

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. SCOPE

The reporting period of this Environmental, Social and Governance report ("Report") is from 1 January 2018 to 31 December 2018. This Report focuses on the Group's core businesses of property development and sports & culture, and includes relevant operating information of the Group's Hong Kong head office and nine subsidiaries in Mainland (all of these subsidiaries are operating entities), namely (1) 寶新控股有限公司 (Baixin Holdings Co., Ltd.*) ("Shenzhen Office"), (2) 長春市寶新房地產開發有限公司 (Changchun Baixin Property Development Co., Ltd.*) ("Changchun Company"), (3) 湖南美聯置業有限公司 (Hunan Meilian Property Co., Ltd.*) ("Changsha Company"), (4) 深圳大鵬遊艇會有限公司 (Shenzhen Dapeng Yacht Club Company Limited*) ("Marine Sport Centre"), (5) 深圳大鵬國際教育有限公司 (Shenzhen Dapeng International Education Company Limited*) ("Marine Training Centre"), (6) 汕頭市潮商城鎮綜合治理有限公司 (Shantou Chaoshang Chengzhen Comprehensive Management Company Limited*), and 潮商集團（汕頭）投資有限公司 (Chaoshang Group (Shantou) Investment Company Limited*), (collectively, "Shantou Company"), and (7) 渭南市寶能置業有限公司 (Weinan Baoneng Property Company Limited*) ("Weinan Company").

This Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Main Board Listing Rules. The contents of this Report have been confirmed by the Board of the Company and have complied with the "comply or explain" provisions. We value your feedback regarding this Report and the Company's practices in the field of sustainable development. Please provide your comments by email to info@newsportsgp.com.

2. COMMUNICATION WITH STAKEHOLDERS

The Company's annual general meeting ("AGM") provides an effective platform for the Board of Directors and Shareholders to exchange views. In addition to the AGM, for maintaining close relationship with customers, suppliers and other stakeholders, the Group communicates with stakeholders from time to time through different channels such as visits, conference calls, e-mails, company websites, customer service hotlines, follow-ups by customer service representatives, etc. in order to fully listen to their views and needs. The Group's overall performance is also reported to investors through the annual report of the Company.

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

3.1 Environmental

3.1.1 Emissions

The Group has always cared for and protected the natural environment. As an advocate of sustainable development, the Group has strictly complied with principles of environmental protection, and adopted the concept of "green and low-carbon operation". The Group strives to conserve energy and reduce emission in its building design, construction activities, as well as daily management and operation. Upholding the concepts of "refined operation", the Group has complied with the basic requirements of all environmental laws and standards, including but not limited to the 《中華人民共和國環境保護法》 (Environmental Protection Law of the People's Republic of China*) and the 《中華人民共和國水污染防治法》 (Water Pollution Prevention and Control Law of the People's Republic of China*), and developed policies and strategies and carried out a series of actions to promote environmental protection, including:

Waste Reduction Policy

The Group actively supports the Government's policies and schemes in relation to waste management and reduction. To protect the environment in its offices, construction sites and business premises, ensure occupational health and safety, and prevent pollution caused by wastes, the Group has developed and implemented measures to reduce, manage and treat wastes based on the its office conditions and business natures.

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The Group has established systems and rules for management of, use of office supplies and other supplies, as well as the environmental management in its offices. The 5S method is adopted in offices to encourage employees to minimise the use of and preserve materials. Wastes are treated in different ways according to their categories, and recyclable wastes (waste paper, paper boxes and others) are recycled. Old packaging boxes for equipment/materials are re-used for other purposes. Unrecyclable wastes, such as plastic packaging bags, discarded electronic products, etc., are kept at designated places and later transferred to qualified vendors for handling. During the reporting year, no violation of environmental regulations was found.

The wastes and other unwanted materials deriving from the Group's construction activities are collected strictly according to local municipal authority's rules. The constructor is required to manage all construction wastes arising from its constructions. Garbage stations are opened at construction sites, and all solid wastes arising from construction and production activities, such as discarded electrode, welding slag, oil cotton yarn, oil cotton cloth, etc., are recycled by construction or production employees, kept at designated places, and treated together. Unrecyclable construction and domestic wastes after sorting shall be timely transported to qualified waste disposal sites to prevent any further pollution. Treatment of hazardous wastes shall be commissioned to approved agencies, and be duly registered. The Group also strives to identify, improve and strengthen management of the processes that can cause serious pollutions in order to minimise pollution.

Business Travel Reduction Policy

The Group understands that frequent business trips increase energy consumption and lead to increase in greenhouse gas emissions. Therefore, the Group has established a standard business trip management system to clearly define the approval procedures for business trips and set annual budgets for business trips in advance. Reasonable number of business trips are planned to avoid unnecessary business trips. On the other hand, the Group has established a conference management system with regularised and efficient communication methods to encourage employees to use fast and efficient communication channels, such as mobile communication tools, Internet communication tools, video conferences, telephone conferences and emails. Remote communication software is adopted as much as possible when communicating with external parties. The Group also encourages travelling employees to choose means of transport that are economical and fast, and public transportation is the most recommended by the Group.

Policy on Use of Vehicles

To better regulate vehicle uses for daily operational and business purposes, and reduce the exhausts and other pollutants caused by unreasonable use of vehicles, the Group has established the "Standards of Vehicle Uses". Vehicle managers are required to record and sort out vehicles' mileage, fuel consumption and other vehicle use information on a monthly basis. By comparing the frequency and fuel consumption in vehicle uses, vehicle managers can determine whether vehicles are used properly, and the frequency of vehicle uses can be well controlled. The Group has assigned employees to drive, repair and maintain vehicles. Employees have to submit an application before using a vehicle and are not allowed to use vehicles without prior approval. In addition, all vehicles have to accept statutory annual checks to ensure that they meet related environmental and safety standards. Vehicles that fail in the statutory annual checks or have any abnormality in emission systems are not allowed to be used, and shall be repaired as soon as possible. To protect environment,

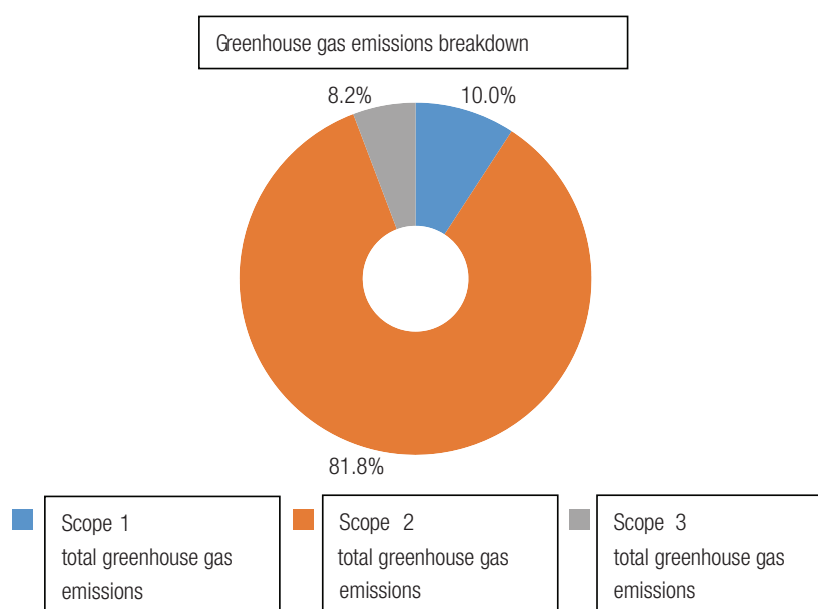
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the Group has also purchased two battery carts (which run on charged battery instead of gasoline) for picking up employees and customers within the site area of operation to prevent the emission of harmful gases. This also represents part of the Group's efforts to promote energy saving and emission reduction.

The following table shows the types of emissions of the Company and the respective emission data:

Air emissions	Unit	
Nitrogen oxide (NOx) emission	grammes	136,091.86
Sulphur oxide (SOx) emission	grammes	668.85
Particulate (PM) emission	grammes	11,737.00

The following chart shows the emissions of greenhouse gas in the reporting period:



Greenhouse gas emissions	Unit	
Scope 1 total greenhouse gas emissions	CO ₂ e(metric ton)	150.59
Scope 2 total greenhouse gas emissions	CO ₂ e(metric ton)	1,233.25
Scope 3 total greenhouse gas emissions	CO ₂ e(metric ton)	124.43
Total greenhouse gas emissions	CO ₂ e(metric ton)	1,508.27
Intensity of greenhouse gas emissions	CO ₂ e(metric ton)/employee	4.04

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**Local Procurement Policy**

The Group's subsidiaries have many suppliers, and our success in quality control can not be realised without cooperation of our suppliers. To standardise its supplier management and procurement, the Group has developed systems such as "Rules governing Supplier Assessment" and "Rules governing Administrative Procurement", and others. In addition, when making decisions on procurement, the Group encourages persons in charge in subsidiaries to consider a range of factors including the qualities, costs and environmental impacts of the materials. On the premise of fulfilling the Group's procurement policy, preference is given to the products, equipment and services of local suppliers, and priorities are given to suppliers in closer proximities who adopt eco-friendly means of transport. Procurement from local suppliers can reduce use of means of transport, emission of greenhouse gas, and occupation of public resources. When reducing risks in our supply chain, the Group also closely works with suppliers to develop solutions to achieve further resource conservation.

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Policy for Advocating Environmental Protection to Stakeholders

Everyone shall help protect the environment. For effective implementation of the Group's emission reduction policy, the Group advocates the importance of carbon emissions reduction among all its stakeholders. The Group has adjusted the various internal systems to reduce carbon emission as much as possible. Moreover, the Group incorporates the values and knowledge of environmental protection into employees' training programmes in a top-down manner to build up employees' awareness on environmental protection, and provide guidance to employees on environmental protection practices in the daily operation. The Group integrates environmental protection requirements into employees' works. For example, employees shall comply with environmental standards when designing products, and explicit environmental requirements shall be put in place for all construction sites. The Group also calls on its suppliers and partners to operate in accordance with environmental regulations, use eco-friendly materials after considering and balancing all interests, and develop and implement diversified environmental management practices.

3.1.2 Use of Resources

The rapid economic growth is causing a shortage of energy and resources, as reflected by ongoing tight supply of electricity and coal, rising oil price, seasonable shortage of natural gas and increasingly serious pollution. The acute shortage of energy makes energy conservation and environmental protection imperative tasks. The Group is well aware of the high importance in conserving resources. To better conserve resources, the Group has developed a series of measures to minimise the consumption of water, electricity, oil, office supplies and other resources, including:

Energy Conservation Policy

Develop code of practice for use of air conditioning: The Group believes a scientific and reasonable operation management system can ensure the air conditioning system operates in a highly efficient manner, thereby reducing the energy consumption and repair times of air conditioners and prolonging the working life of air conditioners. To reduce the energy consumption of air conditioning system requires not only use of advanced technologies and energy-efficient products, but also an efficient operation management system for air conditioners. The Group's air conditioning system can only be operated and maintained by certified employees that have received related energy conservation trainings. Such employees shall operate, maintain and manage the air conditioning system in strict compliance with related requirements of the Group. In addition, the Group sets rules for uses of air conditioners in offices, which stipulate that office temperature under the air-conditioning setting shall not be lower than 25.5 degrees Celsius in summer and not be higher than 20 degrees Celsius in winter. Windows are not allowed to be opened during the operation of the air conditioning system. On the premise of fulfilling the above requirements, the Group's subsidiaries at different places may set other detailed standards based on local weather conditions and other factors.

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With an energy conservation system for equipment use as the basis, the Group endeavors to raise employees' energy conservation awareness. To instill the energy conservation concept into every employee, the Group has established the employees' code of practice for energy conservation requiring employees to: switch off lighting facilities when they leave the office or the lighting facilities are no longer in use; switch off lightings, air conditioning system and computers whenever appropriate, or to set office equipment such as computers, printers, photocopiers, etc. in standby or other energy-saving modes during non-working hours such as lunch time; and switch off computers, displays and power strips to cut power supply when getting off work. In this way, the Group has fostered a workplace atmosphere that encourages energy conservation.

The office layout is designed to avoid blocking natural lighting. Transparent materials are used as much as possible in subdividing the office spaces. Some movable walls are also used. These measures maximise the use of natural lighting, and create building conditions that are conducive to natural lighting and indoor environment that makes full use of lighting facilities. Natural ventilation is used and windows are opened as much as possible to reduce the reliance on air conditioning. When the lights in offices need to be turned on, only the lights at the workstations of employees are switched on. Lights are not all turned on when there are only few people in offices. In summer, lights in the passages are not opened until 6:30 pm to ensure efficient monitoring and safety of company assets, and are turned off after 7:00 am the next day. During the operation of air conditioning, employees are requested to close doors and windows to avoid additional power consumption.

The Group gives priority to those with higher energy-efficiency when selecting products and equipment, which facilitates the Group's implementation of energy conservation measures. In addition, the Group has assigned designated employees to regularly inspect products and equipment, and timely repair and replace inefficient equipment in order to avoid unnecessary power consumption from poor performance of equipment. The Group has installed LED and other energy-efficient lights at its offices, conference rooms and passages to reduce power consumption of lighting facilities and increase the overall energy efficiency of the Group.

Wherever possible, the Group tries its best to adopt renewable energy or low-carbon high-quality energy sources to effectively conserve energy, reduce greenhouse gas emissions and prevent environmental pollution.

During the reporting period, the relevant business units of the Group recorded electricity consumption of approximately 1,964.36 MWh in total. The following table shows the consumption volumes of various energy sources during the reporting period:

Use of energy	Unit	
Diesel consumption	Litres	5,300.00
Liquefied petroleum gas consumption	Litres	13,251.89
Gasoline consumption (mobile source)	Litres	39,221.21
Electricity consumption	MWh	1,964.36

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Water Conservation Policy

Everyone shall help conserve water. As water is a public resource, the Group believes conserving water is a responsibility and obligation for a company. Therefore, when complying with national and industrial water conservation standards, the Group also sets internal standards for water conservation. The Group has used advanced and economical water conservation technologies and methods that are in line with national and industrial policies and fit the business nature of the Group. In addition, the Group sets up systems to regulate water uses so as to promote water conservation. The Group holds water conservation trainings for all employees and actively promotes national and company rules, regulations, methods, requirements and standards in relation to water conservation. By doing this, the Group spreads water conservation knowledge and raises water conservation awareness of employees, and helps employees develop the habit of conserving water. Employees always remember to close water taps and avoid waste of water. In daily operations, reminders are posted near water supply sources advising employees and visitors to save water. Facilities like water pipes and taps are regularly inspected by designated personnel to ensure defects such as water leakages are timely repaired to prevent wastage of water.

During the reporting period, the Group's business units recorded water consumption of 73,929.28 m³ in total.

Resources Conservation Policy

To conserve resources in offices, the Group promotes green workflow by automating the office work processes and using Internet as much as possible. The Group encourages its employees to maximise the use of electronic files and emails when making communications on work and saving files. The Group has also built an OA system to implement a paperless office in its entire process of review and approval. The Group has reduced the paper consumption in offices by using e-mail as the primary means of communication, and saving files on computers instead of printing or copying. To reduce paper consumption and cut printing costs, paper documents should be circulated with consideration of confidentiality requirements. The Group also maximises resource conservation in the process of using office equipment. For example, the Group has installed card readers for printers to strictly control the printing volume of paper and eradicate over-printing of paper. Employees' computers have also been preset with black and white printing mode to reduce the frequency of colour printing. Ink cartridges of printers and photocopiers are recycled as much as possible. When using printers, the Group encourages the employees to print on both sides of paper; and obsolete paper documents shall be processed by the documenter rather than being discarded. Designated departments of the Group are responsible for centralised procurement and management of office supplies in order to reasonably control procurement volume, use of office supplies and prevent wastage of resources.

In respect of resources conservation in the places of operation and construction sites, the Group gives priority to the controlling of primary resource consumption. The Group has upgraded and innovated the existing technologies, and introduced technologies, methods and processes that facilitate resource conservation, in order to reduce pollutants and recycle wastes in the process of production and construction activities. Resource recycling is a major consideration of the Group. The Group's products are designed and manufactured to be as recyclable as possible, and product designs must meet national environmental standards for design. In addition, the Group strictly controls the use of resources by standardised operations and workflows. Designated personnel are responsible for controlling use of resources to prevent any wastage of resources caused by improper operations.

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Use of Resources	Unit	
Paper consumption	Metric ton	16.36
Toner consumption	Kilogramme	7.14

3.1.3 The Environment and Natural Resources

The major environmental impacts of the Group's property investment and development business are the environmental protection needs at construction sites of property development projects. The major environmental impacts of the Group's sports tourism and sports training businesses are the marine resources that the waterborne activities rely on and the potential impact of these activities, as well as the consumption of resources in the offices. In line with the promotion of environmental protection and resource utilisation within the Group, green procurement, green construction and green operation policies are advocated by the Group:

Green Procurement Policy

The Group actively supports the government's green procurement policies, and considers production needs, economic benefits and environmental targets in the process of procuring. Priority is given to suppliers that provide environmentally friendly products and services. These include environmentally certified materials or services, recycled products, reusable or recyclable materials, products that do not contain toxic or hazardous substances, equipment that can improve the efficiencies of energy and water usages, and other products or equipment that meet the regulatory requirements related to the environmental issues or have environmental labels indicating small negative environmental impacts of such products or equipment. This helps enterprises improve their environmental actions. In the meanwhile, the Group communicates the importance of green procurement to employees in order to raise employees' awareness of the environmental impact of procurement activities. The suppliers and contractors are encouraged to provide environmentally friendly products and services at competitive prices. The Group regularly and comprehensively assesses suppliers' products and services and rates cooperation levels based on suppliers' performance on an annual basis to ensure suppliers' full compliance with the Group's environmental standards.

Policy of Concurrent Designing, Construction and Use of Environmental Facilities in construction Projects

For construction projects, the Group has adopted a policy to ensure that environmental facilities in building projects are designed, constructed and put into use concurrently with main parts of the construction projects. Before commencement of the construction projects, an assessment must be carried out to study, forecast and gauge the negative environmental impact arising from location, designing and use of the building project. Preventive measures must be developed to manage such negative environmental impact. When designing the construction project, the Group encourages the use of new technologies, processes and equipment that cause no pollution and strives to enhance the efficiency in usage of resources and energy to reduce emission of pollutants at the source. Pollutions in the process of production are minimised pursuant to the requirements of clean production. At the stage of construction, designated personnel are responsible for ensuring concurrent construction and completion of environmental facilities and main parts of the construction projects. After completion of the construction projects, a pilot production and test run can only be launched after the completed products are accepted by the environmental authorities. In addition, the application for accepting the completed auxiliary environmental facilities shall be submitted to competent authorities within required period. Funds invested in environmental treatment of building projects as a percentage of total project investment shall not be lower than the level required by national laws.

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Oceans Day

Ocean is part of the earth, and it not only contains many mineral resources, but also provides living spaces for many creatures. The Group enjoys a superior environment given by the nature in Judiaosha, one of the most beautiful beaches in Shenzhen. The Company is aware of the importance of and the responsibilities on marine conservation. The Group has strengthened the management of the Sport Centre and beaches to prevent any behaviour that can pollute the oceans. On Oceans Day 2018, New Sports Marine Sport Centre organised environmental conservation activities in Judiaosha, taking this opportunity to call upon the public to protect our oceans through actions. The Group also regularly organises activities of collecting garbage on beach and asks all employees to participate in the activities. In this way, the Group raises employees' awareness of protecting oceans and maintaining clean marine environment.



3.2 Social

3.2.1 Employment

The Group adheres to local employment laws and regulations and believes that employees are an important cornerstone of the Group's steady development. Therefore, the Group has built a sound human resource management system that sets a series of standards for recruitment, employees' activities, wage adjustment, promotion, termination of employment and other human resource-related matters, and ensures the Group's employees are treated in a fair and reasonable manner. In the reporting period, the Group did not experience any labour dispute.

Although there is no collective bargaining policy nor is the Group bound to any collective bargaining contract, the management emphasises the maintenance of a clear and constructive dialogue with the employees on company's matters. This commitment is included in the written policies on remuneration, working hours, employees' benefits, employees' training, health and safety, complaint handling and whistle-blowing mechanisms.

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The Group is convinced that business success is tied with dedicated and motivated employees. As of 31 December 2018, the number of employees covered by this report in Hong Kong and throughout China is 373 in total. The distribution of employees by geographical region, gender, age group and employment category is as follow:

	Number of employees	Turnover rate (%)
By geographical region		
Hong Kong Office	18	5.55
Shenzhen Office	53	18.87
Changchun Company	27	0.00
Changsha Company	28	3.57
Marine Sport Centre	50	62.00
Marine Training Centre	26	19.23
Shantou Company	143	9.79
Weinan Company	28	17.86
By gender		
Employees — female	128	19.53
Employees — male	245	17.14
By age group		
Employees — Below 30	122	28.93
Employees — 30 to 50 years old	229	12.99
Employees — Above 50	22	4.55
By employment category		
Employees — part-time	9	
Employees — permanent	364	

Recruitment and Promotion

When recruiting, the Group ensures that each job applicant has due rights and will not be refused for employment due to factors such as gender, age, ethnicity or religious belief. Similarly, promotion decisions do not take into consideration of differences like age, religion, marital or child conditions, etc. The basis for promotion only takes reference to the employee's knowledge, skills and professionalism. The Group is committed to safeguarding the equal rights and interests of employees in the workplace.

Wages and Benefits

The Group ensures that the wage of every employee shall meet the legal minimum requirements defined by the local government, and purchases social insurance or other defined provident fund contribution plans for employees according to the local employment regulations. Assessment of labour market situations is conducted on annual basis. Reasonable and legal wage adjustments will be made to ensure competitive compensation packages for employees and reward the employees' contributions to the Group.

In addition to wages, the Group abides by the arrangement of statutory holidays and paid annual leaves, and provides holiday allowance for employees on major holidays. The Group also provides overtime and business trip meal allowance, and incentive paid leave, etc.

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3.2.2 Health and Safety

The Group attaches great importance to the occupational health and safety of employees, and therefore formulated sound management system and standards. The Group regularly checks safety status of offices, places of operation and construction sites, and actively takes measures to mitigate safety risks, with an ultimate goal of building a zero-accident working environment.

Workplace Safety Management

The Group attaches great importance to safety in production and management, and requires all its subsidiaries to put in place safety management mechanism as per related standards. The Group has assigned designated staff to take charge of safety management, and regularly holds trainings and conferences on safety. On-site safety checks are conducted to ensure zero-accident workplace. Safety reminders are posted in the office and work areas, such as “Be Careful! Hot Surface” on water equipment, and “Do Not Move” on fire-fighting equipment. For positions with relatively high risks, in addition to posting relevant safety procedures and operating instructions in prominent places, we also provide employees with appropriate personal protective facilities for the prevention of occupational diseases and work injuries. To build a regular safety mechanism in workplace, the Group has set up a special taskforce to regularly inspect safety-related matters and bring to the employees’ attention of risks such as fire, electric powers, chemicals, etc.

In relevant real estate development business, the Group arranges for production safety personnel with relevant production knowledge and management capability as well as relevant certificates to be on duty in compliance with Article 20 of 《中華人民共和國安全生產法》 (Production Safety Law of the People’s Republic of China*).

Employee Body Check and Insurance

The Group is deeply aware of the importance of employees’ health. Therefore, the Group regularly organises body checks for employees at medical institutes every year. The Group makes contributions to the 5 mandatory insurance schemes (pension fund, medical insurance, industrial injury insurance, unemployment insurance and maternity insurance) for employees, and organises its employees to participate in the government-recommended “critical illness insurance” scheme. For employees who work in the Group’s relatively risky businesses such as property development and others, the Group has purchased commercial casualty insurances as protection for employees,

Employee Safety Training

The Group prepares a safety training plan for employees at the beginning of every year, which sets out details of the occupational health and safety trainings for employees, including identification of safety warning signs, operation of safety facilities, safe operating procedures at related positions, and lessons learned from safety accidents, etc. These trainings aim to raise the employees’ safety awareness so that they can identify safety risks and stay vigilant. The Group also regularly arranges employees to go through fire and emergency drills in which they will familiarise themselves with basic self-rescue and emergency escape skills.

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In addition to ensuring safety of the Group's employees, the Group also conducts safety supervision on the work practices of the contractors within the operation sites of the Group. Requiring these contractors to build sound safety management system and ensure good instruction on safety works, so as to optimise the management of occupational health and safety.



Safety at Sea (Such as Lifeguard Training)

Since part of the Group's businesses are carried out at the seaside, to safeguard the employees' and customers' personal safety, the Company has organised some of its employees to take the examination for the Qualification Certificate of Industry Practitioners (行業從業人員資格證書) awarded by the General Administration of Sport of China and Class 5 Lifeguard Work Permit (五級救生員上崗證) awarded by the Shenzhen Water Sports Association. In seaside operations, certified and experienced lifeguards are on duty all the time. The Group also regularly organises marine safety trainings for employees, partners and other marine workers to enhance their basic safety knowledge and skills.



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Work and Life Balance

The Group is committed to maintaining the physical and mental health of employees, and highly concerned about the work-life balance of the employees, and as such, the Group fully leverages its advantages in human resource management, and effectively analyses the workload of each job position to assess the work intensity of employees and ensure reasonable workload. The Group does not force employees to work overtime. To help employees relax and relieve their work pressure, the Group has enhanced internal communication and allocated money to each department every quarter to fund recreational activities for the release of the employees' stress. These activities include employees' birthday parties, sports and fitness activities, and team building activities (such as camping), which have enriched employees' lives beyond their daily work.

During the reporting year, there was no non-compliance with local regulations related to occupational health and safety.

3.2.3 Development and Training

Believing that the quality of its employees is the upmost important element to sustain business development and to increase profitability, the Group is committed to allocating resources for the development of employees' competence, including the provision of adequate training for the employees in order to enhance their technical capability, professionalism and safety awareness.

The Group has designated employees to take charge of training activities, and has a clear strategy for training management. The Group's training includes both internal and external. Internally, communication and training opportunities are provided to employees to familiarise themselves with their jobs. Senior employees are assigned to provide guidance to other employees to help them understand operation details and job requirements in the Group. An open communication platform is put in place. Employees that give lectures can receive allowances for their efforts in training others. Externally, employees are arranged to attend corporate trainings, workshops, technical trainings, seminars, etc. to enhance their business skills and knowledges, and broaden their horizons.

3.2.4 Labour Standards

The Group strictly complies with 《中華人民共和國勞動法》 (Labor Law of the People's Republic of China*) and 《中華人民共和國刑法》 (Criminal Law of the People's Republic of China*), and prohibits the employment of child labour or forced labour. The Group is committed to hiring employees aged 18 or above, and will not force employees to work involuntarily in any way including involuntary overtime work.

During the reporting year, no child labour or forced labour was employed.

3.2.5 Supply Chain Management

For optimal procurement of materials and outsourcing services, the Group has established a sound supplier management system, which includes supplier selection standards, process assessment standards and suppliers' code of conduct. During the process of supplier selection, the Group will consider the quality of a supplier's products/services as well as the supplier's fulfilment of corporate social responsibility. The assessment of corporate social responsibilities covers the areas including environmental protection, occupational safety and health, staff employment status and potential negative social impacts. Only suppliers fulfilling related standards can be included in the Group's list of prospective suppliers. During the procurement of key items, the Group especially considers choosing suppliers with relevant certifications or awards in fulfilling social responsibility.

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The Group's procurement avoids the use of a single supplier to effectively manage the risk of the supply chain. Through tendering, the quality and efficiency of the agreed procurements are guaranteed. During the process of tendering, the Group regulates the bidding and tendering activities by adopting relevant systems and regulations, and strictly complies with tendering-related laws and regulations, thereby creating an equal, open and fair bidding and tendering environment.

To ensure suppliers' continuous compliance, the Group regularly assesses the fulfilment of corporate social responsibility of key suppliers and other requirements defined by the Group, including compliance with product/service quality and code of conduct for suppliers. The Group's periodic assessment can be in form of written confirmations, on-site inspections and vendor feedback, with the purpose to evaluate the suppliers' performance in fulfilment of the Group's requirements.

3.2.6 Product Responsibility

The Group strictly complies with 《中華人民共和國產品質量法》 (Product Quality Law of the People's Republic of China*) and adopts a customer-centric approach, and all of the Group's businesses focus on customer service. To deliver quality customer services, the Group strengthens the frontline staff's service awareness, and trains them to enhance their communication skills and professionalism. In addition, a comprehensive set of after-sale service channels including telephone support hotline, Wechat, QQ and email are provided by the Group to help resolve the customers' problems at the earliest opportunity.

During the reporting year, no non-compliance case or customer complaint related to products occurred.

3.2.7 Anti-corruption

The Group has constantly placed great emphasis on anti-corruption. It takes disciplinary actions against employees involved in corrupt practices without any tolerance.

In accordance with the anti-corruption and integrity building measures such as the proposal to "establish and improve the system of punishment and prevention of corruption suitable for the socialist market economy system combining education, system and supervision" made at the Third Plenary Session of the 16th Central Committee of the Communist Party of China, the Group has formulated the "Management Measures for Complaints and Whistle-blowing" 《投訴舉報管理辦法》 to establish a feedback channel for integrity.

The Group has issued the "Rules governing Core Businesses", and carried out internal audits and process controls to prevent corruption. Moreover, the Group has effectively executed its anti-corruption system to ensure that the corruption is prevented at the root.

The Group has put in place a whistle-blowing mechanism, and has designated personnel to receive and handle whistleblower reports. All whistleblower reports will be filed and handled in secrecy. The auditing and legal affairs departments will pursue accountability for any violation of anti-corruption rules.

In addition, the Group requires all its employees to uphold high moral standards. Employees of the Group are prohibited from acts of accepting bribery. They are also not allowed to give bribes to government officials and representatives of commercial organisations.

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Honest Cooperation Agreement

The Group believes integrity is a very important part of employees' business ethics. Employees shall adhere to high moral standards in business practices. To enhance stakeholders' awareness of integrities, the subsidiaries of the Group always attach the "Honest Cooperation Agreement" as an attachment to their agreements. Through this agreement, the cooperating parties will maintain their integrities and self-disciplines in business operation, so as to prevent unlawful behaviours.

The Group engages both internal and external auditors to audit the financial accounts of the Group, to ensure the accuracy of the Group's ledgers. The Group also keeps strengthening the internal financial control and supervision system.

During the reporting year, no unlawful case or complaint related to corruption occurred.

3.2.8 Community Investment

The Group has always actively engaged with communities to learn the needs of communities, and is committed to participating in community activities which will help establish a positive image of industry and the Group and respond to the needs of the communities. The Group also encourages employees to participate in charitable and fundraising activities. Our cooperation partners include community groups, charity organisations, government agencies and other local stakeholders.

The Group has always upheld the concept of "Charity through Sports". For many years the Group is committed to promoting and sponsoring charitable sport activities. In 2018, the Group organised and participated in "Earth Hour", "Low-Carbon Hike", "ACCA Community Day" and other charitable sport activities.

Support in Trainings of the Emergency Rescue Operation

The Group actively supports and serves the government's emergency rescue operation. Taking advantage of its two major platforms — New Sports Marine Sport Centre and New Sports Marine Training Centre, the Group provides joint-services and site support for charitable training of Shenzhen Dapeng Bay lifeguards volunteers, training for Shenzhen water rescue team, the rope rescue training and the "first responder" teacher training of Shenzhen Rescue Volunteers Federation, as well as the 2018 emergency management training of Emergency Governance Society of Shenzhen and Emergency Management Office of Shenzhen, contributing to the national emergency rescue operation.

Low-Carbon Hike

The 2018 Earth Hour is themed on the "Earth Hour 60+" lifestyle. The 60+ concept is proposed by World Wildlife Fund and calls on the public to think and act beyond the 60 minutes of Earth Hour to protect the environment. The 60+ lifestyle includes all green behaviours that can help protect the environment, conserve energy, reduce emission and promote sustainable development in environment and society. The Group has always supported environmentally friendly lifestyle. To respond to the calls in Earth Hour, the Group organised managerial staff to have a low-carbon hike at Lantau Island, Hong Kong in March 2018. The hike helped the Group's managers know more about the ecological diversity in Lantau Island and experience the eco-friendly lifestyle. In the activity, managers of the Group appreciated the values of beautiful environments, and deeply reflected on environmental policies and pollution treatment measures taken by Hong Kong government, civil organisations and environmentalists. The Group hopes that the project operated by the Dapeng subsidiary can become a pioneer in ocean culture development and marine environmental protection in Shenzhen. Going forward, the Group will spare no efforts to help protect ocean, beach and the earth as a whole.

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**ACCA Community Day**

The ACCA Community Day is a fun charity event which aims to raise funds for the underprivileged groups and to promote the spirit of social cohesiveness and care in the community. Having been held for 22 consecutive years, the ACCA Community Day aims to bring hopes to grassroot citizens and underprivileged groups. This year's ACCA Community Day is themed on "painting the rainbow and creating hopes", and delivers benefits to the Hong Kong Society for the Blind, Operation Dawn and Senior Citizen Home Safety Association. A team that is made up of recruited volunteers and employees of the Group took part in the event. Through the charitable event, the team experienced the happiness of contributing to charity. Meanwhile, it was also hoped that everyone could help to promote the power of charity and deliver the message of love to the public.

There is no competition in contributing to charity, and the most important thing is to keep supporting charity. The Group has always adhered to its core value of "Cooperation, Innovation and Sharing" and contributed to the society through active participation in charitable activities and community building. The Group has fully leveraged its project resources to support charity and fulfill social responsibility, and communicate the power of love to the public.

* *For identification purpose only*

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《ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT GUIDE》

CONTENT INDEX

Disclosure, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)	Description	2018 Environmental, Social and Governance Report
A. Environmental		
Aspect A1: Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental — Emissions
KPI A1.1	The types of emissions and respective emissions data.	Environmental — Air Emissions Table
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental — Greenhouse Gas Emissions Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As relevant disclosure has no significance in relation to our business operation, we did not produce specific report on this matter.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As relevant disclosure has no significance in relation to our business operation, we did not produce specific report on this matter.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental — Emissions and Use of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental — Waste Reduction Policy, and Resource Conservation Policy
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental — Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ‘000s) and intensity (e.g. per unit of production volume, per facility).	Environmental — Use of Energy Table

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Disclosure, Aspects, General Disclosure and KPIs	Description	2018 Environmental, Social and Governance report
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental — Water Conservation Policy
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental — Energy Conservation Policy
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental — Water Conservation Policy
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume).	As relevant disclosure has no significance in relation to our business operation, we did not produce specific report on this matter.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental — 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.	Environmental — The Environment and Natural Resources
B. Social		
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, anti-discrimination, and other benefits and welfare.	Social — Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social — Distribution of Employees Table
Aspect 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.	Social — Health and Safety

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Disclosure, Aspects, General Disclosure and KPIs	Description	2018 Environmental, Social and Governance report
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social — Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social — Development and Training
Aspect 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.	Social — Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social — Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social — 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.	Social — Supply Chain Management
Aspect 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.	Social — Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social — Product Responsibility
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.	Social — Anti-corruption

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Disclosure, Aspects, General Disclosure and KPIs	Description	2018 Environmental, Social and Governance report
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.	Social — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Social — Anti-corruption
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.	Social — Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social — Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social — Community Investment