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I. About this Report

The board of directors (the “Board”) of Boer Power Holdings Limited (the “Company”) is pleased to present this Environmental, Social and Governance (hereinafter called “ESG”) Report (the “Report”) of the Company and its subsidiaries (collectively as the “Group” or “we”). This ESG Report summarizes the policies, sustainability strategies, management approach, initiatives and performance made by the Group in the environmental and social aspects of its business.

The ESG Report covers the Group’s business in investment holding, intelligent electrical distribution system solutions, energy efficiency solutions, components and spare parts for the year ended 31 December 2018. The Report discloses the required information under the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). The relevant provisions and details are listed out at the end of the Report. The ESG Report does not cover the business in electrical distribution system solutions as it only accounts for less than 1% of the Group’s revenue for the period.

The Board is responsible for the Group’s ESG strategy formulation and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel has discussed internally and identified the environmental, social and operating items; and assessed their importance to the stakeholders and the Group. The summary of material ESG items are listed out in this report.

We welcome any comments or recommendations on this report as well as our performance in sustainable development. Shareholders may at any time send their enquiries and concerns with contact information of the requisitionists to the Board in writing through the Company Secretary by email to yc.kwok@boerpower.com, or by fax to (852) 2544 7272, or by mail to the Company’s principal place of business at Unit 1805, 18th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

II. **Stakeholders' Engagement**

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. We maintain a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. We assess and determine our environmental, social and governance risks, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the management response to the stakeholders' expectations and concerns:

Stakeholders	Expectations and concerns	Management response
Government / regulatory organizations	<ul style="list-style-type: none"> ➤ Compliance in laws and regulations ➤ Fulfill tax obligation 	<ul style="list-style-type: none"> ➤ Uphold integrity and compliance in operations ➤ Pay tax on time, and in return contributing to the society ➤ Establish comprehensive and effective internal control system
Shareholders / investors	<ul style="list-style-type: none"> ➤ Return on investment ➤ Information transparency ➤ Corporate governance system 	<ul style="list-style-type: none"> ➤ Management possesses relevant experience and professional knowledge in business sustainability ➤ Ensure transparent and effective communications by dispatching information on the websites of HKEX and the Company ➤ Continue to improve the internal control system and focus on risk management
Employees	<ul style="list-style-type: none"> ➤ Labor rights ➤ Career development ➤ Compensation and welfare ➤ Health and workplace safety 	<ul style="list-style-type: none"> ➤ Set up contractual obligations to protect labor rights ➤ Encourage employees to participate in continuous education and professional trainings ➤ Establish a fair, reasonable and competitive remuneration scheme ➤ Pay attention to occupational health and safety
Customers	<ul style="list-style-type: none"> ➤ High quality products and services ➤ Timely delivery ➤ Reasonable price 	<ul style="list-style-type: none"> ➤ Improve the quality of products and services continuously in order to maintain customer satisfaction ➤ Establish an effective, efficient and green supply chain system ➤ Formulate comprehensive quality assurance process and recall procedures ➤ Ensure proper contractual obligations are in place
Suppliers	<ul style="list-style-type: none"> ➤ Stable demand ➤ Good relationship with the Company ➤ Corporate reputation 	<ul style="list-style-type: none"> ➤ Ensure proper contractual obligations are in place ➤ Establish policy and procedures in supply chain management ➤ Establish and maintain strong and long-term relationship with suppliers ➤ Select suppliers with due care
Community	<ul style="list-style-type: none"> ➤ Environmental protection ➤ Community contribution ➤ Economic development 	<ul style="list-style-type: none"> ➤ Pay attention to climate change ➤ Encourage employees to actively participate in charitable activities and voluntary services ➤ Maintain good and stable financial performance and business growth

III. **Materiality Matrix**

During the reporting period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction are in line with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:

		Materiality Matrix		
Importance to Stakeholders	High	<ul style="list-style-type: none"> ◆ Anti-discrimination ◆ Labor rights protection 	<ul style="list-style-type: none"> ◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare 	<ul style="list-style-type: none"> ➤ Customers' satisfaction ➤ Product quality and safety ➤ Suppliers management ◆ Occupational health and safety ◇ Application of clean production and green products
	Medium	<ul style="list-style-type: none"> ➤ Community contribution 	<ul style="list-style-type: none"> ➤ Anti-corruption ◇ Greenhouse gas emissions ◇ Use of resources 	<ul style="list-style-type: none"> ➤ Operational compliance ➤ Customers' privacy measures and protection ◇ Exhaust air emission ◇ Sewage discharge
	Low	<ul style="list-style-type: none"> ◆ Preventive measures for child and forced labor 	<ul style="list-style-type: none"> ◇ Water resources utilization ◇ Generation of non-hazardous wastes 	<ul style="list-style-type: none"> ◇ Use of raw materials ◇ Generation of hazardous wastes
		Low	Medium	High
		Importance to the Group		
		◇ Environmental	◆ Employee	➤ Operation

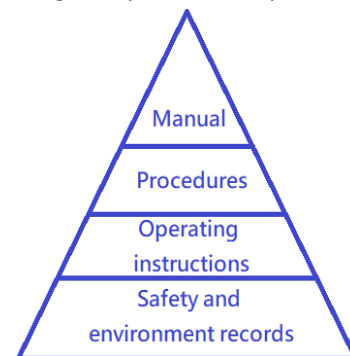
IV. Environmental Protection

1. Management of Emissions

The Group has established an environmental management system and relevant procedures, which are based on ISO14001:2014/GB/T24001-2004 - “Environmental Management Systems – Requirements with Guidance for Use” standards, combining the characteristics and scale of each business, such as “Procedure for Environmental Factors/Hazard Source Identification, Evaluation and Updating”, “Procedure of Safety/Environmental Record Control”, “Procedure of Noise Management”, “Procedure of Solid Waste Management”, “Procedure of Wastewater Management” and so on. We communicated to all employees about the Group’s environmental objectives, responsibilities and procedures through the “Manual of Environmental/Safety Management”; implemented an emission reduction policy “Environmental Protection is Everyone’s Responsibility” to actively control, reduce, avoid and eliminate the generation of pollutants.

The Group always strictly complied with the “Law of the People's Republic of China on Environmental Protection” (《中華人民共和國環境保護法》) and the laws and regulations of the provincial and municipal environmental protection departments. Our Quality Management Department is responsible for timely updating of the “Manual of Environmental/Safety Management” and the related procedures and instructions based on the newly enacted environmental laws, regulations, standards and policies; and dispatch the updates to all departments and employees so as to ensure that Group’s environmental policies are in line with the national standards and be able to fulfill its commitment in compliance with the environmental and safety laws and regulations.

Besides, the Group’s Manufacturing & Engineering Department is responsible for monitoring and recording the emissions generated during the production process, including exhaust gas, dust, wastewater, wastes, and noise. The Quality Management Department conducts compliance evaluations for each production workshop according to national and environmental standards; investigates, rectifies, reviews and records those production processes that do not meet the standards so as to ensure that the emissions from each discharge outlets meet the national standards and continuously enhance the Group’s environmental management system.



Structure of Safety/Environmental Management System Documents

IV. Environmental Protection (Continued)

1. Management of Emissions (Continued)

1.1 Management of Atmospheric Emission

The Group is principally engaged in the business of green, environment friendly and energy-saving products. The process of producing power distribution products does not generate exhaust gas generally. For the greenhouse gases generated by the use of fuel and electricity (please refer to the section "Management of Resource Utilization" below), the Group has always complied with the "Law of the People's Republic of China on Air Pollution Prevention and Control" (《中華人民共和國大氣污染防治法》) and the "Emission Standard of Air Pollutants for Boiler" (《鍋爐大氣污染物排放標準》), and aims at zero exhaust emissions, constantly looking for a production method that is suitable for the Group in achieving such goals. The production processes of the plant are operated in a semi-closed manner, and an air exhaust device is installed. Contaminants such as greenhouse gases and smoke must pass through the device prior to discharge; employees must wear protection equipment such as masks to avoid inhaling smoke which might cause occupational injuries.

1.2 Management of Wastewater

The Group has always complied with the "Law of the People's Republic of China on Water Pollution Prevention and Control" (《中華人民共和國水污染防治法》) and has formulated and strictly implemented the "Procedure of Wastewater Management" in accordance with the "Integrated Wastewater Discharge Standard". The Group has different disposal methods and facilities for hazardous and non-hazardous wastewater. Non-hazardous wastewater mainly comes from domestic sewage generated by various factories and offices. Hazardous wastewater mainly comprised of phosphating wastewater, titaniumized wastewater, waste rail oil, waste insulating oil and waste lubricating oil generated from production. The Group pays great attention to the operation and maintenance of the water supply and drainage facilities in the plant. The Manufacturing & Engineering Department prepares the annual facility maintenance plan, and works with the Support Department on the repairs and maintenance of the facilities, instant repairs to water pipes is arranged when suspected water leak is found so as to prevent wastewater leakage and water resources wastage; and to reduce the pressure on the environment caused by the Group.

IV. Environmental Protection (Continued)

1. Management of Emissions (Continued)

1.2 Management of Wastewater (Continued)

Non-hazardous Wastewater

Since domestic sewage does not contain any hazardous substances, discharge is made through a central drainage pipe to the local sewage treatment plant for further processing. We strictly prohibit employees from using domestic water to clean oil drums and to clear the oil leaked from the equipment and must not discharge any oil substances to the domestic sewage pipeline. Specialized personnel are assigned to clean the septic tank every half a year to ensure that the discharge pipe is not blocked and prevent it from overflowing. Canteen staff should pour the rice cleaning water and the kitchen waste into designated buckets for reuse by livestock farmers to reduce the discharge of non-hazardous wastewater. As the Group did not set up independent flowmeters in domestic sewage drainage pipes to record the volume of water discharged, nor is there any reliable basis to reasonably estimate the relevant data, we did not disclose the emissions of non-hazardous wastewater in this report.

Hazardous Wastewater

The Group's production is conducted centrally at the Yixing and Huishan plants, which produces components, as well as assembles components into electrical cabinets. In the process of manufacturing power distribution cabinet frame, we use water to rinse and remove the oily substances on the steels (such as cold-rolled sheet, hot-rolled sheet, galvanized sheet, stainless steel sheet, etc.) and to strengthen the steel surface tension. Such process will produce hazardous wastewater, to be treated at the wastewater treatment station inside the plant by drug washing, sedimentation, filtration, activated carbon absorption, reverse osmosis, evaporation, solid-liquid separation, etc., and then reuse in the related production process or for cleaning purposes. During the reporting period, the amounts of wastewater recycled are approximately 191.60 tonnes, an increase of approximately 20.00 tonnes or 11.66% from the previous year. Besides, certain regions within Yixing has been designated as the first-class Preservation Zone (國家一級保護區) by the Chinese government, in order to prevent the substances generated in the production process (such as total phosphorus, ammonia nitrogen, etc.) from affecting the ecological environment in the protected area, we adopted an environmentally-friendly process, instead of phosphating wastewater generation from March 2018, and the titanated wastewater generated in the new process contains less phosphorus and ammonia nitrogen.

IV. Environmental Protection (Continued)

1. Management of Emissions (Continued)

1.2 Management of Wastewater (Continued)

Hazardous Wastewater (Continued)

During the reporting period, the Group entrusted a local professional testing agency who possessed valid qualifications and certificates in environmental protection to check the wastewater discharged through each sewage emission point of the plant at Yixing; and the test contents include total phosphorus and total nitrogen. Due to the sediments inside the wastewater pipeline and the collection pond still contains phosphorus, the test conducted within the reporting period has failed to meet the national standard. We will gradually clean the wastewater pipeline and the collection pond to remove all phosphorus sediments. These phosphorus sediments were handled in accordance with the national requirements (please refer to the section "Hazardous Solid Wastes" below for details).

The hazardous waste liquids generated during the manufacture of the components and parts at the Yixing and Huishan plants include the waste rail oil from use of Computer Numerically Controlled ("CNC") punch, the insulating oil produced by the filling process, etc.. Since the Group does not have the waste oil de-toxic facility, we entrust recyclers with "Hazardous Waste Business License" (「危險廢物經營許可證」) or suppliers with better recycling technology to recycle and dispose of these waste oils. Illegal dumping of hazardous waste is forbidden to prevent environmental pollution. During the reporting period, the Group's hazardous wastewater was approximately 22.62 tonnes, a decrease of approximately 3.08 tonnes or 11.98% from the previous year.

The Group's hazardous wastewater discharged during the reporting period are as follows:

	2018 (Tonnes)	2017 ² (Tonnes)
Hazardous Wastewater:		
Investment holding and electric cabinet business:		
Total	0.12	0.14
Intensity ¹	0.01	0.01
Capacitor and reactor business:		
Total	22.50	25.56
Intensity ¹	1.38	1.85
Group's total emission	22.62	25.70

Notes:

1 The emission intensity is based on every 1,000 units of production volume.

2 Part of last year's comparative figures are restated to conform with the current year's presentation.

IV. Environmental Protection (Continued)

1. Management of Emissions (Continued)

1.3 Management of Solid Wastes

In order to comply with the "Law of the People's Republic of China on Solid Waste Pollution Prevention" (《中華人民共和國固體廢物污染環境防治法》), "Standard for Pollution Control on Hazardous Waste Storage" (《危險廢物儲存污染控制標準》) and applicable laws and regulations, the Group has established a "Procedure of Solid Waste Management" to manage and monitor the process of disposal of solid waste and also to achieve the goal of resource recycling, decontamination and reduction of solid waste. Solid waste is mainly divided into recyclable waste, non-recyclable office, domestic waste and hazardous solid waste. The solid wastes generated by each department shall be labelled by its nature, collected, categorized and stored in the collection bins at designated locations. The collection bins shall be put in vertical position, covered, and with rain protection measures; and properly cover the collection bins with a lid. The General Management Department is responsible for inspecting the collection, cleaning and disposal of solid waste and to keep record of all the related movements. In addition, the Group requires all new employees to complete a "3-Levels Safety Training" before start to work. The training includes operational guideline for production and environmental protection equipment to ensure that they can operate the equipment correctly, to reduce abnormal emissions due to operational errors, to protect our employees from occupational injuries. The General Management Department checks the disposal status of solid waste on a quarterly basis, and take timely corrective actions when violations to the internal management system is found.

Hazardous Solid Wastes

Hazardous or harmful solid waste refers to items listed on the local government's hazardous waste list, which includes hazardous or harmful solid waste generated in production, office and living. The Group's hazardous solid wastes are mainly sludge generated after solid-liquid separation of phosphating and titanating wastewater, as well as waste batteries, waste toner, waste activated carbon, waste fluorescent lamps, waste display monitors, etc.. In view of the increasingly tightened environmental protection policies and the regulation of hazardous waste disposal methods, the Group has established a disposal plan for hazardous wastes with reference to the planned production volume since 2017, and arrange recycling by the recycler with the "Permit for Operation of Hazardous Waste Business" (「危險廢物經營許可證」) once every six months. The details of the hazardous wastes are reported through the solid waste management information platforms under local environmental protection department and transportation can be arranged after the application is approved. We have to keep the hazardous wastes in our plant before approval is obtained; and indiscriminate dumping is forbidden. The Environmental Protection Department also closely monitors the movement of hazardous solid waste to prevent secondary pollution to the environment. During the reporting period, the Group generated approximately 3.27 tonnes of hazardous solid waste, a decrease of 1.73 tonnes or 34.60% from the previous year. The drop was mainly resulted from the change of the old production process into an environmentally friendly process during the year to reduce both the hazardous and non-hazardous substances in the sludge after the wastewater treatment.

IV. Environmental Protection (Continued)

1. Management of Emissions (Continued)

1.3 Management of Solid Wastes (Continued)

Non-hazardous Solid Wastes

The recyclable and non-hazardous solid waste is mainly generated from the production of electric cabinets and its component, as well as the metal scraps, waste vinyl sheets, scrap copper wires, stainless steel scraps, waste plastics, etc. generated during assembly. In order to maximize the effectiveness of waste and to control environmental pollution, we sell the waste to recyclers or suppliers with better recycling technologies. The non-recyclable non-hazardous solid waste is mainly domestic garbage generated in daily operations (such as wastepaper, food residue, waste from cleaning septic tanks, etc.), which is sent to landfill or incinerated by the local sanitation department. During the reporting period, the second phase of the solar photovoltaic power generation project of Wuxi Plant has been completed in 2018 and the non-hazardous waste generated therefrom is also disposed of in accordance with the requirement under the national laws, regulations and our internal management system. The Group generated approximately 635.54 tonnes of non-hazardous solid waste, representing an increase of approximately 91.83 tonnes or 16.89% when compared with last year; but due to the positive result from the source reduction measures implemented at each business's production workshop, and active support by our employees on the Group's environmental policy, the degree of increase from non-hazardous solid wastes produced was lesser than the rise in productions and led to a drop of the intensity of hazardous solid wastes on electric cabinet business and capacitor and reactor business by about 8.16 and 0.01 tonnes respectively. The Group will continue to actively establish and implement various environmental protection measures and pay attentions to the changes in the national environmental policies, so that the Group can continue operating in line with the national environmental protection and sewage policies.

The following table shows the production of hazardous and non-hazardous solid wastes of the Group during the reporting period:

	2018 (Tonnes)	2017 ³ (Tonnes)
Hazardous Solid Wastes ¹:		
Investment holding and electric cabinet business:		
Total	3.27	5.00
Intensity ²	0.24	0.50
Group's total emission	3.27	5.00
Non-Hazardous Solid Wastes:		
Investment holding and electric cabinet business:		
Total	633.78	542.00
Intensity ²	45.84	54.00
Capacitor and reactor business:		
Total	1.76	1.71
Intensity ²	0.11	0.12
Group's total emission	635.54	543.71

Notes:

¹ The production of capacitors and reactors mainly involves the assembly process, and the assembled components are mainly purchased from suppliers; therefore, no hazardous solid wastes was generated in production.

² The emission intensity is based on every 1,000 units of production volume.

³ Part of last year's comparative figures are restated to conform with the current year's presentation.

IV. **Environmental Protection (Continued)**

1. **Management of Emissions (Continued)**

1.4 **Management of Noise**

In order to comply with 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》) and to fulfill the requirements of the local environmental protection departments and labor departments, the Group has established a “Noise Management Procedure” to strictly manage and control the noise generated during production and living to ensure that our employees and the residents within the community have a good working and living environment. The noises are mainly generated from the operation of production equipment (such as air compressors, jet mills, etc.), vehicles and construction. Employees are required to complete regular training and operate production equipment in accordance with the operation manual; the Engineering Department is responsible for management and maintenance of production equipment to ensure that the equipment can be operated under normal condition, and reduce the noise from production. Employees must wear earplugs when operating production equipment to reduce the level of occupational hazards. In order to reduce the noise level in the plant, we stipulate that the doors and windows within the workshop must be kept closed; vehicles are strictly forbidden to whistle in the plant area. We have to conduct an environmental impact assessment before commencement of any construction works, and all measures of noise prevention must be approved by the local environmental protection department. The Manufacturing & Engineering Department is responsible for monitoring the noise level within the plant area, and to ensure that the requirements under the “Industrial Enterprises Factory Noise Standard” (《工業企業廠界噪聲標準》) and the “Industrial Enterprises Noise Sanitation Standard” (《工業企業噪聲衛生標準》) are met. When excessive noise is detected, immediate attention and action is required, so as to reduce the impact to the employees and the surroundings.

Compliance

During the reporting period, the Group's businesses strictly abide by the national environmental laws and regulations and did not involve any confirmed violations or suspect violations that are related to emissions and have significant impact on the Group.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization

The Group is dedicated to adopt energy-saving measures and has accumulated years of skills and experience in this area; we continuously conduct research and development, and introduce internationally-acclaimed power distribution products and brands, so as to provide customers with one-stop high-quality integrated power distribution systems, solutions design production, sales and value-added services. We actively instill the idea of "efficient, concise and economical" into our daily operations, achieving maximum economic benefits with minimal energy consumption and adverse impact on the environment.

In order to comply with the "Law of the People's Republic of China on Energy Conservation" (《中華人民共和國節約能源法》) and the applicable laws and policies, establish the conservation ideology and promote a culture of saving within the enterprise, we have set up an "Energy and Resources Management Procedure" to delegate responsibility of energy-saving to different departments, and the operation department is responsible for regularly monitor and check the use of energy and resources within the Group. When irregularities are found, it is necessary to investigate the cause and propose a remediation plan immediately which also can continuously improve our policies and measures.

2.1 Management of Energy Utilization

Conservation of Natural Gas, Gasoline and Diesel Utilization

Natural gas is mainly deployed on production lines. When natural gas is not used, we shut off the natural gas pipeline valve. The user department checks the equipment every day and notifies the equipment management department in case of gas leak is found, so that immediate pipeline repairs could be arranged and to prevent unnecessary wastage and safety issue caused by the leakage. During the reporting period, the Group's natural gas consumption was approximately 124,667.00 cubic meters ("m³"). Due to the increase in natural gas prices, the usage dropped by approximately 24,991.22 m³ or 16.70% from the previous year, and has ultimately reduced the production costs.

Gasoline and diesel are mainly used in automobiles. Drivers must plan their routes in advance. If passengers travel to the same or close destination(s), they will be arranged to use the same vehicle to reduce the amount of gasoline and diesel used; and the Car Management Department has to ensure that there is no fuel leakage. The Maintenance Department conducts regular checks and repairs for better energy efficiency and to reduce fuel consumptions and waste gas emissions due to part failure. During the reporting period, the Group's gasoline and diesel consumption was approximately 87.43 tonnes. As we have sold seven vehicles during the year, the number of vehicles was reduced from 49 at the end of 2017 to 42 vehicles at the end of 2018. Therefore, the usage of gasoline and diesel has dropped by 11.26 tonnes or 11.41%; and the average gasoline and diesel consumption by each vehicle was 2.01 tonnes and 2.08 tonnes for 2017 and 2018 respectively.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization (Continued)

2.1 Management of Energy Utilization (Continued)

Conservation of Natural Gas, Gasoline and Diesel Utilization (Continued)

During the reporting period, the amount of CO₂ equivalent emissions from the investment holding and the electrical cabinet business were 844,342.76 tonnes, resulted in an increase of approximately 113,865.85 tonnes or approximately 15.59% from the previous year, it is mainly due to the increase in the use of hexafluoride for gas cabinet aeration (one of the production processes) of approximately 18.64%, which is related to the increase in production this year.

During the reporting period, the Group's use of energy and the Scope 1 greenhouse gas emissions generated by the Group are as follows:

	2018		2017 ²	
	Consumption	CO ₂ equivalent emissions (Tonnes)	Consumption	CO ₂ equivalent emissions (Tonnes)
Investment holding and electric cabinet business:				
Gasoline	33.92 Tonnes	105.28	46.70 Tonnes	144.95
Diesel	7.44 Tonnes	23.72	9.32 Tonnes	29.70
Hexafluoride	0.70 Tonnes	836,500.00	0.59 Tonnes	705,050.00
Liquid nitrogen	24.88 Tonnes	7,673.48	81.33 Tonnes	25,212.30
Carbon dioxide	40.28 Tonnes	40.28	39.96 Tonnes	39.96
Business total emission		844,342.76		730,476.91
Business emission intensity ¹		61,064.78		72,778.41
Capacitor and reactor business:				
Natural gas	124,667.00 m ³	228.32	149,658.22 m ³	274.09
Gasoline	2.10 Tonnes	6.53	1.74 Tonnes	5.40
Diesel	43.97 Tonnes	140.21	40.93 Tonnes	130.51
Business total emission		375.06		410.00
Business emission intensity ¹		23.08		29.70
Group's total emission		844,717.82		730,886.91

Notes:

¹ The emission intensity is based on every 1,000 units of production volume.

² Part of last year's comparative figures are restated to conform with the current year's presentation.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization (Continued)

2.1 Management of Energy Utilization (Continued)

Conservation of Electricity Utilization

The Group manages electricity used in daily production and office operation by implementing the policy of reducing consumption at its source, actively promoting the concept of energy conservation among employees, strengthening employees' awareness of energy use, resources preservation and environmental protection. Besides, the Group has set up a series of energy-saving measures in the production workshops and offices, for example, the Group selects equipment of high energy efficiency or with energy efficiency label when purchasing new equipment; controls the use of production machine and the equipment must not be switched on and off frequently, so as to reduce the huge energy consumed on reactivating of the machine. We use LED lamps and voice-activated lamps to reduce electricity consumption, encourage employees to use natural light for daily operations, and strictly control the number of lighting in the production workshop by turning off unused lights, air conditioners and computers at lunch breaks and after work. The Manufacturing & Engineering Department regularly inspects the power supply and distribution system and the electrical equipment. The Operation Department records and reviews the electricity consumption of each department on a monthly basis, and timely identify irregularities and proposes remediation plans to the related department to reduce unnecessary power wastage. During the reporting period, the Group's electricity consumption was 3,064.74 megawatt hours ("MWh"), an increase of approximately 341.52 MWh or 12.54% over the previous year, mainly due to the rise in production volume. However, the energy consumption by the electrical equipment in the electrical cabinet business does not have any direct relationship with the production volume, for example, the lighting system in the production workshop and office, and the electrical equipment in the office (such as computers, air conditioners, etc.). As such, the intensity of electricity consumption is lower than previous year by approximately 47.44 tonnes or 23.56%, excluding capacitor and reactor business.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization (Continued)

2.1 Management of Energy Utilization (Continued)

Conservation of Electricity Utilization (Continued)

During the reporting period, the Group's use of electricity and the Scope 2 greenhouse gas emissions generated by the Group are as follows:

	2018		2017 ²	
	Consumption	CO ₂ equivalent emissions (Tonnes)	Consumption	CO ₂ equivalent emissions (Tonnes)
Investment holding and electric cabinet business:				
Electricity	2,127.76 MWh	1,720.42	2,020.62 MWh	1,633.78
Business total emission		1,720.42		1,633.78
Business emission intensity ¹		124.42		162.78
Capacitor and reactor business:				
Electricity	936.98 MWh	757.61	702.60 MWh	568.09
Business total emission		757.61		568.09
Business emission intensity ¹		46.63		41.15
Group's total emission		2,478.03		2,201.87

Notes:

1 The emission intensity is based on every 1,000 units of production volume.

2 Part of last year's comparative figures are restated to conform with the current year's presentation.

2.2 Management of Water Utilization

The Group uses government-supplied water sources, mainly for the production and domestic use. Although we do not encounter any water supply problem during the reporting period, we fully understand the importance of water resources in our production, construction and daily needs, and we have therefore actively taken various measures to educate our employees to save water in daily life. The Group requires employees to control the flow of water when washing their hand and the faucet must be turned off after use. The General Management Department is responsible for regular inspection and repairs of the water supply facilities and to prevent water leakage causing unnecessary water wastage and keep detailed records of repairs and maintenance. The Operation Department records the volume of water consumption each month and explains to the management for irregularities found. During the reporting period, the Group consumed approximately 43,128.04 m³ of water. Although the production volume increased, the volume of water consumed has dropped approximately by 20,678.00 m³ or 32.41% compared with the previous year. The main reasons were change of the toilet flushing device from timed automatic flushing to manual flushing; and staff meals were no longer provided by canteen, but outsourced to supplier.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization (Continued)

2.3 Management of Paper Utilization

The Group advocates conservation of paper and avoid wastage in order to become a paperless office, employees are encouraged to send files in electronic form whenever possible to reduce physical copies; reuse one-side used paper for photocopying or printing; collect the double-side wasted papers in recycled paper collection box and recycle by the recycler that holds the local environmental protection certification. Before we produce the power distribution cabinet, we have to draft a blueprint for the product structure; the rise in production volume this year, caused an increased paper consumption of about 1.01 tonnes or 12.64% to a total of 9.00 tonnes of papers consumed during the reporting period.

2.4 Management of Steel Utilization

The major raw materials used in production of the frame of power distribution cabinet are steel which is purchased by the Procurement Department. Steels purchase and use following the production plan and are distributed based on the material requisition forms. To control the use of the raw materials at different production processes, the quality and completion time of the products; a "Processing workflow" is prepared to reduce the chance of unnecessary consumption of various materials and to produce less unqualified semi-finished products and finished products. In order to avoid damage or deterioration of raw materials, we strengthen the warehouse management and the maintenance of the warehouse environment, the Logistics Department conducts regular inventory count and record the result for review by the Finance Department. For irregularities found, detailed descriptions and causes about the case are recorded and responsible employees are held accountable. For details on the disposal methods of scrap steel produced during the production process, please refer to the "Solid Waste Disposal Management" section. During the reporting period, we implemented a number of resource reduction policies, such as increased inspection by production processes so as to ensure that each process is completed correctly prior to proceeding to the next process, such measure can reduce excessive materials being used in correcting the workpiece back and forth. We also explain to our employees in detail about each production process in order to enhance the work quality and accuracy of each of the processes. Although the production volume is higher than year 2017, the increase in the usage of steel is less than the increase in production volume, and its intensity has dropped by about 32.82 tonnes or 8.96%, which mainly due to the new measure of resource education and implementation of the consumption reduction policy.

IV. Environmental Protection (Continued)

2. Management of Resources Utilization (Continued)

2.5 Management of Packaging Materials Utilization

The packaging materials are mainly recyclable iron and wooden packaging boxes. The Customer Department and Technical Department develop packaging plan according to the customer's requirement, product characteristics and the applicable national standards. Material Warehouse provides the required packaging materials to Manufacturing Department following the requirements on the material requisition form. Manufacturing Department then follows the packaging requirements; and the packaging staff has to confirm again the product quality before packing, so as to reduce wastage of packaging materials used on substandard products. We establish warehouse management control procedures to regulate receipt, dispatch and storage of packaging materials, and to carry out physical count and sample check of the materials regularly. We inspect and perform repairs and maintenance to the material warehouse periodically to ensure that the environment is appropriate for storage of the packaging materials in order to maintain its quality and increase the materials' durability. During the reporting period, the Group has consumed approximately 191.85 tonnes of packaging materials. Due to the rise of the production volume and the increased use of iron packaging boxes instead of wooden boxes as requested by the customers, packaging materials consumed during the year has increased by about 14.20 tonnes or 7.99% when compared to 2017.

IV. Environmental Protection (Continued)

3. The Environment and Natural Resources

The Group has been pursuing the vision of “building a green planet starts with me” since its inception. With technological innovation and the spirit of not giving up, we believe our intelligent power distribution system solutions, as well as the power distribution equipment can reduce energy consumption. We actively cooperate with the world's leading multinational companies in the electrical industry to exchange technology and knowledge; continue to hire fresh graduates from all over the world and also hope that they can bring revolutionary changes to the Group and enhance our competitiveness. Besides, the Group continues its direction “intelligence changes lives”, by applying artificial intelligence technology to bring more convenience to the community and also contributes to the environment.

The Group pays attention to and cares for the natural environment and hopes everyone can contribute and work together to build a better livable environment. In order to provide employees a better understanding about our impacts on the environment, we constantly adopting various policies, measures and actions (for details, please refer to the “Management of Emissions” and “Management of Resource Utilization” section above) to reduce our carbon footprint and the impact from daily life and business activities on the environment. We hope that every employee can start from themselves and convey the message of protecting the environment to their family, friends, business partners, etc., so as to build a stronger cohesive power and work together to ease the climate change.

As one global energy shortages and environmental pollution become more severe, new energy retrofits and industrial restructuring will help improve the operations and address the environmental issues. China, as a major energy supplier and consumer, pays great attention to environmental protection and encourages the use of new technologies and new energy sources to reduce the greenhouse effect. Photovoltaic power is one of clean energy sources and has considerable economic and environmental benefits. The Group actively follows the national policy and assigned our Wuxi plant as the pilot for implementing photovoltaic power. The project was divided into two phases, and the completion dates were 2013 and 2018 respectively. Clean energy is supplied to customers after successful implementation. This renovation project is expected to generate electricity of approximately 2.37 million kWh per year and effectively reduce emission of greenhouse gases.

V. Work Environment Quality

The Group adheres to our human philosophy “soliciting and retaining talent fosters performance”, and formulates a comprehensive human resources management mechanism to attract and retain competent talents for sustainable development of its business. We are pragmatic, serious, united and progressive to provide a non-discriminatory, equality, harmonious and safe working environment. We establish an equal and competitive mechanism for employee promotion and advancement, and provide regular training activities to lay the foundation for their future career development. Besides, we care about our employees’ work, life, physical and mental health, and organize various activities to enrich their lives and to promote team cohesion.

1. Talent Selection

The Group is a fair opportunity employer and respects personal privacy, and it has established and implemented fair treatment policy. The appropriate candidates would be selected based on their morality, knowledge, abilities and the job requirements, regardless of their race, gender, age, nationality or religion. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination. The Group has been supporting the rehabilitation plan for people with disabilities. We employed more than 30 employees with physical disabilities by the end of 2018, and assign them with appropriate job duties based on their ability and skills (such as assembly, winding, packaging processes in the production plants, etc.). We also provide extra training to ensure that they have sufficient ability and technical skills to discharge of their duties.

2. Labor Standards

The Group places great importance on human rights and prohibits any unethical hiring practices, including child and forced labor by conducting background checks in its hiring process. Employees’ consent for working overtime is required to avoid forced overtime work, and the employees are compensated in accordance with the applicable labor laws and regulations. During the reporting period, the Group did not hire any applicant below the legal working age, and complied with local laws and regulations in respect of child and forced labor.

V. Work Environment Quality (Continued)

3. Staff Remuneration and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly assesses their salary levels to ensure it is up to the market standard; benchmarks up-to-date remuneration rates in the industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level are decided based on one's knowledge, skills, experiences and education background relevant to their work requirements. The employee remuneration package includes fixed salary, year-end bonuses, free working meals, paid holidays, etc.. We will praise and pay bonus as rewards for employees with excellent performance and outstanding contributions. We conduct periodic performance appraisal and fairly assess the level of awards, salaries increment and/or promotion recommendations based on a number of criteria (working experience, seniority, knowledge and skills, performance, contribution, etc.). Other benefits include festive gifts (such as International Working Women's Day, Dragon Boat Festival, Mid-Autumn Festival, etc.), fuel allowance, telephone bill allowance, staff quarters, wedding gifts, etc.. To comply with the local labor laws and regulations, we provide social security benefits for all employees, and protect their rights of rest days and holidays. We handle dismissal and compensation in accordance with the local laws and regulations.

We pay attention to our employees' health and encourage work-life balance. Employees' work hours are based on the local labor laws. Besides, we also care about our employees' physical and mental health, and organize various activities regularly, including hiking, lake-side walk, drama watching, tug-of-war competition, summer camp for employees and their children, traveling for disabled employees, with an aim to enhance team cohesion and employees' sense of belonging and to reduce their work pressure.



Autumn trip for employees with disabilities

V. Work Environment Quality (Continued)

4. Staff Development and Training

In order to align the staff career plan with our long-term corporate business plan, the Group sets up staff training policies with reference to the departmental human resources needs. The Human Resources Department established a comprehensive staff training plan with an aim to build an excellent, well-trained and responsible corporate team. This can enhance knowledge and management capabilities of each staff member, and improve their work ability, performance and efficiency, and raise their enthusiasm in work and to cultivate team spirit. New hires have to participate in induction training and must pass the assessment. The training topics include corporate culture, business, work-related rules and regulations, organizational structure, staff welfare, environmental protection measures and work safety, etc. (please refer to “Staff Health and Occupational Safety” below for details of occupational safety training). During the reporting period, our training center organized various training programs related to business, human resources and production topics, for example, quality inspection methods, effective execution training, skills enhancement training for middle-level management, quality control methods and applications, lean production training, Training the Trainer to Train (“TTT”) training, etc.. We also design specific training to technical staff to enhance their professional knowledge and skills. Our staff need to pass the assessment and get the required licence for work.

5. Staff Health and Occupational Safety

The Group pays attention to its employees’ health and provides a safe work environment so as to prevent occupational hazards. In order to comply with the “Production Safety Law of the People's Republic of China”(《中華人民共和國安全生產法》), we focus on production safety management of our factories; establish "Manual for Safety Environment Management" and “Occupational Health and Safety Management Procedures”. The production work follows the safety concept of "zero-accident and zero-occupational disease", and we control important environmental factors and major source of hazards, and improve environmental and occupational health and safety management performance. During the reporting period, Wuxi plant was accredited OHSAS 18001:2007 GB/T 28001-2011 Occupational Health and Safety Management System Certification.

V. Work Environment Quality (Continued)

5. Staff Health and Occupational Safety (Continued)

Training topics are mainly related to workplace safety and occupational health. The Group provides appropriate occupational health and safety training to introduce the corporate development plan, enhance their awareness on safety and continuously strengthen their consciousness, improve their professional skills, especially for those job positions under significant potential safety hazards, and enable them to perform their duties in a safe environment. Employees have to report to the management immediately when incident occurs or aware of any potential hazards. New hires are required to participate in a three-level safety training (department, team and job position). They must pass the assessment prior to putting into work. Staff of special work types (such as electricians, welders, paint workers and drivers) must possess valid operation license. Qualified staff participate in training and review organized by the local safety management department. All departments conduct their own training for new hires and to review after each training; safety and environmental protection personnel carry out safety education through various meetings, slogans, pictures, safety lectures, and meetings at incident location. The supervisors of all departments monitor and inspect the implementation of the special operation procedures. If problems are found, they have to propose remediation plan immediately. During the reporting period, we organized various external and internal training programs such as electrician maintenance, fire safety, emotional and stress management at workplace, China Classification Society ("CCS") welder training, use of forklift, special equipment training for management personnel, etc..

To ascertain that the equipment and facilities are kept in good condition, to reduce risk and prevent safety incidents from happening, and to provide employees with safe workplace, each production division is responsible for production equipment safety checkup every day and to prepare record for management purposes. The engineering department repairs and maintains the environmental protection facilities, production equipment, regularly inspects the fire prevention facilities (including fire extinguishers, fire hose, etc.), reports abnormalities for immediate repair arrangement, and keeps proper regular inspection, repairs and maintenance record.

V. Work Environment Quality (Continued)

5. Staff Health and Occupational Safety (Continued)

Pursuant to the requirements of the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases” (《中華人民共和國職業病防治法》), we establish a comprehensive occupational health management system to protect our employees’ health, rights and interests. We provide our employees with protective equipment (such as safety hats, insulated gloves, insulated shoes, protective glasses, reflective clothing, etc.) to comply with the national standards, as well as providing trainings and supervisions on our employees on how to wear and use them. In accordance with the “Labor Law of the People's Republic of China”, we provide special care to female and minor (but above the legal working age) employees, and establish “Labor Protection Policy for Female and Minor Employees”. They are not required to work overtime, nor assigned to work on labor intensive duties, toxic and harmful gas operations, earthwork, wind drills, welding operations, etc.. At the same time, we provide them with regular or irregular body medical check, and assign duties with reference to their physical conditions.

Compliance

During the reporting period, the Group did not involve in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group.

VI. Operating Practices

1. Supply Chain Management

The Group concerns on underlying environmental issues to its suppliers and business partners, and expects them to implement similar practices. We serve to maintain long-term, stable and strategic cooperative relationships with leading suppliers, and co-develop with them on the basis of equality and to achieve a win-win situation. We adhere to assessing the quality and ethical standards of its business partners based on a number of criteria, including their attitudes towards environmental and social issues, prior to entering into contracts. Therefore, we have established stringent policies and procedures in assessment of suppliers, including initial and final selection, and renewal; and set up an “approved vendor list”. Before accepting a new supplier, we evaluate their qualifications, management systems, production facilities, etc.. In order to ensure that suppliers are competitive and that the goods and services provided to us are with high quality, we have strict requirements for division of labor from contract signing to goods received quality check, inspection and acceptance. We require the suppliers of goods and services to possess recognized qualifications and good internal control system, stable product quality, on-time delivery, compliance with laws and regulations and have the required professional skills and quality. We established rigorous procedures in supply chain management and provided various reporting channels for employees, suppliers, customers and other business partners to report any violations and suspected abuse of one’s authority for own interest. During the reporting period, the Group did not have significant issues relating to violations in this respect.

2. Product Responsibility

The Group is devoted to providing green, high quality and excellent electrical distribution components and spare parts. We control product quality by keeping production equipment clean and organized, improving the work environment, motivating our employees and enhancing their efficiency. Wuxi plant was accredited GB/T19001-2016 / ISO 9001:2015 Quality Management System Certification to ensure that our product quality is up to the international standards.

We establish research and development centers in Wuxi and Spain with a team of close to a hundred members continuously developing new technologies and products to satisfy various needs of our customers. In addition to the manufacture of intelligent electricity distribution products, our engineering management team uses Boer products as core in customers’ mechanical and electrical contractor projects; covering engineering designs, equipment procurements, construction and installation works. We accumulated more than 30 years’ experience in design and development of electrical distribution equipment; and integrated our corporate cloud platform system in providing value-added solutions to our customers so as to provide better maintenance service to electrical distribution equipment and to ensure that the equipment operates safely and reliably. We established “Customers’ Complaints Handling Procedures” so that our customers can go through our After-Sales Service Department to report product/service quality issues or the product/service failed to satisfy their requirements.

VI. Operating Practices (Continued)

2. Product Responsibility (Continued)

In order to comply with the requirements of the national “Compulsory Product Certification Management Regulation” (《強制性產品認證管理規定》), we have established an internal management system, which is certified by our national designated certification body (“China Compulsory Certification”, referred to as CCC Certification). In addition, we have established an internal management system in accordance with the national “Compulsory Product Certificate Labeling Management Measures” (《強制性產品認證標籤管理辦法》), which regulates the processes of purchasing, inspecting, issuing and using the product certification, anti-counterfeiting labels and CCC certification labels, the Quality Department is responsible for the inspection of raw materials, production process and the finished goods. All products must pass the inspection before they can be labeled to ensure that all products complied with the national regulations, to maintain high product quality and to protect the safety of users.

The sales of the Group's products were mainly conducted through direct visits to customers and participation in exhibitions without advertising, therefore there was no policy concerning advertising management.

Confidentiality is one of the Group’s core values. We handle customers’ information diligently and confidentially. For any confidential information obtained through business relationships, all employees are strictly prohibited to disclose any such information to third parties without proper authority unless there is a legal or professional right or duty to do so.

During the reporting period, there was no violation or non-compliance incident relating to product responsibility that had significant impact on the Group.

VI. Operating Practices (Continued)

3. Anti-corruption

In accordance with the “Criminal Law of the People’s Republic of China” (《中華人民共和國刑法》), the “Prevention of Bribery Ordinance” enforced by Hong Kong Independent Commission Against Corruption and other applicable laws and regulations, the Group formulated “anti-fraud management system” to strengthen corporate governance and internal control, to prevent fraud, to reduce risks, to regulate business practices, and to safeguard the legitimate rights and interests of the enterprises and shareholders. We are always keen on building a harmonious and honest working environment and we are committed to keeping the high integrity and accountability standards with great emphasis in corporate governance, moral culture and staff quality. All employees should act in upright, impartial and honest manner and strictly follow the Group’s policies and procedures. All new hires have to receive training in the Code of Conduct. For employees who violate the Code of Conduct, disciplinary actions or dismissal will be inflicted as punishment. We bring the disciplinary monitoring work in the business process, ensure that there are channels for reporting suspected cases of obtaining personal interests in carrying out one’s job duties, bribes, extortion, fraud, money laundering in breach of policies, regulations, or laws in strict confidential. We will keep on improving our whistle-blowing system and are determinant in combating corruption and contribute to building a clean society. During the reporting period, the Group or our employees did not involve in any litigation cases of corruptions.

VII. Community Investment

The Group promotes team spirit of “cherish life, thanksgiving, introspection, mutual help, be united and achieve dreams”. Among which, “introspection and mutual help” emphasizes on offering help to the others, being responsible to the corporate and the society, and be watchful to everything around oneself. “Thanksgiving” means being thankful and graceful to the society, the company, everyone and everything. Therefore, we actively contribute with a will to build a sustainable and harmonious society. We keep helping people in need, including sponsoring students to receive primary education in Luoshe Center, coordinating volunteers to visit elderly homes and giving gifts and cash to elders, and taking care of immediate family members of deceased employees by providing condolence.



The Company coordinated volunteers to teach the elderly poetry painting

Ever since our establishment, the Group is a responsible taxpayer and offers job opportunities to ease local employment pressure. We establish retirement plan for staff. In accordance with the local labor laws and social security laws and regulations, we provide social security benefits for all employees such as “five insurances and housing provident fund” for staff in Mainland China and “mandatory provident fund” for staff in Hong Kong. We maintained good production operation, actively promoting environmental protection and to achieve good development roles, and to certain extent, we have contributed to social stability and building a harmonious community.

VIII. Honors and Certifications

During the reporting period, the Group's Boer (Wuxi) Power System Co., Ltd was accredited the following key honors and certifications:

- GB/T 24001-2016 / ISO 14001:2015 Environmental Management System Certification
- GB/T 28001-2011 / OHSAS 18001:2007 Occupational Health and Safety Management System Certification
- "Care for Love, Dream Comes True" work in Luoshe Region, Excellent Unit for the Eleventh "Hand in Hope" Activities
- Excellent Organization Award for the Ninth Occupational Techniques Innovation Achievements and Rationalized Recommendation (Excellent Ideas) in Luoshezhen
- First Prize of the Fifth Technical Skills Competition by Luoshezhen Occupational Technical Federation
- Wage Collective Negotiation Advanced Unit in Huishan District, Wuxi
- Workers' Model Home in Jiangsu Province
- "20+20" School-Corporate Alliance Member Unit in Huishan District, Wuxi

IX. Vision Outlook

As a good corporate citizen, the Group strives to strike a balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. We will continue to evaluate our performance on environmental protection, employee care, product/service quality and community investment and to create the advantage of being sustainable.

The Group will endeavor to comply with the stringent laws and regulations of environmental protection, allocate resources and undertake various environmental improvement projects, including improving exhaust air, wastewater and solid waste treatment facilities. We will also put employee satisfaction and production safety as our top priority. We aim at attracting more talents through providing a safe workplace and competitive remuneration scheme. As for product and service quality, we will continue to invest resources for further improvement to our products so as to fulfill the environmental standards. At the same time, we committed to fulfilling our social responsibility by actively participating in charitable activities and promoting the community's sustainable development.

The Group aspires to become a respectable enterprise. Going forward, the Group serves to enhance its business performance through implementation of sustainable development strategies and to generate more meaningful long-term value for the enterprise and its stakeholders.

X. Environmental Performance Data Summary

Unit		Investment Holding and Electric Cabinet Business		Capacitor and Reactor Business		Total	
		2018	2017 ³	2018	2017 ³	2018	2017 ³
Greenhouse Gas ("GHG") emission:							
Scope 1¹:							
Total	Tonnes	844,342.76	730,476.91	375.06	410.00	844,717.82	730,886.91
Intensity ⁴	Tonnes	61,064.78	72,778.41	23.08	29.70	N/A	N/A
Scope 2²:							
Total	Tonnes	1,720.42	1,633.78	757.61	568.09	2,478.03	2,201.87
Intensity ⁴	Tonnes	124.42	162.78	46.63	41.15	N/A	N/A
Air emissions:							
Nitrogen Oxides	Tonnes	5.82	5.37	9.82	13.41	15.64	18.78
Sulfur oxide	Tonnes	0.99	0.92	0.87	1.18	1.86	2.10
Particles	Tonnes	2.67	2.48	1.39	1.86	4.06	4.34
Hazardous Wastes:							
Solid Wastes Generated:							
Total	Tonnes	3.27	5.00	-	-	3.27	5.00
Intensity ⁴	Tonnes	0.24	0.50	-	-	N/A	N/A
Sewage Discharged:							
Total	Tonnes	0.12	0.14	22.50	25.56	22.62	25.70
Intensity ⁴	Tonnes	0.01	0.01	1.38	1.85	N/A	N/A
Non-hazardous Wastes:							
Solid Wastes Generated:							
Total	Tonnes	633.78	542.00	1.76	1.71	635.54	543.71
Intensity ⁴	Tonnes	45.84	54.00	0.11	0.12	N/A	N/A
Packaging Materials Used For Finished Goods:							
Total	Tonnes	191.22	177.13	0.63	0.52	191.85	177.65
Intensity ⁴	Tonnes	13.83	17.65	0.04	0.04	N/A	N/A
Energy and Water Resources Consumption:							
Water Resources:							
Total	m ³	33,425.04	47,874.04	9,703.00	15,932.00	43,128.04	63,806.04
Intensity ⁴	m ³	2,417.37	4,769.76	597.14	1,153.99	N/A	N/A
Steel (Raw Materials):							
Total	Tonnes	4,613.69	3,678.49	-	-	4,613.69	3,678.49
Intensity ⁴	Tonnes	333.67	366.49	-	-	N/A	N/A

X. Environmental Performance Data Summary (Continued)

Unit	Investment Holding and Electric Cabinet Business		Capacitor and Reactor Business		Total	
	2018	2017 ³	2018	2017 ³	2018	2017 ³
Energy and Water Resources Consumption: (Continued)						
Electricity:						
Total MWh	2,127.76	2,020.62	936.98	702.60	3,064.74	2,723.22
Intensity ⁴ MWh	153.88	201.32	57.66	50.89	N/A	N/A
Gasoline:						
Total Tonnes	33.92	46.70	2.10	1.74	36.02	48.44
Intensity ⁴ Tonnes	2.45	4.65	0.13	0.13	N/A	N/A
Diesel:						
Total Tonnes	7.44	9.32	43.97	40.93	51.41	50.25
Intensity ⁴ Tonnes	0.54	0.93	2.71	2.97	N/A	N/A
Hexafluoride:						
Total Tonnes	0.70	0.59	-	-	0.70	0.59
Intensity ⁴ Tonnes	0.05	0.06	-	-	N/A	N/A
Liquid Nitrogen:						
Total Tonnes	24.88	81.33	-	-	24.88	81.33
Intensity ⁴ Tonnes	1.80	8.10	-	-	N/A	N/A
Carbon Dioxide:						
Total Tonnes	40.28	39.96	-	-	40.28	39.96
Intensity ⁴ Tonnes	2.91	3.98	-	-	N/A	N/A
Natural Gas:						
Total m ³	-	-	124,667.00	149,658.22	124,667.00	149,658.22
Intensity ⁴ m ³	-	-	7,672.29	10,840.09	N/A	N/A

Notes:

- ¹ Scope 1 refers to the Group's business direct GHG emission, including combustion of diesel, gasoline, natural gas and other gases.
- ² Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
- ³ Part of last year's comparative figures are restated to conform with the current year's presentation.
- ⁴ The emission intensity is based on every 1,000 units of production volume.

XI. "Environmental, Social and Governance Reporting Guide" by HKEX

General Disclosure / Key Performance Indicators ("KPIs")	Reporting Guideline	Page
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.	4 – 10
KPI A1.1	The types of emissions and respective emissions data.	29 - 30
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12, 14, 29
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5 - 10, 29
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5 - 10, 29
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4 – 10
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4 – 10
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	11 - 16
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	11 - 14, 30
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	14, 29
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	11 – 14
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	14
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	16, 29
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	17
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	17

XI. "Environmental, Social and Governance Reporting Guide" by HKEX (Continued)

General Disclosure	Reporting Guideline	Page
B. Social¹		
Aspect B1	Employment and Labor Practices	
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.	18 – 19
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.	20 – 22
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	20
Aspect B4	Labor Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	18
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	23
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 redress.	23 – 24
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.	25
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 take into consideration the communities' interests.	26

Note:

¹ Pursuant to Appendix 27 of the "Main Board Listing Rules", the KPIs under Area B "Social" are recommended disclosures only. Therefore, the Group chooses not to disclose those KPIs in this report.