

**Shenyang Public Utility Holdings Company Limited**

**2019 Environmental, Social and Governance Report**



**Shenyang Public Utility Holdings Company  
Limited**

Stock Code: 747

## **2019 Environmental, Social and Governance Report**

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## DEFINITION AND INTERPRETATION

Throughout this report, the following terms, except where the context otherwise requires, have the following meanings:

- **Group:** refers to Shenyang Public Utility Holdings Company Limited and its subsidiaries
- **ESG:** means Environmental, Social and Governance
- **Appendix 27 or ESG Reporting Guide:** refers to the Appendix 27 – Environmental, Social and Governance Reporting Guide of the Listing Rules
- **Hong Kong:** The Hong Kong Special Administrative Region of the People's Republic of China, including Hong Kong Island, Kowloon and the New Territories
- **PRC or China:** The People's Republic of China
- **KPIs:** means Key Performance Indicators
- **Listing Rules:** means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- **HKEx:** means The Stock Exchange of Hong Kong Limited

## **OVERVIEW**

### **(I) Purpose**

In accordance with the requirements of HKEx, listed companies are required to provide an annual Environmental, Social and Governance Report (“ESG Report”). This ESG Report is compiled in accordance with the ESG Reporting Guide. This report outlines the Group’s performance during the reporting period of its KPIs regarding environmental and social issues for internal assessment and management control, and communicating to the internal and external stakeholders.

### **(II) Scope of Report**

The main business of Shenyang Public Utility Holdings Company Limited and its subsidiaries (the “Group”, “We” or “Our”) is the management of the infrastructure development of the Zhongfang Chaozhou Jing Nan Industrial Park, a large scale infrastructure construction project in the PRC. During the year ended 31 December 2019, the Group has also commenced the acquisition of several properties in Beijing, Guangzhou and Sanhe for investment and rental purposes. This ESG Report covers the operation and activities of our management offices for these activities in the PRC.

### **(III) Basis of Preparation**

This report was compiled in accordance with the ESG Reporting Guide. The content of this report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A – Environmental and Area B – Social, and includes disclosure of climate change related issues which have or may impact our Group.

This ESG Report, which was reviewed and approved by the board of directors of the Company (the “Board”), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance and consistency to disclose relevant statistics and information.

#### **(IV) Reporting Period**

This ESG Report mainly covers data and activities of our business operations for the year ended 31 December 2019 (the “Reporting Period” or “2019”), and in many material areas will be compared with the last reporting period at year ended 31 December 2018 (the “Last Reporting Period” or “2018”) to demonstrate our environmental and social obligations performance.

#### **(V) Corporate Goals and Visions**

The Group’s business objectives and visions are to continue the development of our core business whilst maximising returns for our shareholders, achieving continual and sustainable developments for the society and environment, and providing and maintaining a healthy and safe working environment for the employees.

#### **(VI) ESG Management**

Our Group attaches great value and importance in ESG matters and policies when formulating and implementing our corporate goals and business objectives. We believe that successful and sustainable achievements in ESG matters are vital and essential to the growth and development of the Group in the long run. We strive to operate our business with the objectives as follows:

- Lessen the impact on the environment;
- Provide a safe and pleasant working environment for our employees;
- Comply with legal and regulatory requirements; and
- Adhere to high ethical standards and contribute back to the communities in which we operate.

The Group's ESG management policies and approaches can be summarized in the following statements. There is no significant change to the Group's position in ESG matters since our previous report.

1. The Board will from time to time approve and update strategies and policies which are incorporated with the related environmental and social issues contained in the ESG Reporting Guide. The Board has assigned various company heads to implement the ESG policies relevant to their operations and activities. Through their normal and routine communication channels, the company heads report directly to the Group's chairman, who has the overall responsibility to ensure that the Board's approved strategies and policies are implemented. Company heads are duty-bound to explore and develop KPIs where appropriate and necessary for future references or timely implementations in line with the Group's policies and goals.
2. It is incumbent on the Group's chairman and the chief executive officer and/or other management ("Management Team") to examine and address all the environmental and social issues spelt out in the Aspects and Subject Areas in the ESG Reporting Guide.

For the purpose of the ESG Report, only activities and operations which are considered material and significant to the environment and our activities are included. Overall, the Group takes on an active role in ensuring sustainable and environmentally friendly operating processes are in place. This is achieved by taking all practicable and possible measures to comply with all the relevant national laws, operating practices and standards.

## **STAKEHOLDERS COMMUNICATION AND MATERIALITY**

The Group maintains regular contact with the internal and external stakeholders to gauge their views and opinions regarding the Group's operations and performances. After collecting the views and opinions, the Management Team will carry out materiality assessments internally with the related managers and externally with related stakeholders through various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones, etc. For 2019, the Group and the stakeholders had identified the following material areas and aspects:

- Environmental practices and performances;
- Commitments to employees;
- Recruiting, engaging and retaining talents;
- Commitments to customers;
- Building trust with customers through quality and reliability of services and products;
- Protecting customers privacy;
- Anti-corruption prevention; and
- Community support and contribution.

Through the Group's established management structure, process, policies and guidelines as aforementioned and described, the above ESG material areas and aspects were strictly managed and monitored and herein was summarized below:

## **(A) ENVIRONMENTAL ASPECTS**

### **1.1 Environmental Areas Overview**

The Group's principle operations and activities are mainly in-house management and services basis, and their processes by themselves do not directly generate any hazardous air, water and solid wastes emissions and discharges, nor use large quantities of natural resources especially water. Only greenhouse gas ("GHG") – mainly carbon dioxide ("CO<sub>2</sub>") is generated indirectly through the use of electricity, and non-hazardous wastes such as used papers and packaging materials, office residuals, general rubbish and hygiene wastes.

As an environmentally responsible corporation, the Group has continued to implement policies and has taken measures to achieve a balance between undertaking business, maximize returns to our shareholders, ensuring our operations and activities minimise any adverse impact on the environment including being energy, water and resource usage efficient whilst also reducing costs where possible.

Our "Environmental Protection and Sustainability Policy and Procedures" are summarised below:

#### *Purpose*

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts by and on the company and ensuring compliance with all relevant national and local environmental laws and regulations including but not limited to:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法);
- Water Pollution and Control Law of the PRC (中華人民共和國水污染防治法);

- Atmospheric Pollution and Control Law of the PRC (中華人民共和國大氣污染防治法);
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the PRC 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); and
- Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例).

#### *Procedure*

- (i) The Board and the Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.
- (ii) The Board and the Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal, unusual and emergency situation as follows:
  - Normal is defined as a routine activity or work that is carried out daily and is part of a process;
  - Unusual refers to non-routine work that occurs under unexpected circumstances; and
  - Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action must be taken. For example: major leakage and spillage, fire, etc.

- (iii) When identifying the environmental aspects, all activities that are likely to cause environmental impact or improve general sustainability are considered, including but not limited to the following:
- Gas emissions;
  - Water discharge;
  - Waste disposal;
  - Land contamination;
  - Sustainability and the efficient use of raw materials, energy, water and other natural resources;
  - Other local environmental issues; and
  - National and local laws and regulations.
- (iv) At least once every year, the Board and the Management Team shall review the environmental aspects, which will be regularly update based on new laws and regulations, organisational work activities and processes, and updated knowledge obtained through incidents/accidents, organisational or other requirements.
- (v) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, and the following shall be considered:
- Global warming;
  - Water pollution;
  - Air pollution;
  - Waste generation;
  - Land/soil contamination;
  - Noise pollution; and
  - Depletion of natural resources.

## **1.2 Environmental Aspects**

The Group advocates the importance of sustainable development in relation to our ongoing business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions, effluent water and solid waste discharge and to ensure minimal impact on the environment. Effort and attention are given to ensure that electricity and water consumption are properly monitored and controlled for the sake of energy and cost saving, as well as reducing indirect gases emission. All employees are made aware of their respective roles and responsibilities in conserving energy and natural resources.

As our large-scale infrastructure construction project consists mainly of general office work, the main source of gas emissions of the Group's businesses are greenhouse gas emissions indirectly from the use of electricity and from the use of vehicles by the staff for business purposes. During the Reporting Period, since the usage of vehicles is minimal and the emissions from the vehicles are expected to be immaterial, we did not compile the vehicles emission data. We, however, ensure that vehicle usage is only on a need-to-use basis in order to minimize vehicle emissions.

During the Reporting Period, since we were in the final stages of completing a large scale infrastructure development project and thus operations were significantly reduced including usage of electricity and vehicles. The Group was not subject to any confirmed cases for breaching environmental legislation in relation to emissions and waste discharge or other environmental issues that could have an adverse impact on the local environment.

KPIs formulated previously remain valid and were reviewed and updated in various meetings. Existing KPIs are periodically examined in conjunction with our operating goals in an ongoing manner. The Group is happy with its steady improvements and accomplishments in the various KPIs.

## A1. Emissions

The nature of business operations of the Group does not entail significant amount of emission quantities which are having significant impact on the environment. Generally, indirect emissions from the use of electricity is the largest source of air emissions follow by vehicle usage. Since direct emissions from vehicle usage was considered to be immaterial, we did not compile the KPI. Indirect emissions namely non-hazardous GHG – CO<sub>2</sub> from use of electricity are analysed as follows:

### (i) *Direct and Indirect Hazardous and Non-Hazardous Air Emissions*

The GHG mainly refers to the non-hazardous gas of CO<sub>2</sub> which is an indirect emission of electricity consumption. As aforementioned, same as the previous two years, the operations and activities of the Group did not directly generate any hazardous air emissions and pollutants, and the only non-hazardous GHG – CO<sub>2</sub> was generated indirectly from the use of electricity by our offices in the PRC and Hong Kong. As our office in Hong Kong is a small representative office and the monthly management fees include water and electricity, volume figures are not available for this office, and in any event, would be minimal and immaterial.

The Group only has a small number of transport vehicles and its petrol and other fossils fuel consumption is considered insignificant, and therefore is not reported. The Group continues to encourage staff to reduce flights by teleconferencing and to use public transport as means to consume less energy and to produce less GHG – CO<sub>2</sub>.

The Group has however prepared, collected, recorded and estimated data where possible and practicable for KPIs formulation. Data for the Reporting Period and the Last Reporting Period are tabulated respectively as follows:

- (i) Total electricity consumption of the offices in China: 14,326.67 kWh and 17,516.23 kWh; and
- (ii) Total CO<sub>2</sub> indirect emission after conversion: 14.19 tonnes and 17.46 tonnes.

The decrease in CO<sub>2</sub> emission of 18.7% during the Reporting Period compared with 2018 was considered a positive performance for the Group as a result of the completion of the Chaozhou infrastructure construction project. Same as the previous two years, the Group did not breach any laws, rules or regulations and did not receive any notice of fine or warning from any governmental agencies in relation to its emissions in China and Hong Kong, which might have an adverse impact on the environment and the Group for the Reporting Period.

Intensity comparison of the indirect greenhouse gas emissions is considered not very meaningful or applicable to the Group given the small size and scale of the offices and the fluctuation of workloads in our large-scale infrastructure construction project in our Chaozhou office. However, self-comparison of the same operating locations can be possible if made over a constant period of time, say on a yearly or work-cycle basis. Measures will be implemented to chart out the annual electricity consumption of each office location for long term meaningful comparison. The Group is however mindful of the fact that changes in operations, locations and employees may hinder any meaningful comparison objectives. In the coming year, the Group targets to at least maintain and if possible, reduce its GHG – CO<sub>2</sub> emission by 3%-5%.

*(ii) Noise Pollution Emission*

The operations and activities of our offices in the PRC and Hong Kong do not generate and emit any noises. The Group has complied with all the national and local laws, rules and regulations to ensure noise emission is under strict control. Same as the previous two years, the Group did not receive any complaints related to noise emission for the Reporting Period, and targets to achieve the same performance in the coming year.

*(iii) Light Emission*

The operations and activities of our offices in the PRC and Hong Kong do not generate and emit any light pollution as well. As in the previous two years, the Group did not receive any complaints related to light emissions for the Reporting Period, and targets to achieve the same performance in the coming year.

(iv) *Water Pollution and Discharge*

The Group's operations and activities only generate living and hygiene water used by our employees, which is neither harmful nor toxic by nature. Water is supplied from the relevant city supply network and is discharged through the central sewage system. Same as the previous two years, the Group did not receive any complaints or warnings relating to the discharge of polluted water for the Reporting Period, and targets to achieve the same performance in the coming year.

(v) *Hazardous and Non-Hazardous Wastes Discharge and Disposal*

The Group's operations and activities only generate non-hazardous general wastes, such as used papers, stationery and packaging materials, office residuals, general rubbish and hygiene and living wastes, by its employees. All these wastes are disposed to rubbish bins and stored in rubbish depots and are collected by the city urban waste services on a daily basis. Same as the previous two years, the Group did not receive any complaints or warnings on its wastes disposal for the Reporting Period, and targets to achieve the same performance in the coming year.

The Group remains at all times conscientious of our role and responsibilities in protecting the environment. Reuse, recycle and renew is the general approaches and principles adopted by the Group.

(vi) *Mitigation Measures*

As a responsible corporation, for costs saving purposes and for the protection of the environment, the Group continues to comply with all the national and local environmental laws, rules and regulations and industrial standards, and has also implemented the following environmentally friendly measures into its daily operations and activities to minimise adverse impacts on our environment, through continuously striving to maximise energy and water efficiency and to minimise wastes.

- Appointed responsible officers to regularly inspect our offices and operations to ensure the fresh water is not wasted, power is turned off when works are not being carried out, and the use of natural ventilation to replace air-conditioning in allowable conditions;
- Reduced unnecessary business trips and promoted the use of the latest information technology such as video conferencing;
- Encouraged the employees to take public transport to minimise the use of private vehicles and taxi;
- Invested in fresh water and energy saving tools and equipment such as the installation of water measuring meters, LED lights and solar energy systems; and
- Implemented a waste-classification system and the practice of recycling use of resources especially on printing papers.

As a result, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes discharges, fines or warning notices from the relevant environmental agencies in 2019, same as the previous two years. The Group is determined to reinforce and to take all required measures to continue to achieve and improve on our environmental performance in coming years, and is also committed to contribute to combat global warming by reducing the generation of GHG – CO<sub>2</sub> emissions and pollutants, and preserving natural resources especially fresh water by reducing any wasteful practices.

All levels of the Group are reminded of and educated on the importance of the 3-R guiding principle of reduce, reuse and recycle. The Group is satisfied with its accomplishment in general and recognises the effort and achievement of the staff though no annual target has been set. As new operations are undertaken in the future, the Group is determined to formulate new KPIs in line with the new challenges which may arise with these.

## A2. Use of Resources

Water and electricity are the major resources used by the Group. Diesel and gasoline for vehicles are only incidental to our business activities. The Group advocates our determination in promoting and achieving efficient use of energy, water and other raw materials though we do not see any significant impact or material significance to the environment given the modest size and scale of our current operations. The 3-R principle, i.e. reuse, recycle and reduce is implemented throughout the Group. This principle will be fully examined and further explored when new challenges emerge.

### (i) *Electricity and Fuel Consumption*

The Group's offices only use electricity supplied from the local city grids without any problem. To save operational costs and to combat climatic changes by reduction of GHG – CO<sub>2</sub> and pollutant emissions, the Group has already implemented measures to reduce energy consumption.

During the Reporting Period, the three main offices in the PRC consumed a total of 14,236.67 kWh electricity supplied from the relevant city grid lines, which is 3,279.56 kWh or 18.72% less than the Last Reporting Period. This reduction is due to the reduction in activities as evidenced by the 66% decrease in turnover and 9% decrease in number of employees as well as continued efforts to improve energy efficiency and usage across the Group. No electricity consumption volume figures are available for our representative office in Hong Kong, as the management fees include electricity and no consumption volume figures are provided to the Group. In any event, the Hong Kong office is small and consumption of electricity is minimal and thus immaterial.

For the coming year, the Group targets a reduction of 3% of electricity consumption under normal operating conditions through improvement in energy efficiency management measures.

### (ii) *Fresh Water Consumption*

Fresh water and electricity are the only key elements which are considered to have an impact or significance on the natural resource and environment. Through education programs, employees are constantly reminded to treasure natural resources as far as practicable.

City water supply is the only viable water source available to the Group as far as our business locations are concerned. There is no other practicable means or viable substituting sources available. The Group enjoys constant and reliable water supply from the city system. All waste water discharges are connected to the municipal drainage systems with proper authorization.

The Group always places emphasis on natural resources conservation. However, intensity comparison for this KPI of different sites on water consumption is not meaningful as there are only limited number of offices.

As previously reported, the water is included in the management fee for our offices in the PRC and Hong Kong and as a result, we do not have the water consumption record. Hence, no water consumption comparison was prepared. Nonetheless, the Group supports all measures to reduce, reuse and recycle as far as possible and practicable. In addition, the Group is clearly driven by the cost saving incentive to reduce all our natural resource consumption.

*(iii) Paper and Packaging Materials and other Raw Materials Consumption*

Although the Group's activities and operations do not consume significant amounts of papers and packaging materials, to save operational costs and to improve its environmentally friendly footprint, the Group has continued to implement following measures, requested the employees to cooperate and reduce paper and packaging materials consumption:

- Applying computer technology such as storage of documents in electronic version, communications via emails and messages to replace paper consumption;
- Reusing stationery such as envelopes, document folders etc.; and
- Using both sides and recycled papers for printing.

For the Reporting Period, same as the previous two years, the Group was not aware of any indicator alerting to the consumption of papers and packaging materials on an excessive level. For the coming year, the Group targets to achieve a reduction in the paper and packaging materials consumption.

### **A3. The Environment and Natural Resources**

Consistent with our visions and policies on the environmental protection and conservation of resources on earth, the Group fully recognises the value and importance of this aspect despite the fact that our operations are innocuous and our scale is modest. The Group is committed to, on an ongoing basis, minimizing impacts on environment and natural resources. Staff education and implementation of company policies remains to be our primary measure which we consider to be effective.

During the Reporting Period, fresh water, fossil fuels, electricity and paper-based packaging materials were the key elements which were considered to have an impact on the environment. We have continued to support all measures to reduce, reuse, recycle and replace as far as possible and practicable as laid down in our Environmental Policy and Measures. The Group did not receive any warning or complaint notice from any governmental environmental agencies, clients or business partners for the violation of any environmental rules and regulations, the act of polluting the environment or causing any environmental troubles. For the coming year, we will continue to achieve zero complaints and no pollution occurrences, and to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

### **A4. Climate Change**

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. We recognise that the impacts of climate change are varied, and long-ranging and the risks identified could prevent us from meeting our strategic objectives and could result in adverse operational, compliance and financial impacts. Thus, climate change risks are considered by our Board to be material risks and oversight is given to the Audit Committee who is developing an overarching Climate Change Strategy to reduce greenhouse gas emissions with policies and procedures to manage such potential risks including:

- Potential disruption to our operations due to extreme weather events and changing weather patterns;
- Changing customer behaviours and requirements as demand moves to other new machinery and equipment such as wind turbines;

- Changes in cost and availability of raw materials (carbon neutral steel, etc.) and utilities such as renewable electricity, water and gas and relevant costs of securing and maintaining sufficient supply;
- Changes to government policy, law and regulation (including pricing carbon, renewable electricity pricing, etc.), which could result in increased operational costs and potential for litigation; and
- Failure to meet expectations of stakeholders.

Climate change is mainly caused by the release of CO<sub>2</sub> into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for transportation. As the world transitions to a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this. After discussions with our stakeholders, we have identified energy and water as immediate areas that we can contribute to combat climate change and reduce potential costs in the future.

#### *Energy*

During the Reporting Period, the Group generated direct and indirect GHG – CO<sub>2</sub> emissions, through the uses of fossil fuels-based electricity. As explained previously, we have implemented policies and procedures to reduce the use of fossil fuels as well as electricity across our organization.

#### *Water*

Water is used by our employees in our operations. The Group has taken measures to encourage employees to more efficiently use water in order to reduce its consumption.

For the Reporting Period, the Group's business operations and activities did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect CO<sub>2</sub> emissions and fresh water consumption for the coming year.

## **(B) SOCIAL ASPECTS**

### **1.1 Social Areas Overview**

The Group acts in an honest and transparent principle and aims to support the building of a harmonious society and a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the governing authorities. On formulation of ESG strategies and policies, we incorporate our long and short-term corporate development goals with considerations on the stakeholders and society with a belief that we can contribute regardless of extents to the sustainable development of the local communities and society.

### **1.2 Social Aspects**

Pursuant to ESG Reporting Guide, Social aspects include “Employment And Labour Practices” and “Operation Practices And Community Investment”, which herein reported in below:

#### **B1. Employment**

##### *(a) Policy*

The Group treasures and regards our employees as an invaluable asset of the Group. It is the policy of the Group to strictly comply with all the relevant statutory requirements in Labour Law of the PRC (中華人民共和國勞動法) and other applicable laws and regulations in the PRC, and the “Hong Kong Employment Ordinance”.

The Group takes all measures to ensure that our statutory duties and responsibilities as an employer are duly complied with in our operating locations. The Group adopts a serious view and attaches great importance to complying with all the labour laws on employment, employee compensation etc., which are applicable to our office operating locations. This is our base line and minimum standard. Employment of child labour and forced labour is expressly and totally forbidden. It is under the regular scrutiny of the management. No anomalies have been detected or reported.

In this connection, the Group has formulated policies and regulations on employment and other labour welfare and protection matters which include but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits.

The Group aims to provide equal opportunity for our staff in recruitment, promotion, compensation and benefits and is dedicated to establishing and promote a fair, harmonious and respectful workplace.

*(b) Compliance with the relevant laws and regulations that have a significant impact on the Group*

We take all possible measures within our resources and ability to ensure that all labour protections requirements, employment laws and statutory requirements are duly complied with.

All employment is entered into with contracts in writing signed by the employee and representative of the Group. Employment terms and conditions and welfare provisions are spelt out in the employment contract. In formulating our policies, complying with the prevalent statutory requirements on labour protection, employment and welfare of the government where the office operates is the fundamental principle and bottom line of the Group. As an employer, the Group takes all measures to ensure due compliance.

The Group provides and maintains employment welfare and benefits to our staff, including but not limited to mandatory provident fund, medical insurance and work injury insurance.

The Group is committed to creating a fair employment environment with equal opportunity. All applications for vacancies, transfers and promotions will receive fair consideration with no regard to age, race, religion, gender, sexual orientation, disability or other discriminating basis.

Relevant education qualifications, skills, professional or technical qualifications and relevant experience and performance form the basis of selection criteria for appointment and promotion. Recruitment or promotion is carried out by the user department and the human resources department in an open and transparent manner.

Employee remunerations are determined with reference to the prevailing market level as well as the competency, qualification and experience of the individual employee.

Salary payment is duly paid to the employees within the statutory prescribed period.

During the Reporting Period, the Group received no complaints, warnings, litigations or fine from the law enforcing agents or the staff.

As required by ESG Reporting Guide, the Group's Employment is analyzed and summarised below:

- Total number of employees – 41 for 2019 and 43 for 2018; the decrease of only 4.65% implies a stable work force;
- Male and Female – 23 or 56.1% (2018: 22 or 51.2%) were male and 18 or 43.9% (2018: 21 or 48.8%) were females;
- Managerial versus General: 14 or 34.1% of staff were managerial grade staff which was slightly more than as in 2018 and 27 or 65.9% were general staff which was 4 less than in 2018;
- Age: 3 were under thirty, 16 were between 31-40 years, 9 employees were between 41-50, 12 were between 51 and 60 years and one employee were over 60 years of age;
- Regional Distribution – The employees located in our Shenyang Head office (2), and at our regional project office in Chaozhou (20) remained the same as the Last Reporting Period, and a reduction of 2 at our Shenzhen office accounted for the entire reduction in our employee headcount. Overall, 100% of our employees were in China, of which the two are second to our representative office in Hong Kong when required; and
- Source of employees – all our employees were from China.

## **B2. Health and Safety**

The Group is committed to providing a safe, healthy and pleasant working environment to the employees. We have equipped the offices with adequate equipment and facilities to ensure safety and convenience to employees.

Compliance of the relevant statutory provisions or laws in health and safety is the primary concern of the Group. All permanent staff have been covered with social, medical and accidental insurance as required by local laws. The Work Safety Law of the PRC (中華人民共和國安全生產法) is the overriding law regulating health and safety of employees in our operations. The Employee Handbook sets out the general safety policies and procedures for all employees.

All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and to put safety as their priority. Managers and supervisors are charged with the responsibility of ensuring that safety policies, rules and practices are implemented.

For the Reporting Period, same as the previous two years, the Group did not have any work-related serious fatalities or injuries, nor any claimed disputes on employee's compensation or investigation by any government agencies.

## **B3. Development and Training**

It is the policy of the Group to employ employees with the required qualification, competency and skills for the position. The Group instigates training programmes for all levels of employees. It is the policy of the Group to provide the required level of training in terms of skills and job knowledge to employees at various levels so that they are able to perform their required job duties in a competent and capable manner, without risk to their health and safety.

The Group supports and encourages staff to attend trainings to better equip themselves for further self-development. Staff can also apply for free time and cost reimbursement for external training to improve their job skills and potential. All training supports are provided strictly on a justification basis and regardless of their age, gender, race or religion.

A total of 15 employees (6 males and 9 females) from the operational level received a total of 30 hours training, comprising 18 hours internally developed training programs and 12 hours externally paid programs during the Reporting Period. This was the same as for the previous reporting period.

#### **B4. Labour Standards**

The Group strictly complies with all the statutory requirements and legal standards in law applicable to our business operations. All relevant statutory requirements and laws are adopted as our minimum labour standard on labour protection and welfare. Furthermore, the Group is committed to ensuring their full compliance of statutory duties and obligations and all management and supervisory levels are made aware of this.

The Group pays wages and salaries, benefits, compensation payments and insurance on time within the statutory prescribed period. The Group honoured all our obligations towards our employees and no disputes or litigations on labour matters or labour welfare were reported for the Reporting Period.

Banning the employment of child labor, illegal workers and forced labour is achieved through the recruitment and employment process at source by the Human Resources Department. All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. Such information is kept as the employee's personal file for record and future reference and government inspection.

The Head of the Human Resources Department and the heads of relevant department are charged with the duty of overseeing its compliance and are also responsible for ensuring that all labor protection and welfare obligations are complied with and any breaches of statutory compliance are brought to the attention of the senior levels.

During the Reporting Period, no case of any child labor or forced labor employment was reported or detected.

## **B5. Supply Chain Management**

Our most important business – large scale infrastructure construction project is operating under the model of “sub-contracting out on turnkey basis”, and this means that all the purchases are handled by the sub-contractors. Most of our direct purchases are therefore for office use like stationeries which are concluded from local or nearby sources or suppliers. The Group does not foresee our source of supplies to be a potential threat to our business operations.

To save costs and delivery time and to support the local economic development, the Group procured all the raw materials and accessories from local suppliers in China in the Reporting Period, same as the previous two years. Also, as per the previous two years, the Group did not have any disputes and litigations with our suppliers in the Reporting Period.

## **B6. Product Responsibility**

The Group takes all reasonable steps to ensure that our products and services are safe and that the services delivered meet with all agreed or legally required standards. The Group has enjoyed good reputation of delivering quality services in the business and strives to provide high quality services to our clients in our future challenges. The Group believes the aspects on quality and timely completion and delivery of the contract works in the large-scale infrastructure construction project and rental of properties have implications and importance, but we are confident that our measures in honouring and protecting them are comprehensive.

Compliance of the relevant contract requirements of our large-scale infrastructure construction project is crucial and has significant impact to the Group. In the course of contract administration, the end-product and our services rendered are subject to the close supervision and monitoring of a third-party professional agency. The relevant phases of the project have been granted with the relevant completion acceptance records issued with no adverse comments or defects or complaints and have been accepted by the client. The Group is confident that our businesses have met with all the legal and contract requirements.

During the Reporting Period, as in the previous two reporting periods, we were not aware of any incident of customer complaint, or any investigation by any government authorities that could have a material adverse impact on our business. The Group did not encounter or record any such recalls or complaints in its large-scale infrastructure construction project, which has been granted and issued with the relevant completion and compliance certificates at each relevant stage with no adverse comments or complaints lodged.

### *Intellectual Property Right*

The Group respects intellectual rights and takes all measures to ensure that intellectual property rights are not infringed.

During the Reporting Period, as in the previous two reporting periods, there were no complaints or allegations received on intellectual property rights infringement.

### *Privacy*

The Group attaches high regards for and utmost importance to client and project data and privacy. We maintain such personal data in a confidential manner with restrictive and limited access. Our system allows such access only by authorised personnel and on a strictly only for business purpose.

There were no privacy problem or complaint reported during the Reporting Period, the same as the previous two years.

## **B7. Anti-corruption**

The Group is well aware of the importance of honesty, integrity and fairness in our business operations and has implemented an anti-corruption policy. Employees at all levels are constantly reminded in meetings and documents on corruption prevention, offering and taking of interests. Staff are required to declare any conflicts of interests in the execution of their roles and duties. Through the establishment of these rules and regulations, the Group encourages all employees to discharge their duties with integrity and comply with the relevant laws and regulations.

Staff are required to declare any conflicts of interest in the execution of their roles. Through establishing rules and guidance, the Group encourages all employees to discharge their duties with integrity and comply with the relevant national anti-bribery laws and regulations. Any deviations found or detected are brought to the management of the Group for further enquiry or investigation if necessary. Transactions in large monetary sums are processed through bank transactions which require authorized signatories of the appropriate levels depending on the amount involved.

In the Reporting Period, there were no bribery or corruption cases against the Group, or its employees reported, which was in consistency with the previous two reporting periods.

## **B8. Community Investment**

The Group appreciates our social obligations and the need for re-contributing to the society. Through the day-to-day contact with various local government officials and industry leaders, the Group continues to explore and examine what and how the Group can contribute more and in a better way to the local community and society within the limit of our ability.

The Group has given priority to employing local people and encourages employees to participate and serve in a wide range of services to the local community.

During the Reporting Period, the Group allocated resources to ensure that our large-scale infrastructure construction project did not create any disturbances, pollution and inconveniences to the local community. We also supported the employees to offer volunteer and charity services to local villages and communities with paid leave.