



# **Wenye Group Holdings Limited** **文業集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1802



ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT  
**2020**

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## 1. ABOUT THIS REPORT

Wenye Group Holdings Limited (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter referred to as the “Wenye Group”, “the Group” or “we”) is headquartered in Shenzhen, Guangdong province in China for the provision of building decoration services. Having three decades of operating history, we mainly provide our customers with professional, comprehensive building decoration services. Our projects cover different aspects of interior and exterior building decoration, including, among others, (i) interior building decoration works and installation works; (ii) interior electrical and mechanical installation works; (iii) fire safety installation works; (iv) electronic and intelligent systems installation works; and (v) curtain wall installation works. In addition, we provide standalone building decoration design services for our customers on a project-by-project basis. The Group is pleased to publish the second Environmental, Social and Governance Report (hereinafter referred to as the “ESG Report” or the “Report”) to demonstrate the principles and sustainable development concepts that we uphold in fulfilling our corporate social responsibility, and to summarize the Company’s work and practices in environmental, social and governance (hereinafter referred to as the “ESG”) aspects.

### 1.1 Reporting Standard

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). This Report has complied with the “comply or explain” provisions and recommended disclosures in the Guide. Readers can refer to Appendix II herein: Index to the ESG Reporting Guide of Hong Kong Stock Exchange for ease of reference. This Report should be read in conjunction with the “Corporate Governance Report” section of this annual report for a comprehensive understanding of the Group’s ESG performance.

### 1.2 Reporting Principles

This Report is prepared based on the four reporting principles of materiality, quantitative, balance and consistency.

**Materiality:** During the preparation process, material stakeholders have been identified and included in the process and results of stakeholder engagement and materiality assessment as the basis for determining the materiality of ESG issues.

**Quantitative:** All data in this Report are derived from relevant statistical reports and the Group’s documents, and relevant standards and methods used in the calculation of greenhouse gas emissions/energy consumption have been reported.

**Balance:** The Report adheres to the principle of balance and objectively demonstrates the Group’s ESG management status.

**Consistency:** The statistical methods used for the data disclosed in this Report are consistent with the previous year.

### **1.3 Reporting Scope**

This Report focuses on the performance of the Group from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “Year”). As most of the on-site projects of the Group provide decoration services to assist real estate developers in their development, data collection and comparisons entail a certain degree of difficulty. Accordingly, we adhere to the principle of consistency and the data collection for the Year only includes the Shenzhen headquarters office, which is the same as the year of 2019. We will continue to evaluate various businesses and expand the disclosure scope as and when appropriate.

### **1.4 Reporting Languages**

The Report is available in both traditional Chinese and English versions and has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company (<http://www.szwyzs.com.cn>). In case of any discrepancies, the traditional Chinese version shall prevail.

### **1.5 Reporting Feedback**

The stakeholder’s comments and suggestions can assist the Group’s planning for the sustainable development strategy. If you have any questions or suggestions regarding the content or reporting format of this Report, please contact the office of the Board of Directors of the Group through the following means.

Email : [ir@szwyzs.com.cn](mailto:ir@szwyzs.com.cn)

Tel : (0755) 8328 8118

## 2. SUSTAINABILITY STRATEGY

### 2.1 Stakeholder Engagement

The Group's sustainable development is closely related to stakeholders. Therefore, we have established a good communication mechanism with stakeholders to fully understand the issues and requirements concerned by stakeholders such as customers, shareholders, employees, investors, business partners, regulatory authorities, media and suppliers through multiple channels, which serves as the basis for improving the Group's sustainable development strategy and creating a sustainable future together with stakeholders.

KEY STAKEHOLDERS	COMMUNICATION CHANNELS
Customers	<ul style="list-style-type: none"> <li>• Customer satisfaction survey and feedback forms</li> <li>• Daily operation/communications</li> <li>• Emails</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Annual general meetings and other general meetings</li> <li>• Interim reports and annual reports</li> <li>• Corporate communications such as letters/circulars to shareholders and notices of meetings</li> <li>• Results announcements</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Channels for employees to express their opinions (forms, opinion boxes, etc.)</li> <li>• Meeting interviews</li> <li>• Staff intranet portal</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Results announcements</li> <li>• Senior management meetings</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>
Regulatory authorities	<ul style="list-style-type: none"> <li>• Compliance reports</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Results announcements</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier management procedures</li> <li>• Supplier/contractor assessment system</li> </ul>

## 2.2 Materiality Assessment

During the Year, in order to further promote the sustainable development of the Group, we conducted a materiality assessment. The process is as follows:

### a. Identification

The Group selected 15 ESG material issues, including 4 environmental issues, 10 social issues and 1 governance issue, by comparing with the requirements of the “Guide” of the Hong Kong Stock Exchange, considering the Group’s business development objectives, actual situation and operating experience, and referring to the SASB materiality pool and the advice of industry professional consultants, so as to build the pool of material issues for the Group.

### b. Collection

We commissioned an independent consulting company to collect over 100 questionnaires from stakeholders, including the Board of Directors, senior management, employees, shareholders, customers, suppliers and business partners, and organized and analyzed the expectations of different stakeholders for the Group.

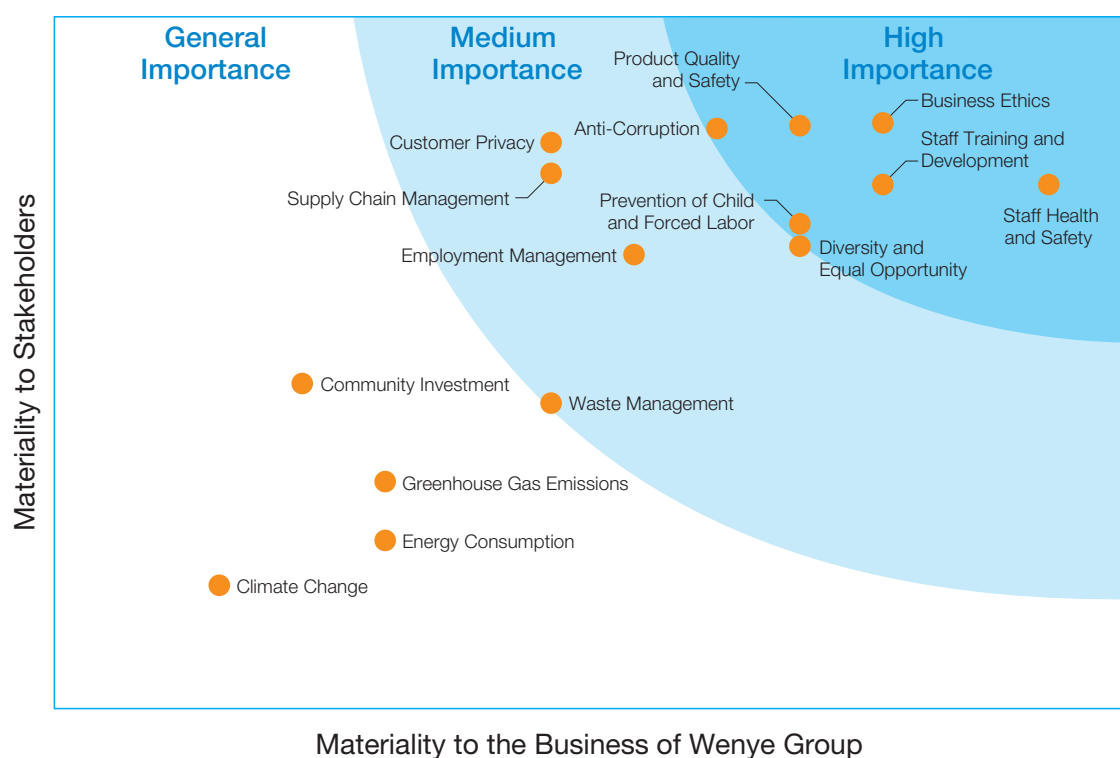
### c. Assessment

Based on two dimensions, namely the importance to stakeholders and the importance to the Group’s business development, we compiled the following materiality matrix to identify the priority of material issues.

### d. Confirmation

The Group has confirmed the results of the materiality assessment and will disclose the results in this Report accordingly. In the coming year, we will also manage relevant risks based on the results of the materiality assessment, explore more opportunities and expand business opportunities.

**Materiality Matrix of Wenye Group**



### 3. GREEN OPERATION

The Group is fully aware of its operational dependence on the environment and strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》) and other relevant laws and regulations. We have engaged a professional third-party consultant to assist the Group in formulating the Environmental Protection Policy Statement of Wenye Group Co., Ltd. (《文業集團有限公司環境保護政策聲明》), undertaking that we will adopt various environmental protection related measures for energy conservation and emission reduction, waste reduction, and cultivate the environmental protection culture within the Group, to enhance the environmental protection awareness of our employees, so as to promote the long-term development of our business. In addition, we encourage employees to participate in activities organized by environmental protection groups, and promote emission reduction measures to employees through emails, posters, intranet portal and other media to enhance employees' sense of environmental responsibility.

We also focus on environmental protection measures during the construction process. In order to minimize the impact of construction noise on the noise-sensitive areas nearby, we use high-quality equipment, install noise reduction facilities, and turn off idle equipment to reduce unnecessary noise. At the same time, we will use recyclable materials and maximize the use efficiency of decoration materials. We also legally dispose of construction waste according to local requirements, including sorting and recycling.

During the Year, we were not in violation of any of the relevant laws and regulations that have a significant impact on the Group.

### 3.1 Energy Conservation and Emission Reduction

We have formulated the Office Electricity Saving Management Regulations (《辦公室節約用電管理規定》) to regulate the electricity consumption habits of our staff and reduce energy consumption. Our energy saving measures include:

Lighting System	<ul style="list-style-type: none"><li>• Use daylight as much as possible;</li><li>• Adopt lighting equipment with high energy efficiency (e.g. T5 fluorescent lamps and LED);</li><li>• Keep lighting devices and lights clean to maximize their energy efficiencies;</li><li>• The office is divided into several different lighting zones with independent control of lighting switches in different lighting zones;</li><li>• Reduce the number of lights in areas above the suggested brightness;</li><li>• Lighting and air-conditioning equipment should be turned off in areas where employees have left or are not in use;</li><li>• Switch off office equipment after work.</li></ul>
Air-conditioning system	<ul style="list-style-type: none"><li>• Regular maintenance of air-conditioners is carried out to ensure efficient operation of the air-conditioning system;</li><li>• Avoid installing air-conditioners in areas that are directly exposed to the sun;</li><li>• Clean the filters regularly;</li><li>• Affix sealing strips to door and window frames to avoid leakage of temperature-controlled air;</li><li>• Regular inspection and replacement of pressure meters, pressure hoses and connectors of air compressors are conducted to reduce the possibility of refrigerant leakage;</li><li>• Turn off air conditioners when the office is not in use;</li><li>• Attach anti-ultraviolet thermal insulation films to windows so as to reduce absorption of heat;</li><li>• Adopt a central control and monitoring system (CCMS);</li><li>• In hot weather, employees are allowed not to wear ties and full suits to reduce the use of air conditioners.</li></ul>
Electronic equipment and electrical appliances	<ul style="list-style-type: none"><li>• Purchase electronic equipment with energy efficiency labels;</li><li>• Completely switch off electronic equipment during non-working hours;</li><li>• Use multi-functional devices with high energy efficiency.</li></ul>



We conduct monthly electricity consumption statistics to monitor the electricity consumption and make appropriate improvement measures. The energy consumption of the Group during the Year mainly came from purchased electricity with a total electricity consumption of 342,180.00 kWh, and the average electricity consumption per square meter was 68.53 kWh. Our electricity consumption per square meter during the Year decreased by 28.54% as compared to last year, resulting from the office relocation of the Group during the Year causing reduced electricity consumption as the office areas had become less spacious, coupled with the effective implementation of the above energy-saving measures and the impact of the pandemic. During the Year, we relocated our office, hence the data is difficult to be used as a benchmark. We will set corresponding targets in the coming year to better improve energy efficiency.

In addition to the above energy-saving measures, we also actively manage the generation of emissions. The Group's emissions mainly come from the use of our vehicles. We reduce emissions by encouraging employees to travel by public transportation and shared transportation, selecting hybrid or electric vehicles for our fleet and conducting regular maintenance, ensuring there is no idling vehicles with running engines, and not using company fleet when not necessary.

### **3.2 Greenhouse Gas Management**

In response to the announcement made by Chinese President Xi Jinping at the United Nations Conference on behalf of China on September 22, 2020 to achieve carbon neutralization by 2060, we are committed to managing greenhouse gas emissions, implementing low-carbon operations in accordance with important policies such as the National Plan on Climate Change (2014-2020) (《國家應對氣候變化規劃(2014-2020年)》), the National Climate Change Adaptation Strategy (《國家適應氣候變化戰略》), and the 2020 Annual Report on China's Policies and Actions for Climate Change Response (《中國應對氣候變化的政策與行動2020年度報告》).

In addition to choosing direct flights for unavoidable business trips, high-speed rail for short-distance business trips and video conferencing to replace unnecessary overseas business trips, we have also adopted various measures to reduce carbon emissions. For details of the measures, please refer to the section headed "Energy Conservation and Emission Reduction".

With reference to the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 published by the International Organization for Standardization, we conduct annual greenhouse gas inspections for our headquarters office in Shenzhen. During the Year, the summary of greenhouse gas (hereinafter referred to as the “GHG”) emissions of our Shenzhen headquarters office is as follows:

Type of GHG	Unit	2020
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent	21.95
Indirect GHG emissions (Scope 2)	tonnes of carbon dioxide equivalent	208.76
Total GHG emissions (Scope 1 & 2)	tonnes of carbon dioxide equivalent	230.71
GHG emissions per square meter (Scope 1 & 2)	tonnes of carbon dioxide equivalent/square meter	0.05

During the Year, due to the effective implementation of a series of energy-saving measures and the outbreak of the pandemic, the Group’s GHG emissions per square meter decreased by 39.34%. In the future, we will continue to monitor and evaluate the Group’s carbon emissions and continuously improve our energy-saving and emission-reduction measures.

### 3.3 Waste Management

The Group is committed to improving resource utilization and optimizing resource allocation to reduce waste at source. We have formulated the Provisions on the Administration of Using Information-Based Office Equipment of Wenye Decoration (《文業裝飾信息化辦公設備使用管理規定》), requiring all information-based office equipment and peripherals to be subject to unified registration and management, and to be reasonably allocated according to actual needs. Computers that cannot work normally due to aging, damage or other reasons shall be applied for renewal or retirement in accordance with the relevant system of the Group. The information department of the Group will recycle the components of obsolete computers after formatting.

We encourage employees to use environmentally-friendly products and recycle office supplies. We strictly comply with the Administrative Regulations of Shenzhen Municipality on the Classification of Domestic Waste (《深圳市生活垃圾分類管理條例》) of the Shenzhen Municipal Government by setting up recycling bins in the office, and classifying non-hazardous wastes (e.g. metals, plastics and paper) and hazardous wastes (e.g. batteries, waste ink cartridges and toner cartridges, and outdated electronic products), all of which will be transferred to property companies for unified treatment. We use recycled paper in our offices and paper from suppliers who have obtained ISO14001 Environmental Management System Certification and ISO9001 Quality Management System Certification. We also promote electronic office system and use facsimile via network to screen out facsimile spam to reduce unnecessary paper consumption. For the paper that must be used, employees are required to print on both sides of the paper or use the unused side of the paper according to the principles of “on demand, reasonableness and conservation” to reduce waste. During the Year, the Group used a total of 2,420.00 kg of paper with 6.61 kg per capita.

During the Year, the non-hazardous waste generated by the Group mainly came from the domestic waste in the office, which generated a total of 2.88 tonnes of non-hazardous waste with 7.87 kg per capita, all of which have been legally disposed of. Hazardous wastes were largely derived from obsolete computers, batteries, used ink cartridges and toner cartridges, totaling approximately 80.00 kg, with 218.58 grams per capita.

### **3.4 Effective Use of Water Resources**

Our daily water consumption mainly comes from municipal water supply and there is no issue in sourcing water. We advocate water conservation by posting “water conservation” labels in washrooms, using water-saving faucets with automatic sensors, monitoring water consumption regularly, repairing defective water pipes in a timely manner, and using devices with water-saving labels, so as to improve water efficiency.

During the Year, the total water consumption of the Group was 3,186.00 m<sup>3</sup>, and the water consumption per square meter was 0.64 m<sup>3</sup>. Given our effective implementation of the above measures and the impacts of the pandemic, our water consumption per square meter was reduced by 27.41%.

### **3.5 Protection of Natural Resources**

The Group is committed to providing green building design services. We have identified significant climate-related issues that have or may have an impact on us, formulated policies on relevant mitigation measures, and taken responsive actions to support and participate in climate change mitigation and adaptation activities. We integrate the consideration of the environment and natural resources into our business decision-making to minimize damage to habitats of species. During the construction, we are devoted to protecting water and soil and reducing noise, and minimizing the impacts of works on the environment by using eco-materials. We are also actively exploring the possibility of using renewable energy to further combat climate change.

## 4. CARING FOR EMPLOYEES

The Group strictly complies with relevant laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》). We have also formulated documents including the Employee Handbook (《員工手冊》) and the Employment and Labor Practices Policy Statement (《僱傭及勞工常規政策聲明》) to regulate the employment system and welfare system, protect the interests of employees, and strive to provide all employees with a diversified working environment free from any discrimination and harassment, such that every employee can give full play to their strengths and potential. During the Year, the Group had a total of 366 employees and all of them are based in Shenzhen.

### 4.1 Talent Acquisition

The Group attaches great importance to talents and is committed to providing employees with an equal and fair working environment and discrimination or harassment of any kind is not tolerated, such that applicants and employees are not treated unfairly due to factors such as gender, age, nationality, race, skin color, religion, physical shape, illness, mental or physical disability, family status, family composition, sexual orientation, political beliefs or social status. In the recruitment information, we also avoid the use of any text that is discriminatory or misleading.

The human resources department of the Group adopts different assessment methods according to the nature of the position, and conducts a comprehensive inspection on the professional skills and overall quality of the applicants, from which the most suitable applicants are selected based on the requirements of the positions concerned. We require applicants to present their identity documents to confirm their age to prevent the employment of child labor. We clearly set out the working hours, resignation and dismissal in the Employee Handbook (《員工手冊》) to prohibit forced labor. Accordingly, we formulated a compensation leave system at the same time, under which employees can apply for compensation leave if they work overtime for more than 2 hours. In case of any non-compliance, we will handle each case as clearly stipulated in the Employee Handbook (《員工手冊》) of the Group.

During the Year, the Group did not have any case of non-compliance in relation to the employment of child labor or forced labor.

## 4.2 Valuing Talents

We will remunerate our employees reasonably according to their positions, responsibilities, abilities, contributions, performance, years of service, academic qualifications and other factors, and strictly follow the principle of giving priority to efficiency and distribution according to work performed. Quarterly bonus and year-end bonus are offered with reference to the performance of employees and project completion progress. After the production target is met, bonus attributable to the department is allocated by the department head according to the workload of each employee. We require our performance appraisers to be fair and just, and not to commit fraud. In addition, we will also adopt incentive measures such as share option and share award scheme, public praising, bonus and promotion to fully motivate the enthusiasm of our employees.

In terms of holidays, in addition to the statutory holidays stipulated by the state, we also provide paid sick leave, marriage leave, maternity leave, bereavement leave, work injury leave, etc. to our employees, half-day leaves on Women's Day to all female employees, and half-day leaves on Youth's Day to employees aged under 28. In addition to the five social insurances and one housing fund stipulated by the state, we also provide employees with travel allowance, living allowance and festival allowance.

In order to fully guarantee the legitimate interests of our employees and the effectiveness of internal communications within the Group, we have established an internal network platform to enable the management to understand ideas and expectations of employees through questionnaires and employee forums. The Group also maintains an internal audit system and an appraisal and complaint mechanism for our employees. We encourage employees to file complaints and report on unreasonable and illegal acts encountered at work through direct communications or emails. The Group will handle and respond to relevant complaints and reports in a timely manner.

## 4.3 Occupational Safety and Health Protection

The Group strictly abides by the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations.

In order to enhance the safety awareness of our employees, the Group regularly conducts rescue and fire escape drills. The occupational health and safety management system of the Group has passed the certification of OHSAS 18001. We have also taken out work-related injury insurance for each employee in accordance with relevant laws and regulations. In case of employee injuries or fatalities, we will also handle such cases in accordance with relevant laws and regulations.

During the pandemic, the Group implemented work from home arrangement until the government allows resumption of work, thus reducing the risk of employees being infected with COVID-19. After the resumption of work, the Group distributed pandemic prevention supplies such as masks and hand sanitizers to employees to further safeguard their health and safety.

We relocated our office during the Year. To create a healthy working environment for our employees, we have planted many green potted plants in our offices. Prior to allowing our employees to enter the office, we have also engaged a professional formaldehyde removal company and a professional third-party inspection agency to conduct on-site sampling to ensure that the actual measured values of free formaldehyde, benzene and TVOC at all inspection sites are in compliance with the Indoor Air Quality Standard (《室內空氣質量標準》) indoor environmental pollution concentration limit.

As our business involves construction projects, we also place great emphasis on the health and safety of our employees at construction sites. We have formulated the Safe and Civilized Construction (《安全文明施工》) plan and requires employees, contractors and engineers to strictly follow such plan. The Group conducts three-level safety education for employees and construction workers to enhance their safety awareness. We also require our contractors to comply with the standards and requirements for production safety and civilized construction of the relevant construction projects, and to be responsible for supervising and inspecting the safety measures on construction sites, and our engineers must review and confirm the safety measures implemented by contractors. To further ensure the safety of construction workers, we equip our employees with personal protective equipment such as safety helmets and labor protection gloves.

We also stipulated the safety production management and civilized construction management measures in the Compilation of Management System and Standards (《管理制度與規範彙編》), and standardized the project management and inspection process. Each of our project has obtained a production safety permit. Prior to the commencement of construction, we require the responsible persons of the projects to reflect the organizational image planning, safety production and civilized construction planning in their project planning, and set up signs as required. The signs of major hazard sources at the construction site shall indicate the on-site hazard factors and precautions. We also require our employees to establish a safety production management account for each project and sign the Safety Production Responsibility System (《安全生產責任制》), and the project department shall sign a safety production agreement and a civilized construction management responsibility statement with responsible person of contractor. We implement an accountability system for accidents. After the commencement of a project, we require the relevant responsible person to conduct safety inspections on a daily basis and keep records. If problems are found, rectification suggestions must be proposed and such problems must be re-examined. In case of any production safety accident, the Group will conduct a rigorous accident investigation and hold responsible parties accountable for the accident.

During the Year, the Group did not have work-related injury or fatality cases.

#### 4.4 Nurturing Talents

In order to provide employees with a good environment for growth and enhance their professional capabilities, we have established and continuously improved our training system. We will conduct comprehensive training for new employees to help them understand the culture of the Group and the required business skills as soon as possible. In addition, we also encourage employees to improve their professional standards through continuous education by providing diversified internal training and external training, examination fee and training fee subsidies. We also reward employees who have obtained national or international professional and technical certificates.

In addition to strengthening the professional skills of our employees, we also cultivate their soft power. In order to build a better corporate image and improve the overall level of business etiquette of employees, we invited a senior lecturer from China Southern Airlines (南方航空), a senior etiquette training lecturer from CVCC National Core Capability Education (CVCC全國核心能力教育), and Chen Hong Bo (陳弘播), guest associate professor of Guangzhou Civil Aviation Technical College (廣州民航技術學院) to give lectures to employees. Through role-playing, lecturer demonstration, employee interaction and other methods, employees have a deep understanding of the four key aspects of language and behavior, namely “image etiquette, reception etiquette, social etiquette and business etiquette”.



“One cannot stand in the world without learning etiquette” – Business etiquette training

## 5. COMPLIANCE OPERATION

We earnestly abide by local laws and regulations in the areas we operate, and have formulated the Management System and System Compilation of Wenye Decoration (《文業裝飾管理制度與制度彙編》) and the Statement on Supply Chain Management, Product Responsibilities and Anti-Corruption Policies Statement (《供應鏈管理、產品責任及反貪污政策聲明》). We hope that through systematic and standardized management, we will strive to achieve scientific decision-making, standardized operation and institutionalization of management laws, and to optimize the management level and the quality of employees of the Company in general, so as to fully protect the legitimate interests of the Group and its customers.

### 5.1 Anti-Corruption

The Group strictly complies with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and other laws and regulations, and is committed to creating an anti-corruption culture within the Group and enhancing employees' awareness of anti-corruption.

We provide employees with integrity education and have established the Internal Audit System (《內部審計制度》) to conduct independent and objective consultation, inspection, supervision, evaluation and control activities on the operation and management through the internal audit function of the Group, and encourage employees to report incidents that violate the relevant management system of the Group to the internal audit supervision committee through the internal audit mailbox. We keep the identity of the whistle-blower confidential, and employees are not allowed to accept or offer entertainment, gifts, rebates and other illegal benefits by taking advantage of their positions, nor retaliate against or cover up wrongdoing of other employees. Any gifts with a value exceeding RMB2,000 or equivalent in other foreign currencies must be surrendered to the relevant department of the Group in a timely manner for handling in accordance with the requirements of the Group. We have formulated strict reimbursement procedures to further eliminate corruption.

We also require our engineering project partners to strictly comply with various systems and regulations of our integrity cooperation management, and supervise the implementation of integrity cooperation management during the construction period of engineering projects to ensure the integrity of engineering projects. If any non-compliance by the project partner is found, we will terminate the contract with the project partner and require the project partner to bear all losses and liabilities.

During the Year, the Company did not have any corruption litigation cases.



## 5.2 Information Security

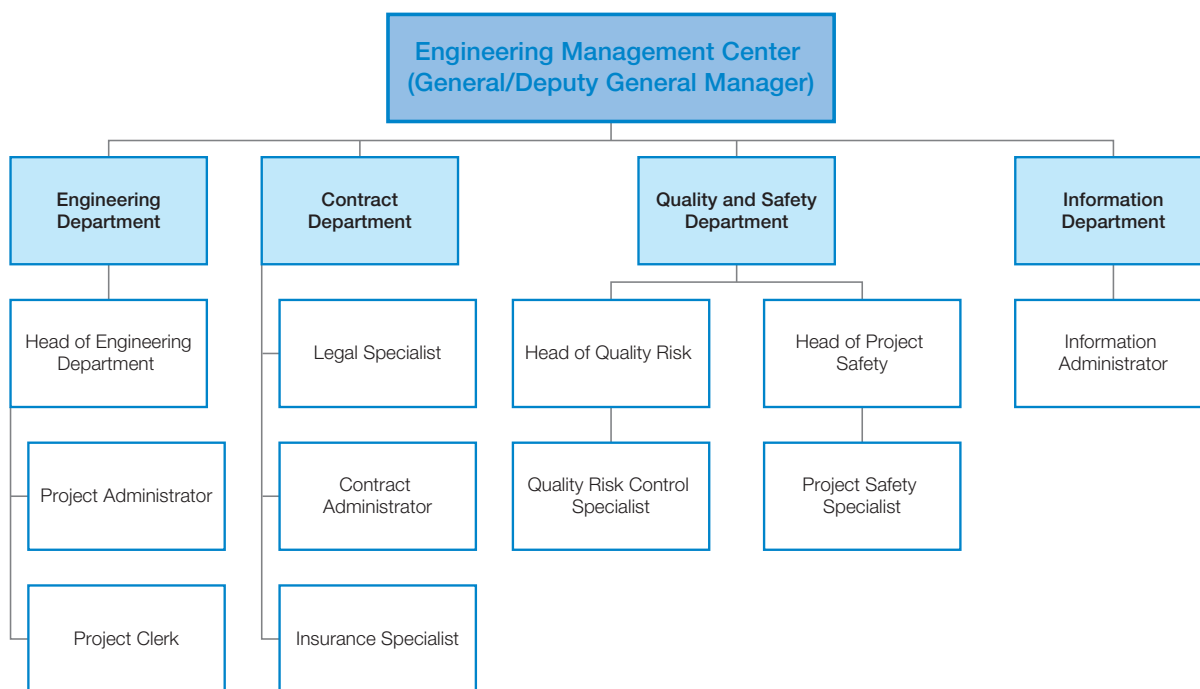
We strictly abide by the Confidentiality Law of the People's Republic of China (《中華人民共和國保密法》) and the Measures for the Implementation of the Confidentiality Law of the People's Republic of China (《中華人民共和國保密法實施辦法》), and protect information security and customer privacy through various means. We have established the Confidentiality Agreement (《保密協議》) and confidentiality system, requiring employees to consciously keep business secrets of the Group in confidence. We have also established the Data Center Security Management System (《數據中心安全管理制度》) to ensure the secure and normal operation of all information systems.

The information management department of the Group is responsible for supervising, inspecting and guiding the management of each server room to ensure the secure operation of the server rooms and reporting any abnormalities in a timely manner. If personnel other than server room administrators need to enter the server room due to work related reasons, approval and consent by the responsible person is required, and the identity, reasons for entry and items carried must be confirmed under the supervision of server room administrators. We require information such as the Server Room Entry and Exit Registration Form (《機房進出登記表》) to be kept for at least one year for inspection.

## 5.3 Quality Assurance

The enhancement of product and service quality is the cornerstone of our success. The Group continuously reviews and improves the quality management system, formulates and implements relevant measures to strengthen its effort in systematic and standardized quality management to improve the quality management performance. We strictly comply with the relevant laws and regulations of construction industry technical specifications such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Construction Law of the People's Republic of China (《中華人民共和國建築法》) and the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》), and have formulated various guidelines and policies and basic procedures. The Group has obtained ISO9001 certification for its quality management system.

In order to provide high-quality services to our customers, we have established a comprehensive organizational structure for our Engineering Management Center. The structure is divided into four departments and the responsibilities of each department are as follows:



Engineering Department:

- Comply with and consistently implement relevant national laws and regulations on construction projects and various guidelines and policies and basic procedures;
- Responsible for pre-project investigation, research, collection of relevant data and site inspection;
- Cooperate with the project construction declaration and completion filing;
- Manage the whole process of construction progress, quality and safe and civilized construction;
- Cooperate with the handling, transfer and filing of project completion information;
- Coordinate with and solve various problems identified by the project department;
- Track and analyze the update of the project management platform, and cooperate with other departments to carry out risk management and control in a timely manner.

Contract Department:

- Responsible for the day-to-day management of the performance of contracts by the Company, collecting, recording and collating agreements, letters and witnessing information related to contracts, and timely filing and archiving;
- Responsible for contract terms review and overall project evaluation;
- Responsible for taking out construction insurance and contribution to social insurance for project staff;
- Cooperate with the cost control center to carry out works in relation to cost accounting.

Quality and Safety Department:

- Consistently implement the laws and regulations at national, industrial and corporate level in relation to production safety, project quality, construction progress, civilized construction, occupational health and environmental protection;
- Formulating management systems, implementation rules and methods for project safety production, project quality and occupational health;
- Responsible for supervision and inspection of production safety, project quality, occupational health and special equipment;
- Organize training, education and examination for project safety, quality and occupational health management personnel of the Company;
- Responsible for organizing, inspecting and evaluating the project quality and reputation evaluation, and organizing and implementing the work objectives and guarantee measures in respect of production safety, project quality and occupational health;
- Responsible for the planning, guidance, examination and acceptance, evaluation and reporting of construction sites with safety and civilization standards;
- Regularly organize safety inspection in respect of safety production and construction quality, occupational health, special equipment, and project safety and quality rectification;
- Participate in and cooperate with relevant departments in the investigation and handling of quality and safety production accidents and the implementation of other emergency measures;
- Responsible for the investment, utilization, supervision and inspection of the project production safety fees of the projects of the Company.

Information Department:

- Collect process data of all projects in accordance with the project data collection list, and establish, collate and archive a full set of electronic data;
- Responsible for the review of labor information;
- Monitoring staff attendance.

The Group also signed the Project Quality Warranty Agreement (《工程質量保修協議》) and Project Quality Defects Warranty Agreement (《工程質量缺陷保修書》) with customers to further enhance customers' confidence and satisfaction in our services. Our efforts have been recognized by the industry. During the Year, the Group's projects received the following awards:

	Awarding Authority	Name of Award/Name of Honor	Project Name
1	China Building Decoration Association (中國建築裝飾協會)	Ranking No. 12 of China's Construction Decoration Industry Comprehensive Statistics and Decoration Enterprises in 2019 (2019年度中國建築裝飾行業綜合資料統計裝飾類企業排名No.12)	–
2	China Building Decoration Association (中國建築裝飾協會)	Gold Award of the 10th China International Space Design Competition (China Architectural Decoration Design Award) (第十屆中國國際空間設計大賽 (中國建築裝飾設計獎) 金獎)	Hanyu Financial Business Center A5-3# Office Space Fine Decoration Project (漢峪金融商務中心A5-3#辦公空間精裝修工程)
3	China Building Decoration Association (中國建築裝飾協會)	Silver Award in the 10th China International Space Design Competition (China Architectural Decoration Design Award) (第十屆中國國際空間設計大賽 (中國建築裝飾設計獎) 銀獎)	Chongqing Jiangbei International Airport East Terminal Area and Third Runway Construction Project Airport Passenger Overnight Room Decoration (重慶江北國際機場東航站區及第三跑道建設工程機場旅客過夜用房裝飾裝修)
4	China Building Decoration Association (中國建築裝飾協會)	China Construction Engineering Decoration Award (中國建築工程裝飾獎)	Adidas ITC Headquarters Office Building Renovation Project (愛迪達ITC總部辦公樓裝修項目)
5	China Building Decoration Association (中國建築裝飾協會)	China Construction Engineering Decoration Award (中國建築工程裝飾獎)	The interior decoration design of the A2-A6# plot project in the East New Town of Ningbo City (the new business building of the headquarters of Bank of Communications Co., Ltd. Ningbo Branch) (寧波市東部新城A2-A6#地塊工程 (交通銀行股份有限公司寧波分行本部新營業用房) 室內裝飾設計)
6	Tianjin Environmental Decoration Association (天津市環境裝飾協會)	2020 Tianjin Construction Project "Decorative Haihe Cup" (2020年度天津市建築工程「裝飾海河杯」)	Huake Technology Building Renovation Project (樺科科技大廈裝修工程)
7	Building Decoration Branch of Guangdong Construction Industry Association (廣東省建築業協會建築裝飾分會)	Guangdong Province Excellent Building Decoration Engineering Award (廣東省優秀建築裝飾工程獎)	Interior decoration engineering design of the new office building of Great Wall Securities Headquarters (長城證券總部新辦公樓室內裝飾裝修工程設計)

#### 5.4 Operating with Integrity

We strictly abide by the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Intellectual Property Law of the People's Republic of China (《中華人民共和國知識產權法》), the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law (《商標法》), the Copyright Law (《著作權法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and other laws and regulations to protect the interests of the Group.

The Group guarantees that the information of services is provided to customers in an accurate and open manner, and all public market information are subject to review to ensure that they comply with the laws and regulations and are accurate and not misleading. We have been accredited with "AAA Credit Rating" by Shenzhen Nanfang Credit Rating Co., Ltd., and have been awarded as "Guangdong Province Enterprise of Observing Contract and Valuing Credit" by the Market Supervision Administration of Guangdong Province (廣東省市場監督管理局) for 13 consecutive years.





We have formulated the Patent and Construction Techniques Management System (《專利和工法管理制度》) and patent application procedures to promote the Group's technological innovation and protection, and encourage and motivate the enthusiasm of employees for invention and innovation. We require our employees to respect and protect the Group's patent and safeguard the Group's legitimate interests. At the same time, we also require our employees to consciously abide by the patent law and relevant regulations and not to infringe patent rights of others. If any violation is found, we will handle it in accordance with legal procedures. As at 31 December 2020, the Group maintained 21 registered patents, including 5 new patents obtained during the Year.

## 5.5 Customer Rights and Interests

The Group values the rights and interests of customers and strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》). We communicate with customers through various communication methods, such as customer satisfaction surveys, inviting important customers to our annual banquets, and establishing a complaint mechanism. We continuously improve our service quality by making timely improvements based on customers' opinions and suggestions. The Group collects customers' opinions and provides feedback in a timely manner. If our service does not meet the standard, we will take remedial measures accordingly.

We collect and use customer information in a legal manner, and the use of customer information is limited to the ways specified in the contract. We require our employees to strictly comply with the regulations on customer information processing, and take measures to ensure the security of the Company's computer database to ensure the security of customer information and safeguard the personal information of customers.

During the Year, the Group received 3 complaints filed by its customers, all of which were properly handled.

## 5.6 Supply Chain Management

In order to establish a long-term and good cooperative relationship with suppliers, we have formulated the Supplier Management Assessment System (《供應商管理考核制度》) to achieve high-quality procurement. We have established a procurement team to establish, maintain and manage the qualified supplier platform of the Group, and perform the selection, inspection, warehousing, evaluation and grading, sorting and other work in relation to qualified suppliers. According to the Material Sample Procurement Dynamic Control Form (《材料定樣採購動態控制表》), we monitor the dynamic development of project materials, including whether the construction sample confirmation, material price comparison, bidding, contract signing, and material order placement are in line with project schedules.

We have established a strict screening process to conduct data review and inspection on suppliers, and understand suppliers in terms of product quality, qualification standards, service level, industry reputation and whether they meet national safety and environmental standards. We will arrange employees from more than two relevant departments to inspect each new supplier, and the results of the inspection will be recorded in the Supplier Inspection and Rating Form (《供應商考察評級表》), and only qualified suppliers will be allowed to enter the Group's supplier platform. We also conduct annual supplier evaluation. Our supplier base is managed by three levels, namely "A – Excellent", "B – Qualified" and "C – Unqualified". In December each year, the procurement center adjusts the supplier database based on the Supplier Assessment Form (《供應商考核表》) of the year. For Class C suppliers, we will remove them from our supplier base. For suppliers which were evaluated as Class A three times in a row, we will develop strategic partnership with them, and strategic prices can be signed for commonly used materials. During the Year, the Group's suppliers were mainly suppliers for construction materials and labor, with a total of 2,739 suppliers, the distribution of which is as follows:

Region	Guangdong	Shandong	Sichuan	Zhejiang	Tianjin	Hubei	Jiangsu
Number	907	322	214	168	159	137	114

Region	Heilongjiang	Fujian	Henan	Chongqing	Guangxi	Beijing	Shanxi
Number	113	109	103	80	74	60	42

Region	Hebei	Guizhou	Anhui	Yunnan	Hainan	Jiangxi	Hunan
Number	26	24	16	14	14	10	7

Region	Shaanxi	Jilin	Liaoning	Qinghai	Ningxia	Gansu	Shanghai
Number	6	5	5	5	2	2	1



## 6. CONTRIBUTION TO SOCIETY

We have formulated the Community Investment Policy Statement (《社區投資政策聲明》) to fulfill our corporate social responsibility, encourage our employees to actively participate in community activities, and commit to making contributions to the community where we operate and creating value for society and environment.

During the Year, in order to support the prevention and control of COVID-19 pandemic, the Group donated approximately RMB10,000 to the Futian Non-Public Economic Organization (福田非公經濟組織), and donated 10,000 masks to the first-line grid-style social managers of Xiqing (西青一線網格員) of the Xiyangmen Subdistrict Office of Xiqing District, Tianjin City (天津市西青區西營門街道辦事處) to support their anti-pandemic actions. We also arranged for employees to participate in this mask donation activity. The Group's performance was awarded the "Outstanding Contribution Unit in the Building Decoration Industry to fight against COVID-19 (建築裝飾行業抗擊新冠肺炎疫情突出貢獻單位)" by the China Building Decoration Association (中國建築裝飾協會).



The donation site of the Tianjin Branch of Wenye Decoration



## APPENDIX I: SUSTAINABILITY DATA STATEMENT

The following is a summary of the environmental sustainability data of the Group's head office in Shenzhen for the Year:

ENVIRONMENTAL ASPECTS	Unit	2020
<b>Air Emissions*</b>		
Nitrogen oxides	kg	6.42
Sulphur oxides	kg	0.12
Particulate matter	kg	0.47
<b>Greenhouse Gas Emissions</b>		
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent	21.95
Indirect GHG emissions (Scope 2)	tonnes of carbon dioxide equivalent	208.76
Total GHG emissions (Scopes 1 and 2)	tonnes of carbon dioxide equivalent	230.71
GHG emission intensity (per square meter) (Scopes 1 and 2)	tonnes of carbon dioxide equivalent/square meter	0.05
<b>Energy Consumption</b>		
Total energy consumption	kWh	416,831.66
Energy consumption intensity (per square meter)	kWh/square meter	83.47
Energy consumption intensity (per employee)	kWh/person	1,138.88
Consumption of purchased electricity	kWh	342,180.00
Electricity consumption per square meter	kWh/square meter	68.53
Gasoline consumption	Liter	8,107.42
<b>Water Consumption</b>		
Total water consumption	m <sup>3</sup>	3,186.00
Intensity of water consumption (per square meter)	m <sup>3</sup> /square meter	0.64
Intensity of water consumption (per employee)	m <sup>3</sup> /person	8.70
<b>Paper Consumption</b>		
Total paper consumption	kg	2,420.00
Paper consumption per capita	kg/person	6.61
<b>Waste</b>		
Non-hazardous waste produced (e.g. office and domestic waste)	tonnes	2.88
Intensity of non-hazardous waste produced (e.g. office and domestic waste) (per employee)	kg/person	7.87
Hazardous waste produced	kg	80.00
Intensity of hazardous waste produced (per employee)	g/person	218.58

\* Air emissions of vehicles

The following is a summary of the Group's sustainability data in the social area for the Year:

<b>SOCIAL ASPECTS</b>	<b>Unit</b>	<b>2020</b>
<b>Employment management **</b>		
Total number of employees	person	366
<b>Employees by Gender</b>		
Female	person	104
Male	person	262
<b>Employees by Employment Type</b>		
Full-time Junior staff	person	325
Full-time Middle Management	person	30
Full-time Senior Management	person	11
<b>Employees by Age</b>		
Below 30	person	83
30-50	person	216
Above 50	person	67
<b>Employee Turnover Rate ***</b>		
Total staff turnover ratio	%	20.38
<b>By Gender</b>		
Female	%	30.20
Male	%	27.62
<b>Production Safety and Health</b>		
Number of work-related fatalities	person	0
Lost days due to work injury	days	0
<b>Staff Training</b>		
Percentage of female employees trained	%	48.08
Percentage of male employees trained	%	21.76
Average training hours per female employee	hours	4.33
Average training hours per male employee	hours	1.96
<b>Labor Standards</b>		
Number of child labors found during the reporting period	person	0
Number of forced labors found during the reporting period	hours	0

\*\* Calculated based on the number of employees as at 31 December 2020

\*\*\* Calculated as the percentage of the total number of employee turnover for the Year to the sum of the total number of employees and the total number of employee turnover

## APPENDIX II: INDEX TO THE ESG REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Indicator Content			Relevant Section(s)
<b>A. Environmental</b>			
<b>A1: Emissions</b>	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.	3. Green Operation
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Statement
	A1.2	Greenhouse gas emissions in total and intensity.	3.2 Greenhouse Gas Management; Appendix I: Sustainability Data Statement
	A1.3	Total hazardous waste produced and intensity.	3.3 Waste Management; Appendix I: Sustainability Data Statement
	A1.4	Total non-hazardous waste produced and intensity.	3.3 Waste Management; Appendix I: Sustainability Data Statement
	A1.5	Description of measures to mitigate emissions and results achieved.	3.2 Greenhouse Gas Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Waste Management

Indicator Content			Relevant Section(s)
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources.	3. Green Operation
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	3.1 Energy Conservation and Emission Reduction; Appendix I: Sustainability Data Statement
	A2.2	Water consumption in total and intensity.	3.4 Effective Use of Water Resources; Appendix I: Sustainability Data Statement
	A2.3	Description of energy use efficiency initiatives and results achieved.	3.1 Energy Conservation and Emission Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.4 Effective Use of Water Resources
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group's business does not involve packaging materials
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	3.5 Protection of Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.5 Protection of Natural Resources

Indicator Content			Relevant Section(s)
<b>B. SOCIAL</b>			
<b>B1: Employment</b>	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.	4. Caring for Employees 4.1 Talent Acquisition 4.2 Valuing Talents
	B1.1	Total workforce by gender, employment type, age group and geographical region.	4. Caring for Employees Appendix I: Sustainability Data Statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statement
<b>B2: Health and Safety</b>	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.	4.3 Occupational Safety and Health Protection
	B2.1	Number and rate of work-related fatalities.	4.3 Occupational Safety and Health Protection; Appendix I: Sustainability Data Statement
	B2.2	Lost days due to work injury.	4.3 Occupational Safety and Health Protection; Appendix I: Sustainability Data Statement
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Occupational Safety and Health Protection

Indicator Content			Relevant Section(s)
<b>B3: Training and Development</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Nurturing Talents
	B3.1	The percentage of employees trained by gender and employee category.	Appendix I: Sustainability Data Statement
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Statement
<b>B4: Labor Standards</b>	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.	4.1 Talent Acquisition
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Talent Acquisition
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Talent Acquisition
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.6 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	5.6 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.6 Supply Chain Management

Indicator Content			Relevant Section(s)
<b>B6: Product Responsibility</b>	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.	5.2 Information Security 5.3 Quality Assurance 5.4 Operating with Integrity
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's business does not involve production and manufacturing of products
	B6.2	Number of products and service-related complaints received and how they are dealt with.	5.5 Customer Rights and Interests
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.4 Operating with Integrity
	B6.4	Description of quality assurance process and recall procedures.	The Group's business does not involve the production and manufacturing of products and therefore no product recall procedure is established
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2 Information Security
<b>B7: Anti-Corruption</b>	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.	5. Compliance Operation 5.1 Anti-Corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.1 Anti-Corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.1 Anti-Corruption
<b>B8: Community Investment</b>	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.	6. Contribution to Society
	B8.1	Focus areas of contribution.	6. Contribution to Society
	B8.2	Resources contributed to the focus area.	6. Contribution to Society