



**Shenyang Public Utility Holdings Company Limited**

**(Stock Code: 747)**

**2016 Environmental, Social and Governance Report**

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## **ABOUT THIS REPORT**

Shenyang Public Utility Holdings Company Limited (“Group” or “We” or “Our”) identifies itself with the values upon which the environment, society and governance are built and strives for sustainable development and environmental protection adhering to the business objectives of “establishing a foothold in principal operations, building a sound business, serving the community and rewarding shareholders”.

This is our first environmental, social and governance (“ESG”) report of the Group, which summarises and presents the sustainable development achieved by the Group in 2016, covering the period from 1 January 2016 to 31 December 2016 (“Reporting Period”). The Group wishes to communicate effectively with our stakeholders on ESG and other issues through this report, so as to improve the sustainable development management system and carry out sustainable development activities. This report is prepared, the Group has made relevant disclosures in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities issued by The Hong Kong Exchanges and Clearing Limited (“HKEx”) and discloses information relating to the concepts, practices and achievements of sustainable development of the Group and its two core operations, being the construction of infrastructures and the credit business, and the quantified performance of its major sustainable development indicators. In determining the scope of this report, the Group has also addressed the concerns of its stakeholders. In addition, the HKEx’s ESG Reporting Guide with content index is also appended in this report to facilitate report users’ reading.

Comments and suggestions regarding this report and the Group’s performance in sustainable development are always welcome and can be sent to us via email at [sygy747@163.com](mailto:sygy747@163.com).

## INTRODUCTION

Shenyang Public Utility Holdings Company Limited was established in Shenyang, the People's Republic of China ("PRC") on 2 July 1999 as a joint stock limited company upon the approval of the State Economic and Trade commission. As approved by the China Securities Regulatory Commission, on 16 December 1999, the company implemented a public issue of overseas listed foreign shares (H shares) and the company was listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). The Group aims to establish an effective investment and operation model dedicated to developing the infrastructure construction business.

Being an enterprise that fulfils its social responsibility, the Group has always followed the business objectives of "establishing a foothold in principal operations, building a sound business, serving the community and rewarding shareholders" with focus on developing infrastructures in the PRC, constantly pursuing excellence to promote urban economic and social developments.

- **Overview of Jing Nan Industrial Park**

In accordance with "planning at a high base, building upon high standards and managing with high efficiency" as well as the "government leading, unified planning, resource management, phased implementation and rolling development" principles, the Project on the Development and Construction of Jing Nan Branch of Shenzhen (Chaozhou) Industrial Park for Industry Transfer has been developed and constructed through rational strategising and integrated utilisation to create a modern industrial new town featuring industrial clusters, land use intensification, complete ancillaries, advanced facilities, beautiful environments, livability and entrepreneur friendliness, energy conservation, environmental protection, effective results and sustainable development ("Jing Nan Industrial Park Project"). The project is primarily the construction of a demonstration park for undertaking industry transfer approved by the Guangdong Provincial Government on Tier-1 land. It has been agreed in the Cooperation Agreement on the Development and Construction of Phase I of the Project (《項目首期開發建設合作協議書》) signed by Zhongfang Chaozhou Investment Development Company Limited ("Zhongfang Chaozhou"), a subsidiary of the Group, with a recycling company designated by the government ("Recycling Company") in November 2009 that the BT (BT is the abbreviation of "Build" and "Transfer", meaning "building – transfer") model would be adopted to develop and construct the project and that the Recycling Company would appoint Zhongfang Chaozhou for the investment and construction and would repurchase the project upon a successful acceptance check.

As far as the Jing Nan Industrial Park Project is concerned, the Recycling Company is responsible for: 1) land requisition, demolition and resettlement, making compensation and resettling people in relation to the project site; 2) initiating the project, applying for permissions on the planning, reviewing drawings, making reports and other relevant formalities; and 3) engaging Zhuhai Municipal Construction Supervisory Co., Ltd. as the supervisory company and signing contracts with relevant parties. Being an investor of the project, Zhongfang Chaozhou is responsible for raising funds to build the project, generally by way of tender, as well as outsourcing the project to construction companies. Zhongfang Chaozhou jointly manages the project with the supervising party during the construction period while the supervising party is the first person responsible for the management of the project.

- **Investigate and Research on Jing Nan Industrial Park**

At the preliminary stage of the construction of the Jing Nan Industrial Park Project, the Group sought professional advice from third-party professional institutions on the feasibility of the project and prepared a Feasibility Study Report (《可行性研究報告》).

The report covers the background and necessity of the project, the demand analysis and construction scale of the industrial park, the conditions for site selection and construction, the industry choices of the industrial park, the project completion plans, the measures for energy and water conservation, etc. In addition to the above, the report has focused coverage on the environmental impact assessment, providing illustration on the testing and assessment of the project site in respect of marine, atmospheric and sound environmental quality status, soil monitoring and ecological status as well as guidance for builders and contractors on controlling and mitigating the discharge of sewage (including construction wastewater and domestic sewage), exhaust gases and dust as well as construction noise and solid wastes produced during the construction period.

The Group is required to construct its projects in strict compliance with the requirements of national and local laws and regulations governing environmental protection and adopt effective measures to keep the noise of the construction sites within the scope indicated in the Noise Limits for Construction Sites (《建築施工場界噪聲限值》) (GB12523-90).

Construction of the project may only be commenced after the authorities' approval on the Feasibility Study Report (《可行性研究報告》) has been obtained. During the project construction and operation, the Group also closely monitors the impact of its construction and staff activities on the environment and natural resources.

## **SUSTAINABILITY APPROACH**

The Group is well aware of the importance of sustainable development and the fact that sustainable development is crucial to creating long-term value for shareholders, customers, employees and other stakeholders of the Group and even the vast community. The sustainable development approach of the Group covers several areas, including the infrastructure investment and credit business, daily operation and management, staff support and community contribution. The Group pays attention to the impact of its daily operation on the environment and society, striving to set a role model for the community and achieve an optimal balance in the interest of its stakeholders, the economy, the environment, the society and corporate governance in the course of business.

## STAKEHOLDER ENGAGEMENT

We have been adhering to our belief that the views of stakeholders are of paramount importance to the long-term growth and success of the Group. The Group provides a variety of channels for stakeholders to allow stakeholders at different areas and levels to express their views and suggestions on the sustainability performance and future development strategies of the Group. At the same time, in order to enhance mutual trust and respect, the Group has committed to actively establish a stakeholder engagement system via formal and informal channels to ensure the business plans of the Group conform with the requirements and expectations of the stakeholders, and any risks associated with participation can be foreseen in a timely manner, so as to strengthen the relationship with the stakeholders.

Stakeholders of the Group are from different aspects and levels, including the employees, shareholders, business partners and suppliers of the Group, government regulators, non-governmental organisations and local communities. The information collected through different procedures of communication forms the underlying basis of this ESG structure.

## ENVIRONMENTAL PROTECTION

The Group attaches great importance to environmental protection work. We are committed to environmental protection at the operational level with the aim of reducing the adverse impact of the Group's operations on the environment through stringent supervision and control. Being an investor, we strive to protect the construction environment. Externally, construction companies are required to strictly control dust pollution to meet the secondary emission standards as set out in the Emission Limits for Air Pollutants (《大氣污染物排放限值》) (DB44/27-2001) and to ensure the implementation of appropriate green maintenance work at construction sites. Internally, we strictly require the Engineering Department of Zhongfang Chaozhou to supervise the activities of construction personnel and to require construction companies to carry out publicity and educational work at construction sites to enhance the awareness of environmental protection among construction workers, hence cultivating the willingness to "protect the environment" among employees. At the same time, in accordance with the requirements of the environmental protection authorities, we have ensured disclosures and undertakings are appropriately made to the public.

- **Emissions**

Emissions from the construction of Jing Nan Industrial Park of the Group mainly include: i) domestic sewage and production wastewater, ii) exhaust gas, iii) noise and iv) solid waste. During the construction, we will carry out the supervision of construction companies on the treatment of emissions, including monitoring the discharge of sewage and solid waste, controlling dust pollution of sites and reducing noise in the construction period to ensure that the construction companies comply strictly with the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), 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》), 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 the Prevention and Control of Environmental Noise

Pollution (《中華人民共和國環境噪聲污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Implementation Rules of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法實施細則》) and the Environmental and Health Standards for Construction Sites (《建設施工現場環境與衛生標準》) and other relevant provisions.

The Jing Nan Industrial Park Project will cause a certain degree of air pollution during construction, mainly due to the presence of construction dust and emission of waste gas from transport vehicles and construction machinery. We will strictly require the construction companies to carry out water sprinkling operations for dust-prone road surfaces in the morning, afternoon and evening on a daily basis to reduce air pollution caused by construction dust.

The Jing Nan Sewage Treatment Plant is located in the northeastern corner of Jing Nan Industrial Park and currently 100% of its main body projects have been completed. Covering an area of 30 mus and having an installed capacity of treating 20,000 tonnes of sewage daily, the project is a priority in the national emission reduction responsibility document aiming at dealing with wastewater, sludge and other emissions from the factory production of enterprises in Jing Nan Industrial Park going forward and accordingly effectively treating the daily sewage discharges of Jing Nan Industrial Park.

During the Reporting Period, to the knowledge of the directors, the Group had not identified any breach of the PRC environmental laws or regulations resulting in significant administrative sanctions or penalties.

- **Use of Resources**

The Group has always attached great importance to the use of resources and has vigorously promoted every employee in the Group to keep in mind the concepts of protecting the environment and avoid wasting resources and to put them into practice at all aspects of its production and office activities. We reduce the impact of our business activities on the environment and natural resources through various measures for energy conservation and emission reduction, such as saving energy and water, reducing the use of paper and properly managing waste, and develop informatised office and optimise staff management to bring green office into reality, striving to improve the economic benefits of resource utilisation so as to reduce the environmental impact.

#### *Energy Saving*

Electricity consumption accounts for a major component of carbon emissions in the course of the Group's operation. The Group has adopted the following energy conservation measures in the office area of each premise.

- ◇ To install high energy-efficient electronic equipment, and consider its energy labels before the model selection, preferably those Grade 1 or Grade 2 energy labels;



- ◇ To use LED lighting devices and install energy-saving light bulbs, and if possible, fully utilise daylight as well;
- ◇ To set the air-conditioning temperature at an energy-saving level, preferably at 24°C to 26°C; meanwhile, to clean the air-conditioning filters on a regular basis so as to maximise the cooling efficiency;
- ◇ To switch off idle lighting and energy consuming devices; to set the personal computers into sleep mode instead of screensaver; to unplug the electronic appliances such as coffee machine and microwave oven before switching off the office power supply for the rest days and holidays; and
- ◇ To replace business trips with conference calls or e-mails if possible holding discussions.

#### *Water Saving*

- ◇ The Group has profound understanding that water resource is a strategic resource for its business development and operation and is devoted to implementing various measures to achieve water saving, purification and recycling during the normal operation, aiming to strictly avoid the water waste.
- ◇ The Group also requires its subsidiary Zhongfang Chaozhou to recycle water resources in the office area, such as collecting water used in washing hands/fruits for flushing toilets; constantly monitoring the quality of water equipment, such as carrying out regular leakage tests on piping, checking for defects or damages for timely repairs if any problem is identified; reading the water meters regularly and checking for hidden leakages. In addition to such water-saving practices, the Group has also spared efforts on enhancing water-saving education and awareness among employees.

#### *Paper Reduction*

The Group has adopted the following measures adhering to the water-saving concepts:

- ◇ To avoid using excessive wrapping papers and decorations during daily operation;
- ◇ To promote the use of electronic communication technologies for the release of announcements, reports of matters, advice seeking and feedback and to use e-mails instead of facsimile or mail by post whenever possible;
- ◇ To use recycling bins to collect paper documents, set the printer to double-sided mode on the computer, increase the number of words to be printed on each page, reduce the margins and use appropriate fonts (such as Times New Roman);
- ◇ To use electronic systems for file documentations;



- ◇ To promote a principle of “think before you copy”. Consider sharing documents with co-workers and only print the number of copies in need for the meeting to avoid excessive copies; and
- ◇ To use non-disposable cups and cutlery, such as ceramic mugs and reusable spoons cutlery.

### *Waste Management*

The Group has valued the importance of waste management and adopted following measures to properly handle recyclable and unrecyclable wastes:

- ◇ To use waste separation bins to sort the recyclable waste paper, metal and plastic products;
- ◇ In terms of office supplies, to encourage employees to use pen refills and reuse the pen holders instead of replacing the whole pen; and
- ◇ To discard used batteries in a specific recycling bin and recycle used ink cartridges.

The Group will adopt the above measures to achieve green use of resources in the office area and will take the initiative to review the effectiveness of the measures. On the road ahead, the Group will further explore more effective energy conservation and emission reduction measures for active implementation. For example, through training, workshops and other means, the Group will encourage employees to participate in activities relating to environmental protection topics, including air pollution, kitchen waste, green procurement and green environment, and will further strengthen publicity on the concept of environmental protection.

### • **The Environment and Natural Resources**

The Group attaches great importance to the impact of the Jing Nan Industrial Park Project of the Group on natural resources and the environment. Therefore, before the project is commenced, an assessment of its impact on natural resources and the environment was conducted by a professional institution. The institution assessed the environmental quality and impact of the project area, provided measures for easing the environmental impact and for preventing and controlling pollution, and issued the final Environmental Impact Report (《環境影響報告書》) in March 2010.

The Group pays great attention to such professional accreditation and assessment conducted by professional institutions on the Jing Nan Industrial Park Project. These will help us to take appropriate measures in a timely manner to reduce damage to natural resources and the environment at which the project is located.

In order to protect the slope, stabilise the roadbed and reduce soil erosion, we designed a slope protection wall and ditch for the Jing Nan Industrial Park Project at the early phase of the project adopting concrete pouring and grass treatment for the slope protection structures. The Group attaches great importance to the construction process of the project, urging Zhongfang Chaozhou to check the works of the construction companies in strict accordance with the construction drawings and design requirements and to assist the supervisory company to monitor the quality of the project.



## REGULATORY COMPLIANCE

- *Infrastructure Construction Business*

It was indicated in the Opinion on Strengthening the Construction of Urban Infrastructures (《關於加強城市基礎設施建設的意見》) promulgated by the State Council of the PRC on 16 September 2013 that strengthening the construction of urban infrastructures is conducive to advancing the adjustment of economic structures and the transformation of development modes, driving growth in investment and consumption, expanding employment and promoting energy conservation and emission reduction. The PRC government has provided for stringent and complete laws and regulations on the guidance and supervision of urban infrastructure construction. Business invested by the Group will strictly abide by relevant laws and regulations of the State, such as the Construction Law of the People's Republic of China (《中華人民共和國建築法》), Decree No. 393 of the State Council – Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》), the Administrative Regulations on the Quality of Construction Projects in Guangdong Province (《廣東省建設工程質量管理條例》), Decree No. 89 of the Ministry of Construction – Administrative Measures on Inviting and Submitting Bids for Housing Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程施工招標投標管理辦法》), 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 Environmental Impact Assessment (《中華人民共和國環境影響評價法》), 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 the 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 (《中華人民共和國環境雜訊污染防治法》).

- *Credit Business*

Chung Hwa Finance Limited (“Chung Hwa Finance”), a subsidiary of the Group engaging in the money lending business in Hong Kong, applied to the Hong Kong Police Force to obtain the Money Lenders Licence (《放債人牌照》) and completed renewal procedures three months before the expiration of the licence in accordance with Chapter 163: Money Lenders Ordinance (《放債人條例》) of the Laws of Hong Kong (《香港條例》) issued by the Hong Kong Government. Chung Hwa Finance also strictly abides by the provisions of the Money Lenders Ordinance in running its money lending business, conducting stringent review of the borrower’s financial position and repayment ability and signing valid loan agreements (《借貸協議》) with borrowers that are deemed to be qualified upon review so as to ensure that every operation and repayment procedure are lawfully carried out.

## **PROFESSIONAL TEAM**

The management hired by the Group has rich theoretical knowledge and years of practical experience in corporate governance, construction engineering, civil engineering and project and infrastructure construction, investment and financing and asset operations, etc.

The Group has appointed professional engineering personnel to station at the site of the Jing Nan Industrial Park Project for supervising and managing the construction progress and quality to ensure construction is strictly compliant with national laws and regulations and is carried out in a safe, standardised and effective manner. All the staff of the Engineering Department, such as cost surveyors and technicians, hold a qualified job permit/certificate and other valid documents and has rich practical experience in their respective posts. The Group relies on a professional team to make active explorations in the field of urban public infrastructure for the creation of a layout for sustainable layout.

On the basis of abiding by relevant laws and regulations, the Jing Nan Industrial Park Project of the Group co-operates with Zhuhai Municipal Construction Supervisory Co., Ltd., the supervisory company, in the supervision and management of site construction, including supervision and guidance on construction, acceptance check and safe construction. We also assist the supervisory company to carry out work including environmental protection and improvement of the project area, soil and water conservation and maintenance and safety and health protection for project personnel.

## SELECTION OF SUPPLIERS

The Group strictly complies with relevant laws and regulations during its operation, and has always expected its suppliers to cooperate with the Group with an honest and fair attitude. It has been agreed in the Agreement signed by Zhongfang Chaozhou, a subsidiary of the Group, with the Recycling Company that Zhongfang Chaozhou would be responsible for the infrastructure investment and specific development work including “Seven Connections, One Levelling, One Lighting, One Greening” (that is, connections to passageways, water supply, power supply, storm (sewage) drainage, communications, limited television and gas (natural gas) within the red-line area under plan as well as earthwork excavation and levelling, street lighting and road greening planning within the land acquired) in the first phase of the industrial land, in addition to the need to ensure that the quality of the project is in line with national quality standards on construction, installation and decoration works and to ensure that the project construction programme is in line with national and local Laws, regulations and rules. Under the terms of this cooperation agreement, Zhongfang Chaozhou would adopt the bidding approach to select two construction companies as the contractors of Jing Nan Industrial Park. The two construction companies being selected have been approved by the board of directors and the shareholders’ meeting of Zhongfang Chaozhou and a resolution of the board of directors and the shareholders’ meeting on the offer to the two construction companies has been formed. Upholding the concept that the project should be compliant with relevant laws and regulations in terms of quality and procedure, in selecting construction companies, the Group strictly requires Zhongfang Chaozhou to examine the qualification certificates of construction companies (including: business license, safety production permit and qualification certificate for construction enterprise). Of which, for the qualification certificate for construction enterprise, a company is required to possess grade one or above qualifications in general contracting of municipal public works.

Other than the need to meet its requirements, the Group requires contractors to possess the essence of operating in good faith, treating employees fairly and ensuring compliance with all applicable laws and regulations. The spirit of agreement shall be carried through the project from the beginning to the end. For any violation against laws and regulations by the contractor during the performance of the contract, the Group has the right to terminate the cooperation agreement signed with the contractor and, where necessary, hold it accountable for liability.

The Group will strengthen the selection and monitoring procedures for suppliers to ensure that contractors are in compliance with relevant laws and regulations.

## HEALTH AND SAFETY OF PRODUCTS AND SERVICES

The Group's Jing Nan Industrial Park Project, in its course of construction, is subject to the supervision of the Housing and Urban-Rural Construction Bureau of Chaozhou Municipality, the Administration of Work Safety of Chaozhou Municipality, the Construction Quality Supervision Station of Chaozhou Municipality and the onsite Construction Quality Inspection Station of Chaozhou Municipality, the Environmental Protection Bureau of Chaozhou Municipality and other government departments. Aside from strictly abiding by relevant laws and regulations of the State, we rely on the strong support and supervision of the above government departments in the construction of our Jing Nan Industrial Park Project, in order to achieve environmental protection and improvement of the project area, soil and water conservation, safety and health protection of the project personnel and other objectives.

The Group strictly requires the Engineering Department of its subsidiary, Zhongfang Chaozhou to take responsibility for examining and confirming the qualifications of special operations personnel to ensure compliance with national provisions and that the personnel hold the required job permits. Job permits and special operations qualification certificates in relation to the industrial park include: Road Freight Driver Qualification Certificate (《道路貨物運輸駕駛員從業資格證》), Motor Vehicle Driving Operations – Loaders (《場內機動車輛駕駛作業-裝載機》), Motor Vehicle Driving Operations – Excavators (《場內機動車輛駕駛作業-挖掘機》), Construction Special Operations Qualification Certificate – Construction Welders (《建築施工特種作業操作資格證-建築焊工》) and Construction Special Operations Qualification Certificate – Roller Operators (《建築施工特種作業操作資格證-壓路機操作工》). In strict compliance with the provisions of the Measures on the Dynamic Management of Work Safety of Construction Projects (《關於建築工程安全生產動態管理的辦法》) promulgated and implemented by the Housing and Urban-Rural Construction Department of the Guangdong Province, we carry out supervision of the activities of the construction companies and the supervisory company in accordance with the irregularities as provided for in the measures and try our best not to cause any suspension of works arising from the irregularities to occur. If an action letter for rectification/punishment from relevant departments is received, we will work with the supervisory company to urge the construction companies to rectify the problems as soon as possible.

The quality of the Jing Nan Industrial Park Project is monitored by the Construction Quality Inspection Station of Chaozhou Municipality in real time. The project is also subject to the real-time supervision of the supervisory company in respect of its progress and quality. The construction companies need to report any sub-projects completed to the station for testing and an Inspection Report (《檢驗報告》) will be issued by the station. If it is concluded that the project fails to meet the design requirements, unconditional dismantling and re-building by the construction companies would be required.

The Group is committed to the “Caring Enterprise” business philosophy and has always held a belief in “personality is product, infrastructure construction and other projects are not only undertakings but also responsibilities, so no coin would be earned against your conscience”, so we would absolutely not allow any quality problems to occur in the urban infrastructure projects we invest.



For the credit business, Chung Hwa Finance enforced strict control over customer data preservation and information confidentiality. All the borrowers' personal information, loan contracts and other confidential documents are stored in a locked file cabinet which is properly managed by the financial officers, so as to prevent the occurrence of data leakage and to protect the basic rights and interests of customers.

For the year ended 31 December 2016, the Group strictly abided by various laws, regulations, rules and procedural standards and, to the knowledge of the directors, no project quality issue leading to punishment had been identified.

## **CARE FOR EMPLOYEES**

In adherence to the “people-oriented, morality, wisdom and harmony” (人為本、德為先、智為尊、和為貴) personnel principles, the Group considers the employees of the Company as its important assets. In addition, the Group also attaches great importance to the mission of creating room for development of its employees, enhancing employees' value and achieving mutual growth with the enterprise. The Group is in strict compliance with laws and regulations including the Labour Law, Labour Contract Law and the Employment Ordinance, and has formulated a set of systems including the Human Resources Management Policy (《人力資源管理制度》), the Code of Practice and Code of Conduct of Employees (《員工工作守則和行為準則》), the Employee Orientation Handbook and Explanations (《員工入職手冊及說明》), the Administrative Management Policy (《行政管理制度》), the Confidentiality Policy (《保密制度》), the Policy on Employee Attendance, Leave and Leave Application (《員工考勤、休假、請假制度》), the Remuneration and Benefits Policy (《薪酬福利制度》) and the Employees Health and Safety (《員工健康與安全》). The Group has always been caring for the well-being of its employees in all aspects, not only safeguarding their rights and interests, protecting their physical and mental health and safety, but also making efforts in talent development, valuing work-life balance and maintaining a fair and integrity working environment.

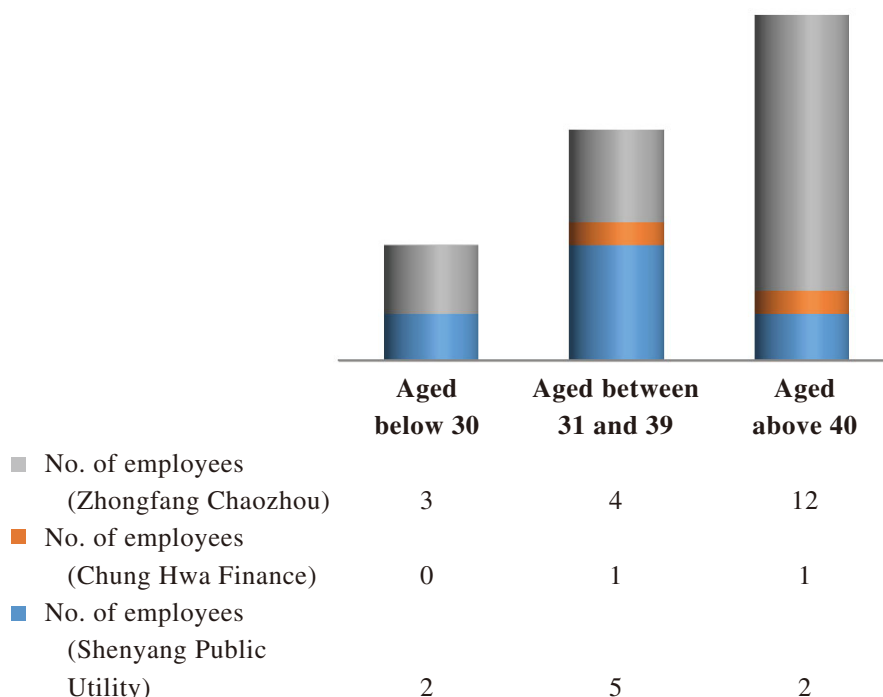
- **Talent Recruitment**

The Group recruits talents in a wide range and warmly welcome ambitious people to join us. To cope with our business development, the Group recruits talents via various channels including recruiting websites, head hunters and internal promotion.

As an employer who values employee performance, the Group will promote/reward its employees depending on the Company's recognition of their contribution, work performance and skills.

The Group advocates fairness and justice at the workplace and offers equal opportunities to its employees. No form of discrimination, regardless of their gender, sexual orientation, disability, age, race, ethnicity, family status or any other legal safeguards is tolerated. It applies to all employee activities and human resources matters, including recruitment, promotion, transfer, reward and training.

As at 31 December 2016, the total number of employees of the Group and its subsidiaries by age group is as follows:



- Labour Rights**

The Group has strictly complies with the laws and regulations concerning the employment, such as Labour Laws and Employment Ordinance to provide all of its employees with statutory welfare and security, such as the “Five Insurance & One Fund” (五險一金) in social security scheme, being the pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund. Apart from these, the Group also provides on-the-job staff with work allowances in supporting their work, including communication allowance and transportation allowance. The Group implements 5-day work week with average working hours of no more than 40 hours each week. The management of the Company may request employees to work on their rest days, provided that employees have the right to decline. For employees who work overtime, time off may be taken where the department permits.

In the course of recruitment, child and forced labour is strictly prohibited. The human resources department will carefully audit and screen the personal data of the applicants to ensure that their age meets the employment standards and no sign of child labour. Employees who work overtime should report and properly keep the corresponding attendance records. For any breach of rules due to recruitment of child or forced labour, the person in charge of the relevant departments will be held accountable and a specialised team will be established to ensure provision of sufficient protection to the victims.



- **Emphasis on Safety and Health**

The Group provides a safe working environment for its employees in accordance with relevant laws and regulations. We do not encourage employees to sacrifice their personal health for the sake of work beyond their individual capability. If employees feel that they lack the skills, they should communicate with their superiors in a timely manner to work out a solution together.

At the construction site of the Jing Nan Industrial Park Project, the Group has adhered to the principle of “Safety First, Prevention-oriented and Comprehensive Governance”. We strictly require the construction units to follow a set of laws and regulations including the Production Safety Law (《安全生產法》), the Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》), the Regulation on Work Safety Licenses (《安全生產許可證條例》) and the Measures on the Dynamic Management of Work Safety of Construction Projects (《關於建築工程安全生產動態管理的辦法》). The construction units have formulated a comprehensive set of “Production Safety Policy” as guidelines of safety operations for project employees and require the workers to comply with the Work Ethics of Construction Workers (《建築職工職業道德準則》) and introduce various safety duties to the duties of various positions. Given Jing Nan Industrial Park Project involves jobs of high risk such as engineering surveying, bog blasting and excavation, concrete mixer, electrical engineering and welding operation, the personnel of the construction department of Zhongfang Chaozhou closely monitors and supervises the working process of construction projects. Workers are given safe production education to ensure the construction process is implemented in a regulated and safe way.

*“Prevent Risks and Prepare in Advance”*

The occupational health and safety preventive measures for the works of Jing Nan Industrial Park Project of the Group are as follows:

- ◇ Examine and confirm that special operation workers must pass the professional training and examinations required by the State and possess the qualifications and certifications of special operation for relevant positions in accordance with the certificate-for-job system;
- ◇ Supervise the new joiners of the construction units to obtain relevant safety education of the construction units before onboarding and work and learn at production sites after passing the examinations;
- ◇ Supervise the workers of the construction units to wear comprehensive personal protective items in the course of operation;
- ◇ Establish a complete and regulated set of safety operational procedures and safety warning signs in addition to examining and supervising the design setting of the construction units’ work sites.

For the year ended 31 December 2016, the Group has strictly complied with all the laws, rules, regulations and procedural standards. To the best knowledge of our directors, no serious work-related injuries have been identified.

- **Investment in Talent Development**

Talent development is an integral part of the Group's human resources strategy. The Group truly understands that the knowledge and skills of employees are of utmost importance to the operation and business growth of the Company. A well-planned career path may also prepare the employees for future business challenges.

The Group has formulated the Training Management Policy (《培訓管理制度》). Staff trainings, which include internal and external trainings such as organising the training on e-tax of Guangdong Taxation Bureau during the period of replacement of business tax with value-added tax in 2016 for its finance personnel, will be organised based on the Group's actual situation and demands for talents in a planned and targeted way. The Group encourages employees to actively participate in external seminars and sharing sessions to strengthen their professional knowledge. If training expenses are incurred, the Group will also reimburse such training expenses.

- **Creating an Environment for Integrity and Honesty**

Ethics and integrity is the cornerstone of a company's success. The Group has zero tolerance toward behaviours such as bribery, extortion, fraud and money-laundering. The Board, management and all employees must comply with all the relevant laws and regulations promulgated by the State and regional governments in relation to the prevention of the bribery, extortion, fraud and money-laundering.

The Anti-Fraud Policy (《反欺詐制度》) and the “Code of Practice and Code of Conduct of Employees” (《員工工作守則和行為準則》) formulated by the Group provide that employees are prohibited from using their power at work for personal gain, theft, affray, fraud, bribery and violation of matters subject to punishment under the financial system of the Company.

For the year ended 31 December 2016, to the best knowledge of our directors, there was no litigation case relating to corruption occurred in the Group.

## CARE FOR THE COMMUNITY

The Group strongly adheres to the mission to create economic benefits for the community and promote social civilisation; maximise the value for shareholders to achieve win-win situation; create room for development of employees to enhance their value so as to grow with the enterprise. The Group endeavours to promote social harmony and fulfil its corporate responsibilities. The Group has put in place the Community Service Policy (《社區服務制度》) to encourage employees to participate in volunteer activities and provides relevant training on the community service and necessary protective measures. Through actively participating in community and volunteer services such as rescue and relief, energy saving and emission reduction, psychological counselling, poverty alleviation, provision of assistance to the underprivileged, provision of assistance to transportation development, education support, environmental protection and professional consultation, the Group strives to provide assistance within its power to the employees in distress across enterprise, the underprivileged, elderly, orphans and those with special care and other special needs.

Good community relationship lays solid foundation for the sustainable development of a company. The Group actively fulfils its responsibilities to improve the urban public infrastructure facilities and to allocate its funds to invest in the development of urban public infrastructure facilities with a view to building a better community. Jing Nan Industrial Park Project also creates career opportunities for the local community and supports infrastructure construction and economic development.

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<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>		Emissions	6
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.			
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A1.2</b>	Greenhouse gas emissions in total and intensity.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A1.3</b>	Total hazardous waste produced and intensity.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A1.4</b>	Total non-hazardous waste produced and intensity.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	No disclosure of relevant information has been made for this year.	N/A

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<b>Aspect A2: Use of Resources</b>			
<b>General Disclosure</b>		Use of Resources	7
Policies on the efficient use of resources, including energy, water and other raw materials.			
<i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>			
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A2.2</b>	Water consumption in total and intensity.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI A2.5</b>	Total packaging material used for finished products and with reference to per unit produced.	The business of the Group does not involve any packaging process.	N/A
<b>Aspect A3: The Environment and Natural Resources</b>			
<b>General Disclosure</b>		The environment and natural resources	9
Policies on minimising the issuer's significant impact on the environment and natural resources.			
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	9

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<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
<b>General Disclosure</b>		Care for Employees	14
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.			
<b>KPI B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	Talents Recruitment	14
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	No disclosure of relevant information has been made for this year.	N/A
<b>Aspect B2: Health and Safety</b>			
<b>General Disclosure</b>		Emphasis on Safety and Health	16
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.			
<b>KPI B2.1</b>	Number and rate of work-related fatalities.	No report of work-related fatality has been received during the reporting period.	N/A
<b>KPI B2.2</b>	Lost days due to work injury.	No disclosure of relevant information has been made for this year.	N/A

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<b>KPI B2.3</b> Description of occupational health and safety measures adopted, how they are implemented and monitored.	Emphasis on Safety and Health	16
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>  Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Investment in Talent Development	17
<b>KPI B3.1</b> The percentage of employees trained by gender and employee category.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI B3.2</b> The average training hours completed per employee by gender and employee category.	No disclosure of relevant information has been made for this year.	N/A
<b>Aspect B4: Labour Standards General Disclosure</b>		
<b>General Disclosure</b>  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	No child labour or force labour has come to the awareness of the Group in 2016.	N/A
<b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour.	The human resources department of the Company will carefully screen the personal data of the applicants to ensure that their age meets the employment standards. In addition, it will register the age of the successful candidates and carry out background checks to eliminate child labour scenario.	N/A
<b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered.	For any breach of company's rules due to recruitment of child or forced labour, the person in charge of the relevant departments will be held accountable and a specialised team will be established to ensure provision of sufficient protection to the victims.	N/A



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<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management General Disclosure</b>			
<b>General Disclosure</b>		Selection of Suppliers	12
Policies on managing environmental and social risks of the supply chain.			
<b>KPI B5.1</b>	Number of suppliers by geographical region.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	No disclosure of relevant information has been made for this year.	N/A
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>		Health and Safety of Products and Services	13
Information on:		Urban Public Infrastructure Facilities and Industrial Park	
		No complaint regarding advertising, labelling and privacy matter has been received in 2016.	
(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.			
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The business of the Group does not involve any product recall matter.	N/A
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	No disclosure of relevant information has been made for this year.	N/A

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<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Health and Safety of Products and Services	13
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	No disclosure of relevant information has been made for this year.	N/A
<b>Aspect B7: Anti-corruption</b>			
<b>General Disclosure</b>		Creating an environment for integrity and honesty	17
Information on:		No breach of the relevant laws and regulations has come to the awareness of the Group.	
(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.			
<b>KPI B7.1</b>	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.	No litigation regarding corruption, bribery, extortion, fraud and money laundering against the Group or any employee of the Group has been occurred or pending during 2016.	N/A
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Creating an Environment for Integrity and Honesty	17

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<b>Aspect B8: Community Investment</b>			
<b>General Disclosure</b>		Care for the Community	18
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.			
<b>KPI B8.1</b>	Focus areas of contribution.	No disclosure of relevant information has been made for this year.	N/A
<b>KPI B8.2</b>	Resources contributed to the focus area.	No disclosure of relevant information has been made for this year.	N/A