



Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)



Environmental, Social and Governance Report 2019

CONTENTS

ABOUT THE REPORT	2
SCOPE OF THE REPORT	2
REPORTING FRAMEWORK	2
INFORMATION AND FEEDBACK	2
ESG RESPONSIBILITY MANAGEMENT	2
STAKEHOLDER ENGAGEMENT	2
ESG GOVERNANCE	3
PROTECTING OUR ENVIRONMENT	4
ENVIRONMENTAL PRINCIPLE	4
EMISSION TREATMENT	4
RESOURCES CONSERVATION	5
CARING ABOUT OUR EMPLOYEES	5
EMPLOYMENT, LABOUR PRACTICES AND WELFARE	5
HEALTH AND SAFETY	6
TRAINING AND DEVELOPMENT	6
OPERATING PRACTICES	6
SUPPLY CHAIN MANAGEMENT	6
QUALITY ASSURANCE	7
INFORMATION PROTECTION	7
ANTI-CORRUPTION	7
CONTRIBUTING TO OUR COMMUNITY	8
APPENDIX 1: KEY PERFORMANCE INDICATORS	10
APPENDIX 2: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE	11

ABOUT THE REPORT

Deson Development International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) are pleased to present the Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”), which summarises the efforts and achievements made by the Group in corporate social responsibility and sustainable development. For the details of corporate governance, please refer to the Corporate Governance Report of the Group’s Annual Report 2019.

Scope of the Report

The ESG Report focuses on the environmental and social performance of the Group’s core businesses in Hong Kong and the People’s Republic of China (the “**PRC**”), including (i) property development and investment; and (ii) trading of medical equipment and home security and automation products and the provision of related installation and maintenance services, during the period from 1 April 2018 to 31 March 2019 (the “**Year**”). The Group will continue to develop strategies to enhance its performance in the environmental realm and disclose relevant information in sustainable development.

Reporting Framework

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Information and Feedback

Your opinions on the Group’s ESG performance are highly valued. Should you have any advice or suggestions, please feel free to contact the Company through deson@deson.com.

ESG RESPONSIBILITY MANAGEMENT

Stakeholder Engagement

The Group deeply understands the importance of close communication with stakeholders. The preparation of the ESG Report, which included the participation of different stakeholders, has helped us to review our current management on the environmental and social performance, and has also served as a basis for the formulation of our sustainability strategies. In order to understand the stakeholders’ expectations and requirements, the Group has established various channels to collect comments regarding its ESG performance and address their reasonable expectations.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulations • Tax payment in full and on time • Safe construction projects 	<ul style="list-style-type: none"> • Regular meetings with regulators • Examination and inspection
Shareholders	<ul style="list-style-type: none"> • Returns • Operational compliance • Growth in corporate value • Information transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Announcements • Email, telephone communication and company website
Business Partners	<ul style="list-style-type: none"> • Operation with integrity • Fair competition • Performance of contracts • Mutual benefits 	<ul style="list-style-type: none"> • Business communication • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • High-quality products and services • Health and safety • Performance of contracts • Operation with integrity 	<ul style="list-style-type: none"> • Customer service center and hotlines • Customer communication meetings
Environment	<ul style="list-style-type: none"> • Energy saving and emissions reduction • Resources conservation 	<ul style="list-style-type: none"> • Participation in environment-related charity activities
Employees	<ul style="list-style-type: none"> • Protection of rights and interests • Occupational health and safety • Remunerations and benefits • Career development • Care for employees 	<ul style="list-style-type: none"> • Employee mailbox • Training and workshops • Employee activities
Communities and the Public	<ul style="list-style-type: none"> • Improvement in community environment • Participation in charity • Information transparency 	<ul style="list-style-type: none"> • Company website • Announcements • Participation in and provision of sponsorship to charity events

ESG Governance

The Group considers good ESG governance as an integral part of the sustainable growth of enterprises. The board of directors (the “**Board**”) of the Company thereby bears the primary responsibilities for formulating the Group’s short-term and long-term ESG strategies, and continually oversees and reviews the implementation of the ESG policies, so as to strengthen the Group’s ESG system and minimise related risks. The Board has delegated an authority to carry out sustainable development measures and to ensure compliance with the relevant laws and regulations.

PROTECTING OUR ENVIRONMENT

Environmental Principle

The Group recognises the importance of environmental impact reduction and is committed to embedding corporate responsibility into its business operations. To ensure environmental compliance and proper implementation of environmental protection measures in our projects, contractors are required to strictly comply with the laws and regulations in relation to environmental protection, including but not limited to Law of the PRC on Prevention and Control of Atmospheric Pollution, Law of the PRC on Prevention and Control of Water Pollution and Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste.

The Group has always attached great importance to environmental protection, and contractors are thereby required to comply with all the rules and regulations set out by the Group and relevant authorities. The environmental and site hygiene issues regarding the management system as well as the on-site performance are also reviewed on an on-going basis to further control the environmental impacts arising from our operations.

During the Year, the Group was not aware of any non-compliance with environment-related laws and regulations.

Emission Treatment

Waste Management

The non-hazardous waste from the office operation of the Group is mainly general refuse, while the hazardous waste is mainly waste toner cartridges and waste light tubes. In general, recyclable materials are sorted and transferred to recycling companies regularly. To further enhance employees' awareness of waste reduction, notice and posters are displayed in the office to encourage the use of reusable dishware and cutlery rather than disposable ones.

As for site operation, contractors are required to handle different type of waste according to requirements imposed by the laws and regulations in relation to waste handling. To reduce construction waste at source, contractors are encouraged to reuse materials to the greatest extent.

Air Emission Control

The air pollutant emission of the Group takes the form of vehicle exhausts. As a way to reduce emission from the vehicle fleet, the Group has purchased vehicles with small engine displacements, and has regularly checked and maintained the vehicles. For site operation, dust is the major air pollutant stemming from the construction activities. Thus, we require contractors to comply with the related laws and regulations, so as to alleviate air quality impact. For example, dusty materials should be covered or sheltered and water should be sprayed on dusty materials before loading and unloading, so as to avoid the emission of fugitive dust.

Wastewater Treatment

The water consumption of the Group is mainly attributed to general office use and site operation. The domestic sewage from our offices is directly discharged to the municipal drainage system. In terms of site operation, contractors should bear the responsibility for conducting proper wastewater treatment to mitigate adverse water quality impacts in accordance with the requirements stipulated in the relevant laws and regulations. For instance, sand trap filters shall be installed to avoid discharge of sand and large particles to the drain when significant water pollution problem is anticipated.

Looking ahead, the Group will continue to put efforts in controlling the emission so as to reduce the environmental impact caused by its operation.

Resources Conservation

The main resources consumed during the Group's operation are paper, energy and water. To reduce paper use, the Group encourages employees to minimise the number of photocopies and adopt double-sided printing whenever possible. Waste paper collection boxes are also placed in the office to collect non-reusable waste paper for recycling. In terms of energy-saving, the Group has selected energy-efficient printer models and encouraged employees to switch off the lighting and air-conditioning when not in use to avoid energy wastage and minimise carbon emissions. Our employees are also reminded of the importance of water conservation and encouraged to adopt water-saving measures, such as turning off faucets tightly after use, in order to avoid water wastage. The Group will keep on enhancing energy and water usage efficiencies, and hence to consume resources in a reasonable manner.

Due to the nature of our business and the industry, no packaging materials are used during our operations.

CARING ABOUT OUR EMPLOYEES

Employment, Labour Practices and Welfare

The Group believes that employees are the most valuable and indispensable assets in its pursuit of success. To protect the rights and interests of the employees, we strictly abide by the laws and regulations, such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), the Labour Law of the PRC and the Labour Contract Law of the PRC.

We have established a sound recruitment system to ensure our recruitment work is conducted in accordance with the work requirements set out by each department. Regardless of nationality, gender, age, race, religious belief or disability, candidates with relevant professional qualifications and working experiences would receive equal consideration for employment. To prevent child labour, we comply with the Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong) and the Provisions on the Prohibition of Using Child Labour of the PRC, by closely examining the identification documents of candidates. In order to prevent forced labour, duties and responsibilities of the position are clearly stated on the employment contract to protect the rights of employees. To ensure that our employees have sufficient time to rest, the policies of working hours and rest periods are in line with the relevant employment laws and regulations, and clearly stated on the employment contract.

Upon joining the Group, we offer employees a competitive remuneration package, which is reviewed and determined with reference to the performance of employees and the Group as well as the market practice and condition. Employees with outstanding performance in their appraisal will be given promotion opportunities, which enables a long-term development of employees together with the Group.

The Group has also provided various benefits to employees, such as employee's compensation insurance, medical insurance and personal accident insurance to its Hong Kong employees. We also make monthly contributions to Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and occupational retirement schemes under the Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong) for employees working in Hong Kong, and the Five Social Insurances and One Housing Fund for employees working in the PRC. Besides, employees are entitled to paid annual leave, wedding leave, funeral leave, maternity leave, paternity leave as well as statutory holidays. When a resignation occurs, an exit interview will be arranged to better understand the reason of an employee's resignation and the payment of outstanding wages will be made pursuant to the requirements of the relevant laws and regulations.

Great importance is attached to the work-life balance of our employees. Throughout the Year, we organised leisure activities for our employees, such as Christmas party and Lunar New Year gathering, so as to promote the physical and mental well-being, and foster a sense of belonging to the Group.

Health and Safety

The Group adheres to the people-oriented approach and has actively pushed forward safety measures in the workplace. To raise the health and safety awareness of our employees, occupational health and safety posters issued by the Occupational Safety & Health Council of Hong Kong, regarding tips for stress management at work, proper use of computer, and guidelines on stretching exercise, are put up at prominent areas in the headquarters. The Group has also purchased equipment such as metal step ladders for employees to reduce their risk of injury.

As a property developer, on-site health and safety are of paramount importance to our Group. During the tendering process, contractors are required to hold valid safety production licenses. The Group also pays considerable attention to the health and safety of its site workers, the contractors are thereby required to strictly comply with the laws and regulations associated with health and safety, such as the Law the PRC on the Prevention and Control of Occupational Diseases and the Production Safety Law of the PRC.

To provide a healthy and safe workplace, contractors are required to establish clear safety policies for handling and reporting of emergency, accident and occupational disease, providing suitable personal protective equipment for site workers and holding regular meetings with various parties to understand and monitor the implementation of the health and safety policies. The Group has also formulated a set of safety manual and in-house safety rules, which is regularly reviewed and updated by its safety officers and the management. Any incompliance discovered by our safety officers during inspection will be communicated with contractors and mitigation measures will be taken by the relevant parties upon request.

Training and Development

Driven by our firm belief in the profound importance of continuing education to enhance service quality, the Group provides education subsidies to motivate employees to pursue further education.

Safety is always the highest priority on site, therefore, contractors are required to provide sufficient safety trainings to site workers to promote and enhance their safety knowledge and ensure a high standard of safety awareness at all times. To ensure new workers fully understand the health and safety practices and comply with relevant laws and regulations, safety training, covering the guidelines on the use of personal protective equipment, fire drills, proper manual handling procedure and safe machineries operation, is provided before the commencement of work.

OPERATING PRACTICES

Supply Chain Management

To maintain the quality of services, the Group is careful in choosing experienced and qualified contractors. Selection criteria for contractors includes certifications obtained, qualifications, and licenses relating to safety production. On the other hand, before entering into business relationship with our suppliers in medical equipment and home security and automation products, we carefully examine the certifications and testing reports from potential suppliers. Also, higher priority will be given to candidates who have obtained the related ISO certificates or other quality-related certificates. We endeavour to lower the risks arisen from supply chain and minimise the impact towards the quality of our products and services.

Quality Assurance

For property development business in the PRC, the Group deeply understands the importance of quality control. Therefore, we require contractors to establish a series of measures for quality control and comply with relevant laws and regulations in relation to quality management, such as the Construction Law of the PRC. During the stage of project implementation, contractors are required to perform regular inspection to keep track of project progress and ensure they have complied with our guidelines. Regular meetings are also held to address material quality issues in a prompt manner and to ensure that sufficient resources are allocated for timely completion of the project.

In respect of the trading of medical equipment and home security and automation products business, the Group has always strived to provide superior products, particularly the medical equipment, for our customers. Certain of our medical equipment are listed on the Medical Device Administrative Control System under the Department of Health of Hong Kong, in which detailed information of the equipment can be accessed by the public via the internet. On the other hand, upon installation, we will check the functionality of the equipment and provide a warranty period of 12 months.

As a way to enhance customer satisfaction, we maintain a close communication with customers to keep them informed of the project status and collect their feedback about our products and services. Follow-up actions such as remedial and preventive actions will be taken accordingly after receiving customers' comments, which also act as a reference for our future improvement.

As for the advertising and labeling, we strictly abide by the relevant laws and regulations, so as to protect customers from any misleading or incomplete information in the course of sales.

Information Protection

Integrity has always been the intrinsic business value of the Group. We strictly comply with the relevant laws and regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) to protect the personal data of our customers. The personal information of our customers is collected and used in a responsible and non-discriminatory manner, where the use of information is restricted to the purposes stated in the contract. The confidential information of our customers is stored properly in the office and is not allowed to be taken away from the office without the permission of the senior management.

Anti-corruption

Unethical behaviours are a potential source of risk that not only can tarnish the image of an enterprise, but also weaken its stability. Therefore, the Group strictly abides by the relevant laws and regulations regarding anti-corruption, such as the Prevention of Bribery Ordinance of (Cap. 201 of the Laws Hong Kong), the Anti-Unfair Competition Law of the PRC and the Criminal Law of the PRC. We forbid employees to solicit or accept any advantage, including money, gifts, loans, commissions, offices, contracts, services or favours, in connection with their duties, without our permission. In order to deter corruption, employees are highly encouraged to report to us if they have received any gifts from our customers, suppliers or any parties conducting business with us.

Apart from the internal actions taken to achieve the goal of anti-corruption, the Group also places great emphasis on the honesty of contractors. For example, during the tendering process in the PRC, we comply with the Law the PRC on Tenders and Bids and require tenderers to provide the record of bribery and crime issued by The Supreme People's Procuratorate of the PRC.

There was no case of corruption occurred within the Group during the Year.

CONTRIBUTING TO OUR COMMUNITY

Apart from the pursuit of business development, the Group also spares no effort in making charitable commitments which can be reflected by its active participation in various charitable activities.

During the Year, we have participated in various charitable activities in Hong Kong as follows:

Name of Charitable Activities	Purpose of Charitable Activities
Calvin Klein Performance Run 2018	<ul style="list-style-type: none"> Making donations to Save the Children Hong Kong and supporting their domestic programme.
Run for Peace 2018	<ul style="list-style-type: none"> Promoting the United Nations Educational, Scientific and Cultural Organisation's (UNESCO) vision of "building peace in the minds of men and women" through the act of running in order to foster a peaceful community.
Orbis Moonwalkers 2018	<ul style="list-style-type: none"> Making donations for supporting Orbis and its sight-restoring mission.
The Society of Rehabilitation and Crime Prevention, Hong Kong (SRACP) Charity Walk & Run 2018	<ul style="list-style-type: none"> Raising funds to support crime prevention education.
Hunger Run 2018	<ul style="list-style-type: none"> Making donations to "Food for Good" and providing food assistance for the people in need in Hong Kong.
United Nations Children's Fund ("UNICEF") Charity Run 2018	<ul style="list-style-type: none"> Raising funds to support UNICEF's "For every child, end AIDS" global campaign in developing countries, aiming to eliminate mother-to-child transmission of HIV.
St. James Settlement GOrun Together 2018	<ul style="list-style-type: none"> Supporting People's Food Bank, which aimed at alleviating the problem of hunger in community by providing food for homeless people and people in poverty.
The Hong Kong Brain Foundation 30 th Anniversary Public Lecture cum Award Presentation Ceremony	<ul style="list-style-type: none"> Providing sponsorship to the lecture and award presentation ceremony held by the Hong Kong Brain Foundation to share knowledge of stroke and latest technology in cranial nerve rehabilitation.
Rotary HK Ultramarathon 2019	<ul style="list-style-type: none"> Providing sponsorship to the Carnival Booth, which benefits non-governmental organizations for public education and fund raising activities.
The Clearwater Bay Chase 2019	<ul style="list-style-type: none"> Supporting Breakthrough's Liberal Studies Project.
AUSupreme Run 2019	<ul style="list-style-type: none"> Raising funds to Love Foundation for providing better education and living environment for the "left-behind children" in the PRC.

Name of Charitable Activities

Purpose of Charitable Activities

Po Leung Kuk Charity Run 2019

- Raising funds for supporting Po Leung Kuk's children and youth services and medical assistance fund-raising programme for the elderly and the underprivileged.

Race for Water 2019

- Raising funds for those living without access to clean water and gathering people together to make an impact with an extent beyond imagination.

Race the Runway HK 2019

- Raising funds to Habitat for Humanity Hong Kong to support its vision of providing everyone in the world a decent place to live.

Volunteering Services at Culture Homes Elderly Centre

- Providing sponsorship to and participating in the event of elderly visitation to spread care and love.

APPENDIX 1: KEY PERFORMANCE INDICATORS

During the Year, the details of environmental key performance indicators (“KPIs”) are as follows:

Environmental KPIs	2019	2018
Emission from Vehicles		
Nitrogen Oxides (kg)	6.14	8.13
Sulphur Oxides (kg)	0.20	0.25
Particulate Matter (kg)	0.45	0.60
Greenhouse Gases		
Total Greenhouse Gas Emissions (tonnes CO ₂ e)	270	430
Greenhouse Gas Emissions Intensity (tonnes CO ₂ e/employee)	2.41	4.06
Waste ^{Note 1}		
Total Non-hazardous Waste (kg)	7,099	6,084
Non-hazardous Waste Intensity (kg/employee)	186.82	164.43
Total Hazardous Waste (kg)	34	41
Hazardous Waste Intensity (kg/employee)	0.89	1.10
Use of Resources		
Total Energy Consumption (MWh)	494	767
Energy Consumption from Purchased Electricity (MWh)	366	606
Energy Consumption from Fossil Fuel (MWh)	128	161
Energy Consumption Intensity(MWh/employee)	4.42	7.24
Total Water Consumption (m ³)	12,950	3,159
Water Consumption Intensity(m ³ /employee)	115.63	29.80

Note 1: The calculation of waste generation covered only the data from the operation in Hong Kong, including the amount of waste generated, as well as the number of employees used for intensity calculation. The intensity of non-hazardous waste in 2018 was restated to unify the statistical method.

APPENDIX 2: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects	Summaries	Reporting Chapters	Page No.
A. Environment			
A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Environmental Principle; Emission Treatment; Resources Conservation	4-5
A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>	Resources Conservation	5
A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer’s significant impact on the environment and natural resources.</p>	Environmental Principle; Emission Treatment; Resources Conservation	4-5
B. Social			
Employment and Labour Practices			
B1: Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employment, Labour Practices and Welfare	5

Environmental, Social and Governance Report

Aspects	Summaries	Reporting Chapters	Page No.
B2: Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and Safety	6
B3: Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	Training and Development	6
B4: Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	Employment, Labour Practices and Welfare	5
Operating Practices			
B5: Supply Chain Management	<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	Supply Chain Management	6

Aspects	Summaries	Reporting Chapters	Page No.
B6: Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.</p>	Quality Assurance; Information Protection	7
B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption	7
Community			
B8: Community Investment	<p>General Disclosure</p> <p>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.</p>	Contributing to Our Community	8-9