

Shenyang Public Utility Holdings Company Limited

2021 Environmental, Social and Governance Report



Shenyang Public Utility Holdings Company Limited

Stock code: 747

2021 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:** Shenyang Public Utility Holdings Company Limited and its subsidiaries
- **ESG:** Environmental, Social and Governance
- **Appendix 27 or ESG Reporting Guide:** 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
- **The PRC or China:** The People’s Republic of China
- **KPIs:** Key Performance Indicators
- **Listing Rules:** the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- **HKEx:** The Stock Exchange of Hong Kong Limited
- **Reporting Period or 2021:** 1st January 2021 – 31st December 2021
- **Last Reporting Period or 2020:** 1st January 2020 – 31st December 2020

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

Shenyang Public Utility Holdings Company Limited and its subsidiaries (the “Group”) are principally engaged in infrastructure construction and development of properties. Zhongfang Chaozhou Investment Development Company Limited (中房潮州投資開發有限公司) (“Zhongfang Chaozhou”), a wholly-owned subsidiary of the Company, which principally engages in infrastructure construction in the PRC. Conventionally, the Group, being a contractor, will be responsible for (i) fund raising and financing the development cost of the construction projects; (ii) launching construction; and (iii) supervising the construction procedures and quality control. The Group has owned a 60% equity interest of Hubei Shennongjia Da Jiu Hu Hotel Company Limited (神農架大九湖賓館有限公司) (“Shennongjia Hotel”) which is planned to be principally engaged in hotel management industry. Shennongjia Hotel is located in Ping Qian Ancient Town, Da Jiu Hu, Shennongjia Forestry District, Hubei Province, the PRC for commercial hotel service use. Additionally, it is currently under construction which would also consume certain amount of energy and this will be discussed in this report.

During the Reporting Period, the Group’s property investment business has continued to be distributed in the cities and provinces such as Guangzhou City, Beijing and Sanhe City of Hebei province, the PRC for investment and rental purposes.

This ESG Report covers the main operation and activities of the Group which are Zhongfang Chaozhou, the construction process of Shennongjia Hotel and our administrative offices for these activities in the PRC.

(III) Basis of Preparation

This report was compiled in accordance with the ESG Reporting Guide. The contents of this report include 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”), who 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) Corporate Goals and Visions

The Group’s corporate goals 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.

(V) 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 in the Group's position in ESG matters since the release of 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.
2. 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.
3. It is incumbent on the Group's chairman and the chief executive officer and/or operation management (collectively, the "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.

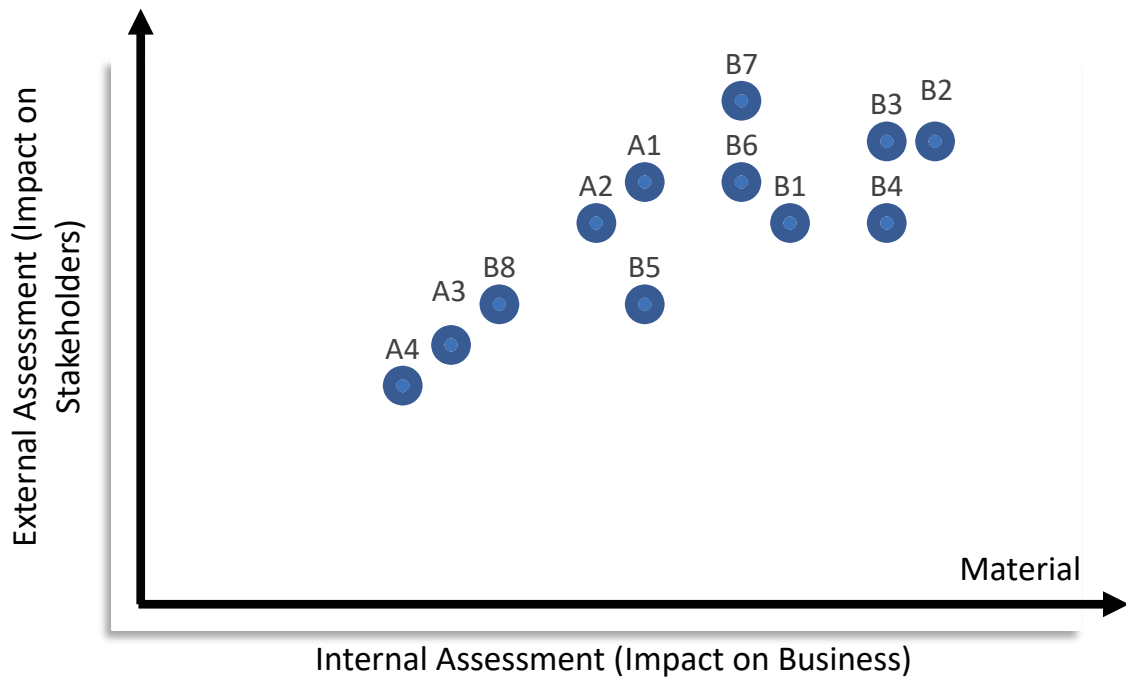
For the purpose of the ESG Report, only activities and operations which are considered material and significant to the environment and our activities are included. Overall, the Group takes on an active role in ensuring sustainable and environmentally friendly operating processes are in place. This is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

STAKEHOLDERS COMMUNICATION AND MATERIALITY

In managing the priorities, the Group continues to ensure its operations are in compliance with its environmental and social responsibilities and obligations. The Group also continues to take into account of the opinions and views, and strive to address their concerns with the various stakeholders through the stated communication channels as listed below:

Stakeholders	Communication Channels
Shareholders/Investors	<ul style="list-style-type: none">• General meetings• Group announcement on HKEx• Direct emails or phone enquiries• Dispatched documents
Employees	<ul style="list-style-type: none">• Direct meetings with the management executives• Email and phone contact• Annual and regular appraisal• Organized functions and activities for the employees
Customers	<ul style="list-style-type: none">• Day-to-day communication through front line staff• Emails• Official websites
Suppliers/service providers/ professional advisors	<ul style="list-style-type: none">• Day-to-day communication through front line staff• Regular review of the signed arrangements by the management

After collecting the views and opinions, the Management Team will carry out materiality assessments internally with the related department 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 the Reporting Period, the Group and the stakeholders have identified the following material areas and aspects:



Through the Group’s established management structure, process, policies and guidelines as aforementioned and described, the above ESG material areas and aspects have been strictly managed and monitored and are summarized below:

A. ENVIRONMENTAL ASPECTS

1.1 Environmental Areas Overview

The Group's principal operations and activities are mainly on in-house management and services basis, and their processes inherently do not directly generate any hazardous gas emission, pollutants, polluted water or wastes. The operation of the Group generates only non-hazardous greenhouse gas emissions indirectly through the use of electricity, and other general wastes such as office residuals, used paper and packaging materials which are considered as immaterial.

As an environmentally responsible corporation, the Group has continued to implement policies and has taken measures to achieve a balance between maximizing returns to our shareholders and minimizing any adverse impact on the environment. We have complied with the national and local environmental laws. In the last 3 years, we did not receive any complaints, warning and/or fines from environmental authorities.

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);
- Environmental Impact Assessment Law of the PRC (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);
- Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC (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.

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.

A1. Emissions

The nature of business operations of the Group does not entail significant amount of emission. The only air emission generated by the Group is non-hazardous air emission, namely carbon dioxide (“CO₂”), indirectly generated from the use of electricity in the operation processes and in our offices.

(i) *Hazardous and Non-Hazardous Air Emissions*

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 CO₂ were 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.

Since 2020, the Group disposed of a SUV passenger vehicle. As such, the consumption of petrol and other fossil fuel remains to be insignificant during the Reporting Period, and therefore, no fuel consumption data is compiled in this ESG Report. 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 emission.

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

- (i) Total electricity consumption of the offices in China: 41,934 kWh (2021) and 13,485 kWh (2020);
- (ii) Total CO₂ indirect emission after conversion: 22.13 tonnes (2021) and 9.49 tonnes (2020); and
- (iii) CO₂ intensity: 0.44 tCO₂ per employee (2021) and 0.23 tCO₂ per employee (2020).

The significant increase in CO₂ emission of 12.64 tonnes or approximately 133.19% during the Reporting Period compared with 2020 was mainly due to the increased construction activities of Shennongjia Hotel during the Reporting Period. It is considered as a reasonable amount of electricity consumption for the construction activities.

Additionally, indirect emission of Co₂ by Zongfang Chaozhou has increased by approximately 5.61% owing to the increase in the electricity consumption. Given that COVID-19 disease was generally contained in Chaozhou City, Guangdong Province during the Reporting Period, the local government has lifted the lockdown and employees are able to back to work, leading to the increase of use of electricity. Rather, the administrative offices in the PRC and Hong Kong has generated insignificant amount of CO₂ emission.

Same as the previous three 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.

In the coming year, the Group targets to at least maintain and if possible, continue to reduce its CO₂ emission by 2%.

(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 three 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 three 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 three 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) Wastes Discharge and Disposal

During the Reporting Period, owing to an occurrence of landslide on the Shennongjia Hotel construction project, the Group has disposed 34,000 cubic meters of debris flow, which is considered as non-hazardous landfill waste disposal. No breach of statutory requirements or penalties has been recorded in the Reporting Period. Save as the landslide accident, 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 Last Reporting Period, 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*

The Group's operations and activities do not generate significant hazardous emission and discharges. As a responsible corporation, 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 in order to minimise adverse impacts on our environment, through continuously striving to maximise energy and water efficiency and to minimise wastes.

- Appoint 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;
- Reduce unnecessary business trips and promoted the use of the latest information technology such as video conferencing;
- Encourage employees to take public transport to minimise the use of private vehicles and taxis;
- Invest in fresh water and energy saving tools and equipment such as the installation of water measuring meters, LED lights and solar energy systems; and
- Implement 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 2021, same as the previous three 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 CO₂ emissions, 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. The business activities of the Group do not entail a large variety of raw materials and resources. The Group advocates our determination in promoting and achieving efficient use of energy, water and other raw materials 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.

(i) *Electricity and Fuel Consumption*

The Group uses electricity supplied from the local city grids without any problem. To save operational costs and to combat climatic changes by reducing CO₂ and pollutant emissions, the Group has already implemented measures to reduce energy consumptions.

During the Reporting Period, Zhongfang Chaozhou, Shennongjia Hotel and our administrative offices in the PRC consumed a total of 41,934 kWh electricity supplied from the relevant city grid lines, which is 28,449 kWh or approximately 210.97% more than the Last Reporting Period. This increase of the electricity consumption is mainly due to the consumption in the phase of construction development of Shennongjia Hotel. 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 in small-scale operation, and thus consumption of electricity is minimal and 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 polluted 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 and as a result, we do not have the water consumption record. 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 the 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, the Group did not consume significant amount of paper and raw materials, and thus it is considered as immaterial. Same as the previous three years, the Group did not have any alert on the excessive consumption of papers and packaging materials. 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, 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.

Climate change is mainly caused by the release of CO₂ into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation. Given the world transitions to a lower-carbon sustainable economy, the Group is committed to placing contributions to this issue. After discussion with our stakeholders, we have identified energy and water as immediate areas that we can contribute to combating climate change and reducing potential costs in the future.

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 the result in the change of the climate significantly.

Energy

During the Reporting Period, the Group generated indirect CO₂ emissions, through the uses of electricity. As explained previously, we have implemented policies and procedures to reduce the use of electricity across our organization.

Water

Water is used by our employees in our operations and activities. The Group has taken measures to encourage employees to use water more efficiently 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 CO₂ emissions and fresh water consumption for the coming years.

(B) SOCIAL ASPECTS

1.1 Social Areas Overview

The Group has continued to build 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, the Group incorporates long and short-term corporate development goals with considerations on the stakeholders and society. This rationale and idea together with transparency, mutual respect and honesty are the corner stone of our business philosophy and have been an integral part of our business operation.

1.2 Social Aspects

Pursuant to ESG Reporting Guide, social aspects include “Employment And Labour Practices” and “Operation Practices And Community Investment”, which is reported as follows:

B1. Employment

(a) Policy

The Group treasures and regards 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 Employment Ordinance of Hong Kong.

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 compliance with all the labour laws on employment, employee compensation and other relevant employment issues. 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 employment benefits.

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

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

(i) *Employment Mix*

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.

The performance management system has been introduced to effectively motivate the employees to engage in continuous development, to help the employees in career planning, and to achieve succession of talents and the Group's objective of sustainable operation. The Group is also committed to providing the employees with an equal, safe and healthy work environment, complying with the local laws and regulations, as well as fostering labor harmony and building a high quality enterprise.

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 is the fundamental principle and bottom line of the Group. 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. As an employer, the Group takes all measures to ensure due compliance.

Human resources department is charged with the duty and responsibility of all employment and employee welfare matters. Recruitment and appointment are based on objective merits. Employee remunerations are determined with reference to the prevailing market level as well as the competency, qualification and experience of the individual employee. 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 recruitment department and the human resources department in an open and transparent manner.

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

As required by ESG Reporting Guide, the Group’s employment breakdown and statistic are analyzed and summarised below:

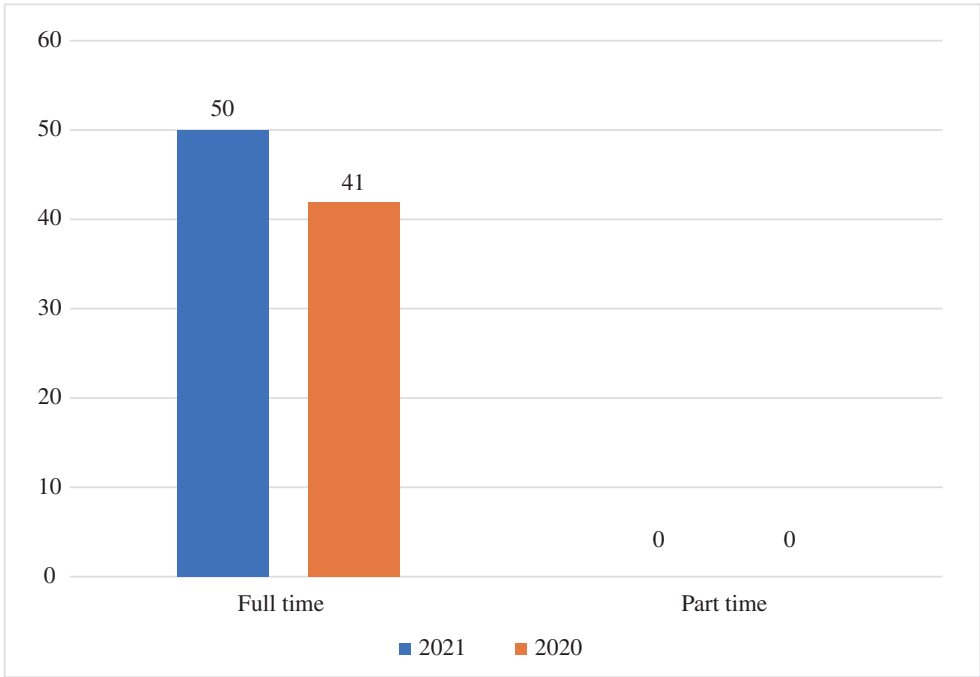


Figure 1: Number of Employees by Employment Type

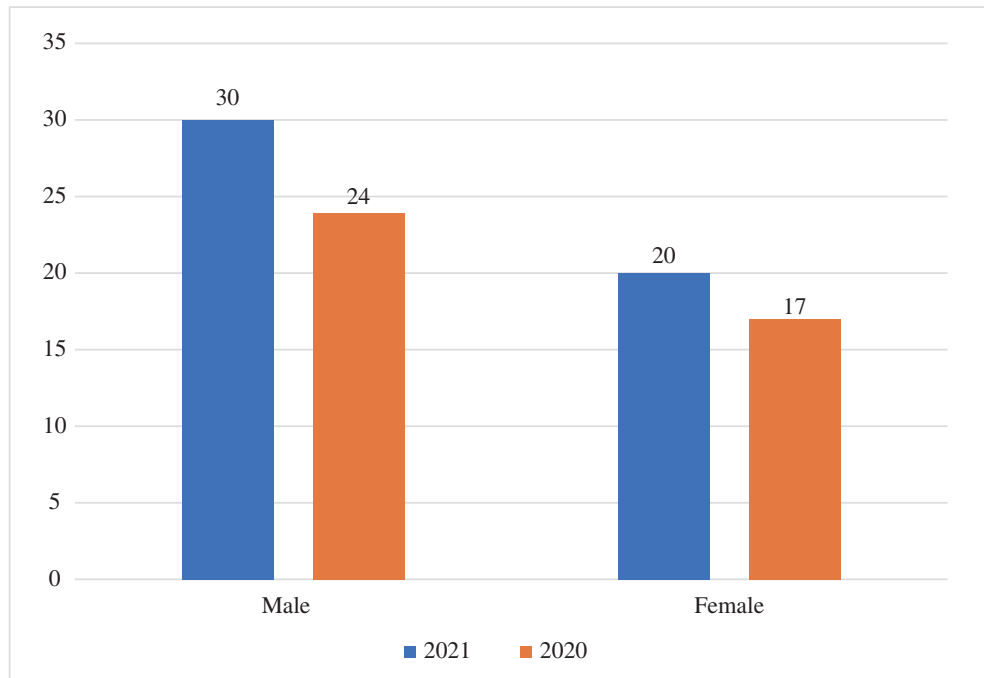


Figure 2: Number of Employees by Gender

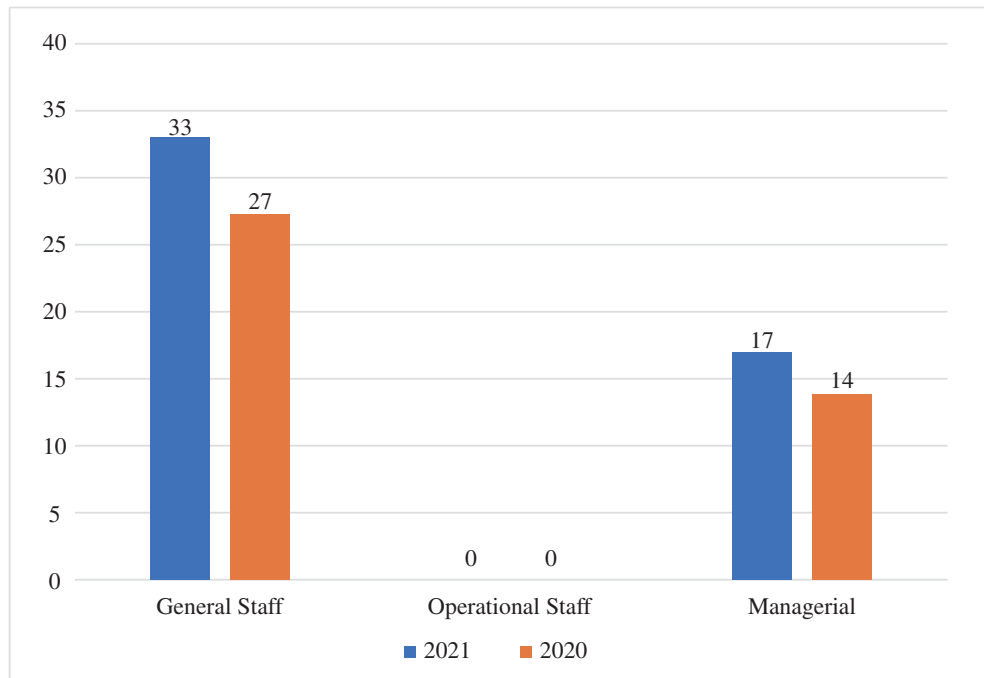


Figure 3: Number of Employees by Employment Role

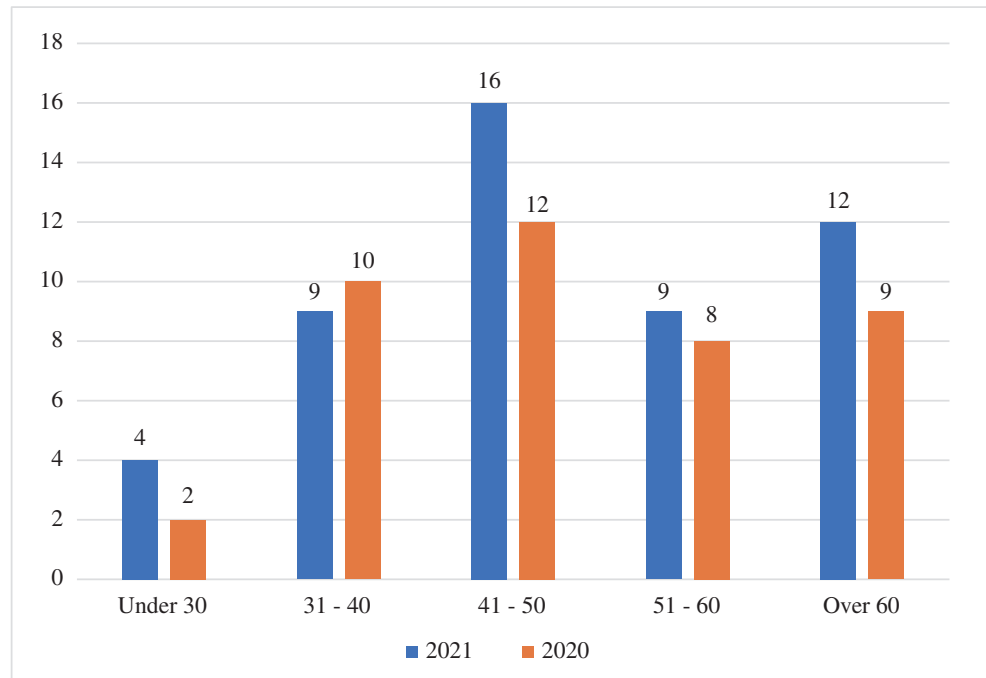


Figure 4: Number of Employees by Age

(ii) Employment Turnover Rates

For the Reporting Period, 7 of the Group’s employees left voluntarily for career development. A breakdown of the turnover rates by gender and age is stipulated below:

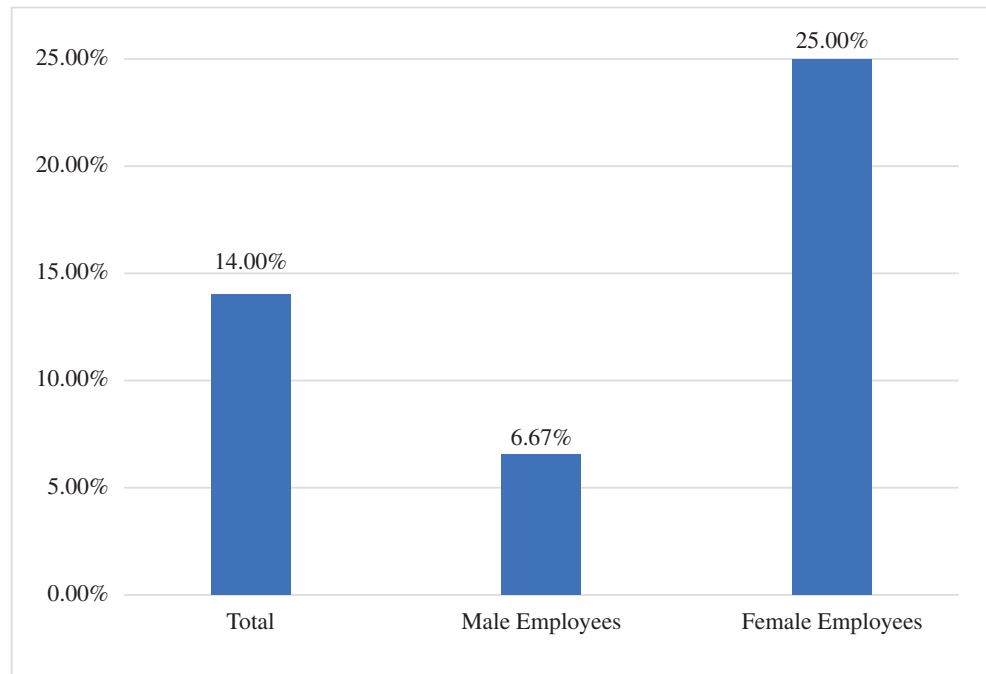


Figure 5: Employee Turnover Rate by Gender

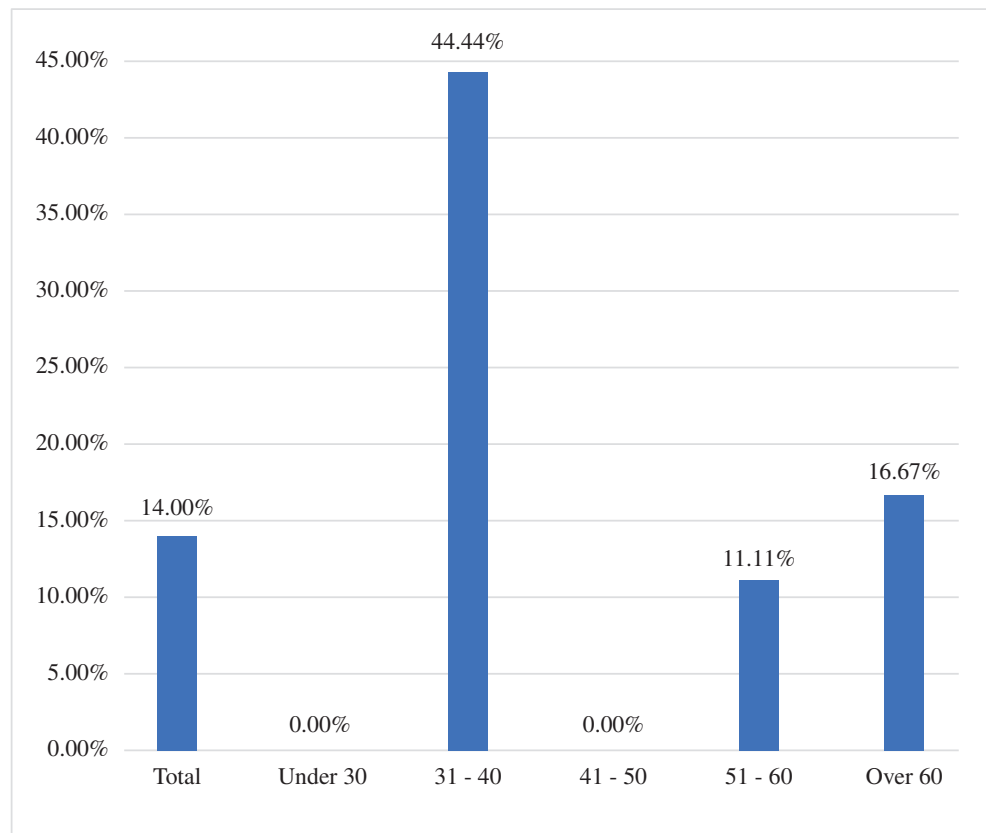


Figure 6: Employee Turnover Rate by Age

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 three 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.

Below is the breakdown stating the percentages of employees trained during the Reporting Period and the Last Reporting Period by gender and operation role:

	Internal	External
% of employee trained		
2021	26.00%	14.00%
2020	29.27%	4.88%
% of employees trained by gender		
Male		
2021	53.85%	42.86%
2020	75.00%	50.00%
Female		
2021	46.15%	57.14%
2020	25.00%	50.00%
% of employees trained by operation role		
Managerial		
2021	61.54%	28.57%
2020	61.54%	0.00%
Operational		
2021	0.00%	0.00%
2020	0.00%	0.00%
General		
2021	38.46%	71.43%
2020	38.46%	100.00%

Below is the breakdown stating the hours of training provided during the Reporting Period and the Last Reporting Period by gender and operation roles:

	Internal	External
Average training hours per employee		
2021	3.12	5.86
2020	3.71	2.34
Number of training hours by gender		
Male		
2021	84.00	125.57
2020	114.00	48.00
Female		
2021	72.00	167.43
2020	38.00	48.00
Number of training hours by operation role		
Managerial		
2021	96.00	83.71
2020	93.54	–
Operational		
2021	–	–
2020	–	–
General		
2021	60.00	209.29
2020	58.46	96.00

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 three years. Also, as per the previous three 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 or 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 three 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 three 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 three 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 three 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 has donated RMB1,000,000 to Chaozhou Chaoan District Charity Federation (潮州市潮安區慈善總會) to support a building and construction project of a kindergarten. Besides, 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.