



TK NEW ENERGY

**Tonking New Energy Group Holdings Limited**

**同景新能源集團控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8326)**

**2019**

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT**

\* For identification purpose only

## SUMMARY AND SCOPE OF REPORT

Tonking New Energy Group Holdings Limited and its subsidiaries (“Tonking New Energy” or the “Group”) strive to enhance the transparency of the Group in respect of environmental and social influence. The Board of Directors is pleased to present the Environmental, Social and Governance Report (the “Report”) for the year ended 31 March 2019, which covers the management policies, strategies and relevant materiality and objectives of the Group regarding environmental, social and governance issues for the period from 1 April 2018 to 31 March 2019 (the “Reporting Year”). The Report has been prepared based on the “Environmental, Social and Governance Reporting Guide” set forth in Appendix 20 to the GEM Listing Rules of The Stock Exchange of Hong Kong Limited.

The Group has sold and ceased to operate the food and beverage business segment in the fourth quarter of 2018. The Group commenced existing renewable energy business to seize the opportunities created by the growing demand for renewable energy in China in the fourth quarter of 2015. During the Reporting Year, the Group continued to actively develop renewable energy business segment into its pillar business. Steady development has been achieved and positive contribution has been made to the revenue of the Group by this business segment since its commencement. In order to be in line with the Group’s global development strategy, the Group will endeavour to devote more resources to expanding its renewable energy business in the future and make it as a major disclosure of the Report.

The Group strives to foster sustainable development and undertake corporate social responsibility. Therefore, while the Group actively develops and seeks opportunities, it also takes into consideration factors including environment, society and ethics so as to ensure the Group can achieve a balance between business development, social demand and environmental impacts. The Group also places importance on creating positive relationships with its stakeholders (including but not limited to customers, investors, shareholders, suppliers, employees and other entities) through understanding and addressing their expectations. The Group will therefore continue to maintain close communication with all stakeholders to satisfy expectations and demands from various stakeholders.

In the course of preparing the Report, the Group conducted thorough review and assessment on its existing environmental and social policies with the aim to achieve better performances in aspects of the environment, society, corporate governance and operation in the future and make more contributions to the communities where it operates.

In order to achieve sustainable development, the Group has adopted the following strategies:

1. achieving environmental sustainability;
2. respecting human rights and community culture;
3. maintaining communication with stakeholders;
4. supporting employees and providing a friendly working environment;
5. sustaining local community development; and
6. strengthening our commitment to customers.

The Report was approved by the Board of Directors on 4 July 2019.

## FEEDBACK AND OPINION

For details of the financial performance and corporate governance of the Group during the Reporting Year, please visit the Group's website at [www.tonkinggroup.com.hk](http://www.tonkinggroup.com.hk) and read its annual report. The Group also values your feedback and opinions about its sustainable performance.

You are welcome to submit any advice or comments on the content or form of the Report by sending emails to [info@tonkinggroup.com.hk](mailto:info@tonkinggroup.com.hk).

## INFORMATION ABOUT STAKEHOLDERS

The Group acknowledges that the advice from stakeholders can establish a solid foundation for the long-term development and success of the Group. The Group provides stakeholders with various communication channels enabling them to express their opinions on the results of our sustainable development and future strategies.

Stakeholders	Possible incidental issues	Communication and Response
Hong Kong Stock Exchange	Compliance with the Listing Rules, publishing announcements in a timely and accurate manner	Meetings, trainings, seminars, programs, updating of website and announcements
Governments	Compliance with laws and regulations, social welfare and prevention of tax evasion	Interactions and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, supply stability	On-site research
Investors	Corporate governance system, business strategies and performance, investment return	Holding and participation in seminars, interviews, general meetings, provision of financial reports or business updates for investors, press and analysts
Media	Corporate governance, environmental protection, human rights	Posting of communications on the company website
Customers	Product/service quality, fair and reasonable pricing, value of service, protection for the labour force and work safety	Site visits and after-sale services
Employees	Rights and benefits, employee salaries, training and development, working hours, working environment	Conducting team activities, trainings, interviews, issue of staff manual and internal memorandum
Community	Community environment, employment and community development, social welfare	Organising community activities, employee volunteering activities and community welfare, sponsorship and donations

## A. ENVIRONMENTAL

### Overview

Currently, the problem of global environmental pollution is getting worse. Environmental protection has gradually attracted the attention and emphasis of the society. The Group strives to promote environmental protection and sustainable development with a focus on the solar photovoltaic business in terms of the renewable energy business. The use of solar energy as the clean and renewable energy for power generation can effectively reduce the emission of carbon dioxide, and mitigate the global greenhouse effect.

Firstly, the photovoltaic power generation can effectively reduce the consumption of non-renewable energy (such as fossil fuels). With the excessive exploitation of petroleum and coal, there is less and less non-renewable energy reserve, and the country is facing great pressure of energy exhaustion. According to the “Renewable Energy Law of People’s Republic of China (《中華人民共和國可再生能源法》)”, China encourages and supports the power generation with non-fossil energy such as wind energy, solar energy, hydro-energy, biomass energy and ocean energy. The development and use of solar energy resources not only comply with the national policies on the environmental protection and energy conservation, but also contribute to reducing the emission of greenhouse gas (such as carbon dioxide), and thus mitigate the greenhouse effect and global warming and provide a green and eco-friendly living environment, creating better living conditions for the public.

Secondly, the solar energy is a kind of inexhaustible clean and renewable energy with unique advantages and huge development potentials. The full use of solar energy is conducive to energy conservation, emission reduction, environmental protection and local economy, as well as the sustainable development of global energy.

### Business

The renewable energy business of the Group mainly includes sales, engineering design and installation of solar photovoltaic products, provision of a one-stop value-added solution for photovoltaic power stations (EPC, maintenance and support, and operation), sales of the patented photovoltaic tracking systems and investment in building its own photovoltaic power stations. Since its establishment, the Group has entered into several project agreements with independent third parties, including solar projects, sales and installation orders of the patented photovoltaic tracking systems, contract orders of the permitted grid connection of agricultural photovoltaic, fishery photovoltaic, forestal photovoltaic power stations and engineering, procurement and construction of a photovoltaic power station and desert agriculture project. The Group is also equipped with relevant machinery and equipment for the processing of solar mounting brackets in response to customer demands. However, the processing mainly includes mounting bracket punching, which is not complicated, and will not produce any industrial waste water or gas. Therefore, the operations of the Group have minimal adverse impacts on the environment.



In terms of laws and regulations concerning the environment, the Group abides by relevant laws and regulations such as the “Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》)”, the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)”, the “Law of the People’s Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)” and the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)”.

At present, the business of the Group does not involve direct production, therefore the Group produces limited industrial waste and waste water in the daily operation. Although the Group has production workshops to process the solar photovoltaic mounting brackets, the procedure is not complicated, and only generates a little harmless waste such as steel and other metal scraps during the punching process. Since the current operation of the Group does not have significant adverse impacts on the environment, the Group does not formulate any related policies on waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

The Group is well aware of the significance of environmental protection to the society, and strives to promote the green industry, and popularizes the solar photovoltaic business, in order to make contributions to the environmental protection. It will continue to strictly abide by relevant environmental requirements, and take various environmental protection measures in the ordinary and usual course of business to effectively reduce the adverse impacts on the environment. It also encourages employees to promote the environmental protection to reduce the consumption of resources and adhere to the recycling principle, in order to guarantee the balance between the business development and environmental protection.

### **Compliance and Penalties**

The Group was not aware of any non-compliance or penalties in respect of environmental laws and regulations during the Reporting Year.

## A1. EMISSIONS

The Group has four motor vehicles, which are mainly used for office use. In addition, the Group would also rent forklifts and construction vehicles, which are mainly used for the transportation of construction materials, based on the requirements of project during the course of project implementation. The Group also has a staff canteen to provide meals for employees. Considering that the size of the fleet is small and the Group does not have many employees, there is not much waste gas emission during the transportation and cooking process, and thus there were no resulting significant impacts on the environment. During the Reporting Year, the total emissions of fuels was reduced due to the decreased installation projects and canteens for projects, and the reduced gas consumption compared to last year as well as the small scale of installation projects and the reduced oil consumption by construction vehicles compared to last year. The data on emissions from the direct combustion of fuels generated by the Group in operations are as follows:

Fuels	Total Emissions <sup>1</sup> (in kilogram)	
	Year ended 31 March 2019	Year ended 31 March 2018
Cooking gas	0.46	0.89
Diesel for motor vehicles	2.92 <sup>2</sup>	5.65
	<b>3.38</b>	6.54

Our greenhouse gas (GHG) emissions are mainly generated from the use of purchased electricity, cooking gas and diesel for motor vehicles. The electricity purchased is mainly for the operation of the production equipment, lighting, air-conditioning system, computer and other office equipment, etc. During the Reporting Year, the data on GHG generated by the Group in operations is as follows:

Scope of GHG Emissions	GHG Emission Sources	GHG <sup>3</sup> Emissions (in tonnes of CO <sub>2</sub> e)		GHG Emission Density (in tonnes/square metre <sup>4</sup> )	
		Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Scope 1					
Direct Emission	Cooking gas	5.98	11.74	N/A <sup>5</sup>	N/A
	Diesel for motor vehicles	474.88	917.90	N/A <sup>6</sup>	N/A
Scope 2					
Indirect Emission	Purchased electricity	294.21	464.42	0.0484	0.0183
Scope 3					
Other Indirect Emission	Disposed paper	6.66	13.72	0.0012	0.0006
		<b>781.73</b>	1,407.78	<b>0.0496</b>	0.0189

<sup>1</sup> The emissions mainly included nitrogen oxides, sulfur dioxide and particulate matter.

<sup>2</sup> Due to lack of statistics on driving records for the Reporting Year, the data on nitrogen oxides and particulate matter emissions were not available. The emissions only included sulfur dioxide.

<sup>3</sup> GHG emissions mainly included carbon dioxide, methane and nitrous oxide.

<sup>4</sup> The area included those operating sites with sources of emissions.

<sup>5</sup> As the gas was not only used in the canteens in Jiangshan but also canteens for large-scale project sites, it is not possible to calculate the greenhouse gas emission density.

<sup>6</sup> As the consumption data of diesel for motor vehicles included diesel record for rented forklifts, it is not possible to calculate the GHG density.

The non-hazardous wastes generated by our offices and workshops mainly included scrap iron and aluminium, paper, waste cardboards and domestic sewage. During the Reporting Year, the data on non-hazardous wastes generated by the Group in operations is as follows:

Non-hazardous Waste	Total Waste (in tonnes)		Waste Density (in tonnes/square metre)	
	Year ended	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Domestic sewage	2,417.39	10,000.00	0.4769 <sup>7</sup>	0.4108
Scrap iron and aluminum	389.04	109.24	0.0699	0.0045
Waste cardboards	39.35	13.03	0.0078	0.0005
Paper	1.39	2.86	0.0003	0.0001
	2,847.17	10,125.21	0.5548	0.4159

In order to reduce the adverse impacts on the environment, the Group has formulated a series of environmental protection measures and purchased suitable equipment. Relevant measures are as follows:

1. Waste gas management: The Group has installed gas collection device on the cookers in the canteen to collect the oil, smoke and waste gas produced during the cooking; and oil fume purifier is equipped to treat the oil, smoke and waste gas and reduce the emission of waste gas.
2. Waste water management: The domestic sewage produced in the canteen is discharged into the sewage pipeline and transported to the designated sewage treatment plant for treatment.
3. Solid waste management: The Group properly collects and stores the waste produced in the processing. All scrap iron and aluminum and waste cardboards collected will be resold to proper units for comprehensive treatment. In addition, other waste produced by the Group during daily operation will be uniformly collected and removed by the personnel of the competent environmental health authority. In a bid to avoid unnecessary waste of paper and advocate the efficiency of paper usage, the Group encourages its staff to use electronic documents in place of copied documents for internal or external communication during daily operations and reduce the consumption of paper accordingly. In case of need for printing, the Group would use double-sided printing or used environmentally friendly paper for printing.

<sup>7</sup> The production volume unit only covered the data derived from the place of Jiangshan's operation, because the water tariffs in other locations of operations were included in the management fees and thus no relevant data had been collected.

## A2. Use of Resources

Main resources used by the Group include electricity and water. For the implementation of environmental management system of the Group, conservation and use of resources and energy, and reduction of pollutions of other kinds in the process of resources and energy use, enhancement of use and management of resources such as water and electricity during construction and office activities, the Group has established the Green Office Management Agreement and the Resource Utilization Management System.

Electricity is mainly used to maintain the operation of the production equipment, lighting, airconditioning system, computer and other office equipment in the production plant and office of the Group. In order to reduce the consumption of electricity, the Group adopts energy-saving electric machinery during the production, and turns off the unnecessary lighting system and electrical equipment, in order to save electricity. In addition, the Group reduces the waste of resources due to non-conforming products by strengthening the supervision of processing and enhancing the percent of pass of products. During the Reporting Year, the electricity consumption data during operation of the Group is as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Electricity consumption (kWh)	346,642.16	530,730.00
Intensity of electricity consumption (kWh/square meter area <sup>8</sup> )	57.06	20.94
Intensity of electricity consumption (kWh/number of employees)	1,992.20	2,297.53

In terms of the consumption of water resources, the Group does not have any water consumption in the processing or installation projects. There are not any problems in securing applicable water sources in terms of office water use as the current water supply can meets the requirements of the daily operations of the Group. In order to lessen the impacts on the natural environment, the Group urges its staff to save water and reduce unnecessary waste, e.g. make sure water taps are properly turned off after use. During the Reporting Year, the water consumption data during operation of the Group is as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Water consumption <sup>9</sup> (cubic meter)	2,417.39	10,000.00
Intensity of water consumption (cubic meter/square meter area <sup>10</sup> )	0.48	0.41

As for the packaging materials, since the business of the Group does not involve in direct production and packaging and thus little packaging materials were produced during daily operations, there was not any packaging materials data recorded during this Reporting Period.

<sup>8</sup> The area included operation addresses in Jinzhai, Shanghai and Jiangshan.

<sup>9</sup> Unit of production only included data in the operation address of Jiangshan as the water charges data of other operation places was not available because it was included in the management fees.

<sup>10</sup> The area only includes data in the operation address of Jiangshan as the water charges data of other operation places was not involved in the calculation of intensity because it was included in the management fees.



### **A3. ENVIRONMENT AND NATURAL RESOURCES**

The Group pays close attention to the impacts of the business of the Group on the environment and natural resources.

In addition to abiding by relevant laws and regulations concerning environment and properly protecting the natural environment, the Group also integrates the environmental protection concept into the internal management. As mentioned above, the Group has taken various environmental protection and energy-saving measures during the daily operations to conduct effective management on the emission of waste gas, waste water and solid waste. With regard to the noise management, the Group also tries to use the low-noise equipment in the production plant to reduce the emissions of noise. If any high-noise equipment is used as necessary, the Group would put the crash pad at the bottom of the equipment to reduce the noise.

The Group has obtained the “ISO14001:2015 Environmental Management System Certification Certificate (環境管理體系認證證書)”, which formulates and implements relevant environment-related policies and objectives. The Group will review and investigate the system regularly to ensure the health and feasibility of the system so as to lead the Group to fully comply with all environmental protection regulations and meet the required environmental protection standards.

In order to further enhance the environmental consciousness of the enterprise and cultivate the environmental protection culture, the Group will regularly review and improve its business operation mode and evaluate its environment and natural resource policies to make more contributions to the communities where it operates in more effective modes including implementing more energy-saving measures.

## **B. SOCIAL**

The Group regards talents as the most precious assets. It strives to offer the employees a safe and comfortable working environment and related training, and build a cooperative and friendly working environment with its staff. In addition, the Group provides comprehensive and competitive remuneration packages and benefits to attract talents and retain employees with outstanding performance.

### **B1. EMPLOYMENT**

The Group strictly abides by relevant Chinese laws and regulations concerning labour, including the “Labour Law of the People’s Republic of China (《中華人民共和國勞動法》)”, the “Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》)” and the “Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》)”, etc.

The Group has formulated the Staff Handbook (《員工手冊》) and Human Resource Management System (《人力資源管理制度》) in accordance with relevant labour laws and regulations, covering aspects of human resource policies and working conditions, such as recruitment and promotion procedures, dismissal procedures, training, performance assessment, remuneration and benefits, working hours, vacations and other holidays (including marriage leave, compassionate leave and maternity leave) etc.

The Group attaches importance to employees and strives to offer equal opportunities for employees with different backgrounds. It recruits and promotes employees based on the performance of employees following the principle of openness, fairness and justice, regardless of the skin colour, descent, race, gender, age, nationality and religion, etc. All the candidates and existing employees of the Group are entitled to equal opportunities and fair treatment. The Group values the diversified backgrounds of employees, and welcomes talents with different characteristics joining the Group to make contributions to the Group. In addition, with emphasis on the rest hours of employees, the Group adopts the working system of five days per week and eight hours per day. If there are any needs for overtime work, the Group provides relevant remuneration or arranges the leaves in lieu of employees according to the national regulations. The Group also entitles its employees to due public holidays (including national statutory holidays) and other holidays, as well as reasonable remuneration, five social insurances and one housing fund, various allowances (such as communication expenses and meal fees) and year-end bonuses in accordance with national regulations. When employees resign, the Human Resource Department of the Group will calculate the salary for employees who will determine the final salary, and handle relevant resignation procedures.

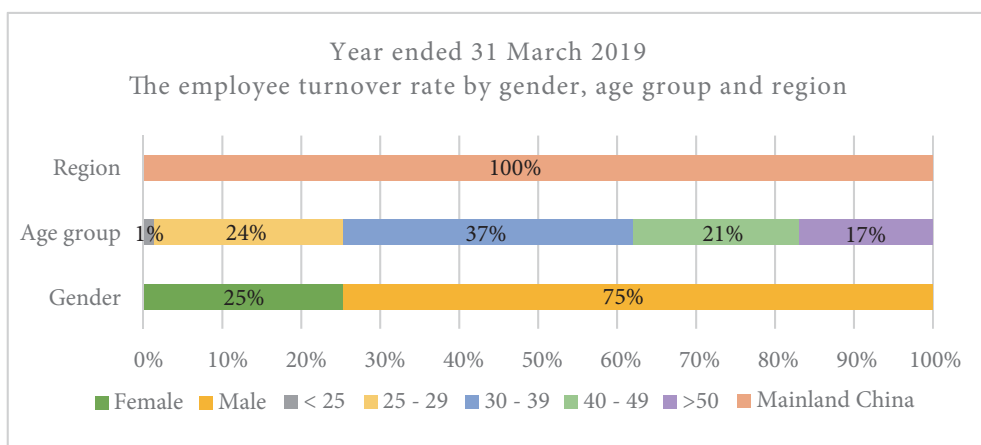
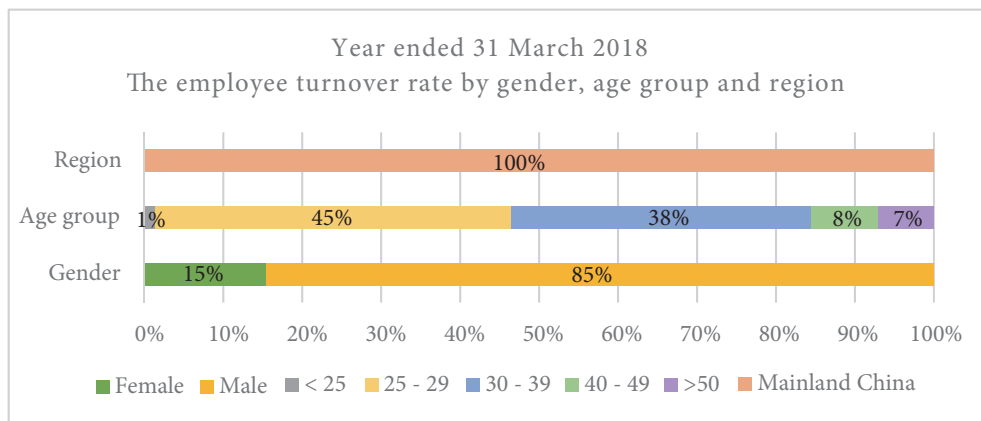
The Group deems that employees are the foundation of the Group, and the enterprise achievements and progress shall be attributed to the concerted efforts of all employees. Therefore, the Group will make unremitting efforts to evaluate the internal mechanism, and share its achievements with employees by means of performance incentives, training and promotions.

During the Reporting Year, the Group strictly abided by relevant Chinese laws and regulations concerning labour.

For the year ended 31 March 2019, the breakdown of employees by gender, age group, rank and region is set out below:

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Total number of employees by gender (person)</b>		
Female	48	63
Male	127	168
<b>Total number of employees by age group(person)</b>		
< 25	3	12
25 – 29	26	48
30 – 39	62	79
40 – 49	51	66
> 50	33	26
<b>Total number of employees by rank(person)</b>		
Ordinary employees	153	207
Minister level	13	19
General manager or above	9	5
<b>Total number of employees by region(person)</b>		
Mainland China	174	231
Hong Kong	1	0

For the year ended 31 March 2019, the breakdown of employee turnover rate by region, age group and gender is set out below:



## DIVERSITY POLICY

The Group attaches importance to the principle of non-discriminatory governance and is committed to creating a diverse working environment. In respect of the composition of the board of directors, the procedure for nomination of directors has been established at present, and shareholders of the Group may recommend any eligible person for election to the board. According to the internal guidance, candidates shall be recommended based on different backgrounds and expertise, and those ultimately elected shall have at least one male director and one female director to achieve board diversity. Currently, the board of directors of the Group comprises 5 male directors and 2 female directors.

In addition to the board of directors, we also implement a non-discrimination and diversity policy for the working environment of general employees. The current employee structure of the Group includes both male and female employees, who are entitled to the same job development opportunities and benefits. For instance, male employees and female employees can receive the same training. We will continue to deepen our diversity policy in the future, including seeking to increase the proportion of female employees in the employee structure.

## B2. HEALTH AND SAFETY

The Group attaches importance to employees' health and safety, and strictly abides by relevant laws and regulations such as the "Labour Law of the People's Republic of China (《中華人民共和國勞動法》)", the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)" and the "Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)".

The Group aims to create and provide a safe, healthy and comfortable working environment for employees, and has formulated a guidance for occupational health and safety entitled "Occupational Health and Safety Management Manual (職業健康安全管理手冊)" to guarantee the physical and mental health of employees and reduce accidents occurred at workplaces. The Group has also obtained the "OHSAS18001:2007 Occupational Health and Safety Management System Certification Certificate (職業健康安全管理體系認證證書)". Safe operation rules are strictly implemented to reduce and prevent any deaths or losses of property and time due to accidents.

For instance, the Group offers on-the-job training and safety education and guidance for newly recruited employees in order to enable them to effectively perform the job responsibilities and obtain necessary knowledge and skills. Employees are allowed to work at the post only when they pass the appraisal, and those at special posts (such as electricians and welders) are required to obtain corresponding professional qualifications and receive relevant specialized training. The Group will also continuously arrange the occupational health and safety training for employees, in a bid to enhance the technological level of employees, guarantee the production safety, and prevent the occurrence industrial accidents.

The installation of most photovoltaic equipment and accessories of the Group can be easily carried out without using complicated or large-scale equipment. The Group will entrust contractors with the engineering using large-scale equipment. Upon commencement of construction, the Group will continuously arrange safety management staff to conduct on-site supervision and offer guidance. Employees are also required to wear suitable labour protective articles (such as safety helmet).

In terms of working environment, we are committed to providing employees with an ideal and safe working environment and taking all appropriate measures to protect the health and safety of employees. The Group conducts regular inspections of fire-fighting equipment and records the inspection results in the Fire Safety Inspection Record to ensure that fire-fighting equipment can operate normally in the event of a fire and reduce the spread of fire to protect the safety of employees.

In terms of health care, the Group has made contributions to social insurances (including medical insurance, work-related insurance, maternity insurance and etc.) for employees in accordance with the local and national laws and regulations. Employees are also entitled to multifaceted physical examinations at the designated hospitals or physical examination centres every two years, which can effectively guarantee the occupational safety and health of employees.



For the year ended 31 March 2019, the Group reported 15 workplace accidents, 42 fewer than last year, and the number of deaths due to work is zero.

	Year ended 31 March 2019	Year ended 31 March 2018
Workplace accidents	15	57

### B3. DEVELOPMENT AND TRAINING

The Group emphasizes the importance of talent training, and firmly believes that the technology and experience of its employees are critical elements for the long-term development of the Group. Therefore, the Group has formulated the Human Resource Management System (《人力資源管理制度》) and the Staff Handbook (《員工手冊》) covering its training objectives, plans and management, and strives to enhance the performance of its employees through effective training, tutorship and on-the-job development. In addition, the Group formulates an Annual Training Plan (《年度培訓計劃》) each year to ensure that employees from different departments and ranks receive adequate training opportunities.

The training of the Group is mainly divided into internal training and external training. Necessary internal training is provided for relevant operation posts in response to the development needs of the enterprise. The training contents include new employee orientation program, on-the-job training for each department, technical operation, mechanical software application and safety knowledge, etc., which can help employees better adapt to the operations of the Group. For instance, the Group arranges trainings on photovoltaic mounting brackets and electric knowledge for the Purchase Department, introduce basic procedures and areas of work on power station constructions for the Project Development Department, and offers training courses relating to financial management, fund management, tax regulations and financial system application for the Financial Department.

The Group also engages external training tutors to offer specialised training for its technical talents at technical posts and special types of work. In addition, the Group encourages manager of each department to recommend high-potential employees to attend external training and development programs according to work needs, so as to further improve the working skills and professional knowledge of its employees. Necessary funds will be provided by the Group according to the relevance of the training contents with the knowledge required for employees' posts.

During the Reporting Year, the Group's employees have in aggregate participated in approximately 627 hours of internal training, representing an increase of approximately 10% as compared to last year.

	Year ended 31 March 2019	Year ended 31 March 2018
Total training hours (hour)	627	569

#### **B4. LABOUR STANDARDS**

In strict compliance with the relevant requirements of the Labour Law, the Group requires that all job applicants must fulfill the local statutory requirements for age. Any individuals under legal working age or without any identification documents are disqualified from employment by the Group.

To avoid child or forced labour, the Group implements strict requirements for employee selection and therefore formulated a set of stringent screening and recruitment procedures. According to the Human Resource Management System (《人力資源管理制度》), the Group requires job applicants to provide personal documents, such as identity card and academic certificate for verification by the HR Department to ensure that the employees are legally qualified for employment. The Group will immediately terminate the contract with the employee if it finds out that the employee has supplied false information.

Besides, upon discovery of any illegal employment of child or forced labour, the Group will dismiss the employee, inquiry into the case and impose appropriate punishment on the person held responsible.

During the Reporting Year, the Group did not record any incident of child or forced labour.

#### **B5. SUPPLY CHAIN MANAGEMENT**

The Group has strict requirements on the selection of suppliers, and has formulated a written policy and guidance entitled Supplier Management System (《供應商管理制度》), in a bid to enhance the management of environmental and social risks of supply chain, and standardize the supplier management procedures.

During the selection of potential suppliers, the Purchase Department firstly conducts preliminary assessment of candidate suppliers to understand their enterprise data, product quality, supply capability, quality management, environmental protection and aftersales service; and then asks suppliers to provide material samples, which will undergo the quality testings by the Quality Department or Technology R&D Department. Under normal circumstances, suppliers will be recognised after their samples pass the inspection. The Quality Department, Technology R&D Department and Purchase Department will form a supplier investigation team when necessary to conduct on-site investigation of suppliers and submit supplier investigation reports. Newly increased suppliers will be included into the list of recognised suppliers upon joint reviewed by the Purchase Department, Quality Department and Technology R&D Department.

In addition, the Group strictly monitors the performance of suppliers, and appraises the recognised suppliers on an annual basis, in order to guarantee the quality of goods supplied by suppliers. The appraisal standards include the quality, date of delivery, price, service quality, etc. The Group will ask the suppliers that fail to reach the standards of the Group to make rectifications, and continue to make purchase from the suppliers upon completion of corresponding corrective measures.

## B6. PRODUCT RESPONSIBILITY

It is deeply believed that good product quality is of vital importance to the sustainable development of the Group, and is the key to success of the Group. Therefore, the Group has always been strictly monitoring the product quality, in order to guarantee that the product quality can satisfy customers' requirements.

The Group's products and services received support and recognition from all walks of life. In the Reporting Year, the Group was awarded the Ninth in EPC Brand Value of China PV Brand Ranking in 2017 by PV Brand Laboratory in April 2018. In May 2018, it was ranked as the 15th of Top 20 Solar Power Plant EPC Companies in China in 2018 and the 17th of the Top 20 PV Support Bracket Enterprises in China in 2018 by pvp365. In February 2019, the Group obtained the 2018 Mu Yield Efficiency Award (2018年畝產效益獎) and 2018 Enterprise Advancement Award (2018年企業上臺階獎) granted by Jiangshan People's Government. In March 2019, the Group became a member of PGO.

The Group has formulated the "Product Quality Inspection Process (《產品質量檢測過程》)" in accordance with the "Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》)" to standardize the product quality inspection procedures. For example, the Quality Department will carry out quality test before warehousing the purchased raw materials. Raw materials that pass the inspection will be warehoused; and those fail to pass the inspection will be handled according to the appraisal results. Products out of the warehouse were monitored and inspected by the Quality Control Department. As for the processing entrusted with suppliers, the Company will appoint the Quality Inspector to carry out quality monitoring during the processing by suppliers, so as to guarantee the product safety and prevent the adverse impacts on the health of customers.

Besides, the Group strictly abides by the "Contract Law of the People's Republic of China (《中華人民共和國合同法》)", the "Construction Law of the People's Republic of China (《中華人民共和國建築法》)" and other relevant laws and regulations in the process of installation projects. To ensure project quality, the Group continuously monitors the quality of its projects, appoints designated inspectors to carry out detection in each phase of our works, formulates rectification plans and makes relevant rectifications in case of any problems, in order to guarantee the project quality can satisfy relevant requirements. The Group will appoint technicians to carry out system debugging before the project is handed over to our customers, and issue an "Inspection Report (驗收報告單)" to the customers for confirmation with signatures.

Until the present, the Group has not published any advertisements for its products. Upon receipt of complaints on product quality, date of delivery and service from customers, the Marketing Department firstly analyzes the complaint, and then pass on the complaints to relevant departments for investigation and follow-up. When handling customer complaints, the Marketing Department will keep close communication and contact with customers, and follow up the implementation and results of the rectification plans with relevant departments on a regular basis, in order to guarantee the customer complaints can be effectively handled. The processing results of all customer feedback content are recorded in the customer feedback form. During the Reporting Year, the Group did not receive any material complaints in respect of its products and services.

During the Reporting Year, the Group did not recall any products for safety and health reasons.

#### ***Protection of Intellectual Property Rights***

The Group has applied for several patents for its photovoltaic tracking system technology to protect the technology researched and developed by the Group. The R&D Department of the Group is responsible for the patent application. It has formulated a set of procedures for patent application. The Group has also formulated a “Patent Summary Sheet (專利匯總表)” to record the patents obtained, current status and annual fees of the relevant patents of the Company. The Group’s cooperating law firm will also assist in monitoring issues in relation to patent renewals and payments of fees, etc.

Furthermore, for the purpose of preventing the technologies researched and developed by the Group from being used without authorization or improperly used, the Group has entered into a confidentiality agreement with its employees, and formulated the “Staff Handbook (《員工手冊》)”, stipulating that employees shall fulfil confidentiality responsibilities and may not divulge any confidential information (such as technology researched and developed) of the Group to any third parties without permission. In addition, the Group strictly forbids R&D staff to take away any technologies researched and developed when they leave the office by such means as deleting the computer accounts of relevant R&D staff, so as to prevent the data of the Group from being divulged.

During the Reporting Year, the Group did not identify any infringement or unauthorized use of our patents.

#### ***Privacy***

The Group highly recognizes the importance of personal data to business and personal privacy. Therefore, designated personnel of the Marketing Department have been appointed to be responsible for the updating and maintenance of customer information of the Group, in order to protect the privacy of consumers. Other persons are strictly forbidden to copy or back up customer data without permission. Prior consent and acknowledgement from customers shall be required when it is necessary for relevant staff of the Group to provide such customer data in the external exchange and cooperation.

## B7. ANTI-CORRUPTION

The Group highly values the specialty and integrity of employees. It strives to adopt good business moral standards, and follow the concept of good faith, fairness and justice.

The Group strictly abides by the “Criminal Law of the People’s Republic of China (《中華人民共和國刑法》)” and the “Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》)” and prohibits any corruption, defraud, money laundering, bribery or blackmail.

To cultivate a clean and efficient working atmosphere, the Group has formulated the “Anti-Corruption and Self-Discipline Management System (《公司廉潔自律管理制度》)” and “Staff Handbook (《員工手冊》)”, which standardizes the employees’ behaviours and specifies the procedures for handling gifts received by employees. For example, if an employee receives a gift at work from an external unit, he shall hand over the gift to the Administration Department for treatment within three working days. In addition, employees shall sign the Letter of Commitment of Anti-Corruption and Self-Discipline (《員工廉潔自律承諾書》), covenanting that they will respect justice and abide by relevant laws, and will not seek for improper interests by taking advantages of the duty or power.

The Group has established good communication channels with employees. If employees find out or suspect corruption or immoral behaviours, they may report via the complaint box established by the Group. The Group will carry out investigation and verification according to the report contents, and handle according to actual situations.

During the Reporting Year, the Group was not involved in any lawsuits related to bribery, blackmail, defraud or money laundering.

## B8. COMMUNITY INVESTMENT

At present, the Group has not formulated any policies on community investment. However, the Group is deeply aware of the significance of contributions to the society. Therefore, it makes great endeavour to provide occupational development opportunities for local people, enhance the social and economic development, and recruit employees with the remuneration packages consistent with the market, so as to share the operation achievements with local residents.

Adhering to the corporate concept of “create and share together with Tonking”, the Group will greatly develop the photovoltaic industry based on its technological innovation advantages, and integrate the environmental and social factors into the investment decision-making process and operation management with reference to the best practice of the industry and the environmental, social and governance standards recognised in Hong Kong.



## THE STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDICATOR INDEX

Aspect	Description	Report Section	Remarks
<b>A. Environmental</b>			
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.	<i>Business, Compliance and Penalties, Environment and Natural Resources</i>	
KPI A1.1	The types of emissions and respective emissions data.	<i>Emissions</i>	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Emissions</i>	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Not Applicable</i>	<i>Little hazardous waste is produced during our daily operation as the business of the Group does not involve in direct production.</i>
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Emissions</i>	

Aspect	Description	Report Section	Remarks
KPI A1.5	Description of measures to mitigate emissions and results achieved.	<i>Emissions</i>	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved.	<i>Emissions</i>	
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	<i>Use of Resources</i>	
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).	<i>Use of Resources</i>	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<i>Use of Resources</i>	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	<i>Use of Resources</i>	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<i>Use of Resources</i>	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<i>Not Applicable</i>	<i>Little packaging material is produced during our daily operation as the business of the Group does not involve in direct production and packaging.</i>

Aspect	Description	Report Section	Remarks
A3 Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	<i>Environment and Natural Resources</i>	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<i>Environment and Natural Resources</i>	
<b>B. Social</b>			
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.	<i>Employment</i>	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	<i>Employment</i>	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<i>Employment</i>	

Aspect	Description	Report Section	Remarks
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.	<i>Health and Safety</i>	
KPI B2.1	Number and rate of work-related fatalities.	<i>Health and Safety</i>	
KPI B2.2	Lost days due to work injury.	<i>Not disclosed</i>	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<i>Health and Safety</i>	
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Describe training activities.	<i>Development and Training</i>	
KPI B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	<i>Not disclosed</i>	<i>During the Reporting Year, the aggregate in-house training time of the Group's employees was approximately 627 hours.</i>
KPI B3.2	The average training hours completed per employee by gender and employee category.	<i>Not disclosed</i>	<i>During the Reporting Year, the aggregate in-house training time of the Group's employees was approximately 627 hours.</i>

Aspect	Description	Report Section	Remarks
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 or forced labour.	<i>Labour Standards</i>	
KPI B4.1	Description of measures to review recruitment practices to avoid child and forced labour.	<i>Labour Standards</i>	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<i>Labour Standards</i>	
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<i>Supply Chain Management</i>	
KPI B5.1	Number of suppliers by geographical region.	<i>Not disclosed</i>	
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.	<i>Supply Chain Management</i>	



Aspect	Description	Report Section	Remarks
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.	<i>Product Responsibility</i>	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<i>Product Responsibility</i>	
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	<i>Product Responsibility</i>	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<i>Protection of Intellectual Property Rights</i>	
KPI B6.4	Description of quality assurance process and recall procedures.	<i>Product Responsibility</i>	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<i>Privacy</i>	

Aspect	Description	Report Section	Remarks
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.	<i>Anti-corruption</i>	
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.	<i>Anti-corruption</i>	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<i>Anti-corruption</i>	
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.	<i>Community Investment</i>	
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labor needs, health, culture, sports).	<i>Not disclosed</i>	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<i>Not disclosed</i>	