

2018 SUSTAINABILITY REPORT



HUATIONG GLOBAL LIMITED

Date: 30 May 2019

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MESSAGE FROM THE CHAIRMAN



Mr. Ng Hai Liong Executive Chairman

Dear stakeholders,

On behalf of the Board of Directors (the "Board"), it is my pleasure to present to you the Sustainability Report (the "Report") for Huationg Global Limited ("Huationg" and together with our subsidiaries, the "Group") for the financial year ended 31 December 2018 ("FY2018").

In this report, we discuss the material Environmental, Social and Governance ("ESG") topics which were brought up in our FY2017 Sustainability Report, our strategies in managing these topics and our progress towards the three main principles of our Group, *Quality of our Services, Employees' Safety* and *Sustainability for our Environment.*

As we progress and evolve as a Group, sustainability and our accountability to stakeholders remain core to our business and decisions we make on a daily basis. In our commitment and progress towards having sustainable business practices, we strive to drive our operations in the direction which we can contribute positively to both our stakeholders as well as our business.

Our Board of Directors are in-charge of our overall sustainability direction, strategies and policies, whereas our senior management is in-charge of management and monitoring of our Group's sustainability performances and reporting it to the Board on a regular basis. We welcome you to continue with us on this sustainability journey and to witness our progress towards integrating sustainability with our business operations.

Mr. Ng Hai Liong

Executive Chairman

ABOUT THIS REPORT

Report Methodology

This Report is prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and the Global Reporting Initiative ("GRI") Standards Sustainability Reporting Guidelines 2016 - Core Option and its reporting principles.

We have adopted the GRI reporting framework for its robust regime and detailed guidance on which offers an internationally-recognised benchmark for the disclosure of governance approaches, the environmental, social and economic performance and impacts on organisations. The GRI content index and relevant references are provided at the end of this report.

Our data is reported in good faith and to the best of our knowledge. We strive to continuously improve our data collection and reporting processes.

We have not sought external assurance for this report.

Report Scope

This report covers the sustainability strategies and practices in relation to material ESG topics of the Group's operations in Singapore for FY2018. Details on our Group's business and activities could be found in the section "About Our Group".

This report is provided in PDF format only and is available for download on our website at http://www.huationg-global.com.

Report Contact and Feedback

We value your feedback as part of our continued efforts to improve our sustainability efforts and we encourage you to contact us through the following channels:

In writing to:

Huationg Global Limited No. 9 Benoi Crescent Singapore 629972

• Via our contact page at http://www.huationg-global.com/contact

ABOUT OUR GROUP

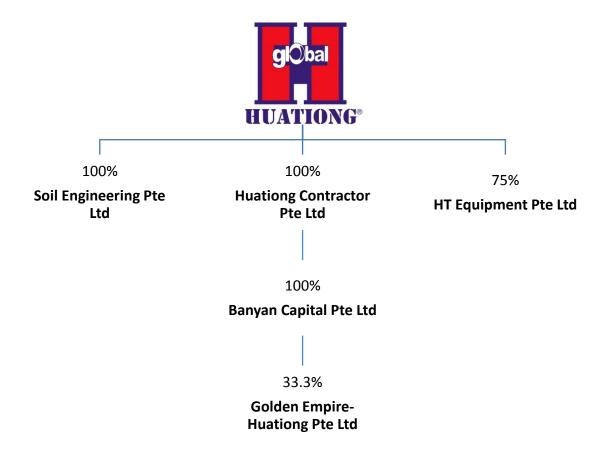
Corporate Profile

Our Group is one of the leading civil engineering service provider, with over 30 years of presence and track record in numerous large infrastructural projects in Singapore. We have been listed on the Catalist of the SGX-ST since 9 December 2014.

We have three main business segments across the entities in our Group, namely (i) the provision of civil engineering services mainly focusing on infrastructure construction projects, (ii) provision of inland logistics support services and (iii) the sale of construction materials such as sands and granite aggregates, Recycled Concrete Aggregate ("RCA"), and Liquefied Soil Stabiliser ("LSS").

Corporate Structure

The table below sets out our corporate structure chart as at this report date.



Our Supply Chain

We aim to build a sustainable supply chain by working closely with our partners, suppliers and subcontractors to explore means to improve efficiency and productivity as well as to reduce our environmental and social impacts. We are committed to giving equal and fair treatment to all our suppliers and subcontractors.

Our key suppliers and subcontractors are carefully selected based on our supplier selection process. Quality checks will be conducted on our key suppliers before we engage them to ensure that these suppliers live up to our Group's stringent expectations. The criteria that we examine our key suppliers includes the quality of the products and services provided, financial health, reputation in the industry and market, and sustainability efforts undertaken by our suppliers and subcontractors such as effective health and safety system, environmental management and ethical conduct.

In addition to new suppliers' evaluations, we do periodic checks and assessments of our existing suppliers against the same set of criteria to ensure that the products and services provided by them have maintained its quality consistently and are in alignment with our business requirements and sustainability objectives.

Membership of Associations

Some subsidiaries of our Group are registered with Singapore Contractors Association Ltd under the following trade registrations:

- CS01 Road Works, Pipe and Cable Installation, Road Instatement and Maintenance;
- CS03 Concreting;
- CS10 Demolition; and
- CS11 Soil Investigation, Stabilisation and Earthwork Services.

These subsidiaries are admitted to the Registry of Singapore List of Trade Subcontractors.

In addition, we support the objective of Waste Management & Recycling Association of Singapore (the "WMRAS") to promote recycling in order to create a more sustainable living environment. One of our subsidiary is also an ordinary member of the WMRAS.

Awards and Accreditation

In FY2018, our Group has received numerous awards and accreditations, which is a recognition of our hard work and effort in our commitment towards maintaining high standards of environmental, safety compliance and management. They are, amongst others, ISO 9001:2015, ISO 14001:2015, SS 506 Part 1: 2009 BS OHSAS 18001:2007, BizSAFE Level Star certificate, Green and Gracious Builder Award and Certificate of Participation for Target Zero Falls Campaign 2018 launched by Workplace Safety and Health Council.

OUR APPROACH TO SUSTAINABILITY

Sustainability Approach

We, together with our Board of Directors, have considered sustainability issues in the formulation of our strategies. Our Board of Directors are in-charge of the determination of the material ESG factors, our overall sustainability direction, strategies and policies, whereas our senior management is in-charge of the management and monitoring of our Group's sustainability performances and reporting it to the Board on a regular basis. This will ensure our business objectives and our commitments to sustainable development are in line with one another.

We actively engage our key stakeholders periodically to understand their needs and expectations, address their concerns and to ultimately generate sustainable value for them in the long-run.

Corporate Governance

Our Group is committed to good corporate governance, greater transparency and accountability in all our endeavours. We recognise that a high standard of corporate governance and business conduct, is integral in ensuring the sustainability of our business and performance, as well as safeguarding the interests and maximising long-term value for our stakeholders.

Our corporate governance practices are in line with the principles of the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore and the corporate disclosure guide established by the SGX-ST. Details of our compliance to each of the principles listed in the Code are disclosed in the corporate governance report of our FY2018 Annual Report. Any deviations from the guidelines in the Code, if any, will be duly explained.

Other than having a standard set of policies and procedures in place on the key internal controls, intermittent internal audits are conducted to assess on the adequacy and effectiveness of these internal controls. As of FY2018, the Board is of the view that our Group's internal controls and risk management systems are adequate and effective.

Enterprise Risk Management framework

An Enterprise Risk Management ("ERM") framework is established to identify, manage and mitigate any significant risks of our Group, as well as to capture opportunities that our Group can potentially leverage on to meet our business objectives. A Risk Committee which comprises of our Chief Executive Officer as the Chairman and 3 independent directors as members is established to oversee the risk management of our Group. Regular reviews on our Group's strategic, financial, operational and compliance risks are carried out through a precautionary approach. By addressing the risks identified during our ERM process, the risk exposure for our stakeholders will be further minimised.

Code of Conduct

Our Group's Code of Conduct is established in the Employees' Handbook which is made known to all our employees. It serves as a central guide and reference to our employees on our expectations and principles of workplace behaviours. All employees are expected to fully comply with the Code of Conduct.

Declaration of Conflict of interest

In addition, we have a set of policy and procedures on declaration of potential conflict of interest for our employees to abide by. All employees of our Group are required to declare and disclose any situation where their private businesses or personal interests conflict with those of our Group. In the event of any conflict of interest, the employee involved will be excluded from the project. Any unavoidable situation would require the approval from the senior management.

Whistle-Blowing Policy

The Group has a whistle-blowing policy whereby employees may, in confidence, raise concerns about possible irregularities in financial reporting and/or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to any of the Whistle-Blowing Committee members.

Our whistle-blowing policy defines the processes clearly to give insight to our employees on the types of incidents that are reportable. A copy of our whistle-blowing policy can be found in our Employee Handbook, which is made known to all our employees.

The Whistle-Blowing Committee comprises of all the current Directors of the Company. The Whistle-Blowing Committee will direct an independent investigation to be conducted on the complaint when received. The Audit Committee (the "AC") has the authority to conduct or authorise investigations into any matter within the AC's scope of responsibility. Findings from any investigations shall be reported to the AC for their further action.

Stakeholder Engagement

We comprehend the need and importance of having constant engagements with our key stakeholders, which provide us with valuable feedbacks and information. Through such feedbacks and additional information, we can better identify potential risks and opportunities, resulting in further value creation for both our business and valued stakeholders.

To achieve a mutually beneficial relationship with our key stakeholders, we adopt both informal and formal channels of communication to understand the needs and concerns of valued stakeholders in detail and incorporate these into our sustainability plans and actions. The table below shows the key topics we discussed with our key stakeholders through the various engagement platforms.

Stakeholders	Key Topics	Engagement Platform
Employees	 Occupational health and safety Fair employment practices and compensation Training & development Performance 	 Employee handbook Trainings Performance appraisals Grievance/ feedback channels Internal communication through emails Team bonding activities Annual appreciation dinner Staff exit interviews
Customers	 Product / Service quality Project timelines, requirements and specifications Workplace safety Information and data security Feedback on completed projects 	 Regular meetings Feedback channels such as email and telephone communications Corporate website Site visits
Suppliers/Consultants/ Subcontractors	 Product / Service quality Project timelines, requirements and specifications Workplace safety 	 Regular meetings Timely feedback regarding material/services provided Site visits
Shareholders & Investors	Business strategy and directionsFinancial performanceDividend pay-out	 Shareholders' meetings SGX announcements and press releases Corporate website and email

Stakeholders	Key Topics	Engagement Platform
Government & Regulators	 Corporate governance Compliance with rules and regulations Sharing of industry best practices 	 Government publication/ written communication Industry networking functions Seminars conducted by the regulators
Community	 Clean and safe environment for the community Keep neighbours informed of possible disruption in their lives Green and gracious environment 	MeetingsNoticesCharity events

Material Topics

In addition to constant engagements with our stakeholders, our ERM procedures are in place to identify, assess and evaluate the sustainability risks which are applicable to the material ESG topics. Our material topics will continue to be reviewed on an annual basis, taking into account the various stakeholders' feedback as well as their relevance and materiality to the business, strategy and business model.



ENVIRONMENT

WASTE DISPOSAL AND MANAGEMENT

Proper and efficient waste disposal and management remains as one of the key environmental challenges in the Singapore's construction sector. Our Group is committed to managing and minimising the impact of our business operations on the environment by actively reducing resource usage and minimising waste produced during our operations.

Waste typically produced at our project sites include timber, concrete and steel wastage, and the waste produced at our office are papers, toners and electronic waste.

Since 2004, we have been recycling construction waste and aggregates to produce RCA, which are typically used for road construction or trench backfilling.

We also manufacture and supply LSS, a self-flowing, self-compacting and self-levelling alternative to conventional compacted fill. LSS, the environmental friendly material, can be used as non-structural fill for buildings and other structures, as well as for backfill in utility and road construction. LSS reuses soil that has been excavated in construction projects and which would otherwise be discarded as waste. Compared to conventional compacted fill, LSS also has its advantage of being excavated out easily.







System formwork used for drain construction

To reduce construction waste and increase productivity, our Group always actively research on efficient process for our operations. Amongst others, some of the initiatives the Group continuously adopted are:

- use of system formwork for its better casting quality and productivity, shorter assembling and dismantling time, environmental friendly due to its reusability and safer to use when compared to the conventional formwork; and
- use of pre-fabricated RC drains for easy installation, higher structural and architectural standards and less concrete wastage at site when compared to the conventional castin-situ drains.



Clearly labelled recycling bins placed at designated areas for proper segregation of wastes

Our Group has continued to actively promote the "Reduce, Reuse and Recycle ("3Rs") Programme" at all our workplaces. At project sites, clearly labelled recycling bins are placed at designated areas for proper segregation of wastes. Material such as timber and metal are reused at our site where possible or otherwise, sent for recycling. Other non-recyclable construction wastes are disposed according to the relevant disposal guidelines. Trainings on the proper ways of waste segregations are also conducted for the employees and contractors. We aim to continuously reduce wastage through our 3Rs efforts in constant waste monitoring.

The detailed policy and procedures for waste disposal and management, including 3R Programme are stated in our Green Gracious Best Practices Operations Manual, which is disseminated to all our employees.

Our Group is certified as operating an environmental management system which conforms to the requirements of ISO 14001:2015 in the scope of providing building construction and civil engineering services as well as the production and delivery of LSS. Our Group also received the Green and Gracious Builder Award from the Building and Construction Authority ("BCA").

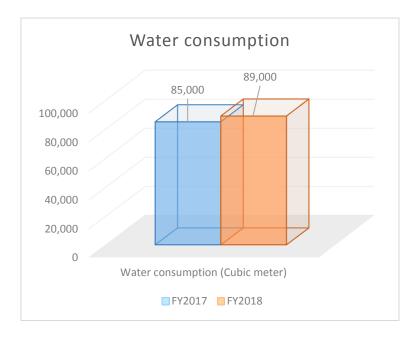
In FY2019, we will continue to manage the waste produced by our business through upgrading our technologies, conducting trainings related to handling of waste to employees and emphasising the importance of reduce, reuse and recycling in Company.

WATER AND ENERGY CONSUMPTION

Water consumption

Majority of our construction activities involve the use of water. We are committed to maintaining or decreasing our water usage as well as enhancing our water conservation efforts. We keep track of our water consumption at the sites and our head office every month to make sure the usage remain stable as compared to previous months.

We adopted technological initiatives to reduce water consumption. For example, auto wheel washer are installed at the sites, water recycled from water treatment and recycling plant are used for washing vehicles at washing bay and planting. We minimise water usage at the offices by using water efficient fittings that come with half-flush mechanism, installing water filter inside the water tap to reduce the water flow and installing self-release water tabs.



Water consumption has increased from 85,000 cubic meters in FY2017 to 89,000 in FY2018 as some of our projects secured in prior year were in full swing in FY2018. In FY2019, we will continue to monitor our water consumption to assess usage and maintain cost efficiency.

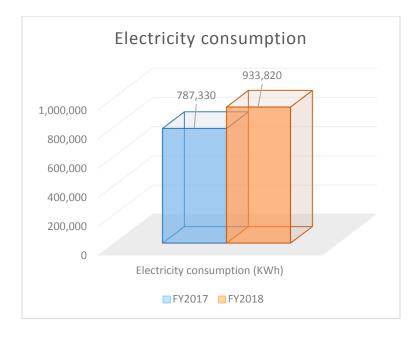
Electricity consumption

To reduce energy consumption, initiatives such as the use of renewable energy and introduction of energy efficient equipment and processes are adopted by our Group. Amongst others, some of the initiatives the Group continuously adopted were:

- use of energy efficient lightings, air conditioning system and green label appliances;
- selection of other electrical power supply such as AC Grid power supply;
 and
- installation of solar panel system to supply clean power for our site equipment such as total suspended solids monitoring devises, CCTV and noise monitoring system.



Installed solar powered for our noise monitoring system



Our Group's electricity consumption has increased from 787,330KWh in FY2017 to 933,820KWh in FY2018. The increase was in line with our increased business activities, particularly some of our projects secured in prior year were in full swing in FY2018. In FY2019, we will continue to monitor our electricity consumption to assess usage and maintain cost efficiency.

SOCIAL

EMPLOYMENT

Policies on employment

We have established and formalised a set of standard Human Resource ("HR") policies and procedures which cover key areas such as staff recruitment and selection, remuneration and benefits, performance appraisals, career development and training, safety and security and cessation of employment. In addition, our Employee Handbook is in place and shared with all our employees, which allows for greater transparency of HR practices in our Group.

Fair employment practices

We referenced our HR practices to the Fair and Progressive Employment Practices formulated by Singapore Tripartite Alliance which comprises the Ministry of Manpower (the "MOM"), Singapore National Employers Federation and National Trades Union Congress.

We are strong advocates for fair employment practices. We recruit and select employees based on their merits, treat them fairly and with due respect, allow equal opportunities for training and development and reward our employees according to their performances and abilities.

Open communications and timely feedback

Open and effective communications among employees and employers are the keys to continuous improvement and heightened efficiency in our business operations and management.

A strong feedback loop is enforced where various formal and informal feedback channels like departmental and project meetings, performance reviews and tea sessions are regularly held for our employees to provide feedbacks and give suggestions. This opens up room for discussion and evaluation of the feedbacks given, so that prompt and necessary actions can be taken to resolve issues timely. We listen to each and every of our employees' feedbacks, take them into serious consideration, and have adopted and implemented their valuable feedbacks in our current operations. In FY2019, we will continue to maintain our open door policy for effective communication and

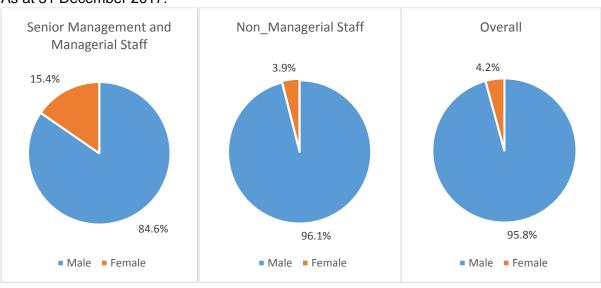


Workforce diversity

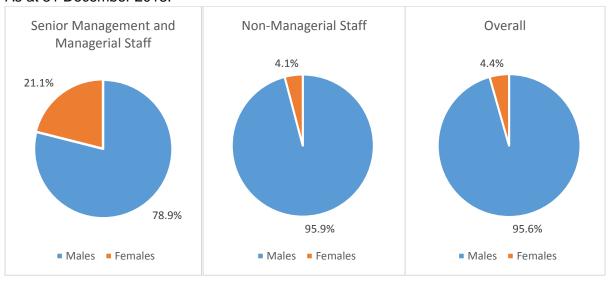
At Huationg, we recognise the importance of creating an all-inclusive environment where our employees can treat each other respectfully, honestly and equally. We provide a fair and equal work environment for all our employees, regardless of their gender, age, race and religion, and we value all contributions and feedback made by our employees towards the progress of our Group.

The charts below show the proportion of males and females in our workforce profile. Given the nature of construction industry which involves laborious work, our employee gender mix comprises of a much larger proportion of male employees.

As at 31 December 2017:

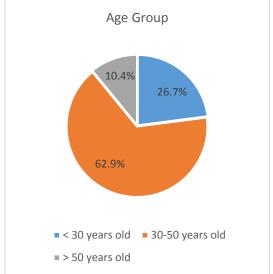


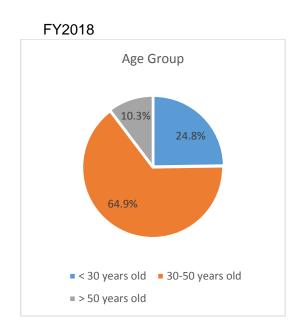
As at 31 December 2018:



The chart below shows the proportion of our employees in the different age group. As at 31 December 2018, 24.8% of our employees were below 30 years old, 64.9% were aged 30 to 50 years old and 10.3% were above 50 years old.







SOCIAL

TRAINING AND EDUCATION

We strive to improve our performance in the long term by recruiting, developing and retaining talented people. We continue to invest to revamp our staff development programmes and bolster our human capital.

All of our new employees undergo orientation programmes to familiarise themselves with our general working environment, corporate culture, and service knowledge as well as quality requirements. These programmes are conducted in-house with emphasis on matters relating to employee conduct and discipline, quality and safety awareness.

On-the-job training is provided by the employees' immediate supervisors, who share their experiences and knowledge, provide guidance and advices, as well as monitor performance of individual employee. On-the-job training helps our employees gain the necessary skills and knowledge and familiarise with our procedures and processes for their respective job functions.

In addition, we regularly send our employees to attend seminars, conferences and trainings to improve their technical and functional skills, broaden their knowledge, and ultimately increase their productivity and efficiency at work.

Our BCA Approved Training and Testing Centre conducts courses on hydraulic excavator operation. We will continue to impart knowledge and skills on handling the machineries, so as to help the workers to improve their work productivity and quality.

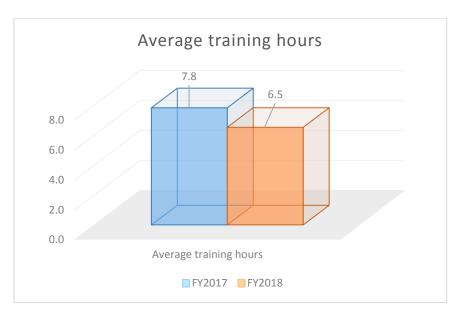


Our staff attending the theory training for hydraulic excavating operations



Our staff attending the Confined Space Rescue Training

During the year 2018, our employees were sent to various types of training and courses including ISO and BizSAFE trainings, training on hydraulic excavating operations, workplace safety and health course, confined space rescue training, construction productivity enhancement course, contract administration for contractors, dealing with difficult people and situations, risk management implementation course and occupational first aider courses to name a few.



On average in FY2018, each employee received about 6.5 hours of training. Moving forward in FY2019, more trainings will be organised for the employees and opportunities to learn on the job will be available to further familiarise themselves with the operations.

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Ensuring health and safety of our employees is the basic principle underlying our Group business strategy and development. We view occupational health and safety as a vital precondition for advancing our business.

Our approach to workplace safety and health management is full adherence to the legislative requirement and adopting recommended industry standards and guidelines. Our Workplace Safety and Health ("WSH") policy sets out safety measures and risk management guidelines for WSH Hazards in Construction Industries. Our Quality Environmental Health and Safety steering committee oversees and monitors the implementation and maintenance of our WSH policies and practices.

Due to the nature of our business, construction companies have higher risk of workplace accident as compared to other industries. As such, it is essential to promote a range of Groupwide occupational health and safety activities that include preventing workplace accidents by applying the required safety standards as well as implementing additional measures tailored to the specific conditions of the sites.

Our safety awareness begins with understanding the work procedures and workplace hazards and providing all employees compulsory safety trainings which covers our WSH policy, highlights workplace hazards and potential risk areas of accidents may occur and introduces our OHASA measures. In addition, safety measures and occupational health precautions are constantly conveyed to employees during the regular meetings such as daily toolbox meetings to ensure maximum safety protection at worksites.



Briefing for Target Zero Falls Campaign 2018



Our Staff Doing Morning Exercise

We also circulate the WSH alerts issued by WSH Council to all the employees to remind them the importance of workplace safety. The alerts keep the Company and workers informed of recent WSH incidents and highlight learning points, and provide recommendations on how similar incidents can be averted.

In FY2018, we participated in National WHS Campaign - Target Zero Falls Campaign 2018 launched by Workplace Safety and Health Council. This programme highlights the importance of fall prevention and aims to sustain our efforts to eliminate workplace injuries and fatalities arising from Work at Heights activities.



Our Staff Receiving Safety Award

Our Group is certified under OHSAS 18001:2007 in Occupational Health and Safety Management. We also received BizSAFE Level Star certificate in recognition of our ongoing commitment and efforts to health and safety.

In FY2018, we reported 9 work-related accidents and there was no fatalities. We have implemented new measures such as increasing safety training frequency as and when needed, enforcement of mandatory use of personal protective equipment, and rewarding staff reporting near miss incidents so that we can find the factors and root causes of potential future accidents. We will continue to monitor and implement measures to strengthen our workplace safety practices and strive to have lesser workplace injuries in the coming year.

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Note: AR = Annual Report 2018

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