

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE  
REPORT  
2018

THINK  
**MORE,**  
FOR YOUR ASSETS



**FINELAND REAL ESTATE SERVICES  
GROUP LIMITED**

**方圓房地產服務集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8376

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Fineland Real Estate Services Group Limited (the “Company”, together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present its annual Environmental, Social and Governance Report (the “Report”) for 2018 to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) issues.

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

## REPORTING PERIOD

The Report illustrates the Group’s policies and performance regarding the environmental and social aspects during the reporting period from 1 January 2018 to 31 December 2018 (the “reporting period”).

## REPORTING SCOPE

The Report covers the Group’s core business: provision of (i) real estate agency service (including online property referral and agency service); (ii) property research and consultancy service; and (iii) integrated services for all subsidiaries in the People’s Republic of China (the “PRC”).

## REPORTING BASIS

The Report is prepared in accordance with Appendix 20 of Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) — “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) and summarises the ESG performance of the Group. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide.

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s relevant policies. The Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

## CONTACT INFORMATION

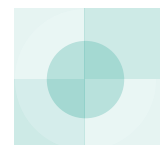
The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email to [ir@fydc.cn](mailto:ir@fydc.cn).

## STAKEHOLDERS ENGAGEMENT

The Group emphasises the participation of its stakeholders, including staff, customers, suppliers etc. All of them have a substantial impact on the success of its business or activities.

In compiling the Report, the Group consulted its internal stakeholders, to monitor and manage its impact on all aspects of the environment and society. Besides, the Group has established various engagement channels for its stakeholders to understand their concerns regarding the Group’s operation. The Group believes that stakeholders engagement has significant level of influence in developing sustainable development strategies and fulfilling social responsibilities, which is the basis for the Group’s strategy formulation and decision-making.

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| Stakeholders               | Issues of concern  | Engagement channels  |
|----------------------------|--|--|
| Government                 | To comply with the laws                                    | On-site inspections and check  |
|                            | Proper tax payment   | Research and discussion through work conferences, work reports preparation and submission for approval |
|                            | Promote regional economic development and employment       |  |
| Shareholders and investors | Low risk   | Annual general meeting and other shareholder meetings  |
|                            | Return on the investment                                   |  |
|                            | Information disclosure and transparency                    | Annual, quarterly reports, announcements and circulars   |
|                            | Protection of interests and fair treatment of shareholders | Non-deal roadshows, investors conference   |
| Employees                  | Safeguard the rights and interests of employees            | Training, seminars, briefing sessions  |
|                            | Working environment  | Employee activities  |
|                            | Career development opportunities                           |  |
|                            | Occupational health and safety                             |  |
| Customers                  | Safe and high-quality services                             | Regular meetings   |
|                            | Stable relationship  | Emails, phone calls  |
|                            | Integrity  | Customer feedback forms  |
|                            | Reputation, brands and market demands                      | Industry exhibitions   |
|                            |  | Site visits  |
| Partners                   | Long-term partnership                                      | Business meetings, supplier conferences, phone calls, interviews                                       |
|                            | Honest cooperation   |  |
|                            | Fair, open   | Regular meetings   |
|                            | Information resources sharing                              | Review and assessment  |
|                            | Risk reduction   | Tendering process  |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Stakeholders               | Issues of concern                       | Engagement channels   |
|----------------------------|---|---|
| Peer/Industry associations | Experience sharing                      | Industry conferences  |
|                            | Corporations                            | Site visits and field trips   |
|                            | Fair competition                        |   |
| Market regulators          | Compliance with the law and regulations | Annual and quarterly reports, announcements and circulars and other published documents |
|                            | Information disclosure                  | Seminars  |
|                            |   |   |
| Public and communities     | Community involvement                   | Volunteering  |
|                            | Career opportunities                    | Charity and social investment   |
|                            | Social responsibilities                 |   |

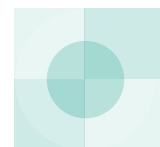
### ENVIRONMENTAL ASPECTS

#### EMISSIONS

Given the service nature of the operations, the Group poses less negative impact to the environment than most traditional industries and the Group is not aware of any material environmental liability risk or compliance costs. However, the Group is committed to continuously improving the environmental sustainability of our business. In striving to do the right thing as a company, the Group recognises that it has a responsibility to reduce the impact of the operations and be accountable for the resources and materials it uses each day.

The Group’s businesses are mostly carried out locally in offices. The Group has encompassed the general approach towards controlling environmental impacts of office activities. The Group’s most significant environmental impacts are greenhouse gas (“GHG”) emissions from energy consumption, such as from the air-conditioning system, the lighting system, and computers, printers and other office equipment. There are only small amount of air pollutant emissions from the company’s vehicle. Non-hazardous waste, such as office waste, is handled by the property management company, which charges for its services. During the reporting period, the Group did not discharge waste into water and land, and there was no significant generation of non-hazardous wastes and hazardous wastes. In line with the aim to minimise emissions, the Group has implemented energy saving practices which are mentioned in the session of “Use of Resources” to reduce the GHG emissions. Moreover, business travelling is kept to a minimum. Only a small percentage of employees travel for business. The air pollutants and GHG emission during the reporting period is as follows:

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**Table 1 Air Pollutant Emission**

| Type of pollutants                 | 2018<br>(kg) | 2017<br>(kg) |
|------------------------------------|--------------|--------------|
| Nitrogen oxides (NO <sub>x</sub> ) | <b>0.456</b> | 0.469        |
| Sulphur oxides (SO <sub>x</sub> )  | <b>0.053</b> | 0.054        |
| Particulate Matter (PM)            | <b>0.036</b> | 0.038        |

**Table 2 GHG Emission**

| Scope     | 2018<br>Equivalent<br>CO <sub>2</sub> emission<br>(kg) | 2017<br>Equivalent<br>CO <sub>2</sub> emission<br>(kg) |
|-----------|--|--|
| Scope 1   | <b>1,547.00</b>  | 1,593.21   |
| Scope 2   | <b>243,427.08</b>                                      | 213,606.22   |
| Scope 3   | <b>9,127.13</b>  | 16,917.40  |
| Total     | <b>254,101.21</b>                                      | 232,116.84   |
| Intensity | <b>314.09 kg/<br/>employee</b>                         | 287.63 kg/<br>employee                                 |

*Note:*

The calculation of GHG is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from vehicle that owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3 Other indirect emission includes the paper consumption and employee's business travel

## USE OF RESOURCES

The Group places high priority on the efficient use of resources. The major resources used by the Group are electricity, water, fuels for company's vehicle and paper. Regarding the Group's business, there were no packaging material needed nor used. The Group strives to improve the efficiency in use of natural resources, such as minimising waste and emissions and implementing effective recycling program. Practical measures are implemented as follows.

### Electricity

Electrical appliances should be set as energy saving mode where possible. For computers, the idle mode is set at 20 minutes or less. The room temperature should be set in a range from 20°C to 26°C. Also, power supply should be switched off when they are not in use. Preference will be given to office equipment with relatively high energy efficiency. The energy consumption during the reporting period is as follows:

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**Table 3 Energy Consumption**

| Energy           | 2018<br>Consumption<br>(kWh) | 2017<br>Consumption<br>(kWh) |
|------------------|------------------------------|------------------------------|
| Electricity      | 461,823.34                   | 405,248.00                   |
| Fuel             | 6,473.15                     | 6,666.51                     |
| Total            | 468,296.49                   | 411,914.00                   |
| Energy Intensity | 578.86 kWh/<br>employee      | 510.43 kWh/<br>employee      |

### Water

The impact of freshwater use is relatively insignificant for the Group as its businesses are services-focused. The Group did not encounter any problems in sourcing water that is fit for purpose. Water rate charges do not form a separate item in the rent, yet the Group encourages staff to reduce water wastage, for example, by not running water taps while cleaning their lunch boxes in the pantry. During the reporting period, the water consumption and intensity per employee was 4,346 m<sup>3</sup> and 5.37 m<sup>3</sup>/employee (2017: 2,895 m<sup>3</sup> and 3.59 m<sup>3</sup>/employee).

### Paper

Reduction in paper use indirectly reduces the overall GHG emission. The Group has been taking the following steps to reduce paper consumption:

- Reduce the use of paper by printing or photocopying on both sides of paper, where applicable.
- Encourage employees to use suitable font size/shrinkage mode to minimise pages, if possible. Besides, electronic media is recommended for circulation/communication, to minimise using paper.

During the reporting period, the paper consumption was 2,459.87 kg (2017: 2,646.98 kg).

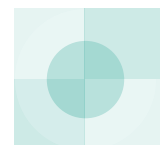
### Packaging Material

As the Company's business is service focused, there were no significant amounts of packaging material used for finished products during the reporting period.

## THE ENVIRONMENT AND NATURAL RESOURCES

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting health, safety and environmental matters. With the implementation of policies mentioned in sections "Emission" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

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## SOCIAL ASPECTS

### EMPLOYMENT AND LABOUR STANDARDS

#### EMPLOYMENT

The Group's human resource policy sets out the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group has complied with local employment laws and regulations, such as Labour Law of the PRC. During the reporting period, there were no material non-compliance regarding employment brought against the Group or its employees.

The Group recruits employees based on the business needs. The human resources department recruits employees based on needs according to the annual business development plan or specific requests from other departments. The Group seeks candidates through various channels, including online recruitment platforms and participating in recruitment fairs. The Group also encourages internal transfer of employees where appropriate.

The table below sets out number of employees within our different business segments as at 31 December 2018 and 31 December 2017, respectively.

| Business Segments                          | 2018<br>Number of<br>Employee | 2017<br>Number of<br>Employee |
|--|-------------------------------|-------------------------------|
| Management and administration              | 5                             | 6                             |
| Property research and consultancy services | 54                            | 49                            |
| Real estate agency services                | 705                           | 707                           |
| Integrated services                        | 45                            | 45                            |
| Total                                      | 809                           | 807                           |

The remuneration package of the employees includes salary and overtime allowances. The Group also provides employees with benefits such as medical care, health check, birthday and festival cash allowance, as well as social insurance and housing provident fund.

#### HEALTH AND SAFETY

The Group aims to enhance wellness of the employee by providing a harmonious and comfortable environment, in addition to providing a safe and effective working environment. The Group has adhered with related laws and regulations, such as Law of the PRC on the Prevention and Control of Occupational Diseases. The Group has established occupational safety and sanitation systems, implemented the national occupational safety and sanitation rules and standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the reporting period, the Group has complied with the PRC laws in relation to workplace safety in all material respects and has not incurred any incidents which have materially and adversely affected our operations.



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### **DEVELOPMENT AND TRAINING**

The Group regards employees as invaluable assets. The Group has established “Employee Training Management Regulations” to provide guidelines for the planning of trainings to improve the quality of the employees and fulfil the needs for the corporate development. The Group emphasises on the development of employees and has implemented a training programme for employees. The Group provides in-house training to employees and from time to time engage external service providers, with the aim of providing training appropriate for employees based on our annual employee development plan.

### **LABOUR STANDARDS**

The principle of the Group’s labour standards is to comply with the local labour laws. In order to uphold children’s rights of safety and health, no child labour was employed during the reporting period. In order to help the employees to get work life balance and reduce their working pressure, the Group regularly provides benefits to employees and organises activities such as leisure trips, festival banquets, and sport games. It has provided employees with opportunities to socialise, have better understanding, and exchanges between departments, foster the spirit of teamwork and create a pleasant working atmosphere.

### **OPERATING PRACTICES**

#### **SUPPLY CHAIN MANAGEMENT**

Due to the nature of the principal business activities, the Group has no major suppliers. The Group has entered into agreements with various suppliers mainly in relation to the provision of marketing and advertising services. Also, the Group may split commission received from property developers under online property referral and agency service business with real estate agents that bring in buyers.

In selecting general materials or service providers, the Group will screen through bidding process and give priority to suppliers who attained certain types of certification for the management system. The Group will conduct on-site inspection when necessary. The Group will monitor the performance of supplies through different channels and regularly assess whether the supplier’s performance meets the standards.

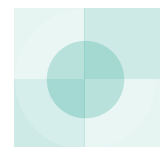
#### **PRODUCT RESPONSIBILITY**

The Group’s key customers are property developers, property owners, property buyers and tenants. The Group considers customers as a major stakeholder and requires all the frontline staff to provide customers with accurate market information in a professional manner. The Group aims to improve user experience through customer review and diversified social and digital platforms. Mystery shoppers also conduct irregular inspections to improve customer service. The Group also established a customer relationship team.

The Group promotes its services through a wide range of marketing initiatives including advertising through traditional and new media, introducing incentive schemes for employees, and reward schemes for referrals of new customers by existing customers. For primary property projects, the Group collaborates with property developers in organising promotional events in order to raise the profile of the project and to attract more customers.

The Group also works on maintaining good relationships with property developers through participating in tender bidding of new projects, establishing cooperative partnerships and contacting potential customers. The Group also places an emphasis on leveraging the capabilities in a broad range of services by acting as a “one-stop shop” for different types of customers to enhance their loyalty.

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Customers can provide their feedback via hotline, email, mail or visiting. The customer relationship team will work and follow up with the relevant parties in arriving at reasonable solutions. The results and follow-up process will be documented.

The Group upholds a belief that information security and privacy is the key principle for operation. According to the Group's "Health and Safety Management System", employees are required protect all the information. Information only can be used in authorised business activities.

### ANTI-CORRUPTION

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated policies, established procedures for declaration and reporting of conflict of interest and provided channel for employees to report internal misconduct. The Group organises trainings for employees to raise their awareness towards anti-corruptions. The Group also conducts investigation regarding the integrity of the employees at all levels regularly. The risk of fraud is also one of the criteria in the monthly and yearly performance appraisal. The Group has set up whistleblowing hotline. If there are any suspected case related to fraud, employees are encouraged to report the related cases and give suggestions to the senior management.

The Group has been in strict compliance with Anti-Unfair Competition Law of the PRC and Anti-Money Laundering Law of the PRC. During the Reporting Period, there was no legal case regarding corrupt practices brought against the Group or its employees.

### COMMUNITY

#### COMMUNITY INVESTMENT

The Group has recognised the importance of community investment to the sustainable development. The Group advocates the importance of equal opportunities and has hired 7 disabled people (2017: 5). Besides, the Group also actively cooperate with various education institutions. Moreover, we also organised various activities during the reporting period:

| Time      | Event   |
|-----------|---|
| January   | • 2018 Annual Gathering   |
| March     | • Gifts to female employees to celebrate Goddess Day  |
| April     | • An 8-day Australian tour for 20 outstanding employees in 2017   |
| May       | • School-enterprise cooperation to hold marketing speech contest of Guangdong Institute of Mechanical Technicians (廣東省機械技師學院) |
| June      | • Two-day trip to the Ocean Kingdom of Changlong, Zhuhai, for employees   |
| September | • 2018 Mid-autumn festival greeting   |
| November  | • Staff physical examination in 2018  |
|           | • Co-construction of training rooms with Guangzhou City Vocational College (廣州城市職業學院)   |