上諭集團控股有限公司
SHEUNG YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1633)

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT YEAR 2017

1. Introduction and Reporting Scope

This is the first year for the Group to prepare a report covering the Environmental, Social and Governance ("ESG") highlighting information as well as performance for SHEUNG YUE GROUP HOLDINGS LIMITED (the "Company") and its subsidiaries (collectively referred to as the "Group"). This report has been prepared in accordance with the requirements of the "ESG Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Foundation works are the Group's most significant business segment and principally undertaken by our key operating subsidiary, Simon & Sons Engineering Limited. The scope of this ESG report ("Report") covers the Group's head office and activities both in Hong Kong and Macau.

This Report covers the period from 1 April 2016 to 31 March 2017, which coincides to the Group's latest published annual report for the financial year ended 31 March 2017. Our Group always strives to identify, manage and improve our standard of ESG and strictly complied with statutory requirements as well as ordinances, regulations and other legislative requirements. The Group will keep strengthening our performance in environmental and social aspects as part of our business development.

2. Stakeholders' Engagement

Stakeholders' perspective on ESG shall include owners, government authorities, customers, bankers, investors, employees, business partners, sub-contractors, suppliers, unions, various kinds of media and community organizations in general.

The Group realizes that communication with stakeholders is important. An effective communication shall be achieved via diverse range of continuous assessments and feedback collection through our internal and external meetings with our stakeholders. Various communication channels shall include but not limited to annual general meeting, employee suggestion box, site visits, client satisfaction surveys, telephone enquiry, periodical sub-contractor and supplier evaluation.

3. Environmental Protection

Our Group is engaged in undertaking foundation works and some environmental impacts may cause emissions and wastes during operation. We have taken various measures to mitigate and/or avoid such impacts as follows:

3.1 Design and Planning

- Careful design and planning with good site management to minimize over-ordering and generation of waste materials such as concrete, mortars and cement grouts.
- Proper control and documentation on material flow to minimize over-ordering.
- Surplus materials shall be returned to stock in centralized area with suitable protective measures.

- Formwork and hoarding system, if required, will use durable and reusable systems (e.g. steel formwork and plastic fence) to replace timber formwork wherever practicable. No virgin forest timber but salvaged wood should be used as far as practicable. Timbers, if required, should be from Forest Stewardship Council ("FSC") certified and/or American Forest and Paper Association ("AFPA") certified forests or their equivalent. Timber system should be properly maintained to allow maximum reuse. Proper records, certificates, invoice receipts, etc. should be maintained for timber usages.
- Raw materials will be utilized as much as possible to avoid wastage. This will include the conservation of paper in the site office such as use of both sides of papers.

3.2 Reuse and Recycle

- If possible, items such as hoardings, formworks, scaffoldings, trench supports, timbers will be reused.
- Suitable metal shall be recovered on site for collection by recycling contractors.
- Cardboard and paper packaging (for plant, equipment and materials) shall be recovered on site, properly stockpiled in dry condition and covered to prevent cross contamination by other construction and demolition ("C&D") materials.
- Demolition debris from demolition works shall be sorted to recover on site broken concrete, reinforcement bars, mechanical and electrical fittings as well as other building services fittings/materials that have established recycling outlets.
- Deployment of three-colour coded bins to facilitate general refuse recycling and collection by respective waste recyclers.

3.3 On-Site Sorting

To facilitate reuse and recycling, on-site sorting of C&D materials will be adopted. The following considerations should be given to the on-site sorting:

- Sorting should be made at the source of generation as much as possible to avoid double handling.
- All non-inert materials, which cannot be reused, should be removed off site as soon as practicable in order to optimize the use of the on-site storage space to minimize potential environmental impact.
- Sorted inert C&D materials for disposal to public filling outlets should contain no observable non-inert materials.
- General refuse generated on the site shall be sorted away from the inert C&D materials or reusable/recyclable C&D materials.

3.4 Air Pollution and Carbon Emission

Fugitive dust impact as well as the carbon emission will be the key air quality concern during the construction works related to the followings:

- Drop hammer driving steel pile, drop hammer driving steel sheet pile, hydraulic hammer (single acting) driving steel pile;

- Drilling rig including associated tool and equipment such as drill tube, drill rod, casing, casing shoe, crawler crane, air compressor;

- Excavator, lorry for transportation and electricity generators; and moving of plant or vehicles within site.

In order to ensure that dust emission is minimized during the construction phase of the project, relevant dust control requirements set out in the Air Pollution Control (Construction Dust) Regulation should be met.

Recommended dust mitigation measures to minimize dust and the effects of dust on sensitive receivers during works on site will include but not limited to the followings:

- Erection of suitable hoarding and ensuring pavement of access roads.

- Frequent watering of the worksites with active dusty operations and watering of all dust emission sources particularly during dry weathers.

- Coverage of dusty materials or stockpile of dusty materials by impervious sheeting with enclosure extending at least 1 meter above and beyond the store materials.

- The portion of road leading only to a construction site that is within 10 meters of a designated vehicle entrance or exit should be kept clear of dusty materials.

- Every vehicle should be washed to remove any dusty materials from its body and wheels before leaving the construction sites.

- The vehicle washing area and the section of the road between the washing facilities and the exit point should be paved with e.g. concrete, bituminous materials or hardcore or similar.

- Dusty vehicle loads transported to and from the work location to be covered by tarpaulin sheets and not to be overloaded.

- Drop height of excavated materials to be controlled to a minimum to limit fugitive dust generation from unloading as far as practicable.

- Use cleaner fuels for sulphur dioxide reduction, adopt catalytic converters or particulate traps where appropriate.

- Endeavour to position engine exhaust away from sensitive receivers and/or use screens to shield emission source from sensitive receivers where appropriate.

- Vehicles entering or leaving the construction site have to pass through the wheel washing facility to ensure that no soil or sand is taken on to outside roads;

In office, various methods to reduce paper waste and overall energy consumption have been implementing as follows:

- Use recycled paper for general printing and fully utilizing double-sided printing.
- Recycling of discarded or shredded waste paper.
- Reduced use of paper by fully utilizing electronic copies and corresponding email.
- Use recycled envelope in general operation if not use for mailing.
- Procurement of less energy consumption but higher efficiency products, e.g. electrical appliances with energy label 1 or label 2.
- Switch off or turn to energy-saving mode when those electrical appliances are not in use;
- Less using disposable paper cup and dishware.

3.5 Wastewater Pollution

Water quality impacts arising from carrying out works activities should be minimized by implementation of suitable mitigation measures and through good management practices. No adverse water quality impact is anticipated due to the operation of the works.

Wastewater Pollution Control Ordinance should be complied with measures taken to reduce water quality impacts due to various construction activities such as construction site runoff, sewage from workforce, accidental spillage of chemicals and wastewater, will be as follows:

- To avoid discharge directly or indirectly or cause or permit or suffer to be discharged into any public sewer, storm water drain, channel, stream-course or sea, any trade effluent, foul or contaminated water without prior approval from EPD.
- To direct foul water effluent to a foul sewer or to a sewage treatment and disposal facility either directly or indirectly by means of pumping or other means if any toilet facilities are erected.
- All surface runoff, wheel washing water or other types of wastewater being generated should be collected to a sedimentation tank in order to remove sand/silt before going to the treatment facility for further treatment before discharge as per the requirements of the discharge license.
- Use of sand/silt removal facilities to treat the wastewater before discharging.
- Open stockpiles of construction materials be covered with tarpaulin during rainstorm.
- To contain all surface runoff generated from works within the site.
- Seal all sewers and drainage connections to prevent building debris, soil and sand entering public sewers/drains.
- Road between wheel wash bay and public road be paved with backfill to avoid site run-off from entering public road drains.

3.6 Noise Pollution

Noise will be generated from the site operation especially in the following types of work:

- Piling works by using machines.
- Operation of various kinds of power mechanical equipment ("PME") and plants like excavators, electricity generators, etc.
- Excavation, breaking up of rock, by backhoe.
- Mobilization of plants and vehicles within site.

Construction works will not be carried out during 1900 to 0700 hours all days or any time on Sundays or general holidays, noise monitoring will mainly be conducted during 0700 to 1900 hours on normal working weekdays. Noise Control Permit (NCP) shall be obtained if percussive piling method being used.

The following mitigation measures are to be adopted during the construction of the project to alleviate potential construction noise impact.

- Use of quiet construction equipment with low sound power level where necessary.
- Implementation of good site practice and noise management through judicious work scheduling and proper plant/equipment maintenance.
- Any excessive noisy construction activities will be reduced by means of silencer, mufflers, acoustic linings or shields, acoustic sheds or screens. Where noise barriers are necessary to be erected for screening purposes, this barrier should be gap free. After erection the noise barriers will be properly maintained at all times that any gaps or openings will be repaired promptly to ensure effectiveness.

Wherever possible, active works will be arranged in a sequence to limit the numbers of plant working in that area in order to mitigate the noise impact.

4. Human Resources and Community

4.1 Fair Working Environment

The Group creates a fair employment environment to our employees on the non-discrimination principle of gender, age, race, marital status, sexual orientation and religious belief, etc. Using forced labour, child labour and illegal workers as our task forces are always prohibited in our position.

The Group offers a variety of job opportunities and promotion for staff depending on their performance and talent after annual review. In addition, overtime work is not encouraged in our Group; but if required in order to meet project deadlines, compensatory leave will be granted in return.

4.2 Safety and Health Monitoring

The Group always put safety and health at a high priority both in office and on site. All workmen and supervisory staff are provided with safety induction training, toolbox talk and other relevant safety training as required before entering the site for works. Safety procedures with policies are established at workplace with regular review by our Director among the members of "Safety and Health, Environmental and Energy Committee (SHEE)". Safety officer has been engaged to ensure the effectiveness of the safety management system of the Group by performing regular safety inspection and responsible for coordinating various kinds of safety aspects and providing basic safety training to our staff, suppliers, sub-contractors and visitors.

Safety meeting and site inspection will be held regularly to monitor the safety and health performance of our staff. Any suggestions from them are welcomed to put forward for our whole system improvement.

4.3 Safety Equipment

The Group provides adequate and applicable Personal Protection Equipment (PPE) including safety helmets, harness, masks, ear plugs, shoes, goggles, gloves and reflective waistcoats to our staff before working on site. Those machines and vehicles will be checked regularly with certificates granted before use.

5. Governance

5.1 Product Responsibility

The Group believes a strong interrelationship with customers as well as stakeholders and other interested parties will increase our degree of recognition. Thus, an open communication channel is dedicated to them for handling any queries or feedback promptly. For any feedback regarding improvement action to our operation being received, the causes will be investigated and possible solutions will be identified for follow-up actions taking.

5.2 Anti-corruption

The Group accepts zero tolerance of any kind of any bribery, extortion, money laundering, false declaration, corruption and fraud. All staff require to disclose and report to the management of any situation that may reasonably be implicated to a suspected case or give rise to a conflict of interest.

5.3 Supply chain management

The Group always keeps track on monitoring the work processes done by the suppliers and sub-contractors, and conducts annually selection process determining whether they are going to be kept or removed from the approved list in term of performance assessment. The selection criteria include but not limited to their experience and past performance, willingness to match our management systems covering quality, environmental, safety and health, and energy management.

5.4 Community Investment

Our Group strives to contribute more to the community and work towards building a caring society. HK$1 million has been recently donated to "The Community Chest of Hong Kong" supporting a wide range of services organized by more than 160 member agencies with 2,600 service units.