

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

For the year ended 31 December 2016



MEIGU TECHNOLOGY HOLDING GROUP LIMITED
美固科技控股集團有限公司

(STOCK CODE: 8349)
(股票編號：8349)

Environmental, Social and Governance Report

環境，社會及管治報告

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Environmental, Social and Governance Report

環境，社會及管治報告

Introduction and Scope of ESG Report

For the year ended 31 December 2016, MEIGU Technology Holding Group Limited (the “Company”, and together with its subsidiaries referred to as the “Group”) has prepared the first Environmental, Social and Governance (“ESG”) report of the Group in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 20 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“GEM Listing Rule”). The Board has reviewed and approved the report and is pleased to present the performance and progress on the environmental, social and governance of the Group for the year ended 31 December 2016.

The ESG report of the Group has been presented into two subject areas, namely environmental area and social area, and each subject area has various aspects to disclose the relevant policies and the status of compliance with relevant laws and regulations as addressed by the ESG Guide. Being the first ESG report of the Group, it would mainly present the Group’s policies, initiatives and performance for the subject areas. The chart below shows the summary of the ESG matters that are found to be material for the Group and relevant ESG Guide:

ESG 報告的簡介及範圍

截至 2016 年 12 月 31 日止年度，美固科技控股集團有限公司（以下簡稱“本公司”及其子公司簡稱“本集團”）根據載列於“香港聯合交易所有限公司創業板證券上市規則”（「創業板上市規則」）附錄二十之“環境，社會及治理報告指引”（「ESG 指引」）已經編制了本集團首份環境，社會和管治（“ESG”）報告。董事會已審閱並通過了該報告，並樂意地介紹截至 2016 年 12 月 31 日年度本集團的環境，社會和管治績效與進展情況。

本集團的 ESG 報告已經分為兩個主題範疇：環境範疇與社會範疇，各個範疇將有各個方面披露“ESG 指引”提出的有關政策和遵守有關法律法規的情況。作為本集團的首份 ESG 報告，主要介紹本集團在 ESG 方面的政策，舉措和表現。以下圖表呈現並總結了對於本集團而言為重要之 ESG 事項和相關的 ESG 指引：

ESG Guide ESG 指引	ESG issues relevant to the Group 與本集團相關的環境，社會和管治事宜
A. Environmental 環境	
A.1 Emissions 排放物	Carbon dioxide, Volatile Organic Compounds (“VOCs”) and waste management 二氧化碳，揮發性有機化合物（“VOCs”）和廢物管理
A.2 Use of resources 資源使用	Energy and raw materials consumption 能源及原料消耗
A.3 Environment and natural resources 環境及自然資源	Measures in reducing environmental impact 減輕環境影響的措施
B. Social 社會	
B.1 Employment 僱傭	Labour practices 勞工慣例
B.2 Health and safety 健康及安全	Workplace health and safety 工作場所健康與安全
B.3 Development and training 發展及培訓	Employee development and training 僱員發展及培訓
B.4 Labour standards 勞工準則	Child labour and forced labor 童工及強制勞工
B.5 Supply chain management 供應鏈管理	Supplier management 供應商管理
B.6 Product responsibility 產品責任	Product safety and quality 產品安全及質素
B.7 Anti-corruption 反腐敗	Anti-corruption and money laundering 反腐敗及洗錢
B.8 Community investment 社區投入	Community involvement 社區參與

The information of the Group

The Group is engaged in the research and development, production and sales of a variety of fibreglass reinforced plastic (“FRP”) products.

A. Environmental

A.1 Emissions

Carbon dioxide

The Group is engaged in manufacturing and sales of various FRP products including (i) FRP Grating products used for municipal engineering and sewage treatment plants; (ii) United States Coast Guard (“USCG”) Approved Phenolic Grating products used for offshore platform and shipyard; (iii) FRP subway evacuation platform products; and (iv) Epoxy wedge strip products for wind power products. During the manufacturing process, the Group would consume electricity for lighting the manufacturing operation and powering the equipment and machinery. carbon dioxide or greenhouse gas would be indirectly produced when the Group consumes electricity. The Group has implemented the policies to mitigate the adverse effect of carbon dioxide emission as follows:

- The manufacturing base has been designed to have more windows for more natural light and used less electronic light;
- The manufacturing base has single-storey building with higher roof to increase the space and to reduce the use of fan or air-conditioner;
- The office light and office equipment would be turned off during the luncheon rest time; and
- The warehouse which store dangerous goods would always be locked and lights are switched off when the warehouse is closed.

Emission of VOCs

FRP is a new material which is produced by a mix of several raw materials including glass fibre, resins and other chemical materials. During the manufacturing process, the Group would also release VOCs which emits from i) styrene - a volatile component of polyester resin and gelcoat; and ii) acetone - a solvent used for cleaning tools and other surfaces contaminated with resin. Since the emission of VOCs are harmful to the environment and the Group has

established the facilities and policies to mitigate the adverse effect of the emission as follows:

有關本集團之資料

本集團從事於各種玻璃鋼（“FRP”）產品之研發，生產和銷售。

A. 環境

A.1 排放物

二氧化碳

本集團從事製造和銷售各種 FRP 產品，包括 (i) 用於市政工程 and 污水處理廠的 FRP 格柵產品；(ii) 美國海岸防衛隊 (“USCG”) 批准用於海上平台和造船廠的酚醛格柵產品；(iii) FRP 地鐵疏散平台產品；和 (iv) 風力發電產品的環氧楔帶產品。在製造過程中，本集團將耗用電力照明生產活動，並為設備和機械供電。當本集團消耗電力時，將間接產生二氧化碳或溫室氣體。本集團已實施減小排放二氧化碳的政策如下：

- 製造基地被設計為具有更多的窗戶以獲得更自然光線，並且使用更少的電子光；
- 製造基地擁有單層式建築，從而令樓頂更高，以增加空間及減少風扇或空調的使用；
- 辦公室燈光和辦公設備會在午餐休息時間關閉；及
- 存放危險貨物的倉庫經常會被鎖上及在倉庫關閉期間所有照明系統會被熄滅以節省用電。

揮發性有機化合物的排放

FRP 是由多種原材料混合生產的新材料，包括玻璃纖維，樹脂和其他化學材料。在製造過程中，本集團還將從 i) 苯乙烯 (稀聚酯樹脂和凝膠塗層之揮發性成份) 和 ii) 丙酮 (用於清潔工具和被樹脂污染的其它表面的溶劑) 中釋放揮發性有機化合物。由於揮發性有機化合物的排放對環境有害，本集團為了減輕排放揮發性有機化合物的負面影響而制定了設施和政策，具體如下：

大氣污染防治法》 and Regulations on Urban Drainage and Sewage Treatment 《城鎮排水與污水處理條例》.

- Maintain an active carbon absorption system in specific manufacturing processes to absorb the emission of VOCs;
- The manufacturing base has single-storey building with higher roof to increase the space for diluting the emission of VOCs into the air;
- Install a number of industrial fans in certain manufacturing processes to improve the air quality of the manufacturing base; and
- The major VOCs emission source of the Group comes from colouring process. Staff is not allowed to enter into the coating room during the natural drying procedure of colour coating to avoid excess inhalation of volatile gases.

Waste management

The Group would produce waste materials such as waste raw materials, packaging materials, waste products and other wastes during the manufacture process. The above environmental wastes, which would pollute the land, would be disposed by the Group to an independent qualified waste collection and disposal services provider.

The Group has established policy to improve the manufacturing efficiency and reduce errors productions to reduce the land contamination. The Group will continue looking for ways to reduce carbon dioxide, VOCs emissions and land contamination through measures such as:

- Reduction of VOCs emissions through using low-styrene emissions resins; and
- Efficient usage of raw materials monitoring through better processing control.

The Group has constantly kept up-to-date the local legislations and standards for environmental protection. In the year ended 31 December 2016, the Group has complied with applicable environmental laws and regulations such as Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China 《中華人民共和國

- 在特定生產過程中維持活性炭吸收體系，以吸收揮發性有機化合物的排放；
- 製造基地擁有單層式建築，從而令樓頂更高，以增加將揮發性有機化合物排放到空氣中的空間；
- 在特定的製造過程中添置工業風扇，以提升製造基地的空氣質量；及
- 本集團主要的揮發性有機化合物排放源，在於上色工序。在上色塗層自然乾燥過程中，工作人員不得進入塗裝室，以避免吸入過量揮發性氣體。

廢物管理

本集團在製造過程中會產生特定的廢料如廢棄的原材料、廢棄產品及其他包裝材料和廢棄物。對於上述提及會造成土地污染的廢料，本集團會聘請合資格的廢物收集及處理服務供應商代為處理。

本集團已制定政策，以提高製造效率及減少錯誤生產以減少土地污染。本集團將繼續尋求減少二氧化碳，揮發性有機化合物和土地污染的措施，例如：

- 通過採用低苯乙烯製做樹脂，降低揮發性有機化合物排放量，並
- 通過更好的加工控制改善原料監測。

本集團不斷更新本地環保立法和環保標準。截至 2016 年 12 月 31 日，本集團已遵守中華人民共和國訂立適用於環境保護相關的法律與法規如 《中華人民共和國環境保護法》，《中華人民共和國大氣污染防治法》和《城鎮排水與污水處理條例》。

Overall, the management considers that the FRP products feature an environmentally friendly production process due to (i) the ease and availability of raw materials compared with wood resources that are considered as non-renewable mainly because of the long replant cycle; and (ii) the lower energy consumption during the production process compared with steel, timber or aluminum. Therefore, FRP has been increasingly used as an alternative to metals in aggressive environment to reduce maintenance costs. In addition, FRP is characterized by its relatively environmental friendliness and sustainability than other plastics as the latter would easily break down and disperse into the environment.

A.2 Use of resources

Energy and water consumption

The resources that the Group used consist of water consumption, electricity and raw materials. The main ingredients of the materials used contain glass fibre yarn, o-benzene resin, aluminum hydroxide, calcium carbonate, quartz sand and styrene. The management has established the following policies for the efficient use of resources during production to reduce wastes:

- Optimal schedule of production for a more efficient energy consumption in the manufacturing process which includes spreading fiberglass into mold, pressing, heating and cooling process;
- Reduce the usage of raw materials and consumption of electricity such as limiting the usage for lights and air conditioning; and
- Test more environmental friendly raw materials and explore ways to reduce the use of resources so as to contribute its part for environmental protection.

A.3 Environment and natural resources

Measures in reducing environmental impact

The production of FRP has less impact to environment compared to steel, timber or aluminum. However, for further reduction on the environmental impact and use of natural resources, the Group would continue to make assessment for better alternatives for the use of raw materials that provide similar or better qualities. Meanwhile, the Group's policy objective is to maintain the balance between operation efficiency and resource

consumption. It would allow the Group to have better production without overuse of resources.

總體而言，管理層認為，FRP 產品具有環保的生產過程，原因是：(i) 與被認為不可再生的木材資源相比，原材料的易用性和可用性主要是因為重複循環週期長，以及(ii) 與鋼鐵，木材或鋁相比，生產過程中的能源消耗較低。因此，FRP 在侵蝕性環境中越來越多地被用作替代金屬，以降低維護成本。此外，FRP 的特點是比其他塑料相對環保和可持續性，因為後者將容易分解和分散到環境中。

A.2 資源利用

能源及水資源消耗

本集團使用的資源包括用水，電力和原材料。材料主要成分為玻璃纖維紗，鄰苯樹脂，氫氧化鋁，碳酸鈣，石英砂和苯乙烯。管理層已製定下列在生產過程中有效利用資源的政策以減少廢料：

- 能量消耗方面會因已制定的最佳生產效能排程，從而使用於機器操作，將玻璃纖維鋪展到模具，壓制，加熱和冷卻過程中所消耗的能源獲得最大的效能；
- 減少原材料使用和電力消耗例如減少光和空調的運用；和
- 測試更環保的原材料，探索減少資源利用的途徑，為環保做出貢獻。

A.3 環境及自然資源

減輕環境影響的措施

與鋼鐵，木材或鋁相比，FRP 的生產對環境的影響較小。然而，為了進一步減少環境影響和使用自然資源，本集團將繼續評估更好的替代品，以使用可提供類似或更好品質的原材料。同時，本集團政策的目標是平衡日常生產過程中的生產效能和資源消耗的比例。此政策令本集團可以更有最好的生產效能但不會過渡消耗能源。

B. Social

B.1 Employment

Labour practices

A good workplace practice attributes from being free from discrimination and equal opportunities for all despite of age, gender, race, colour, sexual orientation, disability or marital status to increase employee satisfaction. To ensure an equal and fair working environment, the Group adopts practices and policies of Labour Law of the People's Republic of China 《中華人民共和國勞動法》, Labour Contract Law of People's Republic of China 《中華人民共和國勞動合同法》 and other relevant laws and regulations.

Employment contract specifies the terms including compensation and dismissal, working hours, rest periods and other benefits and welfare for staff. Staff handbook also highlights important information of policies on compensation, employee benefits, rights on termination, business conduct and leave benefits.

Social activities such as annual dinner, team building and other social events are organized for employees to participate to increase their work-life balance and enhance the relationship with employees. Accommodation and meals are also provided for the employees.

B. 社會

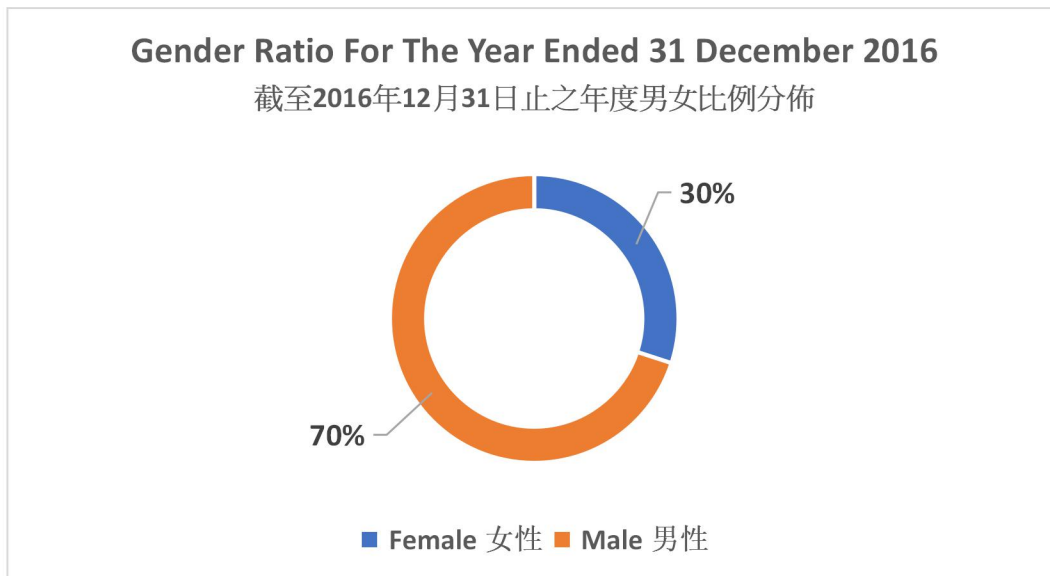
B.1 僱傭

勞工慣例

良好的工作場所歸於由無年齡，性別，種族，膚色，性取向，殘疾或婚姻狀況，都不受歧視和擁有平等機會，至提高員工滿意度。為確保公平合理的工作環境，本集團採納《中華人民共和國勞動法》，《中華人民共和國勞動合同法》及其他有關法律法規之做法及政策。

勞動合同規定了員工的補償和解僱、工作時間、休息期等福利待遇。員工手冊還突出了關於補償政策、員工福利、終止權、商業行為和休假福利政策的重要信息。

讓員工參與年度晚宴、團隊建設和其他社會活動等社交活動可增加工作與生活的平衡及增強與員工的關係。本集團亦為員工提供住宿和膳食。



B.2 Health and Safety

Workplace health and safety

Protecting employee's occupational health and safety is critical for the Group. The Group complies with the Labour Law of the People's Republic of China 《中華人民共和國勞動法》 with respect to occupational safety and health and other applicable regulations for a healthy and comfortable working environment. As there is a high concentration of chemicals in the workplace, fire prevention protection for manufacturing facilities including fire-fighting equipment such as fire extinguisher and fire detection equipment are equipped and checked regularly to prevent any fire outbreak. Staff also participate in regular fire drill and smoking is prohibited in all areas. For the year ended 31 December 2016, the Group has reported zero work related fatalities and work injuries.

B.3 Development and Training

Employee development and training

Keeping employees trained is part of a fundamental role in business growth. The Group encourages employees for continuous development and improves their skill set through training. The Group provided various internal and external trainings for developing the workforce, including orientation and on-board trainings for new staff so as for them to adapt to the operation of the Group efficiently and strengthen the skill and knowledge required at work. There are also regular annual appraisals to assess staff performance with their supervisors.

B.4 Labour Standards

Child labour and forced labor

Under the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, child labour and forced labour is strictly forbidden at all times. Any individuals hired under legal working age and without any identification documents are disqualified from employment. It is the Group's policy to disqualify the person from employment if he or she is found to be hired against the requirements of the Labour Contract Law. For the year ended 31 December 2016, there was no labour dispute in the Group.

B. 2 健康與安全

工作場所健康與安全

保護員工的職業健康和 safety 對於本集團極為重要。本集團於職安全與健康方面遵守《中華人民共和國勞動法》和其他適用條例，以營造健康舒適的工作環境。由於工作場所內有濃度較高的化學品，滅火器和消防檢測設備等消防設施已妥善安裝及進行定期檢查，防止任何火災爆發。工作人員還定期參加消防演習，禁止在所有地區吸煙。截至 2016 年 12 月 31 日止年度，本集團已報告零工傷亡及工傷事故。

B. 3 發展及培訓

僱員發展及培訓

培訓員工是企業發展的重要組成部分。本集團鼓勵員工持續發展並通過培訓提高員工的技能水平。本集團提供了不同的內部和外部培訓以培訓員工，包括對新員工的入職培訓講座和在職培訓以令員工有效地適應本集團的運作和鞏固工作上所需要的技能以及知識。還由其主管對工作人員的表現進行年度評估。

B. 4 勞動準則

童工及強制勞工

根據《中華人民共和國勞動合同法》，嚴格禁止童工和強迫勞動。任何低於合法工作年齡及沒有任何身份證明文件的人員會被剝奪就業資格。本集團的一貫政策是剝奪該員工的就業資格如果僱用該員工不符合《勞動合同法》的規定。截至 2016 年 12 月 31 日止年度，本集團沒有勞資糾紛。

and extortion. For the year ended 31 December 2016, no such events took place in the Group.

B.5 Supply Chain Management

Supplier management

The Group places quality and safety as priorities and is committed to reach the standard of safety and quality of its products. A quality supply chain has been set up to ensure high quality products for customers. The Group's policy on the supply chain management is as follows:

- Great emphasis is placed on the communication and relationship with the suppliers towards sustainable development;
- Assessment on the environmental and social risks of the supply chain is carried out regularly; and
- Suppliers are urged to take measures to reduce their environmental and social risks.

B.6 Product Responsibility

Product safety and quality

Policies the Group has adopted to ensure customer satisfaction and product quality include the ability to exchange defected products, checking the materials before production and returning any defected materials to the suppliers immediately. Before products leaving the warehouse, there is another inspection for quality. There is also a one-year warranty provided for the customers. For the year ended 31 December 2016, no products were returned due to safety or quality problems nor any complaint received from customers. The Group's products are in full compliance with Product Quality Law of the People's Republic of China 《中華人民共和國產品質量法》.

B.7 Anti-Corruption

Anti-corruption and money laundering

A system with good moral integrity and anti-corruption mechanism is the cornerstone for a sustainable and healthy development of the Group and therefore, the Group is committed to the compliance with Criminal Law of the People's Republic of China 《中華人民共和國刑法》 and the Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》 and other relevant laws and regulations. To maintain high standard in our business integrity there is no tolerance towards any corruption, fraud, money laundering, bribery

B. 5 供應鏈管理

供應商管理

本集團將質量和安全作為優先事項並承諾達到產品在安全和質量水平的標準。本集團建立了優質供應鏈，確保為客戶提供優質的產品。本集團在供應鏈管理的政策如下：

- 對供應商的可持續發展的交流與關係非常重視；
- 定期對供應鏈的環境和社會風險進行評估；及
- 督促供應商採取措施，減少環境和社會風險。

B. 6 產品責任

產品安全及質素

本集團採取的政策以確保客戶滿意和產品質量包括交換缺陷產品的能力及生產前檢查材料，並立即將任何缺陷材料退回給供應商。在產品離開倉庫之前，還要另外檢查質量。並為客戶提供一年保修。截至2016年12月31日止年度，並沒有由於安全或質量問題而導致產品退貨，也沒有收到任何客戶的投訴。本集團產品完全符合《中華人民共和國產品質量法》。

B. 7 反腐敗

反腐敗及洗錢

良好的道德誠信和反腐機制體係是本集團持續健康發展的基石，因此本集團致力於遵守《中華人民共和國刑法》和《中華人民共和國反不正當競爭法》等相關法律法規。要保持高度的商業誠信，就不會容忍任何腐敗，欺詐，洗錢，賄賂和敲詐勒索。截至2016年12月31日止年度，本集團並無發生此類事件。

B.8 社區投入

社區參與

為了不懈地回饋社會，本集團將尋求機會參與各種社區活動。本集團在社區參與的方針如下：

B.8 Community investment

Community involvement

For the continuous effort in giving back to the society, the Group would seek for opportunities to get involved in various community programs. The Group's approach towards community involvement is as follows:

- The Group would fulfill corporate social responsibility through the sustainable development strategy to expand its efforts in the areas of charity work;
 - Assessment will be taken on how to give business activities to the interests of community; and
 - The Group is committed to provide career opportunities to the locals and promote the development of the community's economy.
- 集團將通過可持續發展戰略履行企業社會責任，擴大在慈善工作領域的工作；
 - 將評估如何使商業活動符合社區的利益；及
 - 本集團致力為當地人提供就職機會，促進社區經濟發展。