



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2017



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About Sunway International

Sunway International Holdings Limited (“Sunway International”), together with its subsidiaries (collectively, the “Group”), is principally engaged in construction materials business in Mainland China and financial services business in Hong Kong. Among which, construction materials business consists of the PHC Pile and Others Business and the PC Steel Bar Business; and financial services business consists of money lending, provision of asset management services, advising on securities services and securities brokerage services.

PHC Pile and Others Business, covering production, manufacturing and sales of pre-stressed high strength concrete piles, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products, represents 96.7% of the total revenue for the Reporting Year. The business is operated by Guangdong Hengjia Construction Materials Co., Ltd (“Guangdong Hengjia”), a subsidiary of Sunway International, which sells its products to customers located in Yangjiang City and its surrounding cities in Guangdong Province.

Furthermore, during the Reporting Period, Sunway International entered into memorandums of understanding with companies based in Shenzhen and Shaanxi Province, PRC and Vietnam, respectively, with an aim to tap into diversified businesses such as investment fund, new energy and land development. Through the collaboration with different parties, the Group strived to maintain its competitiveness and created values for its stakeholders.

Guangdong Hengjia has obtained the certifications of OHSAS 18001:2007, ISO 9001:2015 and ISO 14001:2015.

About this Report

This Report is the second Environmental, Social and Governance Report (the “Report”) published by Sunway International. The Report enabled stakeholders to better understand the Group’s progress and direction in sustainable development by reporting the Group’s policies, measures and performance in respect of environment, society and governance for the period from 1 January 2017 to 31 December 2017 (the “Reporting Period”). This Report is prepared in both Chinese and English, and is available on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Group’s website at www.irasia.com/listco/hk/sunway/index.htm.

SCOPE OF REPORT

The Report focuses on the major business operation of Sunway International, namely, the production and sales operation of pre-stressed high strength concrete piles (“Piles”), while the operation of ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products is not included hereof. The Report covers the Group’s production plant (the “Plant”)¹ in Yangjiang, Guangdong Province, China, which is operated by Guangdong Hengjia.

This scope of report conforms with the first Environmental, Social and Governance Report published last year, and for the readers’ convenience to compare the Group’s annual performances, we keep the structure of the Report as close as possible to that of the first one. The Report is unable to cover all operations of the Group at the moment, but the Group has been constantly improving the process of internal information gathering and will progressively expand the scope of disclosure. Due to the fact that apart from producing Piles, the Plant also produces products such as ready-mixed concrete and bricks, the Group is unable to collect individual statistics by product types. Therefore, the environmental key performance indicators in the Report cover the data of all emission and resource consumption.

REPORTING STANDARDS

This Report is prepared in accordance with the “comply or explain” provision under the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange, on the basis of four reporting principles contained in the Guide: Materiality, Quantitative, Balance and Consistency. In addition, some key performance indicators specified in the “Recommended Disclosure” under the Guide are adopted based on the actual conditions of the Group for completeness of the reporting content. A complete index is appended in the last section of the Report to help readers read the Report in accordance with the Guide.

The Group has also commissioned Carbon Care Asia, a professional consultant, to conduct a carbon assessment to ensure the accuracy of the information of the environmental key performance indicators.

ACKNOWLEDGEMENT AND APPROVAL

All the information contained herein is collected from Sunway International’s official documents, statistics, and the management and operation information collected in accordance with the Group’s policies. The Report was approved by the board of directors in July 2018.

FEEDBACKS

Sunway International values feedbacks from the stakeholders. Should you have any enquiries or comments concerning the content or the form of this Report, you are welcome to contact our Group through the following means:

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Email: raymond@sunwayhk.com

Telephone: (852) 35230598

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¹ The reporting scope of the Plant includes the production facilities and office building in the Piles workshop.

Chairman's Message

I am pleased to announce the second Environmental, Social and Governance Report of Sunway International Holdings Limited. The Group attaches great importance to the opportunities and changes brought to the Group by sustainable development issues. While complying with national standards, we do our best to improve our operation by following the concept of sustainable development, and we endeavor to develop green products such as environmental-friendly bricks and so on.

On the management of emissions, the Group has complied with the gas emission standards of the national department of environment to control the amount of boiler emission. As for sewage, the Group has established sewage treatment facilities in our production base to purify industrial wastewater and domestic sewage in order to prevent nearby environment from pollution and make sure the sewage discharge complied with the national environmental discharge standards for industrial wastewater.

To reduce the impact of our business on the environment and increase the efficiency of the usage of natural resources, the Group has attained the certificate of ISO 14001: 2015 for environmental management system during the Reporting Period. To effectively maintain water quality, the Group conducted risk evaluations on water resources. Meanwhile, we implemented different plans in respect of our operation processes to enhance the efficiency of water consumption and coal-fired boilers.

The Group always prioritizes the health and safety of our employees and adopts the occupational health and safety management system of OHSAS 18001 to enhance production safety. In addition, the Group arranges medical check-up for our employees annually to reduce the risk of occupational diseases. Employees with occupational diseases are re-designated to positions with lower risks for consideration of their safety and health needs.

The Group conducts environmental and social risk evaluations on our business partners with a view to establishing a supply chain in line with the values of sustainable development. The Group gives priority to suppliers and subcontractors who have attained ISO certification. We monitor our subcontractors by means of site inspection to ensure that their business complies with the procurement management policies of our Group.

In the long run, the Group will continue to lift our environmental and social performance, including investments on clean energies. The Group has signed a letter of intent to acquire pipes for natural gas and will promote natural gas supply in year 2018 to echo the national policy "Coal to Gas". To better understand the needs of stakeholders from all walks of life, the Group will strengthen the communication with them to constantly improve our work of sustainable development in future.

Huang Weidong

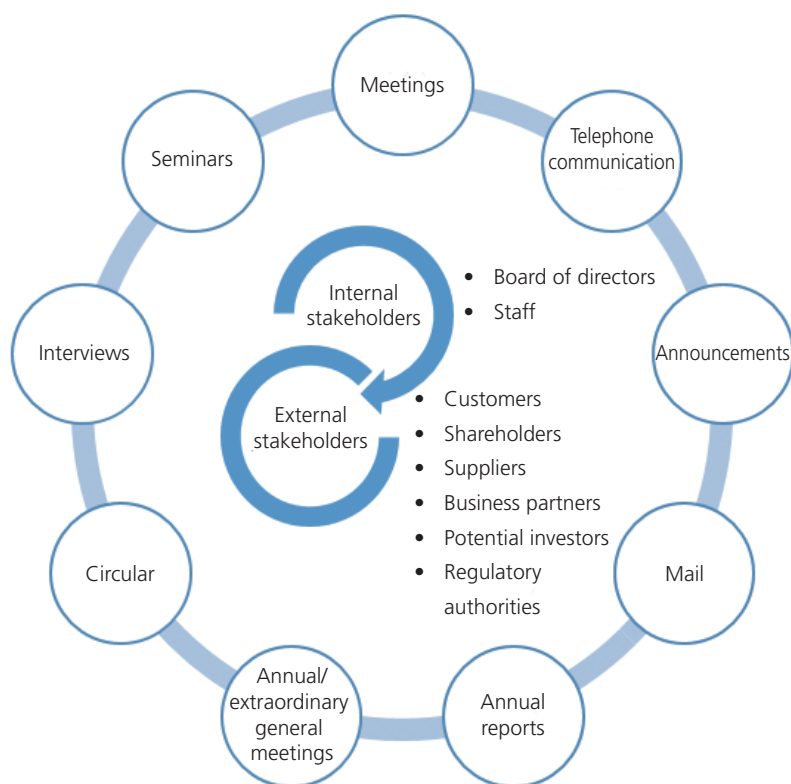
Chairman

Hong Kong
25 July 2018

Communication with Stakeholders

PRINCIPAL WAYS OF COMMUNICATION WITH STAKEHOLDERS

The engagement of stakeholders² is one of the essential parts of the business management of Sunway International, which enables the Group to identify potential risks and business opportunities. We organize exchange activities with the stakeholders to understand their views so that the business practices of the Group can better meet their needs and expectations while the views from different stakeholders can be properly addressed. The Group communicates with its key external and internal stakeholders through various channels on a regular basis. This ensures that they are able to understand the Group's development and operation approaches. It also provides an opportunity for the Group to get their views for identifying the priority of different issues and formulating respective policies.



SIGNIFICANT SUSTAINABILITY ISSUES

In the same way as last year, Sunway International commissioned an independent consultancy firm to conduct interviews with the management, with a view to recognizing environmental and social issues that are critical to the Group and its stakeholders and discussing the strategies and directions for the sustainable development of the Group. Combining our interview findings and the advice from our consultant, the Group selected 4 out of 11 environmental and social aspects from the Guide as the key issues for discussion in this Report.

To ensure the effectiveness of our communication with stakeholders, Sunway International is committed to building up communication characterized by transparency, integrity and accuracy and giving timely responses. In the future, the Group will enhance the interaction with its stakeholders. By developing more diversified channels, there will be more opportunities for us to reach out to them and establish mutually beneficial relationships.

² "stakeholders" (also referred to "parties concerned" or "interested parties") represent the groups and individuals who may have a material influence on or be impacted by the business of the Group, including internal parties such as the Board of directors and staff as well as external parties such as customers, shareholders, suppliers, business partners, potential investors and regulatory authorities.

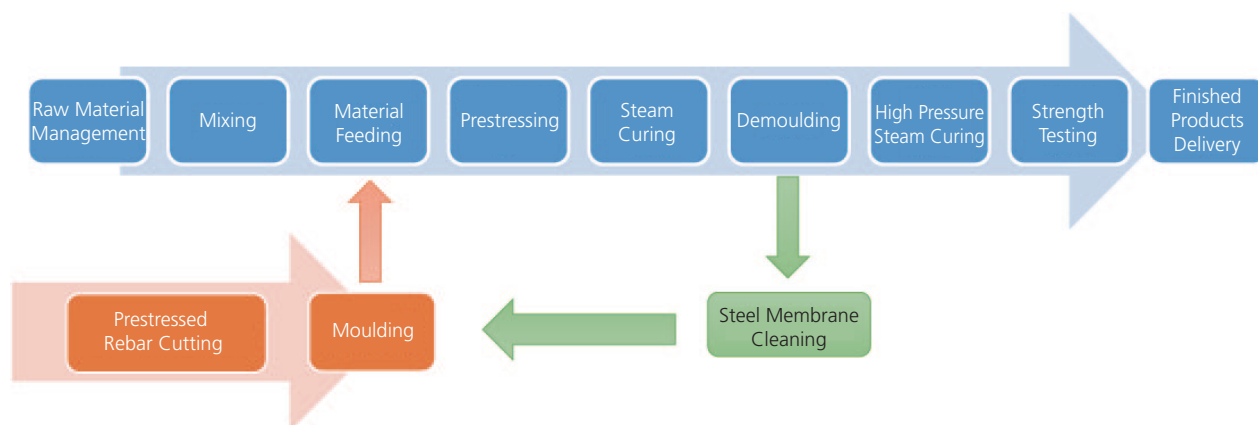
Communication with Stakeholders



Environmental Protection

Guangdong Hengjia attaches great importance to environmental protection. In the process of producing Piles, the production flow is analysed in order to identify environmental factors and track pollution sources, so as to control pollution from the root. During the Reporting Period, Guangdong Hengjia, through a new round of cleaner production review, further optimized the organizations and management systems for cleaner production and exercised control over the entire production process with fewer pollutants generated and a higher level of comprehensive utilization of resources.

GUANGDONG HENGJIA PRODUCTION FLOWCHART



EMISSIONS MANAGEMENT

The production of Piles inevitably generates emissions. Therefore, Guangdong Hengjia has formulated the Procedure Document and the Continuous Cleaner Production Plan to manage emissions, which includes solid waste disposal, exhaust gas emissions, greenhouse gas emissions and wastewater discharge.

Solid Waste Disposal

Guangdong Hengjia collects and treats the solid waste produced by different categories and arranges designated staff to manage the waste to avoid from spreading and keep the ground clean. The hazardous waste produced from the Plant includes waste oil chemicals and containers, waste oil stained cotton rags, waste batteries, ink cartridges, toner cartridges, etc. During the Reporting Period, a total of 360 tonnes of hazardous waste was generated from the Plant, among which non-recyclable hazardous waste was disposed of by institutions or individuals qualified for waste disposal, while recyclable hazardous waste, such as waste oil, surplus or expired chemicals and containers, is required to be recycled by suppliers of such materials. Non-hazardous waste is mainly divided into three categories: sludge, production waste and domestic refuse. During the Reporting Period, the Plant produced a total of 7,886 tonnes of recyclable and non-recyclable non-hazardous waste. The types and disposal methods of non-hazardous waste are presented in the table below.

Environmental Protection

Types of non-hazardous waste	Places of waste generation	Waste generation process	Characteristics	Disposal methods
Sludge	Sedimentation tanks	Concrete mixer cleaning	Concentrated, small amounts	Reused in the production of aerated bricks after mixing treatment
Scrap materials and inferior products	Production workshops	Crushing, material feeding, cutting, etc.	Scattered, large amounts	Reused in the production of aerated bricks after systemic crushing and grinding treatment
Cinder	Boiler houses	Anthracite-coal combustion	Single type, large amounts	Handled independently by the contractor of boilers
Concrete solid waste	Piles workshops	Aerated bricks workshop, mixing station	Concentrated, small amounts	Collected and classified in the Plant for massive earthwork backfilling of construction foundations
Packaging waste	Production workshops	The process of packaging products	Single type, uncertain amounts	Recycled and handled by material companies
Domestic refuse	Offices, dormitories, etc.	Daily operation	Multiple types, complicated, uncertain amounts	Transported and disposed of by municipal environmental hygiene department

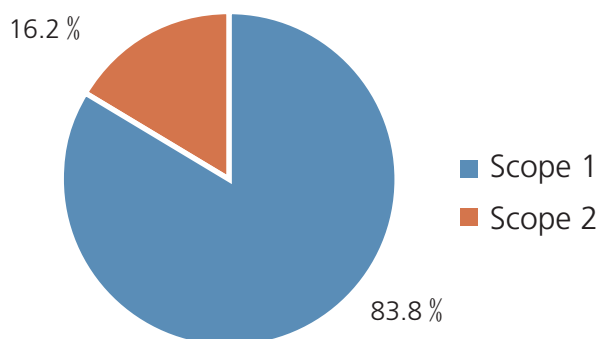
Exhaust Gas Emission

Guangdong Hengjia's exhaust gas emission mainly comprised sulphur oxides, nitrogen oxides and particulate matters generated by the combustion of automobile fuels and the combustion of boiler coals, among which the emission of particulate matters was over 2,000 kg. Exhaust gas generated by the boiler will be discharged from chimneys after processed by granite water film dust collector. In order to reduce the production of dust, measures such as sprinkling and cleaning vehicles entering and exiting the Plant are adopted. In addition, the fume and exhaust gas in the canteen will be discharged from the rooftop on the second floor after purification by the fume purification device.

Greenhouse Gas Emission

To precisely understand Guangdong Hengjia's environmental impact, during the Reporting Period, Sunway International commissioned a professional consultancy, Carbon Care Asia, to conduct a carbon assessment to calculate the amount of greenhouse gas emissions generated by the Plant. The assessment was conducted with reference to the guidelines published by the National Development and Reform Commission of the People's Republic of China, international standard ISO 14064-1 and Greenhouse Gas Protocol. The assessment reveals that the Guangdong Hengjia's main source of carbon emissions is the combustion of anthracite, the raw materials of boilers, representing 83.8% of the total emission.

Greenhouse Gas Emission (by Scope)



³ "Guidelines of the Greenhouse Gas Emissions Accounting and Reporting for Other Industrial Enterprises (for Trial Implementation)"

Environmental Protection

Carbon Intensity 3.0 tonnes of carbon dioxide equivalent/square meter
Total Greenhouse Gas Emission 23,087.2 tonnes of carbon dioxide equivalent

In response to the national goal of addressing climate change and achieving low-carbon transformation and development, the Group will initiate study on the formulation of carbon reduction targets based on the carbon emission data for the Reporting Period and increase coal economizers according to the consumption of anthracites so as to enhance the efficiency of boilers.

Wastewater Discharge

Wastewater generated in the course of operation of Guangdong Hengjia mainly comprised production wastewater and domestic wastewater. Production wastewater is mainly generated from steam condensation, production in each workshop and cleaning of materials, equipment and vehicles. Wastewater from the Plant will be recycled after processed by three-level sedimentation, and the recycled wastewater will be used in the production of concrete and aerated brick. Domestic wastewater generated from facilities such as offices and canteen will be qualified to be discharged to municipal sewage pipeline network after biochemical treatment.

USE OF RESOURCES

Guangdong Hengjia is committed to encouraging our employees to cherish and make optimal use of resources. Anthracite coal, electricity, water and raw materials are the major types of resources consumed by Guangdong Hengjia. During the Reporting Period, Guangdong Hengjia took a series of measures to conserve resources.

The Plant collects the steam generated from combusting anthracite coal in boilers and uses it for the autoclaving and steam-curing procedures of products. The reused steam is also used to raise the temperature of the water flowing into the boilers, thereby enhancing the efficiency of the boilers. An economizer is installed in the lower part of the boiler flues to raise water temperature with the boilers' residual heat and raise the temperature of the steam water with the discharged waste steam of autoclaves and heated water, so as to save anthracite coal. Meanwhile, Guangdong Hengjia also strengthens the management of coal yard, supervises the storage, stowage and blending ratio of anthracite coal, and stabilizes the operation of boilers by adopting low-load stable combustion technology to improve the coal utilization rate and the boilers' combustion stability. During the Reporting Period, the Plant saved an aggregate of 137 tonnes of standard coal and 960 tonnes of steam.

The electricity used by the Plant is provided by municipal power grid. The centrifuges and mixers in the workshops are the major equipment that consume electric power. During the Reporting Period, the Plant established an energy management system and completed the replacement of inefficient electrical machines for energy conservation, reducing its energy consumption by a total of 320,000 kwh.

Guangdong Hengjia's water consumption mainly comes from production, as well as office and domestic use. Water used for production is primarily extracted from nearby rivers, while water used for office and domestic use comes from municipal water supply. A water recycling system was set up in the Plant to collect and treat wastewater from each workshop and reuse it collectively. At present, zero discharge of water from production is basically realized. The Administrative Department of Guangdong Hengjia has formulated a management system by implementing water-saving measures, recording and calculating the water consumption in the Plant and living areas. During the Reporting Period, Guangdong Hengjia consumed a total of 195,000 m3 of water and saved 7,227 m3 of water in aggregate.

The major raw and auxiliary materials in the production process of Guangdong Hengjia include cement, fly ash, river sand, stone powder, steel bars, aluminium powder, water reducer, etc. Neither the delivery nor the sale of products involves product packaging. Under the premise of ensuring product quality, the Plant reduces the use of traditional raw materials by optimizing the production process and using new environmental-friendly raw materials (such as mineral admixtures and desulfurized gypsum). During the Reporting Period, the Plant saved a total of 1,500 m3 of sand and gravel.

Environmental Protection

THE ENVIRONMENT AND NATURAL RESOURCES

In order to identify the environmental factors which may cause impact in the course of operation of Guangdong Hengjia, Guangdong Hengjia identifies, accesses and controls the hidden dangers of accidents and the potential environmental risks it may cause in accordance with the Procedure Documents. Guangdong Hengjia has a safety department responsible for formulating and supervising the implementation of the procedure, gathering and reviewing all those environmental factors and hazards identified by each department, compiling "The List of Crucial Environmental Factor" and "The List of Major Hazards", and commencing relevant tasks on risk control.

Guangdong Hengjia adopts the analysis of production processes to identify the environmental factors and hazards in each of the operation units (e.g. autoclave sterilization), complemented with site visit, questionnaire, information collection, statistics, meetings, expert consultation, reviews on product lifecycle, input and output method etc., with a view to minimizing the impact on the environments from the production processes. The safety department of Guangdong Hengjia re-identified and accessed environmental factors and hazards of the Plant on December to ensure its applicability. The environmental factors and hazards identified by Guangdong Hengjia in the Reporting Period included potential fire hazards, discharge of hazardous waste and noise emission.

As for identified environmental hazards, the safety department has formulated and supervised the implementation of the respective administrative measures in each of the workshops to prevent occurrence of any safety incident. As to address any emergencies, including leakage of chemical or oils, ignition, explosion, poisoning, fire and failure in any environmental facilities, which pose a threat to officer safety and do harm to the environment, Guangdong Hengjia has formulated "Contingency Plan for the Risks" and "Procedures for Emergency Preparedness and Response" and established a rescue team and a working group to ensure timely measures will be taken to minimize or eliminate the impacts on the environment and to protect against any illnesses caused, damages or losses on properties if any emergencies happen.

As for noise emission, the Plant reduces the noise level from sources. The sources of noise emission from the Plant are mainly from the use of machineries such as blending equipment, ball-milling equipment, reinforcing bar cutting machine, blower, induced fan and water pumps. In this regard, the Plant use equipment with vibration isolating and absorbing function, and shock absorbers and muffler would be placed when the equipment is in use. Meanwhile, the Plant strives to enhance the level of automation in the workshopsto minimise the noise effects on the environment, our staff and neighboring residents.

Guangdong Hengjia recognizes that the participation of each staff play an important role in achieving energy conservation and environmental protection of a corporation. The Plant raises its staff members' awareness on energy conservation and emission reduction through diversified channels, among the others, including organizing a quiz activity on cleaner production for workshops and departments, inviting cleaner production technical service firms for a lecture training, broadcasting and publicizing the concepts on environmental protection, distributing cards contained knowledge about cleaner production to the staff members at the canteen, as well as posting slogans and posters about cleaner production on notice board and at prominent places in the workshop.

During the Report Period, there were not reported cases or non-compliance in relation to emission or environment found in the Plant of Guangdong Hengjia.

Staff Care

Sunway International regards the staff as its important cooperative partners. We provide the staff with a harmonious and high-quality work environment by continuously optimizing our human resources management system and keep attracting and cultivating talents.

HEALTH AND SAFETY

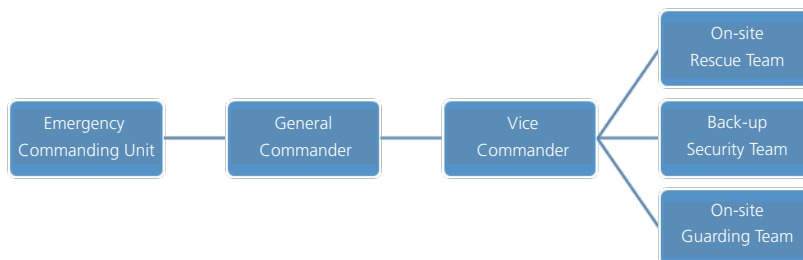
Guangdong Hengjia values the health of every employee and strives to provide the staff with a safe and reliable work environment. During the Reporting Period, with reference to international standards⁴, Guangdong Hengjia compiled Quality, Environment and Occupational Health Safety Procedure Documents (the "Procedure Documents") with an aim to ensure that risks and opportunities are identified, supervised and assessed during the course of production, and to meet the staff's expectations and needs with regard to risk identification. Pursuant to the Procedure Documents, the Plant governs and controls risks of occupational health during the course of production. It also encourages every employee to value and play a part in the protection of his or her own occupational health and safety.

Guangdong Hengjia incorporates the health and safety ideas into daily production work. To ensure safe operation by employees, Guangdong Hengjia formulates a team to carry out daily equipment maintenance and compiles a minute book of procedures and instructions for employees to teach them the correct ways of using equipment such as the steel bar frame roll welding machine (鋼筋骨架滾焊機). Guangdong Hengjia requires all employees to receive safety training before they start to work; while employees of special positions need to receive professional training such as safe use of gantry crane and bridge crane before they set out to work. Guangdong Hengjia also monitors the staff to ensure that they wear protective gears for work correctly and organizes medical examinations for them periodically.

Guangdong Hengjia is concerned about positions in which crane injury accidents may occur. Involved working areas include pile production workshop, steel bar workshop, pile yard, aerated brick yard and permeable yard and so on, which are subject to potential dangers such as fire, traffic accident, electric shock, falling from height and machinery damage. To effectively avoid and control the occurrence of emergency incidents, Guangdong Hengjia has implemented Safe Production and Incident Emergency Plans and established an emergency operation center, which is mainly responsible for missions including rescue planning and arrangements, staff and material deployment, and rescue and consolation of the injured, so as to provide the staff with emergency rescue security. During the Reporting Period, Guangdong Hengjia has organized fire drills for the staff, delivered a detailed explanation on how to use dry powder and CO2 fire extinguishers, and allowed the staff to practise. This increased the staff's awareness of fire prevention and enhanced their ability to cope with emergencies.

⁴ The international standards Guangdong Hengjia made reference to include ISO 9001:2015 International Quality Management System, ISO 14001:2015 International Environment Management System, and OHSAS 18001:2007 International Occupational Health and Safety Management System.

ORGANIZATION CHART OF THE EMERGENCY OPERATION CENTER



During the Reporting Period, there were no fatal occupational injuries in Guangdong Hengjia, but there were 16 occupational injuries in the Plant. Guangdong Hengjia records the cause, time, location and result of all incidents and, adopts measures in respect of such causes to avoid reoccurrence of similar incidents. The injuries of the staff were mainly due to their lack of awareness of the potential dangers in equipment operation, leading to injury incidents such as crushing, slamming and cutting; some employees were not aware of the grease on the ground, or its slipperiness, leading to slipping incidents. All injured employees have received proper medical treatment, occupational injury compensation and sick leaves. Thereafter, Guangdong Hengjia enhanced daily inspection of safe production and organized safety training sessions before and after work for employees every day with a view to raising their safety awareness and minimizing the probability of occupational injury.

During the Reporting Period, no cases of non-compliance with laws and regulations in respect of health and safety of the employees have been found in the Plant of Guangdong Hengjia.

EMPLOYMENT SYSTEM

Guangdong Hengjia considers its employees an important partner in its business growth. It is committed to offering a competitive employment system to the employees in order to retain talents. Guangdong Hengjia has established the "Human Resources Management System" covering, among others, recruitment system, remuneration and benefit system, leave, appraisal mechanism, assessment and promotion system, deployment system and resignation and dismissal system. Employees can understand their own rights with an open and transparent employment system. Guangdong Hengjia also encourages its employees to play an active role in exchanging views with the management, engaging themselves in policy formulation and review as stated in the "Procedural Document".

Staff Care

Guangdong Hengjia adopts knowledge, morality, capabilities, experience and physical fitness as its criteria for open recruitment. It provides equal opportunities for all job applicants without discrimination and prejudice on the grounds of gender, race and disability. Employment of the disabled is also considered and highly encouraged. Meanwhile, Guangdong Hengjia advocates the development of a diversified working environment by actively recruiting employees from all walks of life with different kinds of experience. It intends to formulate its diversity policies in the upcoming year with a view to making Guangdong Hengjia a diversified and inclusive big family.

Number of employees	Proportion of new employees	Staff turnover rate
334	16.5 %	29.6%

Due to the nature of its business, the male-to-female ratio of the number of employees in Guangdong Hengjia is extreme. The ratio of remuneration on average between male employees and their female counterparts is 1.31:1. Besides, since the industry has a relatively high mobility, the turnover rate of Guangdong Hengjia's employees during the Reporting Period was relatively high. In the future, Guangdong Hengjia will continuously examine and optimize its employment system by making effort in maintaining gender balance of the staff and the ratio of remuneration between male employees and their female counterparts, as well as working on policies to retain talented employees so as to reduce their turnover rate.

During the Reporting Period, neither any cases of non-compliance with laws and regulations in respect of employment and labour practices nor complaints on discrimination or sexual harassment have been found in the Plant of Guangdong Hengjia.

DEVELOPMENT AND TRAINING

Guangdong Hengjia pays great attention to its staff's continuous development. It provides its staff with training programmes in order to enhance the quality and efficiency of their work. Training System requires that the Human Resources Department should formulate the Training Memorandum and implement on-the-job training systematically for the staff in accordance with Training Memorandum. Staff is also encouraged and supported to pursue further studies in their spare time to seek self-improvement. Meanwhile, Guangdong Hengjia has set up Promotion and Appraisal System to motivate its staff. Appraisal is conducted on the principle of openness and justice, and the details of appraisal are determined according to positions and duties, also, the principle of quantitative scoring is adopted. Factors including working efficiency, conduct, attitude and knowledge of staff will be accessed, and which will be used as the basis for the payment of year-end bonuses, internal promotions and redesignation.

During the Reporting Period, in addition to the provision of corporate system and corporate culture training, safety training and occupational health management training, Guangdong Hengjia also provided the staff of different departments with professional techniques trainings, for example special equipment operation training, financial management system training, product knowledge training and raw materials incoming inspection standards training. Guangdong Hengjia provided training for all the general staff during the Reporting Period, representing 93.4% of the total number of staff, with average training hours per employee amounted to 9 hours.

LABOUR STANDARDS

It was stipulated in Human Resources Management System of Guangdong Hengjia that newly employed staff must be 18 years of age or older and no child labour and juvenile workers should be employed. Guangdong Hengjia checks the original copies of candidates' document, such as identity card, academic qualification and professional qualification certificates and a coloured recent photograph will be collected to be kept as detailed record during employment process, to avoid child labour and juvenile worker. In addition, Guangdong Hengjia enters into a labour contract with every employee to specify working hours. If overtime work is needed, employee should complete the Overtime Work Application Form and they will be granted compensatory leave or overtime payment as stipulated upon approval. Guangdong Hengjia does not restrain the employment relationship between employees and the company in any unfair manner and employees may tender voluntary resignation by completing the Employee Resignation Form.

During the Reporting Period, there were no cases of non-compliance with laws in relation to child or forced labour identified in the Plant of Guangdong Hengjia.

Operational Practices

Sunway International attaches importance to credible and honest working relationships and recognises that the enhancement of product responsibility management guarantees its long-standing relationships with its business partners.

SUPPLY CHAIN MANAGEMENT

Guangdong Hengjia attaches great importance to the cooperation with its business partners and believes that a long-term and stable cooperation with them will help Guangdong Hengjia to continuously improve its operational procedure and product quality, thereby enhancing corporate competitiveness. In order to ensure that the products or services provided by suppliers conform to the specific requirements of Guangdong Hengjia and its customers, the Procedure Document provides clear guidance for staff of procurement department to evaluate suppliers, aiming to convey to suppliers Guangdong Hengjia's requirements for the quality of the purchased products, environmental protection and safety.

SUPPLIER EVALUATION PROCEDURE

Identification of potential suppliers	Sample test	On-site evaluation	Comprehensive assessment	Regular evaluation of qualified suppliers
<ul style="list-style-type: none">categorised record of relevant suppliers	<ul style="list-style-type: none">inclusion of the sample into The List of Qualified Suppliers after passing the test	<ul style="list-style-type: none">evaluation of production capacityquality management system and environment management systemconfiguration of production facilities in the factory	<ul style="list-style-type: none">production capacitydelivery capacityquality capacityenvironmental protection capacity	<ul style="list-style-type: none">assessment of quality, delivery period and willingness to cooperate every three months

Supplier Evaluation

Guangdong Hengjia emphasizes the quality of the goods provided by its suppliers and understands that the quality of end products can be guaranteed only if the quality of raw materials is controlled at source. Guangdong Hengjia has established the Inspection Procedure for Materials of Suppliers to inspect large amounts of materials to be sent for inspection. Such suppliers must pass the inspections conducted by the technical department of the consuming unit and a third-party authoritative organization before they become qualified suppliers of Guangdong Hengjia. Guangdong Hengjia has also enhanced the management of qualified suppliers by regularly inspecting their certificates, such as discharge permits, employment permits, quality system certificates, etc. Under the same conditions, priority will be given to suppliers who have received ISO 9001 and ISO 14001 certificates.

Operational Practices

Based on the evaluation scores, Guangdong Hengjia classified suppliers into four levels, namely A, B, C and D, and will procure materials from A-level suppliers first, while those classified as D-level suppliers will be disqualified. During the Reporting Period, there were four suppliers providing products or services to Guangdong Hengjia, including suppliers of bulk cement, water reducing agent and end panel, etc.

In order to achieve a continuous operation, Guangdong Hengjia has established Preventive Measures for the Management of Environmental and Social Risks in the Supply Chain to identify, evaluate and control risks that may be brought about by suppliers. The Suppliers Research and Response Policy has also been formulated to address and mitigate losses arising from supplier risks. The risks under control mainly belong to social risks related to product liability, including supply interruption and bankruptcy risk, transportation risk, quality risk of product supply (e.g. purchase of adulterated raw materials). Next year, Guangdong Hengjia will conduct a more comprehensive analysis on supply chain risks and formulate policies and measures to control environmental risks in the supply chain.

PREVENTIVE MEASURES FOR SOCIAL RISKS OF SUPPLIERS

Measures	Description
Adopt cutting-edge information technology to enhance information exchange and sharing	Develop an interconnecting supply chain where data and information are intact, reliable and safe
Establish a supply chain system with multiple suppliers and various supply channels	Ensure a stable supply of products or services
Conduct follow-up evaluations on suppliers	Carry out evaluations on the quality, costs, technological development and credit of suppliers to identify and solve problems in a timely manner
Maintain a flexible supply chain	Localise enterprise products to cater for actual local conditions and establish an incentive mechanism for suppliers

PRODUCT RESPONSIBILITY

Guangdong Hengjia places great importance on product responsibility and implements strict quality control in every process, including manufacture and finishing. Meanwhile, it manages matters like product description and protection of customers' privacy.

Meeting customers' requirements on design and production has been the operation philosophy of Guangdong Hengjia. Guangdong Hengjia collects client's opinions and recommendations according to the Procedure Documents to identify the needs of customers. In addition to complying with the relevant national standards of pipe piles, Guangdong Hengjia also adjusts its quality policy and objectives, as well as service items and standards in accordance with customer requirements to conduct its production. To ensure product quality, Guangdong Hengjia regulates quality control measures throughout the production process from material preparation to production, loading to pre-transporting, including material check-ups, control on material consumption, tests on semi-finished products and finished products, as well as handling of substandard products. The Procedure Documents also regulate the control on quality risks, stipulating the responsibility of Guangdong Hengjia to customers' safety during the provision of products and services.

Operational Practices

Guangdong Hengjia also extends its product responsibility to after-sales management. In order to ensure that the products can be adopted and used by customers for the expected purpose, Guangdong Hengjia maintains close communication with customers, actively responds to customer complaints, collects feedback from customers for analysis to improve quality management system. If a customer returns product, a series of measures will be taken in accordance with the Substandard Product Control Procedure, including reason analysis, marking, isolation, rework or scrapping.

During the Reporting Period, Guangdong Hengjia received two complaints from customers against the quality of pipe piles and handled them in accordance with the Customer Complaint Handling Process. Upon receipt of the complaints, Guangdong Hengjia immediately arranged pipe pile technicians to meet the customers on site and understand the situation. The two complaints during the year were both about slurry leakage caused by product quality. Guangdong Hengjia arranged replacement of the products with the same specification that met the quality requirements for the customers, and they were satisfied with the results.

Despite the fact that the business of Guangdong Hengjia does not involve advertising and product labelling, it places due emphasis on providing its customers with sufficient and accurate information. The Product Instruction Manual and the Brochure give customers a description of technical services, product features and instructions for use. Guangdong Hengjia recognizes the importance of protecting intellectual property and safeguarding customer information. Employees who maintain close contact with the customers are required to perform their obligation of confidentiality by signing a confidentiality agreement when necessary.

During the Reporting Period, no cases of non-compliance with laws and regulations in respect of product liabilities have been found in the Plant of Guangdong Hengjia.

ANTI-CORRUPTION

Anti-corruption is one of the basic principles in the corporate social responsibility defined in the international society. In recent years, the Chinese government has been actively promoting the notion of probity. Guangdong Hengjia advocates corporate culture that demonstrates loyalty, integrity, rigour and self-discipline. Staff members are strictly prohibited from any corrupt practice or to accept any advantages from their work. We are committed to operating our business with honesty and integrity.

Guangdong Hengjia has incorporated the management principle of anti-corruption into our operations and explains relevant requirements in "Employee Handbook" and "Human Resources Management System". To avoid damages to the Company's properties and interests, Guangdong Hengjia stipulates that all staff members shall observe work ethics in dealing with suppliers, distributors and other business partners, thereby eradicating any form of commercial bribery. Staff members could report non-compliance to the administration department via email or the suggestion box.

During the Reporting Period, Guangdong Hengjia has not identified any report or non-compliance in relation to corruption.

Community Investment

Guangdong Hengjia has been striving to understand the needs of the local community. In response to the government's appeal, it provides support in terms of technique, manpower and capital in the areas of education, environmental issues and poverty. During the Reporting Period, Guangdong Hengjia, based on the expertise of its staff members and characteristics of the industry, provided pavement blocks with a value of RMB10,000 to Shuangjie Zhongxin Primary School (雙捷中心小學) and organised a group of volunteers for paving to the school. Meanwhile, Guangdong Hengjia aided Baini Village (白坭村) with a subsidy of RMB250,000 and organized twenty volunteers for constructing pavements within Baini Village. Apart from that, Guangdong Hengjia also participated in "30 June Guangdong Poverty Alleviation Day (6.30 廣東扶貧濟困日)" and donated RMB35,000 as poverty funds to targets of poverty alleviation set by the government to foster local community development.

In the future, Guangdong Hengjia will examine the society needs in depth to formulate specific policies and plans for community investments, which in turn could enhance the bond between Guangdong Hengjia and the society.

Summary of Environmental Key Performance Indicators

ENVIRONMENTAL PERFORMANCE

Categories of emissions		Amount of emissions
Air Emissions	Nitrogen Oxide (kg) ⁵	182.2
	Sulfur Oxide (kg) ⁴	1.7
	Particles (kg)	2,007.8
Greenhouse Gas Emissions	Total amount of greenhouse gas emissions (tonne CO ₂ -e)	23,087.2
	Scope 1: direct greenhouse gas emissions	19,341.9
	Scope 2: energy indirect greenhouse gas emissions	3,745.3
	Density of greenhouse gas (calculated by area in sq.m.: tonne CO ₂ -e/sq.m.)	3.0
Categories of waste		Amount of waste generated
Waste	Total amount of hazardous waste generated (tonne)	360
	Density of hazardous waste (calculated by area in sq.m.: tonne/sq.m.)	0.04
	Total amount of non-hazardous waste generated (tonne)	7,886.0
	Density of non-hazardous waste (calculated by area in sq.m.: tonne/sq.m.)	1.0
Categories of consumption		Amount of consumption
Energy Consumption	Total amount of energy consumption (GJ)	272,492.5
	Anthracite (GJ)	246,761.8
	Gasoline (GJ)	53.8
	Diesel (GJ)	97.2
	Electricity (MWh)	7,105.5
	Density of energy (calculated by area in sq.m.: GJ/sq.m.)	34.9
Categories of consumption		Amount of consumption
Water Consumption	Total volume of water consumption (m ³)	195,000
	Density of water consumption (calculated by area in sq.m.: cubic meter/sq.m.)	25.0

⁵ The emission of sulfur oxide and nitrogen oxide includes only the emission data of car fuel combustion.

Summary of Environmental Key Performance Indicators

SOCIAL PERFORMANCE

	Category	Below 30	30–40	41–50	Above 50	Total	Percentage of male and female employees
Number of employees	Male	45	77	82	55	334	3.45:1
	Female	17	21	30	7		

	Category	Chief executive management	Senior management	Middle management	general officer	Total	Percentage of male and female employees (2016)
Number of employees	Male	4	2	14	239	334	3.32:1
	Female	0	0	2	73		

	Category	Below 30	30–40	41–50	Above 50	Total	Percentage of new employees	Percentage of new employees (2016)
Number of new employees	Male	16	10	13	9	55	16.5%	14.1%
	Female	4	2	1	0			

	Category	Below 30	30–40	41–50	Above 50	Total	Percentage of new employees	Percentage of employees lost (2016)
Number of employees lost	Male	19	25	24	15	99	29.6%	23.4%
	Female	4	6	5	1			

	Employee category	Number of work-related fatalities	Number of work-related injuries	Work-related injury rate per thousands of employees	Lost days due to work injury	Percentage of working day lost	Number of days of absence	Percentage of absence
Number of work related fatalities or injuries	Male	0	14	48	248	0.4%	428	0.7%
	Female	0	2		151		271	

Summary of Environmental Key Performance Indicators

	Employee category	Chief executive management	Senior management	Middle management	General staff	Percentage of number of trained employees
Number of trained employees	Male		0		239	93%
	Female		0		73	
Percentage of number of trained employees	Male		0%		100%	100%
	Female		0%		100%	

	Employee category	Chief executive management	Senior management	Middle management	General staff	Average training hours (per employee)
Total training hours	Male		0		2,592	8.9
	Female		0		378	
Average training hours per employee	Male		0		10.8	5.2
	Female		0		5.2	

Number of suppliers	Location of supplier	Product or service provided	Percentage of suppliers execute Relevant Practices ⁶
2	Mainland China	Bulk Cement	100%
1		Water Reducing Agent	100%
1		End Panel	100%

	Area of donation	Name of project and beneficiaries	Number of volunteers	Volunteering hours (hours)	Amount of investment (RMB)
Community investment	Education	Shuangjie Zhongxin Primary School	10	24	10,000
	Environmental issues	Baini Village	20	80	250,000
	Poverty alleviation	6.30 "Guangdong Poverty Alleviation Day"	0	0	35,000

⁶ Relevant Practices refer to the review on supplier's assessment procedures and engagement procedures mentioned in the Procedure Documents. Please refer to the descriptions on supply chain management in the Report for details.

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A2 Use of Resources		
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A2.3	Description of energy use efficiency initiatives and results achieved	7
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	7
A2.5	Total packaging material used for finished products and with reference to per unit produced	The operation of Guangdong Hengjia does not involve packaging material used for finished products
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	8
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B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	13–14
B6.2	Number of products and service related complaints received and how they are dealt with	13
B6.3	Description of practices relating to observing and protecting intellectual property rights	13
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B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	14
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B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	15
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