

Shenyang Public Utility Holdings Company Limited

2017 Environmental, Social and Governance Report



**Shenyang Public Utility Holdings Company
Limited**

Stock Code: 747

2017 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 by 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 second Environmental, Social and Governance (“ESG”) report of the Group, which summarizes and presents the sustainable development achieved by the Group in 2017, covering the period from 1 January to 31 December 2017 (“Reporting Period”). The Group wishes to communicate effectively with our stakeholders on the ESG and other issues through this report, so as to improve the sustainable development management system and carry out sustainable development activities. In preparing this report, the Group has made relevant disclosures in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules of the Main Board issued by The Hong Kong Exchanges and Clearing Limited (“HKEx”), which discloses information relating to the concepts, practices and achievements of sustainable development of the Group as well as its two core operations, being the construction of infrastructures and the credit business, and also 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.

CORPORATE PROFILE

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 by ways of promotion upon the approval of the State Economic and Trade commission. As approved by China Securities Regulatory Commission, on 16 December 1999, the company conducted a public issue of overseas listed foreign shares (H shares) and was listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The Group is committed to establishing an effective investment and operation model by focusing on the infrastructure facilities construction in the PRC, actively performing social responsibilities and promoting urban economic and social development, with the aim of realizing the business objectives of "establishing a foothold in principal operations, building a sound business, serving the community and rewarding shareholders".

Jing Nan Industrial Park Project

As a provincial demonstrating industry transfer park recognised by Guangdong provincial government, 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 ("Jing Nan Industrial Park Project") has conducted the construction of Tier-1 land. Through rational strategizing and integrated utilization, the Group strives to create a modern industrial new town featuring sustainable development and beautiful landscape environment, whereby realizing the benefits of industry cluster and land use intensification.

Zhongfang Chaozhou Investment Development Company Limited ("Zhongfang Chaozhou"), a subsidiary of the Group, entered into the Cooperation Agreement on Phase One Project Development and Construction with a recycling company designated by the government in November 2009, in which it was agreed that the development and construction of Jing Nan Industrial Park Project will adopt the BT approach (being the "building-transfer" approach). Entrusted by the recycling company, the project was invested and constructed by Zhongfang Chaozhou. As an investor of the project, Zhongfang Chaozhou was responsible for raising funds for project construction and contract out project construction to construction companies through invitation of tender. The recycling company is responsible for buying back the project after the inspection and acceptance procedures are passed.

During the course of project construction, the recycling company engaged a supervising company, Zhuhai Municipal Construction Supervising Company Limited., to manage the project together with Zhongfang Chaozhou. According to the agreement, it was determined that the supervising party was the principal person-in-charge of project management.

To achieve environmental protection and resources conservation during the course of project construction, the Group specified a series of details in the Feasibility Study Report at the project pre-construction stage, which includes need analysis and construction scale of industrial park, project site selection and construction conditions, energy and water conservation measures of the project. Of which it involves professional advices and assessments regarding the environmental impact such as quality of water, air and soil as well as ecological environment.

After the Feasibility Study Report has obtained the approval from government authorities, the project commenced construction under stringent compliance with various rules and regulations. During the project construction, the Group coordinated with the supervising party and instructed the construction parties to effectively control and mitigate adverse impact on the environment (including sewage disposal management, elimination of exhaust gas and dust, noise control as well as solid wastes treatment) in light of the instructions in the Report.

During the year, Jing Nan Industrial Park Project was approaching its final stage. Zhongfang Chaozhou is currently coordinating with the recycling company and relevant authorities to prepare project acceptance and settlement works.

SUSTAINABILITY APPROACH

The Group firmly believes that sustainability approach is crucial to creating long-term value for customers, employees and investors of the Group and even the vast community. During the course of infrastructure investment and credit business, the Group pays attention to the impact of its daily operation on the environment and society, strives to set a role model for the community and achieve an optimal balance in environmental protection, the society and corporate governance, caring about employees and community contributions during the course of business.

STAKEHOLDER ENGAGEMENT

Maintaining a long-term and effective engagement, understanding and continuing to focus on the views of stakeholders are of paramount importance to the long-term growth of the Group. The above will lay a solid foundation in achieving our long-term growth and success. Therefore, the Group strives to be open and conduct two-way communications with key stakeholders from different segments including employees, customers, suppliers, business partners of the Group, government regulating authorities, non-governmental organisations and local communities so as to strengthen mutual trust and respect. At the same time, it creates multiple communication channels to enable stakeholders from different sectors and segments to express their valuable advice and suggestions on business plans, sustainable performance and future development strategy of the Group.

PEOPLE-ORIENTED

An important cornerstone of the Group's successful development is employees. The Group is in compliance with laws and regulations including Labour Law, Labour Contract Law and Employment Ordinance, and has formulated and implemented a series of policies and procedures including Human Resources Management Policy (《人力資源管理制度》), Code of Practice and Code of Conduct of Employees (《員工工作守則和行為準則》), Employee Orientation Handbook and Explanations (《員工入職手冊及說明》), Administrative Management Policy (《行政管理制度》), Confidentiality Policy (《保密制度》), Policy on Employee Attendance, Leave and Leave Application (《員工考勤、休假、請假制度》), Remuneration and Benefits Policy (《薪酬福利制度》) and Employees Health and Safety (《員工健康與安全》), with the aim of caring for employees' physical and mental development, health and occupational safety in all aspects, and listening with care regarding the needs of all employees, so that all employees could devote to work whole-heartedly, and maintain a fair and honest working environment, so as to improve the Group's management effectiveness.

Talent Recruitment

The Group recruits talents to join us through various channels including referral and recommendation, on-line job advertisements, so as to achieve recruiting a wide spectrum of knowledgeable people with insight.

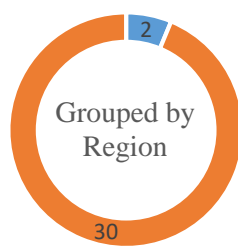
The Group provides employees competitive remuneration package and good promotion prospects. The Group identifies employees who have performed well and fulfilled their promotion requirements through regular assessments and provides them promotion opportunities or salary increment to express the Group's affirmation of their values. The Group also provides employees internal re-designation opportunities, allowing them to choose works independently that are in line with their interests and development plans, so that they are able to acquire new experience, knowledge and skills in new positions.

As an employer advocating equal opportunities, during the recruitment, promotion or other human resources activities, the Group will not be influenced by employee gender, nationality, age, religious belief, marital status, sexual orientation, disability, political standpoint, social ranking, ethnicity and other factors that are not relevant to the talent and qualifications of job applicants.

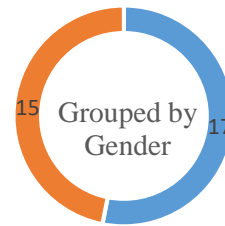
For employees who have resigned or quit during the term of the contract, the Group will get to know their reasons for resignation/quitting and will conduct resignation and settlement procedures after being approved by the company.

As of 31 December 2017, all the employees¹ of the Group and its subsidiaries are categorised by region, gender and age as follows:

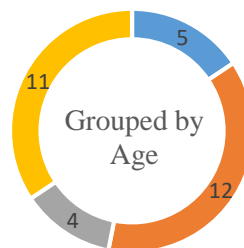
¹ In 2017, all the employees of the Group were long-term full-time employees.



■ Hong Kong ■ China



■ Male ■ Female



■ Below 30 ■ 30-39 ■ 40-49 ■ Above 50

Occupational Health and Safety

The Group regards “Safety First, Prevention-oriented and Comprehensive Governance” as the core value of production safety and set up various measures in construction sites and offices to promote occupational health, production safety and ensure compliance with applicable laws and regulations. We have established safety guidelines, rules and procedures for different aspects of production activities, including fire safety, site safety, work-related injuries, and timely emergency evacuation procedures. We strictly require the construction units to follow a set of laws and regulations including Production Safety Law (《安全生產法》), Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》), and Regulation on Work Safety Licenses (《安全生產許可證條例》) and 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》). In addition, the construction units have formulated a comprehensive set of “Production Safety Policy” as guidelines of safety operations for project employees and require workers to comply with the Work Ethics of Construction Workers (《建築職工職業道德準則》) and require staff of different positions to implement various safety duties.

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 manner.

Except for establishing and strictly observing different management systems for production safety, the Group implemented the following occupational health and safety preventive measures for workers under the Jing Nan Industrial Park Project:

Working Environment

- Examining and supervising the design setting of the construction units' work sites, and at the same time, establishing a complete and regulated set of safety operational procedures and safety warning signs.
- Conducting supervision to ensure workers of the construction units are wearing comprehensive personal protective gears during the course of operation.
- Performing regular inspection of the machines and equipment at construction sites to prevent accidental work-related injuries.

Staff Education

- Checking and confirming whether every special operation worker has passed the professional training and examinations required by the State and possess the qualifications and obtained certifications of special operation for relevant positions in accordance with the certificate-for-job system before taking up the job;
- Requiring the new joiners of the construction units to receive relevant safety education by the construction units before onboarding and work and learn at production sites after passing the examinations;

The Group has all along been strictly complied with all the laws, regulations, rules and standards. To the knowledge of our directors, no serious work-related injuries have been identified by the Group for the year ended 31 December 2017.

Encouraging Learning and Innovation

The Group pays great attention to the individual development and advancement of staff and expected staff to keep updating their knowledge and skills and make progress together with the Group for win-win benefits. The Group encourages staff to make continuous improvement in their positions, and also tailor-made multiple internal and external courses for staff at different levels, including induction orientation and continuous training courses to help them enhancing the understanding of corporate culture and work knowledge.

The Group has formulated the Training Management Policy (《培訓管理制度》). Based on the evaluation criteria such as individual competence, interpersonal communication skills, team spirit and staff initiative, we conducted regular reviews and assessments regarding their performance and development, conducted job relocation and salary adjustment, and formulated corresponding internal and external training plans according to the results. For example, the Company organised a special subject training, “Institutional Framework on Corporate Risk Management and Internal Control” in December 2017 to enhance staff’s self-awareness in relation to corporate risk management and internal control. The Group also reimbursed part of the expenditures for that professional development training to support staff in pursuing continuous development.

Labour Rights

The Group has strictly complied with the requirements of Sex Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance, which provide equal opportunities in the matters such as recruitment, trainings, promotion, transfer, remuneration, benefits and contract termination. Such opportunities will be offered regardless of staff’s gender, age, race, complexion, nationality, religious belief, marital status, sexual orientation, gender labels, gender expression, health and mentality conditions. Once any breach of the above Ordinances is identified, the Group will proactively encourage staff to report to supervisors (as high as up to board level) by proper procedures, the organizational department receiving such report is responsible to conduct investigation and take remedial actions.

The Group has strictly complied with the laws and regulations regarding employment, such as Labour Laws and Employment Ordinance, to provide all employees statutory welfare and security, such as the “Five Insurance & One Fund” (五險一金) under the social security scheme, being pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund and paid leave. Apart from these, the Group also provides on-the-job staff with general allowances to supporting their hard-working dedication, including lunch allowances, festive allowances and job-travel allowances.

As child and forced labour adversely infringe basic human rights, the Group has the obligation to eradicate these circumstances. The Group strictly standardises our recruitment process and fulfils the responsibilities of oversight and management, in order to eradicate the breaches of laws and regulations involving child and forced labour at source. The human resources department will carefully audit and screen the personal data of applicants to ensure that their age meets the employment standards and no recruitment of child labour. Employees who work overtime should report and proper corresponding attendance records must be kept and take adjusting day-off after obtaining the approval of relevant competent department. 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 by the Group and a specialised team will be established to follow and deal with the relevant matters to ensure provision of sufficient protection to the victims.

During the year ended 31 December 2017, to the best knowledge of the Board, no child or forced labour was employed by the Group.

Creating an Environment for Integrity and Honesty

The Group firmly believes that ethics and integrity is the cornerstone of a company's sustainable development. The Group has zero tolerance toward behaviours such as bribery, extortion, fraud and money-laundering in any form. The directors, 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 bribery, extortion, fraud and money-laundering.

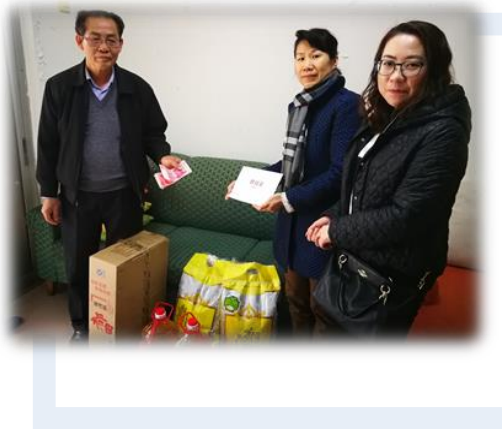
The policies and procedures such as Anti-Fraud Policy (《反欺詐制度》) and “Code of Practice and Code of Conduct of Employees” (《員工工作守則和行為準則》) provide that employees are prohibited from using their authority granted by work authority for personal gain, theft, affray, fraud, bribery, extortion, and other matters that are in violation of the system of the Company.

For the year ended 31 December 2017, to the best knowledge of our directors, there was no litigation case relating to corruption that occurred in the Group.

Care for the Community

The robust development of the Group depends on the continuous support and trust from the State and all sectors of the community. The Group is always grateful and in order to promote social harmony and maintain our goal of social responsibilities, the Group actively fulfils its responsibilities, dedicates its funds to invest in the development of urban infrastructure facilities with a view to building a better community, striving to reciprocate the society, and helping to promote the improvement of public life and healthy development of regional economy.

Maintaining good community relationship is conducive to the business development of the Group. The Group has put in place the Community Service Policy (《社區服務制度》) to encourage employees to participate in various volunteer activities and provides relevant training on the community service and necessary protective measures. Through actively participating in community and volunteer services such as 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 the enterprise, the underprivileged, elderly, orphans and those with special care and other special needs. Jing Nan Industrial Park Project also creates career opportunities for the local community, such as construction workers and ancillary office staff (including hygienic maintenance and cooking staff) and supports local infrastructure construction improvement and economic development.



During 2017, the Group organised poverty alleviation condolence and donation activity and made one-time donation of RMB200,000 to Guandong Foudation for Poverty Alleviation. It also conducted community visits and condolence activities. The Group earnestly fulfills its social responsibilities and endeavours to contribute to the community and society.

MARKET-ORIENTED

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 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”. By adhering to this concept, the PRC government has provided stringent and comprehensive laws and regulations on the guidance and supervision of urban infrastructure construction for many years.

The Group will strictly abide by relevant laws and regulations, 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》), 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》), 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》), 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》), 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 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噪聲污染防治法》), which are all applicable to the urban infrastructure construction businesses invested by the Group.

● 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 License (《放債人牌照》) 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 Government of Hong Kong Special Administrative Region for engaging in money lending business and has completed in time the renewal procedures three months before the expiration of the license. During the period, Chung Hwa Finance strictly complied with such requirements to conduct the license renewal issues. Chung Hwa Finance also strictly abides the provisions of

the Money Lenders Ordinance in running its money lending business, conducting appropriate 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 the procedures for every operation are carried out legally to assure the legal operation of the Company.

Professional Team

In the infrastructure business segment, the Group has a team of highly-professional leaders and talents with hi-tech experience. The project managers hired by the Group have rich theoretical knowledge and years of practical experience in construction engineering design, civil engineering and infrastructure construction, investment and financing and asset operations, etc.

Under the professional guidance of the management, the Group masters its advantageous position in the urban infrastructure business segment and forms a sustainable development layout. 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 in strict compliance with national laws and regulations and carries out its operation a safe and effective manner.

In addition, the production personnel of every position in Jing Nan Industrial Park (such as mechanists, technicians etc.) are required to hold valid qualified certificates including work license/qualification certificate and have rich practical experience on relevant positions. 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》). Dedicated staff in engineering department is responsible for supervising the expiration status of certificates of production staff and arranges training and examination in time to ensure certificates are renewed in time and that no production staff will conduct production and operating works with invalid or expired job permits/certificates.

Selection of Suppliers

For Jing Nan Industrial Park project in particular, 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 works within the red-line area under plan in the first phase of the industrial land, including connections to passageways, water supply, power supply, rain water (sewage) drainage, communications, limited television and gas (natural gas), as well as earthwork excavation and levelling, street lighting and road greening planning within the land acquired). It also needs to ensure that the quality of the project has complied with national quality standards in the construction, installation and decoration works aspect and ensure that the project construction programme abides the national and local Laws, regulations and rules.

Based on the above agreement, after the resolutions were approved in board meeting and general meeting, Zhongfang Chaozhou adopted the invitation to tender approach and selected

two construction companies as the contractors of Jing Nan Industrial Park, and entered into cooperation agreements with them. The Group has strictly complied with the relevant laws and regulation during the operation, and has always hoped its suppliers could cooperate with an honest and equitable attitude. The suppliers management rules and standards adopted by the Group are as follows:

- ✧ Supervise Zhongfang Chaozhou to conduct a stringent examination of the construction companies' qualification certificates (including: business license, production safety permit and qualification certificate for construction enterprise). Of which, for the qualification certificate for construction enterprise, the company is required to possess grade one or above qualifications in general contracting of municipal public works.
- ✧ Require contractors to possess the essence of operating in good faith and ensuring compliance with all applicable laws and regulations.
- ✧ Strictly practice the spirit of agreement, for any violation against laws and regulations by contractors during the performance of the contract, the Group would consider to terminate the cooperation agreement signed with the contractors and, where necessary, hold it accountable for any liability.
- ✧ Attach importance to the protection of human rights and labour rights in the supply chain, with no tolerance in employing child labour and forced labour by the Group, and expects our suppliers to adopt the same attitude.

Health and Safety of Products and Services

The Group is committed to the “Caring Enterprise” business philosophy as its core value for the infrastructure construction business and credit business it operates, adheres to the concept of “quality first, customer first” and carries out stringent quality management for the urban infrastructure projects invested by the company, and closely monitors the compliance and standardization of its credit business.

Apart from stringently complied with relevant state laws and regulations, the Group's Jing Nan Industrial Park Project also needs to observe a series of government's supervisory regulations, including 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, and the Environmental Protection Bureau of Chaozhou Municipality.

The quality project is monitored real time by the Construction Quality Inspection Station of Chaozhou Municipality. The construction companies need to report any completed sub-projects to the station for quality inspection and 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 for the segments that failed the inspection and testing.

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 Guangdong

Province, Zhongfang Chaozhou endeavoured not to cause any suspension of works arising from the irregularities caused by the construction companies. In the event that an action letter for rectification/punishment from relevant departments is received, Zhongfang Chaozhou will assign special personnel to work with the supervisory company to urge the construction companies to rectify the problems as soon as possible.

As stated in the 2016 ESG Report, under the supervision and strong support of the aforementioned government authorities, the Group have been pursuing environmental protection achievement and improvement of the project area, soil and water conservation, safety and health protection of project staff and other objectives.

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

For the year ended 31 December 2017, the Group strictly abided various laws, regulations, rules and procedural standards and, to the knowledge of the directors, there was no project quality issue or privacy leakage incident leading to penalty had been identified.

ENVIRONMENT-BASED DEVELOPMENT

The Group regards environmental protection as an important segment of corporate sustainable business development, and firmly believes that there is no conflict between maintaining corporate development and profitability versus improving green competitiveness. The Group attaches great importance to environment protection. We are committed to protecting the environment at the operational level, advocating sustainable development, and mitigating negative impact on the environment during the course of operation under the principle of maintaining corporate development and profitability. We endeavour to observe the local environment protection laws and regulations where the Group operates.

As an investor of the industrial park project, Zhongfang Chaozhou strives to protect the construction environment both internally and 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 (《大气污染物排放限值》) (DB44/27-2001) and to ensure the implementation of appropriate green maintenance work at construction sites;
- ✧ The Engineering Department is required to strictly supervise the activities of construction personnel, and construction companies are required to carry out publicity and educational work at construction sites, so as to enhance the awareness of environmental protection among construction workers, hence cultivating the willingness to “protect the environment” among employees.

Disclosures and undertakings are appropriately made to the public in accordance with the requirements of the environmental protection authorities.

Environmental Data

The summary of emissions, energy and use of resources of the Group during the period is as follows:

KPIs	Figures
Air Emissions	
Nitrogen oxides (NO _x)	3.15 tons
Sulphur oxides (SO _x)	0.06 tons
Particulate matters (PM)	0.23 tons
Total GHG Emissions	
Direct emission (Scope 1)	10.80 tonne CO ₂ equivalent
Indirect emission (Scope 2)	7.46 tonne CO ₂ equivalent
Total GHG emissions per unit of production volume (Scope 1 and 2)	0.06 tons
Total Energy Consumption	51,194.75 kWh
Energy consumption for purchased electricity	13,805.48 kWh
Energy consumption for unleaded gasoline	37,389.27 kWh
Energy consumption per square meter of floor area	154.51 kWh
Total Water consumption	101.24 m ³
Water consumption per square meter of floor area	0.35 m ³
Total Non-hazardous Wastes Disposed at Landfills	0.08 tons
Non-hazardous wastes disposed at landfills per square meter of floor area	0.00028 tons
Other household garbage	0.08 tons

Emissions

During the construction process of Jing Nan Industrial Park under the Group, Zhongfang Chaozhou is responsible for supervising the emissions treatment activities by construction companies, including monitoring the discharge of sewage and solid waste, controlling dust pollution of sites and reducing noise during 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.

During the construction period of Jing Nan Industrial Park Project, the emissions mainly include: i) domestic sewage and production wastewater, ii) exhaust gas, iii) noise and iv) solid waste. Air pollution is unavoidable to a certain extent during construction, which is mainly

due to the presence of construction dust and emission of waste gas from transportation vehicles and construction machinery. Zhongfang Chaozhou will strictly require 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 during the construction period.

The emissions such as waste water and sludge generated during the construction period will not be discharged until being properly treated by Jing Nan sewage treatment plant in future. Jing Nan sewage treatment plant is located at the north-eastern corner of Jing Nan Industrial Park. The main project construction of the sewage treatment plant has been completed during 2016 in which it covers an area of 30 acre of land. It has a construction scale of daily sewage treatment of 20,000 tons, a national emission reduction target accountability program.

During the Reporting Period, to the knowledge of the Directors, the Group received no major administrative sanctions or penalties due to any violation of Chinese environmental laws or regulations.

Use of Resources

While participating in the establishment of developing our foundation business, the Group also proactively advocates green philosophy in protecting the environment as well as cherishing resources should be indoctrinated in every employee's mind and put it into practice in every aspect of the operation process. We reduce the impact and destruction of our business activities on the environment and natural resources through adopting various measures for energy conservation and emission reduction, such as saving energy and water, reducing the use of paper and properly managing waste. To implement electronic office and optimise staff management to bring green office into reality; lead every staff to proactively participate in environment causes and contrive “protecting the environment starts from me”, we aim to create a green environment in delicate details.

Energy Saving	Use LED lighting devices and install energy-saving light bulbs; turn off unused and unnecessary lighting and energy consumption device
	Set the air-conditioning temperature at an optimum level, preferably between 24°C to 26°C; clean air-conditioning filters regularly to improve cooling efficiency;
	Set staff's computers to sleep mode; unplug electronic appliances such as coffee machine and microwave oven during rest days and holidays
	Give preference in buying those electronic equipment with Grade 1 energy labels
	Give preferene to conference calls or e-mails instead of overseas business trips for holding discussions if possible
Water Saving	Recycle water resources in office area to avoid wastage
	Check every water appliance regularly, and conduct timely repair if any problem is identified
	Check water meters reading regularly and check any hidden leakages
	Proactively carry out water-saving education and promote water conservation awareness

**Paper saving
and Waste
Management**

Reduce using unnecessary wrapping papers and decorations

Use resource recycle bins to collect paper documents for second use

Promote the use of electronic communication technologies for circulating internal information and use e-mails instead of written correspondences

Advocate paperless culture and reduce using unnecessary papers

Use non-disposable tableware

Recycle garbage after assortment

Dispose of disused batteries and used inkjet cartridge strigently for recycling purpose

The Group will adopt the above measures to achieve green use of resources in the office area and will take initiative to review the effectiveness of the measures. Furthermore, the Group promoted a series of green activities in 2017, such as replaced with energy-saving lamp tubes in some buildings, encouraged waste papers recycling.



In Year 2017, the Group installed energy-saving lamp tubes in some buildings

In the long run, the Group will continue to explore and implement more energy conservation and emission reduction options, support employees to participate in activities relating to environmental protection subjects, and proactively advocate the concept of environmental protection, with a view to improving employee green work participation rates.

Environment and Natural Resources

The Group attaches great importance to the impact of the Jing Nan Industrial Park Project on natural resources and its neighbouring environment. Before the project was commenced, the professional institution assessed the environmental quality and impact of the project area before issuing the formal Environmental Impact Report (《環境影響報告書》), and implemented measures to mitigate the environmental impact and for pollution prevention and control. The Group firmly believes that active implementation of the relevant measures can effectively reduce the impact on natural resources and the environment at which the project is located.

During the year that covered, the Jing Nan Industrial Park Project was at project completion stage. At present, Zhongfang Chaozhou is cooperating with a recycling company and relevant government authorities to prepare the corresponding acceptance inspection and settlement works. However, the Group always attaches great importance to the construction progress of the project, urges Zhongfang Chaozhou to check the works of the construction companies in strict accordance with the construction drawings and design requirements during the construction period, so as to assist the supervisory company to monitor the quality of the project.



In order to 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 by adopting concrete pouring and grass treatment.

FUTURE OUTLOOK

Looking forward, the Group will continue to develop more new projects, provide more premium services to customers, maintain high ethical standards and tap talents. At the same time, we will be more proactive in participating community activities and mitigate the impact of production activities on the environment. We will constantly listen to feedbacks from all stakeholders for continuous improvement, seek balancing our business development and the impact on the society and environment arising therefrom, and put our sustainable development spirit into practice. The Group would like to take this opportunity to express our sincere gratitude to all stakeholders for their support and trust. We will continue to perform corporate social responsibilities and committed to the sustainable development concept in contributing more to the sustainable development of the society.

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A. Environmental			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Emissions	17
KPI A1.1	The types of emissions and respective emissions data.	Environmental data	17
KPI A1.2	Greenhouse gas emissions in total and intensity.	Environmental data	17
KPI A1.3	Total hazardous waste produced and intensity.	During the covered period, the Group mainly engaged in office operation, which was mainly non-hazardous domestic wastes and no hazardous waste was produced.	N/A
KPI A1.4	Total non-hazardous waste produced and intensity.	Environmental data	17
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental data	18
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental data	18

Aspect A2: Use of Resources			
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KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental data	17
KPI A2.2	Water consumption in total and intensity.	Environmental data	17
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of resources	18
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of resources	18
KPI A2.5	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
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		The environment and natural resources	21
KPI A3.1	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	21

B. Social			
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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.		People-oriented	7
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Recruit knowledgeable talents	7
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Recruit knowledgeable talents	7
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Occupational Health and Safety	8
KPI B2.1	Number and rate of work-related fatalities.	No report of work-related fatality has been received during the reporting period.	N/A
KPI B2.2	Lost days due to work injury.	No report of work injury incident during the reporting period.	N/A
KPI B2.3	Description of occupational health and safety measures adopted and how they are being implemented and monitored.	Occupational Health and Safety	8

Aspect B3: Development and Training			
General Disclosure		Encourage learning and be innovative	9
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.			
KPI B3.1	The percentage of employees trained by gender and employee category.	No disclosure of relevant information has been made for this year.	N/A
KPI B3.2	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
Aspect B4: Labour Standards General Disclosure			
General Disclosure		No child labour or force labour has come to the awareness of the Group in 2017.	N/A
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.			
KPI B4.1	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 situation.	N/A
KPI B4.2	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

Operating Practices			
Aspect B5: Supply Chain Management General Disclosure			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Selection of Suppliers	14
KPI B5.1	Number of suppliers by geographical region.	No disclosure of relevant information has been made for this year.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are being implemented and monitored.	Selection of Suppliers	14
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of remedy.		Health and Safety of Products and Services Urban Infrastructure Facilities and Industrial Park No complaint regarding advertising, labelling and privacy matter has been received in 2017.	15
KPI B6.1	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
KPI B6.2	Number of products and service related complaints received and how they are being dealt with.	No complaint regarding products and services has been received in 2017.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	No disclosure of relevant information has been made for this year.	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	Health and Safety of Products and Services	15
KPI B6.5	Description of consumer data protection and privacy policies, how they are being implemented and monitored.	Credit Business	13

Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering prevention.		Creating an environment for integrity and honesty No breach of the relevant laws and regulations has come to the awareness of the Group.	11
KPI B7.1	Number of concluded legal cases regarding corruption 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 2017.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are being implemented and monitored.	Creating an Environment for Integrity and Honesty	11
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities have taken communities' interests into consideration.		Care for community construction	11
KPI B8.1	Focus areas of contribution.	No disclosure of relevant information has been made for this year.	N/A
KPI B8.2	Resources contributed to the area under focus.	No disclosure of relevant information has been made for this year.	N/A