



Zhongtian International Limited
中天國際控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 02379

* for identification purposes only

Environmental, Social and Governance Report

For the years ended 31 December 2016

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I. **About This Report**

Reporting Scope

This is the first environmental, social and governance (hereinafter called “ESG”) report prepared by Zhongtian International Limited (hereinafter called “the Group” or “we”). The reporting period covers the financial year ended 31 December 2016 and this report includes our major business in properties investment. Since properties trading business accounted for less than 4% of the Group’s revenue, this report does not cover this business.

Guidelines on the ESG Report of The Stock Exchange of Hong Kong Limited

In order to comply with the disclosure requirements and guidelines of the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (“Listing Rules”) and the “ESG Reporting Guide” (Appendix 27 to the Listing Rules), the Group started to disclose relevant information of ESG for the financial year beginning on 1 January 2016. As a responsible and visionary enterprise, we create value to shareholders/investors through optimizing operation management, environmental protection, talent development and community investment, and simultaneously support our business values and objectives, promote sustainable development strategy, implement environmental friendly policies, fulfill corporate social responsibility, devote to sustainable talent growth, and endeavor to build a better and harmonious environment.

We welcome any comments and suggestions on this report as well as our performance in sustainability development.

II. Environmental Protection

We have been devoted to care and protect the natural environment. In order to let employees realizing that everyone has impact to the environment, we take various actions and set up policies with an aim to reduce carbon footprint. We will continue to support in reducing environmental impact in their personal and business lives. We also hope that every staff can start from themselves, convey the message of protecting the environment to families, friends and business partners; alleviate climate change and contribute to environmental contribution jointly.

1. Emissions

Energy consumption accounts for a major part of its greenhouse gas emissions. Therefore, various energy saving measures (refer to the section “Use of Resources” below for details) have been undertaken to improve energy efficiency and reduce energy consumption in our operations. Waste management mainly involves collection of waste paper for recycling (refer to the section “Use of Resources” below for details). The Group’s business will not cause any hazardous waste and air pollution. Our impact of water discharges on the environment is not significant.

During the reporting year, the Group did not have non-compliance incidents with significant impact relating to environmental protection.

2. Use of Resources

The Group recognizes its responsibility to protect the environment in the course of its operation and continually seeks to identify and reduce environmental impacts attributable to its operational activities. We set up various measures to raise the awareness of the employees to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources.

(1) Management of Use of Electricity

We emphasize on saving electricity by promoting the use of energy-efficient lighting. We use intelligent lighting and encourage our employees to switch off air conditioners, computers, personal electronic devices and common office equipment when they are not in use. We endeavor to keep all electronic appliances well-maintained in our offices and use electricity power effectively.

(2) Management of Use of Water

We raise the consciousness of staff about efficient use of water by posting “save water” sign in pantry, and reducing waste of potable water.

II. Environmental Protection (Continued)

2. Use of Resources (Continued)

(3) Management of Use of Paper

We promote saving papers and avoid wastage through unified purchasing, minimize photocopying and printing, reuse single-sided papers (for internal documents), shred and recycle double-sided printed papers. We distribute files in electronic format whenever applicable.

3. Significant Impact on the Environment and Natural Resources

The impact of the Group on the environment and natural resources is not significant. It is mainly attributed to the use of electricity, water, papers in office. During the reporting period, we have set a number of measures to reduce the use of resources and disposal of waste (refers to above sections "Emissions" and "Use of Resources" for details).

III. Employment and Labour Practices

We believe that employees are our most important partners, recruitment and retaining talents are critical for our long-term business development. When we formulate our human resource strategies, we devote to establish a comprehensive management system in providing a harmonious and comfortable work environment, and create fair, equitable and open atmosphere within the Group. We aim at building good relationship with our employees based on mutual respect. To achieve this, we create opportunities to attract, develop, retain and reward our talented staff by offering them, under different conditions, commensurate remuneration, personal growth and career development training, and fringe benefits.

Talent Selection and Labour Standards

We always protect human right, privacy of staffs, and prohibits discrimination. We devote to build a fair, equal, open and diversified corporate culture, so that our people can respect and learn from each other; making progress together under the healthy competitive atmosphere. During staff recruitment, morality, knowledge, ability, physical fitness and job requirements are used as the selection standards. The Group provides equal opportunities to employees in promotion, performance appraisal, training and career development and are not discriminated against because of their race, sex, age, nationality, religion, etc. Our employees are considerate, supportive and tolerate; who help us developing our business steadily and have a positive impact on our future sustainable development. We always actively and strictly comply with the relevant labour laws and regulations, and any unethical hiring standards are prohibited, including child labour and forced labour.

Staff Compensation and Welfare

In order to attract and retain outstanding talents, we establish a competitive remuneration scheme. Staff salary level is determined based on one's knowledge, skills, job scope and performance. Basic remuneration of staff includes fixed salary, subsidies (such as lunch allowance, transportation and mobile phone charge subsidies), annual leave and so on. We strictly comply with the national and local labour laws and regulations. Employees are entitled to annual leaves, sick leaves, marriage leaves, funeral leaves, maternity leaves and other leaves (such as leaves for parents' meeting, maternity checkup, etc.). We prepare and plan for our employees' retirement and participated in the social security scheme including the "five insurance and housing provident fund". We also provide other benefits, such as festivals welfare benefits. Work hours of staff are in line with the local laws and regulations. We dismiss employees and compensate them in accordance with the national laws and regulations.

III. Employment and Labour Practices (Continued)

Development and Training

The Group has always attached importance to talent, committed to training and development of staff, and encourage self-enhancement. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team's cohesion. Training of new hires includes organizational structure, corporate culture, policies and procedures, business ethics and conduct, industry knowledge, job responsibilities and services. During the reporting period, we conducted leadership training to our employees.

Health and Safety

We take a comprehensive preventive approach to staff health and work safety, including illness and injury prevention. We strictly prohibit smoking in the office areas; and participate in the fire drill organized by the property management company bi-annually. We also provide work-related injury insurance to staff.

Compliance

During the reporting period, the Group did not have non-compliance incidents with significant impact relating to human rights and labour practices.

IV. Operating Practices

1. Supply Chain Management

We believe that building a sustainable supply chain can create value for our employees, suppliers, communities and our clients. We emphasize on facilitating the interaction and communication with our suppliers. In order to establish an efficient and green supply chain with our suppliers, we aim at maintaining long-term strategic and co-operative relationships with those counterparties with good credit history, reputable, excellent product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct periodic reviews on the performance of our suppliers so as to achieve effective control over our service quality.

2. Service Responsibility

We have been dedicated in providing high quality and professional services with the highest degree of integrity to our tenants at competitive rates for the property leasing business. In terms of sustainability, tenants' satisfaction is vital to our growth in the future. We implement various measures in our operation to achieve this target.

We formulate policies and procedures to deal with tenants' complaints proactively. Tenants can send us their complaints in person, or through channels like in writing, telephone, or email. In order to have the complaints handled properly, we find out and understand the issues in detail (like complaints about the equipment in the leased properties, staff attitude problem, service quality issue, unexpected incidents, etc.). Customers' complaints relating to the equipment in the leased properties mainly include air-conditioning, illumination, water supply, electricity supply, elevator and so on. We inspect, repair and maintain the equipment regularly to reduce the chance of incidents. When we receive the tenants' complaints involving equipment, we carry out inspection on-site, take appropriate actions, assign designated staff to follow up the issue and keep the tenants informed about the progress. This is to ensure that our tenants are satisfied with our services. Unexpected incidents include water leakage into the leased properties due to rain, car scratch in the parking area and so on. We try our best to resolve the complaints. We inform tenants sincerely and patiently hoping they understand us if we are unable to resolve their complaints.

We have established policies and procedures to protect tenants' privacy with reference to the requirement under the Personal Data (Privacy) Ordinance in Hong Kong. We handle tenants' personal information with integrity and caution. Tenants' details are maintained by assigned staff and they have to fulfill the requirements of confidentiality. Copying of tenants' information is not allowed unless approval from General manager or Deputy General manager is obtained. Staff are warned, penalized with performance pay deducted for unauthorized disclosure of tenants' information. In case that the incidents are so severe that led to significant economic loss, the staff will be dismissed and required to compensate the company partially for the loss resulted.

During the reporting period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of customer privacy and loss of data.

IV. Operating Practices (Continued)

Anti-corruption

To comply with relevant laws and regulations, we established internal guidelines on anti-corruption (including anti-bribery, extortion, fraud, money laundering and so on) and set up a comprehensive disciplinary monitoring system to cover our operation, and report to the management in strict confidence about any suspected personal interests relating to carrying out one's job duties, briberies, extortion, frauds, money laundering and other illegal acts. We are determinant in combating corruption and contribute in building a clean society.

During the reporting period, there was no legal action against the Group and our employees for corruption.

V. Community Investment

We actively contribute with a will to build a sustainable and harmonious society. We organize volunteer work, donate and subsidize those in need. Ever since our establishment, we are responsible taxpayer and offer job opportunities to local people to release the pressure from unemployment. We prepare and plan for our staffs' retirement, established staff retirement plan and paid "five insurances and housing provident fund". We run our business following good practices, actively promote green energy-saving and environmental friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

VI. Sustainable Development and Action Targets for 2017

In 2017, the Group has the following plans and objectives to strengthen the ESG performance: -

Target / Action Plan	Focus
To optimize existing ESG policies and procedures	<ul style="list-style-type: none"><li data-bbox="786 506 1347 600">■ To review the existing procedures, the completeness and accuracy of ESG data collection<li data-bbox="786 645 1347 707">■ To set up key performance indicators, and their priority and timetable<li data-bbox="786 752 1347 913">■ To keep dialogue with our stakeholders (including investors/shareholders, suppliers, customers and society) in order to collect their concern, and analyze those issues thoroughly

