;<br>5.1 Attracting Talents;<br>5.2 Remuneration and Benefit                 |
|            |                                   | B1.1               | Total workforce by gender, employment type, age group and geographical region.  | 5.1 Attracting Talents;<br>Appendix I: Sustainability Data Statements                        |
|            |                                   | B1.2               | Employee turnover rate by gender, age group and geographical region.  | Appendix I: Sustainability Data Statements   |
| B2:        | Health and Safety                 | 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 providing a safe working environment and protecting employees from occupational hazards.  | 5.4 Occupational Safety and Health Protection  |
|            |                                   | B2.1               | Number and rate of work-related fatalities.   | 5.4 Occupational Safety and Health Protection;<br>Appendix I: Sustainability Data Statements |
|            |                                   | B2.2               | Lost days due to work injury.   | 5.4 Occupational Safety and Health Protection;<br>Appendix I: Sustainability Data Statements |
|            |                                   | B2.3               | Description occupational health and safety measures adopted, how they are implemented and monitored.  | 5.4 Occupational Safety and Health Protection  |
| B3:        | Development and Training          | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | 5.3 Talent Development   |
|            |                                   | B3.1               | The percentage of employees trained by gender and employee category.  | 5.3 Talent Development;<br>Appendix I: Sustainability Data Statements                        |
|            |                                   | B3.2               | The average training hours completed per employee by gender and employee category.  | To be disclosed next year  |

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| KPI |                         |                    |   | Corresponding chapters  |
|-----|-------------------------|--------------------|---|---|
| B4: | Labour Standards        | 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.  | 5.1 Attracting Talents  |
|     |                         | B4.1               | Description of measures to review employment practices to avoid child and forced labour.  | 5.1 Attracting Talents  |
|     |                         | B4.2               | Description of steps taken to eliminate such practices when discovered.   | 5.1 Attracting Talents  |
|     |                         |                    |   |   |
| B5: | Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain.  | 6.1 Supply Chain Management   |
|     |                         | B5.1               | Number of suppliers by geographical region.   | 6.1 Supply Chain Management   |
|     |                         | B5.2               | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.   | 6.1 Supply Chain Management   |
|     |                         |                    |   |   |
| B6: | Product Responsibility  | 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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 6.2 Quality Assurance;<br>6.4 Intellectual Property Protection;<br>6.5 Information Security |
|     |                         | B6.1               | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | The Group is not involved in the sale of products   |
|     |                         | B6.2               | Number of products and service-related complaints received and how they are dealt with.   | 6.3 Customer Communication  |
|     |                         | B6.3               | Description of practices relating to observing and protecting intellectual property rights.   | 6.4 Intellectual Property Protection  |
|     |                         | B6.4               | Description of quality assurance process and recall procedures.   | 6.2 Quality Assurance   |
|     |                         | B6.5               | Description of consumer data protection and privacy policies, how they are implemented and monitored.   | 6.5 Information Security  |
|     |                         |                    |   |   |

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| KPI |                      |                    |  | Corresponding chapters            |
|-----|----------------------|--------------------|--|-----------------------------------|
| 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. | 6.6 Clean Operation               |
|     |                      | 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.                               | 6.6 Clean Operation               |
|     |                      | B7.2               | Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.  | 6.6 Clean Operation               |
| 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.           | 7. Contributions to the Community |
|     |                      | B8.1               | Focus areas of contribution.   | 7. Contributions to the Community |
|     |                      | B8.2               | Resources contributed to the focus area.   | 7. Contributions to the Community |