

**Shenyang Public Utility Holdings Company Limited**

**2023 Environmental, Social and Governance Report**



**Shenyang Public Utility Holdings Company Limited**

Stock code: 747

**2023 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/ We, our or us:** Shenyang Public Utility Holdings Company Limited and its subsidiaries
- **ESG:** Environmental, Social and Governance
- **Appendix C2 or ESG Reporting Guide:** the Appendix C2 – 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 2023:** 1 January 2023 – 31 December 2023
- **Last Reporting Period or 2022:** 1 January 2022 – 31 December 2022

## 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 60% equity interest of Shennongjia Da Jiu Hu Hotel Company Limited (神農架大九湖賓館有限公司) (“**Shennongjia Hotel**”) in Hubei 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 such as Shenzhen City and Shenyang City, 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. As our office in Hong Kong is a small representative office and the office does not generate water and electricity consumption, relevant data is not available, and in any event, would be minimal and immaterial. The number of employees recorded in Hong Kong will be discussed in Section B.

### **(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 cozy 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 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 known as, 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.

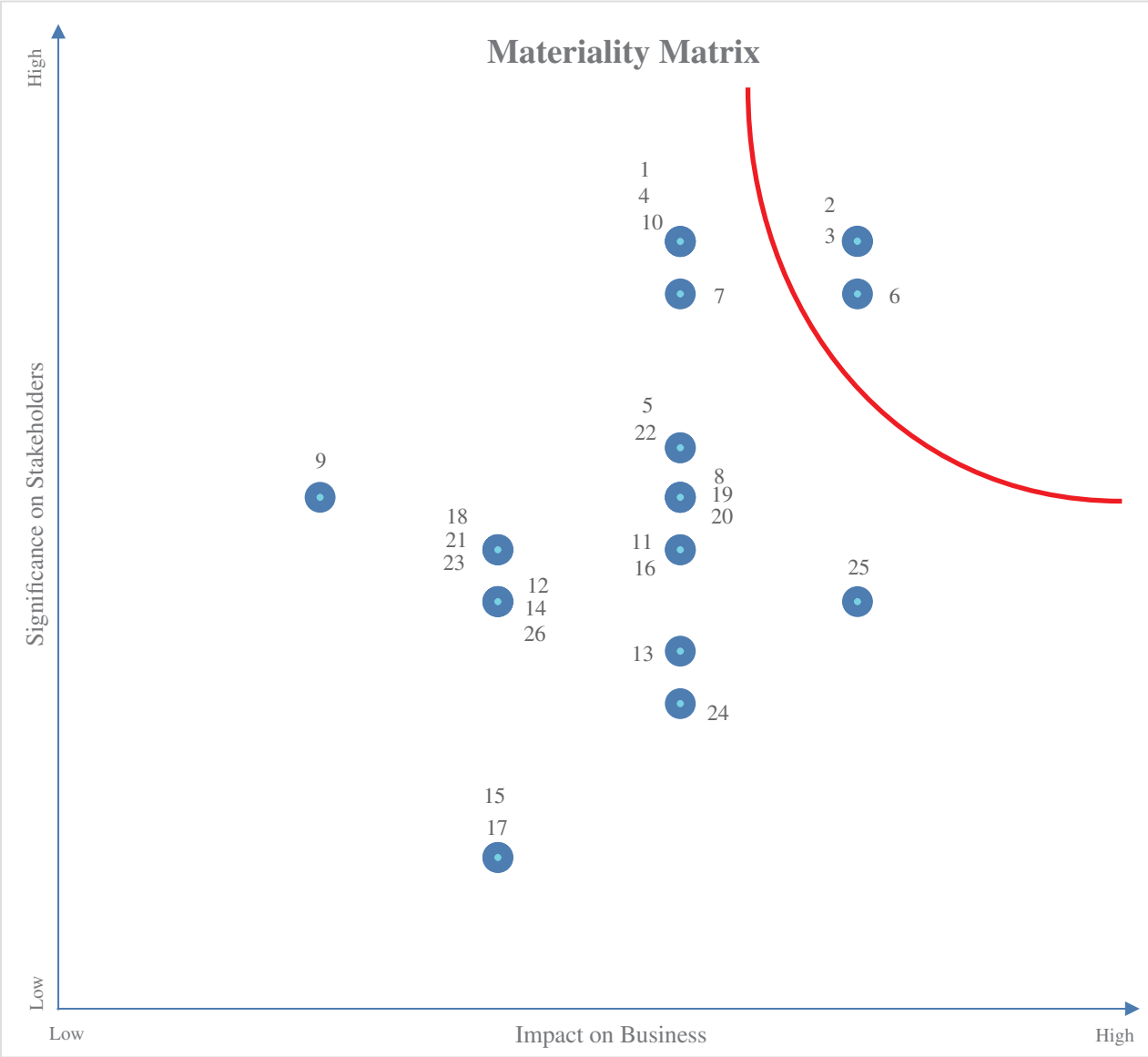
For the purpose of the ESG Report, only activities and operations which are considered material and significant to the environment and our activities are included. Overall, the Group takes on an active role in ensuring sustainable and environmentally friendly operating processes are in place. This is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

## **STAKEHOLDER 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:

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

The following materiality matrix demonstrates the relative importance and significance of the ESG areas selected for our stakeholders and business.





## **Materiality Issues**

## **Areas**

### **Service Obligation**

1. Service Quality
2. Product Safety and Responsibility
3. Customer Service and Satisfaction  
(Including Complaints Handling and Protection of Customer Privacy, etc.)
4. Management of Intellectual Property Rights  
(Practices in Relation to Upholding and Protecting Intellectual Property Rights, for instance, Management of Customer Information)

### **Working Environment Practice**

5. Equal Opportunity, Diversity and Anti-discrimination
6. Employee Relations and Communication
7. Occupational Safety and Health
8. Training and Development
9. Prevention of Child and Forced Labour
10. Employee Benefits

### **Environmental Protection and Green Operation**

11. Air Emissions  
(Management and Monitoring of Air Pollutants such as Use of Vehicles and Air Emissions during the Manufacturing Process)
12. Waste Management  
(Measures for Disposal and Reduction of Waste Generated during the course of Operation)
13. Carbon Emission and Energy  
(Fuel and Electricity Consumed in the course of Operation)
14. Use of Water Resources  
(How to Use Water Resources and What Measures to Raise Efficiency of Use of Water Resources or Reduce Consumption)
15. Sewage Discharge
16. Risks of Climate Change  
(Including Impact on Operation and Cost of Stricter Compliance Caused by Extreme Weather and Natural Disasters, etc.)
17. Consumption of Packaging Materials
18. Green Procurement  
(Alleviation of Environmental Impact are Taken into Account when Purchasing Goods and Services)
19. Environmental Impact Caused by Supply Chain  
(Including Whether Suppliers Use More Environmentally-friendly Materials/Machines in the Manufacturing Process)

## **Materiality Issues**

## **Areas**

### **Operational Practice**

20. Suppliers Management  
(Including Procedures for Selecting Suppliers)
21. Social Responsibility of Supply Chain  
(Ensuring That Raw Materials are from Responsible and Reliable Suppliers)
22. Anti-fraud and Anti-corruption  
(Setting Up of Precautionary Measures and Internal Monitoring Systems to Prevent Acts of Corruption, Bribery, Extortion, Fraud and Money Laundering, etc., Building up Anti-corruption Reporting Channels and Procedures and Provision of Anti-corruption Trainings for Directors and Employees)
23. Emergency Policy under Disasters

### **Contribution to Community**

24. Community Investment  
(Understanding the Needs of the Communities where our Operations are Located to Ensure that Community Interests are Taken into Account in its Business Activities)
25. Participation in Charity Events
26. Charity Donation

In the course of materiality analysis for 2023, the Group broadened its consideration of every ESG area and identified an aggregate of 26 ESG issues in connection with its business. Among which, “Product Safety and Responsibility”, “Customer Service and Satisfaction” and “Employee Relations and Communication” are among the top three out of the 26 materiality areas. The Group shall review our analysis of materiality areas based on the results of our stakeholder communication activities annually.

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 herein are summarized below:

## **A. ENVIRONMENTAL ASPECTS**

### **1.1 Environmental Area Overview**

The Group's principal operations and activities are mainly conducted in the office and involve providing management and other services to clients which produce, emit or discharge immaterial amount of hazardous gas, pollutants, polluted water or wastes. The operation of the Group generates 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 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 analyze and discuss 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 or 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
  - Natural resources conservation.

## **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

### *Types of Emissions*

During the Reporting Period, we directly generated greenhouse gas and air pollutants emissions, including sulphur oxides (“SO<sub>x</sub>”), nitrogen oxides (“NO<sub>x</sub>”) and particulate matters (“PM”), primarily from the use of motor vehicles.

Comparative data on air pollutant emissions for this year were presented as follows:

| Items of emissions | Year ended 31 December |      | Unit | Changes |
|--------------------|------------------------|------|------|---------|
|                    | 2023                   | 2022 |      |         |
| NO <sub>x</sub>    | 5.83                   | 2.47 | kg   | 136.03% |
| SO <sub>x</sub>    | 0.15                   | 0.06 | kg   | 150.00% |
| PM                 | 0.43                   | 0.18 | kg   | 138.89% |

### *Greenhouse Gas Emissions*

Comparative data on greenhouse gas emissions for this year were presented as follows:

| Greenhouse Gas Emissions   | Year ended 31 December |       | Unit                                       | Changes  |
|--|------------------------|-------|--|----------|
|  | 2023                   | 2022  |  |          |
| Scope 1 (Direct Emission)  | 27.50                  | 10.64 | CO <sub>2</sub> e<br>(tonnes)              | 158.46%  |
| Scope 2 (Indirect Emission)  | 25.69                  | 34.91 | CO <sub>2</sub> e<br>(tonnes)              | (26.41)% |
| <b>Scope 1 and Scope 2<br/>Greenhouse Gas Emissions<br/>in Total</b> | 53.19                  | 45.55 | CO <sub>2</sub> e<br>(tonnes)              | 16.77%   |
| Total Intensity of Greenhouse<br>Gas Emissions <sup>1</sup>          | 1.13                   | 0.95  | CO <sub>2</sub> e<br>(tonnes)/<br>employee | 18.95%   |

<sup>1</sup> The total intensity of greenhouse gas emissions presented by the Group is calculated by dividing the total emissions by the total number of employees in the China region at the end of 2023. Given the change in calculation method for 2023, the total intensity of greenhouse gas emission for the previous year has been restated to ensure its comparability.

During the Reporting Period, the significant increase in greenhouse gas emissions by the Group of approximately 7.64 tonnes or approximately 16.77% compared with 2022 was mainly due to the daily operations have not been fully recovered under the impact of the pandemic in 2022. Starting from 2023, daily operations have been resuming, resulting in an increase in the fuel consumption and usage of vehicles during the Reporting Period.

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 shall strive to maintain or gradually reduce its fuel consumption, aiming at lowering carbon emissions for contribution to a greener future.

***(i) 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.

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.

***(ii) 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.

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.

***(iii) Water Pollution and Discharge***

During the Reporting Period, water consumption fees of Hong Kong office, Zhongfang Chaozhou, Shenhe Chuangli and Shennongjia Hotel are included in the office management fees, we therefore do not have the water consumption data for such.

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. Water consumption by administrative offices in the PRC is stated in Section A2(ii).

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.

***(iv) Hazardous and Non-hazardous Waste Discharge and Disposal***

Given the nature of the Group's business, we are not aware of any hazardous wastes generated. On the other hand, we only produce non-hazardous waste such as papers, stationery and packaging materials, office residuals, and domestic wastes. During the Reporting Period, no breach of statutory requirements or penalties has been recorded. All the domestic wastes are disposed to rubbish bins and stored in rubbish depots and are collected by the city urban waste services on a daily basis.

The Group remains at all times conscientious of our role and responsibilities in protecting the environment. Reuse, recycling and renewal are the general approaches and principles adopted by the Group. Non-hazardous wastes we generated were primarily waste papers. We encouraged our employees to use duplex printing for internal documents and form an environmentally-friendly copying habit. Also, we often encourage our employees to reuse envelopes, folders, papers and other stationery. During the reporting year, non-hazardous wastes the Group generated were merely waste papers and domestic waste that the amounts of disposal were immaterial, it is believed that non-hazardous wastes generated have no material impact on the environment.

During the reporting year, a total of 0.456 tonnes of non-hazardous waste were produced for daily office operations. The amount of paper disposal was 0.098 tonnes while the amount of domestic waste disposal was 0.358 tonnes. The intensity of total non-hazardous waste was 0.0097 tonnes per employee.<sup>2</sup>

***(v) 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 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;

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<sup>2</sup> The total intensity of non-hazardous waste volume presented by the Group is calculated by dividing the total waste volume by the total number of employees in the China region at the end of 2023. After the Group has improved the data collection system for relevant key performance on the environment, we began to collect data on non-hazardous waste during the Reporting Period.



- Encourage employees to take public transport to minimise the use of private vehicles and taxis;
- Invest in water and energy saving tools and equipment, such as the use of LED lights; and
- Implement a waste-classification system and the practice of recycling use of resources especially on printing papers.

## 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 of reuse, recycling and reduction of wastes 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 CO<sub>2</sub> and pollutant emissions, the Group has already implemented measures to reduce energy consumptions by encouraging employees to conserve energy. For example, staff are requested to shut down computers as well as switch off monitors and other personal electronic devices before leaving offices. During the Reporting Period, decrease in the Group's electricity consumption was mainly due to the reduction in project volumes of the Shennongjia Hotel and the closure of the new office in Shenzhen in March 2023.

The energies involved in the Group's operations include petrol for automobiles and purchased electricity for office operations. Comparative data on our energy consumption is set out below:

| Energy Consumption                              | 2023                   | 2022       | Unit         | Changes  |
|---|------------------------|------------|--------------|----------|
| Purchased Electricity                           | 42,107.62 <sup>3</sup> | 78,408.70  | kWh          | (46.30)% |
| Petrol  | 94,143.53              | 38,765.46  | kWh          | 142.85%  |
| <b>Total Energy Consumption</b>                 | 136,251.15             | 117,174.16 | kWh          | 16.28%   |
| Total Energy Consumption Intensity <sup>4</sup> | 2,898.96               | 2,441.13   | kWh/employee | 18.75%   |

<sup>3</sup> The significant decrease in purchased electricity in 2023 was attributable to the reduction in project volumes of the Shennongjia Hotel and the cease of the tenancy for one of the offices in the Shenzhen area for 2023.

<sup>4</sup> The total intensity of energy consumption presented by the Group is calculated by dividing the total energy consumption by the total number of employees in the China region at the end of 2023. Given the change in calculation method for 2023, the total intensity of energy consumption for the previous year has been restated to ensure its comparability.

During the Reporting Period, the Group's total energy consumption substantially increased by approximately 16.28% compared with 2022, out of which the increase in petrol was relatively obvious. The petrol consumption for 2023 was approximately 1.4 times more than that for 2022, mainly due to our non-fully recovered daily operations as affected by the pandemic in 2022. Daily operations began to resume in 2023, with the petrol consumption of automobile increasing naturally during the Reporting Period.

In the coming year, the Group shall strive to maintain or gradually reduce its energy consumption by encouraging employees to reduce the use of electricity and shall lessen its reliance on fossil fuels, aiming at lowering energy consumption and carbon emissions to alleviate the negative impact on the environment.

**(ii) Water Consumption**

Water and electricity are the 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. The Group encourages employees to save water in offices and reminds them to always turn off water pipes and prioritize the use of water-saving products.

Urban water supply is the viable water source that the Group could only find for our business locations concerned. There is no other practicable means or viable substituting sources available. The Group enjoys constant and reliable water supply from the urban system. All polluted water discharges are connected to the municipal drainage systems with proper authorization. We use water mainly for our employees' daily drinking, general cleaning and hygiene needs. All our offices use water supplied from the cities' central water supply network and we do not have any problem in procuring water resources.

| Water Consumption by Geographical Region          | Cubic Meter (m <sup>3</sup> ) | Year ended 31 December |                  |                 |
|---|-------------------------------|------------------------|------------------|-----------------|
|   |                               | 2023                   | 2022             | Changes         |
| Shenzhen <sup>5</sup>                             | m <sup>3</sup>                | N/A                    | 397              | N/A             |
| Shenyang  | m <sup>3</sup>                | 6                      | 10               | (40.00)%        |
| Chaozhou  | m <sup>3</sup>                | 53                     | N/A <sup>6</sup> | N/A             |
| <b>Total</b>                                      | <b>m<sup>3</sup></b>          | <b>59</b>              | <b>407</b>       | <b>(85.50)%</b> |
| Intensity (m <sup>3</sup> /employee) <sup>7</sup> |                               | 1.26                   | 8.48             | (85.14)%        |

<sup>5</sup> One of our offices in the Shenzhen area has its tenancy ceased in March 2023, when the water fee for our another subsidiary in Shenzhen has been included in the monthly management fee. Therefore, no separate water consumption data is provided, as a result of which, only water consumption data for Shenyang and staff dormitory in Chaozhou areas is available for the year.

<sup>6</sup> The Chaozhou area for 2023 includes water consumption data for employee dormitories leased by the Group, whereas water consumption in or before 2022 was paid by employees themselves, so there is no separate water consumption information. As the Company has been providing subsidies to employees since 2023, their water consumption is included in the reporting scope.

<sup>7</sup> The intensity data presented by the Group for 2023 is calculated by dividing the total water consumption by the total number of employees in the China region at the end of 2023. Therefore, the intensity data of water consumption for the previous year has been restated to count in the number of employees in the Chaozhou area.

We advised our employees to use water efficiently and avoid wasting due to overuse as water is one of the most important and scarce resources on our planet. In addition, we constantly inspect to ensure all the water taps are turned off when not in use, and check and immediately fix any water leakage. In the future, the Group dedicates itself to maintaining or gradually reducing water consumption by encouraging employees to conserve water and raising their awareness of cherishing water resources, with a hope to decrease water consumption and thus mitigate the negative impacts on the environment.

***(iii) Paper, Packaging Material and other Raw Material Consumption***

The Group's operations do not involve any packaging materials. The Group has continued to implement the following measures, and requested the employees to cooperate and reduce paper 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; and
- Using duplex printing and reusing papers.

**A3. The Environment and Natural Resources**

The Group fully recognizes the value and importance of environment protection and conservation of resources on the earth. As a result, carbon footprints that we have generated in our operation were relatively few and our impact on the environment is relatively small as our scale of operation is limited. The Group is committed to, on an ongoing basis, minimizing impacts on environment and natural resources, when staff education and implementation of company policies remains to be our primary measure which we consider to be effective.

During the Reporting Period, water and electricity were regarded as the key elements having an impact on the environment. We have continued to support all measures to reduce, reuse, recycle and substitute the use of resources as far as possible and practicable as laid down in our Environmental Policy and Measures to accomplish our goals of conserving natural resources and protecting the environment.

The Group has adopted the following measures to further reduce the impact of its business activities on the environment and natural resources:

- Where feasible, conference calls or other electronic communication methods were used in lieu of business trips and face-to-face meetings with customers;
- Temperature of air conditioners in offices was set at 24°C to 26°C;

- Employees should shut down all idling photocopiers, printers and computers and turn on their sleeping mode if they are not in use temporarily;
- Double-sided printing/copying should be utilized as long as it is possible; and
- It is encouraged to reuse office stationery such as envelopes, folders and paper bags as long as it is possible.

#### **A4. Climate Change**

Climate change and global warming are major environmental problems in the world. The Group is committed to managing potential risks related to climate that may affect the Group's business activities. The Group actively adopts measures of all kinds to deal with the risks and problems that it is facing or the potential ones so as to identify and assess climate-related risks, to formulate strategies for managing identified risks and thus to reduce their impact. The following table details the specific risks relevant to the Group and the corresponding actions taken to minimize the impact of the risks:

| <b>Types of Climate Risks</b>             | <b>Risk Description</b>   | <b>Actions Taken for Risk Management</b>  |
|---|---|---|
| <b>Physical Risks</b>                     |   |   |
| Acute Physical Risks:<br>Extreme Weather  | Climate change has led to an increase in natural disasters such as typhoons and floods, which may have an impact on the Company's operations (such as suspension of server and system services) and therefore cause economic losses.  | Impact from extreme weather on our business is reviewed and relevant emergency measures are established to cope with emergencies. |
| Chronic Physical Risks:<br>Global Warming | Global warming will engender average annual temperatures rise and the increased frequency of heat waves, droughts, wildfires and other acute risks. High temperatures can entail alteration in transmission patterns of infectious diseases or a higher risk of thermal stress. | Employees' awareness on the risks of health and infectious disease resulted from temperature fluctuations is regularly raised.    |

| <b>Types of Climate Risks</b> | <b>Risk Description</b>  | <b>Actions Taken for Risk Management</b>  |
|-------------------------------|--|---|
| <b>Transitional Risk</b>      |  |   |
| Policy and Legal Risks        | Laws and regulations are expected to change as a result of an increase in disclosure requirements for ESG.   | Regulatory practices are continuously monitored to ensure that the Group satisfies the expectations of regulatory authorities and complies with environment-related laws and regulations. |
| Technical Risk                | There is an increasing trend of adopting energy-saving and low-carbon technologies, when the use of renewable energy is becoming more popular.                             | Energy optimization systems and other solutions such as using renewable energy in our business operations are adopted.  |
| Market Risk                   | Our operating markets may be affected by climate change. For example, the demand and supply of certain commodities may change, thereby affecting the Company's operations. | We strive to perfect our business operations and reduce the risks related to climate change, energy and carbon emissions, aiming at achieving higher energy efficiency.                   |

Although the risks above do not have any significant impact on the Group's operations, the Group shall keep monitoring and assessing the climate-related risks and implement relevant measures to minimize potential physical risks and transition risks.

## **B. SOCIAL ASPECTS**

### **1.1 Social Area 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 fundamental rationale and idea together with transparency, mutual respect and honesty are the corner stones 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 the Labour Law of the PRC (中華人民共和國勞動法), the Surveillance Regulations on Labour Protection (勞動保障監察條例) 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, and 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***

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.

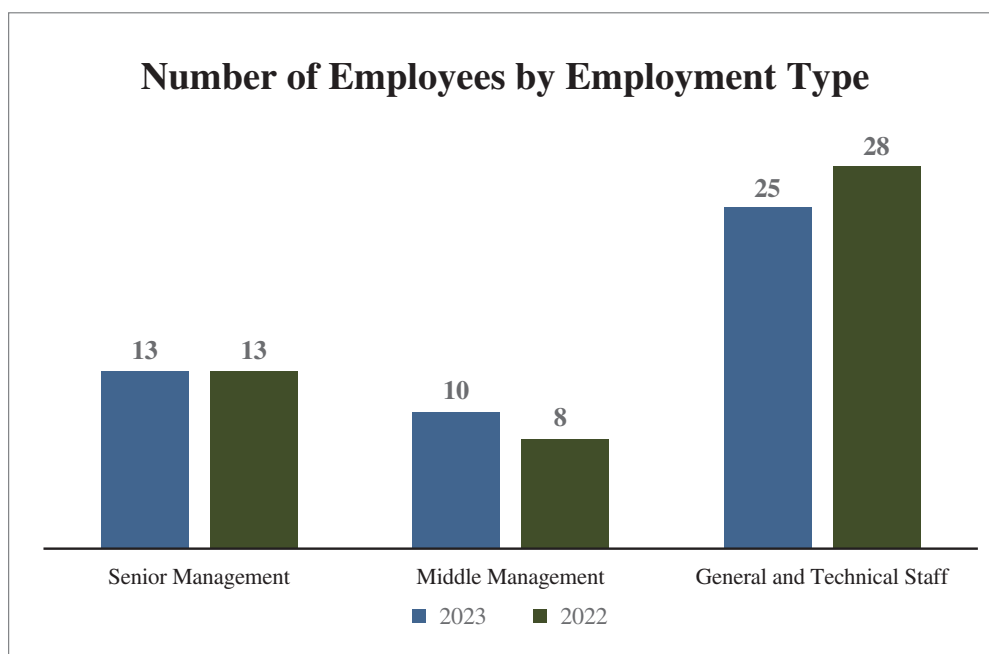
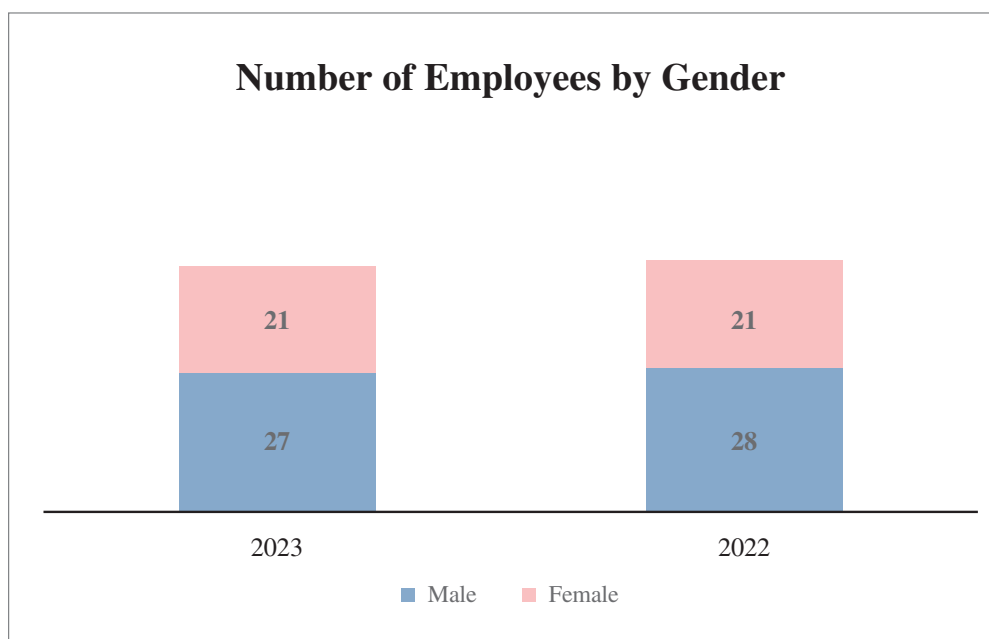
Relevant education qualifications, skills, professional or technical qualifications and relevant experience and performance form the basis of selection criteria for appointment and promotion. Recruitment or promotion is carried out by the recruitment department and the human resources department in an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

## Employee Overview

As of 31 December 2023, the Group had a total of 48 (2022: 49) employees, when 39 full-time employees and 9 part-time employees (2022: 40 full-time employees; and 9 part-time employees) were hired.<sup>8</sup>

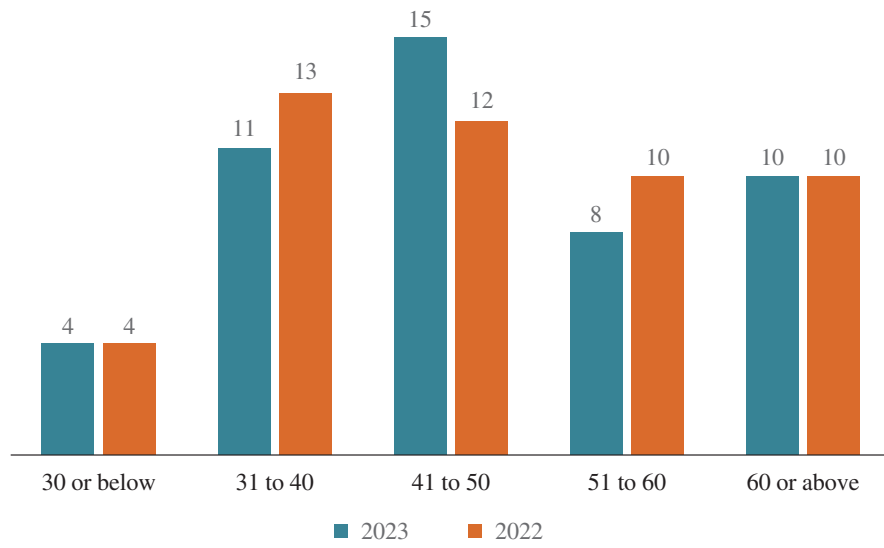
The employee numbers of the Group by category are as follows:



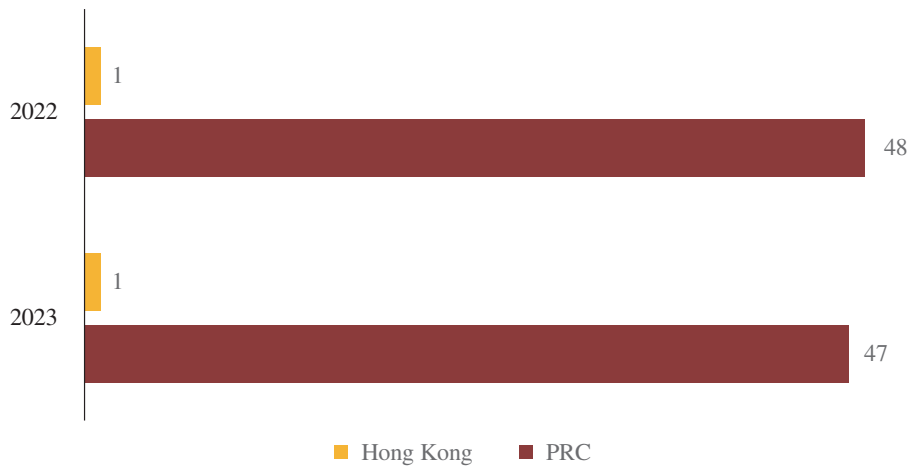
<sup>8</sup> The number of employees presented by the Group for 2023 is calculated based on the number of employees at the end of the Reporting Period, and excludes employees who terminated during the Reporting Period. Therefore, the employee data for the previous year is also restated.



### Number of Employees by Age Group



### Number of Employees by Geographical Region



(i) *Employment Turnover Rates*<sup>9</sup>

The Group's employee turnover rates by gender, age group and region for 2023 and 2022 are distributed as follows:

|                      | Employee<br>Turnover Rate<br>(%) | By Gender (%) |       |        | By Age Group (%) |       |       |       | By Geographical<br>Region (%) |              |
|----------------------|----------------------------------|---------------|-------|--------|------------------|-------|-------|-------|-------------------------------|--------------|
|                      |                                  | Total         | Male  | Female | 30 or<br>below   | 31-40 | 41-50 | 51-60 | 61 or<br>above                | Hong<br>Kong |
| Current Year (2023)  | 8.33                             | 7.41          | 9.52  | –      | –                | 6.67  | 12.50 | 20.00 | –                             | 8.51         |
| Previous Year (2022) | 20.41                            | 10.71         | 33.33 | 100.00 | 30.77            | 25.00 | –     | –     | –                             | 20.83        |

## B2. Health and Safety

The Group is committed to providing a safe, healthy and pleasant working environment to all the employees to ensure that no employees are exposed to potential occupational hazards. We have equipped the offices with adequate equipment and facilities to ensure safety and convenience to employees. Our Employees' Handbook (僱員手冊) also sets out general safety policies and procedures that apply to all of our employees.

The Group pays great attention to the compliance of laws and regulations related to health and safety, including the Surveillance Regulations on Labour Protection (勞動保障監察條例), the Work Safety Law of the PRC (中華人民共和國安全生產法), the Labour Law of the PRC (中華人民共和國勞動法) and the Prevention and Control Law on Occupational Disease of the PRC (中華人民共和國職業病防治法). All permanent staff have been covered with social, medical and accidental insurance as required by local laws.

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, the Group did not have any work-related serious fatalities or injuries, nor there exist any lost day due to work-related injuries. Moreover, no fatal work accidents or lost working day due to work-related injuries is recorded in the past three years. For the coming year, we will continuously monitor and audit our safety performance closely and are confidential to maintain zero-accident for all our business activities.

<sup>9</sup> The employee turnover rate presented by the Group for 2023 is calculated based on the number of employees at the end of the Reporting Period, so the data on employees who quit during the previous year is also restated.

### **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 dedicates itself to creating a working environment where employees can work in a healthier and happier manner with higher efficiency, so that they can better equip themselves and pursue self-development. Constantly investing resources in employees' development, the Group supports and encourages employees to participate in training, and is committed to providing good opportunities for career development. They can also apply for leave and allowances for participation in external trainings, further study and refinement of their working skills.

During the Reporting Period, the Group made arrangement with regard to on-line training for employees in the following areas:

- corporate income tax
- non-monetary asset exchange
- training on the revised accounting standards and systems promulgated by the PRC government
- personal income tax
- financial vehicles
- the latest social insurance system in mainland China
- training on continuous compliance responsibility for listed companies
- training on the Main Board Listing Rules (2023 Revision) of the HKEX
- anti-corruption practical training for listed companies in 2023

The percentage of trained employees and the average training hours per employee of Year 2023 and Year 2022 of the Company are summarized as follows:

| Category <sup>10</sup>      | Percentage of Trained Employees (%) <sup>11</sup> |       | Average Training Hours Per Employee |       |
|-----------------------------|---|-------|-------------------------------------|-------|
|                             | 2023  | 2022  | 2023                                | 2022  |
| <b>By Gender:</b>           |   |       |                                     |       |
| Male                        | 50.00   | 57.14 | 11.41                               | 6.54  |
| Female                      | 50.00   | 42.86 | 11.90                               | 7.62  |
| <b>By Employee Type:</b>    |   |       |                                     |       |
| Senior Management           | 44.44   | 71.43 | 14.46                               | 13.85 |
| Middle Management           | 16.67   | –     | 15.60                               | –     |
| General and Technical Staff | 38.89   | 28.57 | 8.56                                | 5.82  |

During the reporting year, we provided a total of 558 hours of training to our employees (2022: 343 hours); and the average training hours per employee was 11.63 hours (2022: 7 hours). The percentage of total trained employees was 37.50% (2022: 28.57%).

#### **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 abides by all responsibilities to its employees (including payment of salaries, benefits, remuneration and insurance premiums) and has always maintained frank communication with its 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 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 by the human resources department as the employee's personal file for record and future reference and government inspection.

<sup>10</sup> The Group's training data is categorized based on the reclassification in 2023, so all the training data for the previous year has been restated to ensure their comparability.

<sup>11</sup> The training data presented by the Group is calculated based on the total number of employees at the end of the reporting year and excludes employees who terminated during the reporting year.

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, the Group has not employed any child labour or forced labour. It will strictly follow relevant laws and regulations, including the Minor Protection Law of the PRC (中華人民共和國未成年人保護法), the Provisions on Prohibition of Employing Child Labour (禁止使用童工規定), the Labour Law of the PRC (中華人民共和國勞動法) and the Surveillance Regulations on Labour Protection (勞動保障監察條例).

## **B5. Supply Chain Management**

Our most important business — large-scaled 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. Therefore, most of our direct purchases like stationeries which are procured from local or nearby sources or suppliers are for offices only. The Group gives priority to suppliers who have a good reputation and consider applying green practices in their business operations and manufacturing processes. Upholding our fair and transparent procurement principles, we only cooperate with suppliers who have good management on environmental and social responsibilities and who share the same ethical values and standards with us. We also encourage our suppliers to prompt the efficient use of resources and environment protection as well as to fulfill their corporate social responsibilities. The Group does not anticipate that sourcing suppliers may pose a potential threat to our business operations.

As in the past three years, the Group purchased all its raw materials and accessories from local suppliers in the PRC during the Reporting Period in order to minimize its costs and delivery time and to support local economic development. The Group did not have any disputes or involve in any litigation with any suppliers during the Reporting Period.

| <b>Region</b> | <b>Number of Major Suppliers</b> |             |
|---------------|----------------------------------|-------------|
|               | <b>2023</b>                      | <b>2022</b> |
| PRC           | 3                                | 3           |

## **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-scaled infrastructure construction project and rental of properties have implications and importance, but we are confident that our measures in honouring and protecting them are comprehensive.

Compliance of the relevant contract requirements of our large-scaled infrastructure construction project is the part which the Group cares the most, as it has significant impact on the Group. In the course of contract administration, the projects that we 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 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, the Group did not record any complaints in its large-scaled infrastructure construction project, which has been granted or issued with the relevant completion and compliance certificates at each relevant stage.

The Group's business does not consist of manufacturing and selling products, and therefore no product recall has arisen because of safety and health.

### ***Intellectual Property Right***

The Group greatly emphasizes the protection of intellectual property rights and complies with relevant laws and regulations such as the Management Practices on Corporate Intellectual Property Rights (企業知識產權管理規範) and the Copyright Law of the PRC (中華人民共和國著作權法) to ensure that no intellectual property rights are infringed. If there are any disputes related to intellectual property rights, we shall contact our legal advisor with immediate follow-up by taking corrective measures to minimize the negative impact inflicted. During the Reporting Period, there were no complaints or allegations received on intellectual property rights infringement.

### ***Privacy***

The Group places utmost importance to client and project data and privacy. We maintain such personal data in a confidential manner with restrictive and limited access with relevant laws and regulations being followed, including the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法). Our system allows such access only by authorised personnel and on a strictly only for business purpose.

There were no privacy problem or complaint received during the Reporting Period.

## **B7. Anti-corruption**

The Group is well aware of the importance of honesty, integrity and fairness in our business operations and has implemented a set of anti-corruption policies. 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.

The Company provides anti-corruption information to its employees and directors through emails and document circulation, ensuring that they receive training on preventing bribery at least once a year, so that they can maintain a high degree of integrity in the course of operation, perform their duties, and create a good business environment.

In the Reporting Period, no bribery or corruption cases or litigations in relation to its employees were identified.

## **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.

During the Reporting Period, the Group donated RMB10,000 to the Alumni of Beijing Normal University in Shenzhen, which can be used for various activities and projects of the Alumni such as organizing alumni gatherings, academic seminars and scholarship establishment. The Group hopes that its donation could assist the Alumni in expanding its influence, improving the quality of the Alumni activities and providing additional opportunities and benefits for alumni. Concurrently, community investment may enhance the sense of corporate social responsibility, strengthening the connection between the Group and the Beijing Normal University as well as the Alumni. Consequently, corporate image and brand value could be enhanced.

In addition, the Group gives priority to hiring locals and encourages employees to participate in various charitable activities, providing volunteer and charity services for people in remote areas and communities in need, such as compulsory education, environmental protection, and community clean-up events. By supporting staff's participation in charity and volunteer services, the Group aspires to play a positive role in terms of social responsibility while employee cohesion and team spirit could be intensified. These measures will be helpful in creating a positive corporate culture and good reputation for the Company, making substantial contribution to the local community.