





Table of Contents

1. ABOUT THIS REPORT	2
1.1. Reporting Period	2
1.2. Reporting Scope	2
1.3. Reporting Framework	3
1.4. Materiality Assessment	3
1.5. Stakeholders' Engagement	4
1.6. Stakeholders' Feedback	5
1.7. Board's Involvement	5
2. ENVIRONMENTAL PERFORMANCE	5
2.1. Emissions Policies and Compliance	6
2.2. Carbon Footprint and Resources Conservation Policies	6
2.3. Emissions Reduction and Resources Conservation	7
2.4. Impact of Climate Change	10
3. EMPLOYEES AND WORKPLACE PERFORMANCE	10
3.1. Employment Policies and Compliance	10
3.2. Labour Practices and Compliance	11
3.3. Occupational Health and Safety Policies and Compliance	11
3.4. Development and Training Policies	12
4. SOCIAL PERFORMANCE	12
4.1. Supply Chain Management	12
4.2. Product Responsibility and Quality Assurance	13
4.3. Anti-corruption	14
4.4. Community Care	14



1. ABOUT THIS REPORT

1.1. Reporting Period

This Environmental, Social and Governance (“**ESG**”) Report presented by China Public Procurement Limited (the “**Company**”, collective with its subsidiaries, the “**Group**”) illustrates and highlights the environmental and social performance of the Group from 1 January 2020 to 31 December 2020 (“**Reporting Period**”) unless otherwise stated.

1.2. Reporting Scope

This ESG report includes the content of the Group’s policies, management approach and performance with respect to how the Group assumes its corporate social responsibility. This report focuses on the Group’s business in information technology, system integration services, development and operations of internet-based electronic platforms for the procurement of good and services (“**E-procurement**”), trading and properties leasing in the People’s Republic of China (“**PRC**”) which were the areas selected based on the discussion between the directors and management of the Group having regard to the key business segments and geographical coverage of the Group’s businesses. The Group has offices in Hong Kong Special Administrative Region (“**Hong Kong**”), Beijing, Wuhan of Hubei Province, Shenzhen of Guangdong Province, Jining and Weihai of Shandong Province and Xining of Qinghai Province.

This report has been prepared in accordance with the four reporting principles: materiality, quantitative, balance and consistency. The objective of this report is to identify and disclose substantial sustainability issues which concerns our stakeholders, and the relevant key performance indicators (“**KPIs**”) which serve to measure the environmental and social impacts of the Group’s activities during the Reporting Period. These indicators shall form the basis to set forth emission targets for the Group in the future. We strive to continually improve our ESG performance, with a goal to incorporate fundamental ESG considerations into our management strategy.

The Group has clear ESG strategy with proper management, measurement and monitoring system in place to implement such strategy. As continual improvement strategy is adopted for both our ESG performance as well as for our business operations, constant review and collection of feedbacks from our stakeholders are of paramount importance to enable prompt assessment for our improvement focus. As our business operations mainly focus on information technology in which emissions mostly resulted from electricity consumption, effectively reducing the consumption of electricity has become our primary focus in improving our ESG performance.

As there were no changes to the business scope, our ESG management approach, initiatives and strategy remained unchanged.

There has been no material change to the methods or KPIs used or any other relevant factors affecting a meaningful comparison of the ESG report of the current Reporting Period with the Group’s 2019 ESG report.



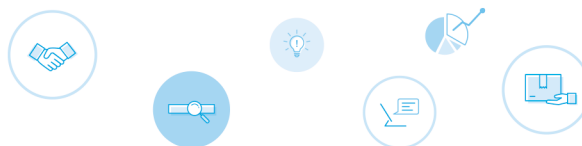
1.3. Reporting Framework

This ESG report follows the disclosure requirements as set out in the ESG Reporting Guide contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and has complied with the “comply or explain” provision in the Listing Rules. This report is recommended to be read in conjunction with information disclosed in the annual report of the Company for the financial year ended 31 December 2020, in particular the information contained in the Corporate Governance Report and Directors’ Report therein.

1.4. Materiality Assessment

KPIs Reference Table

Reference KPIs of the ESG Guide	Corresponding KPIs in the sections of this report
A Environmental	
A1 Emissions Policies and Compliances	Emissions Policies and Compliance Emissions Reduction Hazardous and Non-hazardous Waste Reduction
A2 Use of Resources	Resources Conservation
A3 The Environment and Natural Resources	Emissions Policies and Compliances Resources Conservation
A4 Climate Change	Impact on Climate Change
B Social	
B1 Employment Policies and Compliances	Employment Policies and Compliance Labour Practices and Compliance
B2 Health and Safety Policies and Compliances	Occupational Health and Safety Policies and Compliance
B3 Development and Training Policies	Development and Training Policies
B4 Labour Standards Policies and Compliances	Employment Policies and Compliance Labour Practices and Compliance Development and Training Policies
B5 Supply Chain Management Policies	Supply Chain Management



Reference KPIs of the ESG Guide	Corresponding KPIs in the sections of this report
B6 Product Responsibility Policies and Compliances	Product Responsibility and Quality Assurance Protecting Intellectual Property Rights Consumer Data Protection and Privacy
B7 Anti-corruption Policies and Compliances	Anti-corruption Preventive Measures and Whistle-blowing Procedures
B8 Community Investment Policies	Community Care

1.5. Stakeholders' Engagement

Stakeholders' engagement is essential for the Group to understand its stakeholders' concerns and it also helps to identify risks and opportunities regarding sustainability. The Group values the expectations of all stakeholders, understands, through a variety of effective channels, their ESG expectations and appeals, which serve as indispensable references to the development of its ESG strategies. On the basis of expectations solicited from the Group's stakeholders, the Group then takes practical response measures.

Key stakeholders	Expectations and concerns	Engagement channels
Shareholders and investors	<ul style="list-style-type: none"> ➤ Financial performance and position ➤ Corporate governance ➤ Sustainable development 	<ul style="list-style-type: none"> ➤ Annual and interim reports ➤ Announcements and circulars ➤ Shareholder meetings ➤ Company website and email
Customers	<ul style="list-style-type: none"> ➤ Quality of services ➤ Corporate reputation ➤ Data privacy ➤ Business integrity 	<ul style="list-style-type: none"> ➤ Daily operations ➤ Business visits and meetings ➤ Liaison through email and telephone calls
Regulatory bodies	<ul style="list-style-type: none"> ➤ Compliance ➤ Corporate governance ➤ Laws, regulations and practices 	<ul style="list-style-type: none"> ➤ Compliance reporting ➤ Consultation ➤ Meetings
Suppliers	<ul style="list-style-type: none"> ➤ Corporate reputation ➤ Fair and ethical business practice ➤ Long-term relationship 	<ul style="list-style-type: none"> ➤ Procurement and tendering process ➤ Business visits and meetings ➤ Liaison through email and telephone calls



Key stakeholders	Expectations and concerns	Engagement channels
Employees	<ul style="list-style-type: none"> ➤ Health and safety ➤ Remuneration and benefits ➤ Training and development ➤ Equal opportunities ➤ Corporate culture 	<ul style="list-style-type: none"> ➤ Training workshops and seminars ➤ Regular performance reviews ➤ Company notices ➤ Enquiry and complaint handling mechanism
Community	<ul style="list-style-type: none"> ➤ Environmental responsibilities ➤ Community participation 	<ul style="list-style-type: none"> ➤ Charitable activities ➤ Community investment ➤ Company website

1.6. Stakeholders' Feedback

The Group welcomes comments and feedbacks regarding its performance and approach on ESG matters. Please email your questions, suggestions or share your views to cpp@cpphk.com.hk.

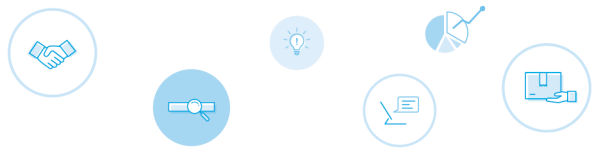
1.7. Board's Involvement

The direction, strategy and reporting of the Group's ESG practice is governed by the board of directors of the Company (the "**Board**"), and the Board acknowledges its responsibility for ensuring that ESG disclosure obligations are properly fulfilled. The Board is responsible for the oversight of the senior management of the Group, which delegates authority for the collection of relevant information and data for the preparation of this report. The Board and senior management would discuss, assess and review the areas of attention which will help the business meet the potential growth and be prepared for the future challenges. The senior management is authorised by the Board to evaluate and determine ESG-related risks and to look after the day-to-day management of ESG issues, and to ensure appropriate and effective ESG risk management and internal control systems are in place. The Board is responsible for the oversight and evaluation of the management and goal setting in relation to the sustainability governance of the Group.

2. ENVIRONMENTAL PERFORMANCE

The Group's E-procurement and trading business operations are mainly conducted through the internet, and majority of our operations are conducted in an office environment. Hence, limited environmental impact is caused directly by our operations. We comply with all relevant laws and regulations in Hong Kong and the PRC that are related to environmental protection which have a significant impact on the Group and are listed below:

- Environmental Protection Law of the PRC
- Air Pollution Prevention and Control Law of the PRC
- Environmental Pollution by Solid Waste Prevention and Control Law of the PRC
- Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong)



2.1. Emissions Policies and Compliance

Our key approach in managing indirect carbon emissions and other air emissions relies heavily on the adopted policies which promote efficient use of energy within the Group. The Group is committed to protecting the environment by proactively raising environmental awareness of its employees and managing its business operations at all levels in an environmentally friendly manner. The Group are not materially involved in air (dust and residues), water and noise pollution, which are regulated under relevant environmental laws and regulations. The Group's policy is to promote efficient use of energy and natural resources so as to reduce emissions.

With the Group's major business focusing on information technology and E-procurement solutions, carbon footprint arising from our day-to-day operations is mainly derived from electricity consumption for our offices and from gasoline usage of our vehicles and employees' business travels. We strive to minimise resource consumption and encourage our employees to adopt environmental best practices across every business segment, in order to limit indirect emission of greenhouse gases.

During the Reporting Period, there was no incident of non-compliance with relevant environmental laws and regulations of Hong Kong and the PRC relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group, and no penalty was imposed on the Group during the Reporting Period.

2.2. Carbon Footprint and Resources Conservation Policies

Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of equivalent amount of carbon dioxide emission.

Whereas

Scope 1 — Direct emissions from combustion of fuels

Scope 2 — Energy indirect emissions

Scope 3 — Other indirect emissions

To reduce GHG emissions, the Group has put in place energy saving policies including deployment of energy-saving lightings, switching off idle lightings, computers, electrical appliances and equipment, monitoring water consumption, using of recycled paper, encouraging the use of public transport and using telephone or video conferencing as alternatives to business travels to minimise impact on the environment.

With the abovementioned policies implemented, the Group managed to reduce GHG emissions by 22.0% during the Reporting Period.

Comprising the Group's headquarter, offices and the subsidiaries, the Group's operations cover a total floor area of 2,458 square meter ("**m²**") and is accounted for 100% of its GHG emissions.



2.3. Emissions Reduction and Resources Conservation

Air emission

Due to the business nature of the Group, no substantial hazardous waste was produced by the Group during the Reporting Period, whereas air emission generated by the Group's motor vehicles is listed in the following table:

Types of emissions	Emission data	
	2020	2019
Sulphur oxides (SO _x)	0.0474 kg	0.0984 kg
Methane (CH ₄)	0.8166 kg	1.6944 kg
Nitrous oxide (N ₂ O)	3.5665 kg	7.4002 kg

In the Reporting Period, the air emission was decreased because of the decline in consumption of petrol. Due to the outbreak of the COVID-19 pandemic, employees of the Group reduced the number of face to face meetings and travels during the year. Therefore, petrol consumption has been significantly reduced as compared to 2019.

GHG Emissions

The total net GHG emissions generated by the Group were 115.19 tonnes of carbon dioxide equivalent ("tCO₂-e") (mainly consists of carbon dioxide, methane and nitrous oxide) (2019: 147.61 tCO₂-e). With the total area of 2,458 m² (2019: 2,225 m²), the total annual emission intensity due to energy usage was 0.047 tCO₂-e/m² (2019: 0.066 tCO₂-e/m²).

The following table illustrates the carbon footprint of the Group:

Scope	Sources of GHG emissions	2020		2019		% change
		GHG emissions* (in tCO ₂ -e)	Distribution	GHG emissions* (in tCO ₂ -e)	Distribution	
1	Mobile — Unleaded gasoline consumed by the Group's motor vehicles	7.62	6.62%	15.81	10.71%	-51.80%
2	Purchased electricity	97.07	84.27%	122.22	82.80%	-20.58%
3	Disposal of paper waste	10.05	9.11%	8.53	6.49%	+9.60%
	Fresh water processing	0.32		0.72		
	Sewage water processing	0.13		0.29		
	Sub-total:	10.50		9.58		
Total GHG emissions		115.19		147.61		-21.96%
Carbon emission intensity		0.047 tCO ₂ -e/m ²		0.066 tCO ₂ -e/m ²		-28.79%

* The GHG emissions are calculated according to the 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by the Environmental Protection Department and the Electrical and Mechanical Services Department.

Fossil Fuel Consumption — Gasoline

The Group owned four motor vehicles during the Reporting Period and they were run by unleaded petrol. A total of 3,227.61 litres of unleaded petrol (2019: 6,697.10 litres) were used by the Group's motor vehicles. The petrol consumption intensity was 806.9 litres per motor vehicle (2019: 1,674.3 litres). While the Group encourages its employees to travel by public transport, other measures, such as regular vehicle maintenance, are conducted to ensure that our vehicles run at optimum efficiency. Use of electrical vehicles will be considered by the Group in the future.

During the year, the petrol consumption of the Group was reduced by 51.8%. It was mainly because of the outbreak of the COVID-19 pandemic in the first half-year of 2020, which led to a decrease in face-to-face business meetings and business travels, and thus, the decrease in the usage of motor vehicles during the Reporting Period.



Energy Consumption – Electricity

The total electricity consumption was 112,590.23 kilowatt-hours (“kWh”) (2019: 137,533.32 kWh), which was primarily attributed to the electricity usage of lightings, air-conditioning, electrical appliances and equipment. With the total operation area of 2,458 m², the energy intensity was 45.8 kWh/m² (2019: 61.8 kWh/m²). The energy consumption of the Group was reduced by 18.1% as compared to 2019. Due to the impact of COVID-19 pandemic, our offices in the PRC (in particular, our Wuhan office) were closed for a period of time and we had implemented a work-from-home arrangement for our staff. As the operation of our offices was suspended or reduced, the electricity consumption in the offices was reduced. The Group has also adopted various management measures, including the use of energy saving lightings and switching off idled air-conditioning, lightings and equipment to reduce energy use.

Paper Consumption

Considering that paper consumption is mainly generated from the offices, the Group has encouraged the employees to sort and recycle waste papers, to print double-sided and to adopt digital technology proactively to replace paper so as to minimise the use of paper in offices.

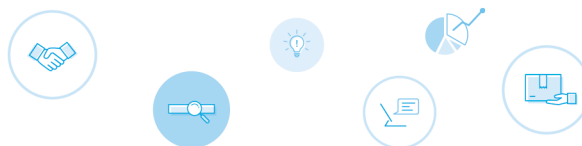
Our use of paper during the Reporting Period was increased by 17.8% as compared to last year, mainly due to more paper consumption from the increase in the number of tender in our public procurement segment. The Group will continue to monitor its paper reuse and recycling efficiency to reduce paper usage and disposal.

Water Consumption

The total water consumption of the Group was 755.07 m³ (2019: 1,693.38 m³), representing a decrease by 55.4% as compared to 2019. The water consumption intensity was 6.24 m³ per staff (2019: 12.64 m³). Our water consumption mainly comprised domestic and drinking water attributed to employees in our offices. Due to the impact of the COVID-19 pandemic, our offices in the PRC (in particular, our Wuhan office) were closed for a period of time. As the operation of our offices was suspended or reduced, the domestic water usage in the offices was reduced. Apart from drinking water, the domestic water usage of the Group’s headquarter, Beijing office and Weihai office were not recorded as they were included in the property management fees and the Group did not have the relevant information. Nevertheless, the Group has been committed to minimising its water consumption to the best of its capabilities to conserve this precious natural resource.

There is no issue in sourcing suitable water and the Group considers its water consumption level is reasonable.

The Group targets to have a net decrease in water and electricity consumption next year by implementing the measures as mentioned above.



Hazardous and Non-hazardous Waste

Due to the business nature, no substantial hazardous waste was produced by the Group during the Reporting Period. The only non-hazardous waste generated by the Group was office waste, which mainly comprised waste papers. In 2020, 2,093.23 kg of papers (2019: 1,776.82 kg) was used in the offices for administration purpose. For the purpose of promoting awareness of environmental protection to the employees, the Group has implemented certain measures to reduce waste. Employees are encouraged to dispose of the recyclable waste (e.g. waste papers, plastic bottles and aluminum cans) in the recycling bins.

Besides, except for those used in courier or postage, our operation does not involve the material use of any packaging material.

2.4. Impact of Climate Change

As a result of climate change and its associated climatic impact, the geographical locations of our offices may become more susceptible to extreme weather conditions and natural disasters such as rainstorms and floodings. In such events, the operation of our offices may be affected or suspended. We may be required to implement work-from-home arrangement for our employees more often.

3. EMPLOYEES AND WORKPLACE PERFORMANCE

3.1. Employment Policies and Compliance

Employees are regarded as the Group's valuable assets as they play a vital role in providing goods and quality services experience to its customers. Human resource is the key to the Group's future development and success. The Group aims to provide a healthy, happy and harmonious workplace by ensuring the rights and well-being of its employees. As at 31 December 2020, the employee composition of the Group is listed in the following table:

Employee Structure		31 December 2020	31 December 2019
Total number of employees		121	134
		Distribution%	Distribution%
By gender	Male	62.0%	65.7%
	Female	38.0%	34.3%
	Sub-total:	100%	100%
By age	18-25	18.2%	18.6%
	26-35	39.7%	47.8%
	36-45	28.9%	23.9%
	46-55	12.4%	9.0%
	56 or above	0.8%	0.7%
	Sub-total:	100%	100%
By geographical location	Hong Kong	3.3%	2.2%
	Mainland China	96.7%	97.8%
	Sub-total:	100%	100%



3.2. Labour Practices and Compliance

The Group complies with the following laws and regulations in Hong Kong and the PRC relating to employment, child and forced labour practices:

- Labour Law of the PRC
- Labour Contract Law of the PRC
- The Employment Promotion Law of the PRC
- Employment Ordinance (Cap. 57, Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608, Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485, Laws of Hong Kong)

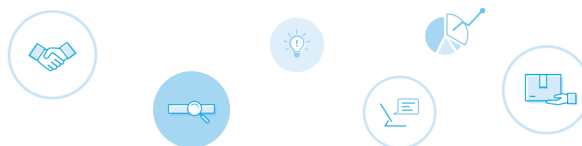
A competitive remuneration and benefit package, with a wide range of additional benefits such as medical and dental insurance, educational allowances, meal allowances and performance bonuses, is structured to encourage a positive and stable workforce. The Group has delegated to the human resources and administration department the duty to conduct monitoring so as to ensure that there is no child labour and forced labour. The Group's recruitment procedures are strictly in accordance with the guidelines as implemented by our Human Resource Department, so that suitable candidates are hired in accordance to the job requirement and candidates' expectation. During the Reporting Period, there were no incidences of work stoppages, labour disputes, litigation, claims, administrative actions or arbitration against the Group.

3.3. Occupational Health and Safety Policies and Compliance

Ensuring the occupational health, safety and well-being of its employees is important as human resource is one of the Group's most valuable assets. The Group complies with the following laws and regulations relating to occupational health and safety:

- Fire Control Law of the PRC
- Occupational Safety and Health Ordinance (Cap. 509, Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong)

In compliance with related occupational health and safety regulations in Hong Kong and the PRC, instructions and guidelines on employee's health and safety precautions have been developed and communicated to maintain a healthy and safe working environment for our employees. During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations of Hong Kong and the PRC and there was no work-related injury.



3.4. Development and Training Policies

The Group adopts a policy aiming to create a working environment of continuous improvement in which employees are encouraged to pursue excellent performance at work and career development. The Group provides equal opportunities for employees in respect of recruitment, training and development, and job advancement. Besides, the Group encourages lifelong learning and offers educational allowances to its employees for knowledge enhancement and career development. The objective of the Group's human resource management is to recognise and reward performing employees by reviewing their salaries and wages through the annual performance appraisal system based on employees' performance, experience and qualifications.

During the year, our senior management has dedicated approximately 60 hours (2019: 50 hours) to participating in training and development.

In relation to directors' training, the Company provides study materials for the directors to self-study at their own pace. Study materials of the Listing Rules, Report on Corporate Governance Scorecard 2020 and Leadership Role and Accountability in ESG (Guide for Board and Directors) were provided to the directors in this regard.

4. SOCIAL PERFORMANCE

4.1. Supply Chain Management

The Group's procurement policy is to ensure that products and services are procured in an honest, competitive and transparent manner. Conscious attention is being paid to the selection of suppliers of product and services. The Group believes that a strong establishment of a cooperative relationship with suppliers would enhance the continuous improvement for the Group's operational flow and service quality.

Products and services suppliers are selected based on tender terms and selection criteria, including product quality, price stability, delivery arrangement, customer service quality and payment terms. Sourcing for suppliers is generally executed by the Group's Procurement Department and there is a total of 183 selected suppliers in the approved suppliers' list. The Procurement Department would regularly review the performance of the suppliers and distribute the updated suppliers' list to employees.

During the Reporting Period, the number of suppliers by geographical location is as follows:

By geographical location	Number of suppliers	
	2020	2019
Hong Kong	41	36
Mainland China	142	134
Total	183	170



4.2. Product Responsibility and Quality Assurance

The Group is committed to providing high quality and responsible services to its customers. To formalise the commitment, the Group's policy requires suppliers, who would want to join its E-procurement platform, to register and provide all necessary business information such as their business license, address and the legal representative of the business entity before they are being granted a website security certificate to be listed on the E-procurement platform. On the other hand, a quality guarantee deposit is given to its E-procurement customers for after sales service quality assurance purpose. Besides, system training and technical support are provided on a customer-need basis. A customer service hotline is also available to take enquires and feedback from customers. These valuable feedbacks can sustain a long-lasting relationship between our customers and the Group. During the Reporting Period, there was no significant complaint received in the service quality and delivery. The Group has complied with all relevant laws and regulations, such as The Anti-Unfair Competition Law of the PRC, The Bidding Law of the PRC, The Cybersecurity Law of the PRC and The Public Procurement Law of the PRC, that have a significant impact on the Group relating to product and service responsibility.

Protecting Intellectual Property Rights

The Group has registered its corporate logo and domain names as they are important to its brand and corporate image. The Group complies with the intellectual property (the "IP") rights regulations. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

Consumer Data Protection and Privacy

The Group's code of ethics stated the requirement of employees to ensure the safekeeping of all personal data, trade secrets and proprietary information they have accessed to or collected from customers, suppliers and business partners. The Group complies with the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong) and is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and confidentiality.



4.3. Anti-corruption

To uphold and promote the highest standards of ethical corporate practices and integrity when engaging in the Group's business activities, we adopted the code of ethics guidelines which stipulated that all employees, including the directors, must comply with the applicable laws and regulations with regards to corruption, extortion, fraudulent activities and conflict of interest in every legislation in which the Group operates. Directors and employees should not offer to, solicit or accept anything of material value from their colleagues, customers, suppliers or competitors of the Group to ensure businesses are conducted in an honest and fair manner. The Group complies with relevant anti-corruption laws and regulations such as the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong), The Criminal Law of the PRC and The Anti-Unfair Competition Law of the PRC.

Preventive Measures and Whistle-blowing Procedures

The Group's whistle-blower policy enables our employees to report suspected corruption, fraud, misconduct, conflict of interest, malpractice, coercion or harassment in strict confidence. These acts, if proven, would result in disciplinary action including dismissal. All suspected frauds will be investigated by the Audit Committee in strict confidence. Employees are given a copy of the Group's code of ethics so that they understand their obligation to adhere to the ethical standard of the Group. During the Reporting Period, there was no related fraudulent cases reported against the Group.

4.4. Community Care

The Group does not have a specific policy on community care but recognises the importance of corporate social responsibility. The Group is committed to conducting business in every aspect to minimise any potential environmental and social impact to its stakeholders, especially its employees and the community members. For the Reporting Period, the Group has made a donation to a charity organisation focusing on education for the general public. The Group has been and will continue to explore opportunities in contributing to educational and environmental related programs in future charity or community events to play a part in making a difference and strengthening the Hong Kong community.