

Hong Kong



Macau



黎氏建築

Lai Si Construction

Lai Si Enterprise Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code:2266)



2019

Environmental, Social and Governance Report

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ABOUT THE GROUP

Lai Si Enterprise Holding Limited (“Lai Si Enterprise” or the “Company”, together with its subsidiaries, the “Group”) has over 30 years of experience in the fitting-out and construction industry in Macau, mainly providing services of fitting-out works, construction works and repair and maintenance works. During the Year ended 31 December 2019, the Group completed 32 projects and was awarded 38 projects. The Group’s revenue increased by 51.3% compared to the year 2018. Apart from its usual business area, the Group developed its restaurant business in October 2019 to diversify its business areas.

Due to the slowing economic growth in the first half of 2019 and the issues brought by new term of government in the second half of the same year, the Group has reduced the local construction work initiated in Macau. Meanwhile, we still hoped to expand our business into other Southeast Asian countries in 2020, establishing branches and initiating different projects. Furthermore, the development of Guangdong-Hong Kong-Macau Greater Bay Area (“Greater Bay Area”) serves as an important opportunity for the Group. As illustrated in the “Regulations for the recognition of practising qualifications for Hong Kong and Macao construction and related engineering consultation enterprises and professionals in the Zhuhai Hengqin New Area” published in December 2019, qualified construction companies in Hong Kong and Macau can be exempted from the restrictions on qualification to bid for and undertake construction projects in Hengqin. The establishment of this guideline will facilitate the Group in participating in the development of Greater Bay Area. The Group will also further practice the principle of sustainability in the construction process and build a sustainable construction environment.

ABOUT THIS REPORT

This is the fourth Environmental, Social and Governance Report (the “Report”) published by Lai Si Enterprise. By reporting the policies, measures and performances of the Group in environmental, social and governance (“ESG”) aspects, the Report fulfils the Group’s commitment and allows stakeholders to better understand the progress of the Group. The Report is prepared in both Chinese and English, and is available on the website of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Company’s website (www.lai-si.com).

REPORTING BOUNDARY

The Report reviews the Group’s ESG performance during the period from 1 January 2019 to 31 December 2019 (the “Year”). In consistency with the reports published in the past, the Report covers the operations of the Group’s fitting-out, alteration and addition works, construction works and repair and maintenance works in the Macau headquarters.

REPORTING STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on the SEHK. The four reporting principles (i.e. Materiality, Quantitative, Balance and Consistency) form the backbone of this Report. The reporting also draws upon selected “recommended disclosures” in the ESG Reporting Guide. To ensure the accuracy of the reporting content and key performance indicators (“KPI”), the Group commissioned a professional consultant, Carbon Care Asia (“CCA”), to conduct a carbon assessment. A complete index is included in the last section hereof for reader’s reference.

ABOUT THIS REPORT

Reporting Principles	Definition	Applicability to this Report
Materiality	Focusing on reporting the ESG issues that are sufficiently important to the Group and its different stakeholders.	The Group understood the concerns of different stakeholders about sustainable issues this Year through online questionnaire survey, from which 11 material topics were selected. The assessment process is detailed in the section on “Stakeholder Engagement”.
Quantitative	Data on key performance should be measurable and comparable where appropriate.	The Group’s raw data on social KPIs was provided by the statistics of relevant departments. To ensure the accuracy of environmental KPIs, carbon assessment is conducted in accordance to both local and international standards, such as <i>Guidance for Accounting and Reporting Corporate GHG Emissions</i> and the international standard ISO 14064-1.
Balance	The issuer should report the Group’s ESG performance in an objective and authentic manner.	When preparing this Report, the Group did not only focus on presenting the ESG results, but also described the difficulties encountered and solutions.
Consistency	Report disclosure should use consistent methodologies to allow for comparisons of ESG-related KPIs, so as to understand business performance.	Unless otherwise specified, compilation of all data disclosed in the Report adopted the same methodologies as last year. Please refer to the section “Appendix: Key Performance Indicators Summary” for more detail.

OPINION AND FEEDBACK

The Group values the opinions of stakeholders. If you have any questions or suggestions regarding the content or format of the Report, please contact the Group through the following channels:

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MESSAGE FROM THE MANAGEMENT

Nowadays, the world has been increasingly concerned about the environmental and social issues, whereas regulating institutions have been establishing more stringent environmental and social standards on corporates' daily operation. This will impose a higher requirement for the business operation. The Group fully considers the factors of sustainable development in operation, with an ESG Concern Group being responsible for relevant issues to enhance the Group's sustainability performance comprehensively.

The construction industry is closely associated to the environmental and social issues. The Group is committed to achieving business growth while investing more resources into enhancing corporate sustainability performance. We promote green development and ensure employee safety. To date, we have been awarded with the ISO14001:2015 and OHSAS 18001:2007 system certification to recognize the Group's effective management in the environment and employees' occupational health. The Group also actively helps to improve the livelihood and education conditions of the disabled people and underprivileged students.

On the other hand, stakeholder engagement is one of the Group's important channels to practice sustainability. To further understand the comments and suggestions of stakeholders, the Group invited different external and internal stakeholders to participate in various engagement activities this Year. We also commissioned an independent external consultant to conduct materiality assessment and analysis of the engagement results. According to the results, stakeholders were most concerned with issues in the subject areas of employment and labour practices as well as operating practices, among which employment and anti-corruption are the most material issues in their subject areas. In terms of the employment system, the Group has formulated a series of policies to protect labour rights of employees. In terms of anti-corruption, the Group encourages employees to report corruption cases on reasonable grounds to the Human Resources and Administration Department or Directors of the Board.

In future, the Group will continue to integrate the mission of sustainable development into the business system and incorporate the policies on climate change and sustainable development goals into our action plan, so as to fulfil the requirements of the regulating institutions and optimize the Group's environmental and social management system.

Lai Si Enterprise Holding Limited

Chief Executive officer and Executive Director

Lai Meng San

GOVERNANCE STRUCTURE

The Board is responsible for maintaining effective risk management and internal control systems in Lai Si Enterprise. During the Year, the Board engaged the Audit Committee and an external independent consultant to conduct a review of the effectiveness and adequacy of the risk management and internal control systems and confirmed that the relevant systems have been put in place effectively. The Audit Committee is also responsible for reporting important findings related to risk management and internal control issues to the Board, as well as suggesting solutions.

ESG RISK MANAGEMENT

The Company has established risk management procedures to identify, assess and manage significant risks. The Board and senior management team conducted risk assessment, taking into account the severity of impacts on the Company's business performance brought by the risk and the probability of the risk. Based on the results of risk assessment, the Company should manage risks in the following ways:

1. Risk elimination: the senior management of the Company implements certain business alternations and monitoring measures to eliminate the risk completely;
2. Risk reduction: the senior management of the Company implements a risk reduction plan to lower the possibility, rate and severity of the risk to an acceptable level; and
3. Risk maintenance: in the circumstances that the senior management of the Company confirm the low rating of the risk, and that the risk is at an acceptable level of the Company when no mitigation measures are necessary, the Company should continue monitoring the risk as part of the risk management plan and prevent the risk from escalating to an unacceptable level.

GOVERNANCE STRUCTURE

This Year, the Company identified the following sustainability risks through the risk management procedures and formulated corresponding measures.

Types of risks	Risk description	Corresponding measures
Industrial safety risk	<p>Some workers lack awareness on labour safety and knowledge about labour ordinances. They are also unwilling to comply with the guidelines in the ordinances and guidance of safety managers, causing risks of non-compliance with laws and loopholes in industrial safety control.</p> <p>Some workers ignore the safety regulations and guidance as they speed up the construction progress, which increases the risk of industrial accidents.</p>	The Group appoints safety officers to conduct Toolbox Talk Training at construction sites regularly. All construction workers are required to attend and receive the training. Furthermore, the Group also puts up posters to raise awareness on construction sites safety.
Human resources risk	<p>It may be difficult to employ professional management and operation staff, such as designer, surveyor and technical foreign workers.</p> <p>The responsible unit fails to estimate the number of workers accurately, which affects the construction progress and increases labour cost.</p>	<p>Employee performance assessment is conducted annually to assist the management or department heads to assess the performance of employees and allow employees to understand the Group's level of satisfaction with their work performance. The assessment can enhance the communication between the management staff and the employees, reducing the staff turnover rate.</p> <p>The management staff communicates closely with clients about the progress to arrange and deploy the number of construction workers needed in each construction site.</p>
Labour ordinances risk	Accelerating construction process may exploit the employees' rights on normal rest days.	The management staff communicates closely with clients about the progress to arrange and deploy the number of construction workers needed in each construction site. Furthermore, in accordance with the actual situation, the Group employs additional construction workers or outsources some work to contractors.

STAKEHOLDER ENGAGEMENT

The Group constantly values stakeholder¹ engagement. In the Year, the Group organized different activities to understand stakeholders' comments and suggestions on the Group's sustainable development. The Group believes that stakeholder engagement can help identify different risks and opportunities in sustainability, facilitating the Group to formulate more comprehensive management policies and measures.

There were no significant changes in the Group's business and ESG-related policies in the Year, so the Group adopted the previous form of stakeholder engagement. The detail was illustrated as follows.

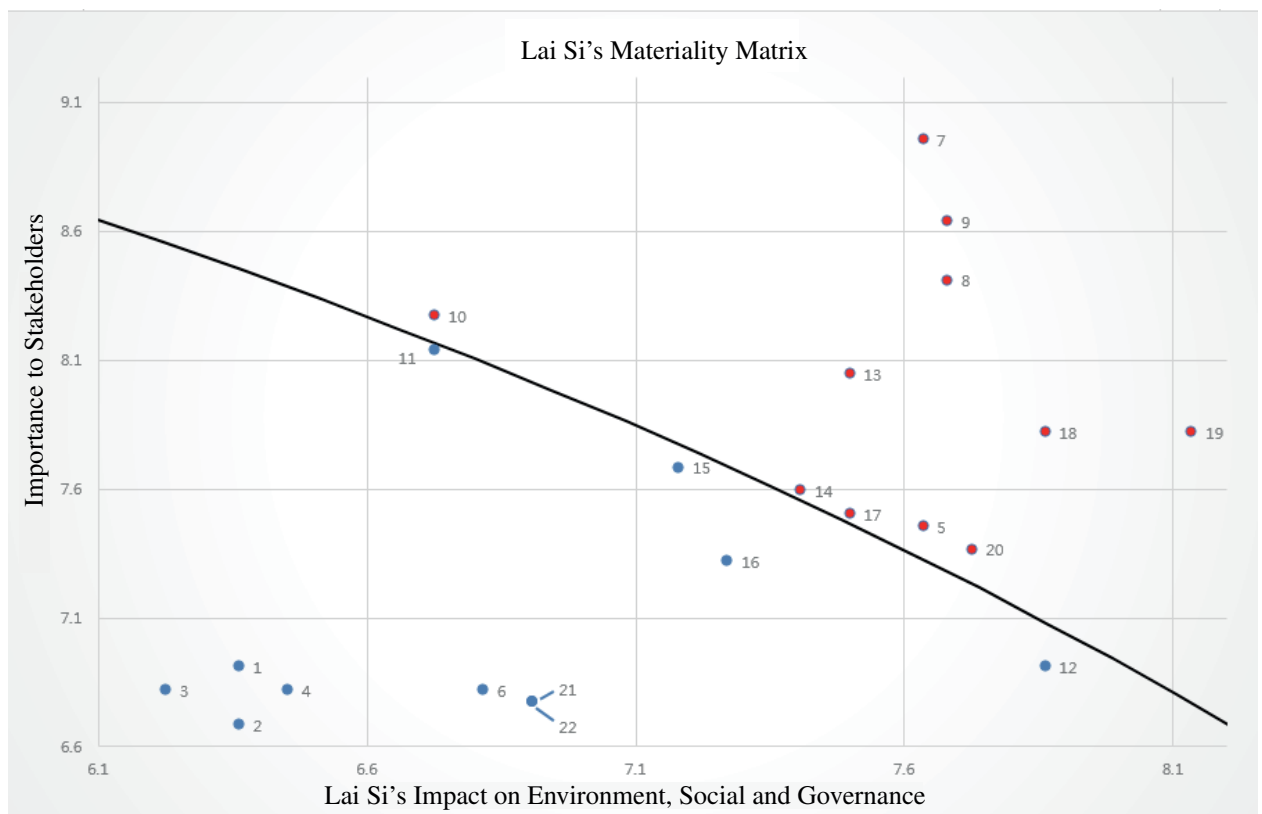
Internal stakeholders		External stakeholders	
Employees	Customers	Suppliers	Communities
Establish an employee engagement system to understand the comments and suggestions of employees. Engage employees through emails and regular meetings in day-to-day operations.	Handle customer feedback in a timely manner to enhance customer satisfaction. The Group will invite customers to complete the customer satisfaction survey.	Inform suppliers of the Group's environmental and social standards through the supplier selection and assessment mechanism.	Support the community development through participating in voluntary services and making charitable donations. Enable the community to understand the Group's development through the company website.

¹ "Stakeholders", also known as "interested parties", refers to groups or individuals who have a significant influence on the Group's business, or those who are materially affected by the Group's business, including the internal Board, management team, administrative and general staff, as well as external shareholders, business partners, clients, government and regulatory authorities, banks and investors, community organizations, etc.

STAKEHOLDER ENGAGEMENT

MATERIAL SUSTAINABILITY ISSUES

This year, to understand stakeholders' awareness and vision on ESG, the Group appointed an independent consultancy CCA to conduct a materiality assessment through a survey. The survey invited both internal and external stakeholders to give ratings to different issues of four subject areas, namely environmental protection, employment and labour practices, operating practices and community investment, so as to understand stakeholders' level of concerns on various issues. Through analyzing the survey results, the Group has identified 11 material issues from the 22 relevant issues (see the top right area above the curve in the diagram below).



STAKEHOLDER ENGAGEMENT

Among the 11 identified material issues, detail was as follows (arranged according to the descending order of importance):

Issues	Subject Areas
7) Lai Si Enterprise establishes a comprehensive employment system to inform employees of the employment arrangements (including recruitment and promotion procedures, compensation and dismissal system, working hours and holidays)	Employment and labour practices
9) Lai Si Enterprise identifies corresponding risks of occupational diseases and adopts suitable measures to ensure the occupational safety of employees, contractors and sub-contractors in their daily work (for instance, provide suitable personal protective equipment, organise safety trainings, and formulate emergency planning system)	
8) Lai Si Enterprise offers an equal and diverse employment environment and avoids workplace discrimination or sexual harassment behaviour (for example, employ employees of different ethnicities and religions; establish suitable engagement channels to reflect improper behaviours)	
19) Lai Si Enterprise establishes precautionary measures and internal monitoring system to prevent corruption, bribery, extortion, fraudulence, money laundering, etc.	Operating practices
18) Lai Si Enterprise protects clients' interests (such as clients' personal information and privacy).	
13) Lai Si Enterprise adopts measures to prevent forced labour (such as to ensure all employees are voluntary labour, cannot mandate employees to work outside normal working hours, conduct spot checks to ensure that there are no cases of forced labour)	Employment and labour practices
5) Lai Si Enterprise implements natural environment protection measures, such as to establish standards for the procurement of fitting-out materials and to select construction materials that bring less impact to the ecological environment and biodiversity.	Environmental protection
20) Lai Si Enterprise establishes anti-corruption reporting channels and mechanism.	Operating practices
10) Lai Si Enterprise offers activities which enhance employee wellness and reduce their stress at work (such as psychological counselling, team building activities, health checks, etc.)	Employment and labour practices
14) Lai Si Enterprise analyzes the environmental and social risks in the supply chain and identifies high risk areas (such as waste disposal by suppliers; intellectual property rights or integrity policies of suppliers, etc.)	Operating practices
17) Lai Si Enterprise is accountable for the products and services they provide (such as promoting the construction quality standard monitoring and control, and establishing customer feedback system).	

STAKEHOLDER ENGAGEMENT

Other 11 non-material issues are arranged according to the descending order of importance as follows:

Issue	Scope
11) Lai Si Enterprise provides trainings for employees.	Employment and labour ordinances
15) Lai Si Enterprise incorporates the environmental and social indicators as one of the standards in its tender for products and services supplier.	Operating practices
12) Lai Si Enterprise adopts measures to prevent child labour.	Employment and labour ordinances
16) Lai Si Enterprise protects intellectual property rights.	Operating practices
21) Lai Si Enterprise understands the needs of the communities where it operates to ensure that its business will consider community interests.	Community investment
22) Lai Si Enterprise invests resources in different aspects to promote community development.	
6) Lai Si Enterprise conducts risk assessment and formulates preventive and mitigation measures to reduce the business risks brought by climate change.	Environmental protection
1) Lai Si Enterprise manages and monitors the emissions of air pollutants and greenhouse gases, as well as implements energy-saving and carbon reduction policies locally.	
4) Lai Si Enterprise adopts measures to enhance energy efficiency.	
3) Lai Si Enterprise adopts measures to use water resources efficiently.	
2) Lai Si Enterprise manages and monitors wastewater discharge and waste treatment to reduce the negative environmental impacts brought by its business.	

In view of the material issues identified by stakeholders, the Group is committed to further manage them through standardized systems and comprehensive policies, which will be explained in more details in the following sections. The Group will also remain constantly concerned about the issues with temporarily lower rating. As usual, the Group will continue to establish diverse, transparent, reliable and accurate engagement channels to serve as an important backbone for the Group's ESG strategy.

PEOPLE-ORIENTED COMMITMENTS

The Group believes that a good employment environment is one of the important elements in achieving corporate sustainability. The Group emphasizes on creating an equal, diverse and healthy working environment for our employees, as well as to help employees establish a sound career development path, making them feel respected and motivated.

GOOD EMPLOYMENT ENVIRONMENT

The Group has formulated corresponding management systems and standards in different aspects of employment, including the *Staff Handbook*, *Human Resources and Payroll Policy*, *The Management System for the Ban on Forced Labour*, *Management Regulations on the Ban on Using Child Labour and Underage Workers* and employment contract, etc. The Group is committed to enhancing its management efficiency in different aspects of employment. The key highlights of the relevant systems were as follows.

Compensation and Dismissal

Compensation of the Group's employees is composed of basic salary and year-end bonus.

If employees have committed serious misconduct or criminal offences, the Group will dismiss the relevant employees immediately.

Rest periods

The Group offers leaves to its employees, including annual leave, sick leave, deduction leave, marriage leave, compassionate leave, etc.

Recruitment

Different departments of the Group will complete the personnel requisition forms in accordance with their employment needs and submit the forms to the department heads for approval. If it falls within the headcount budget, the human resources department will be responsible for publishing recruitment advertisement, while it will also work with the relevant department to arrange interviews.

Equal opportunity and anti-discrimination

The Group dedicates itself to offering equal employment opportunities to its employees and eliminating workplace discrimination, including but not limited to the following factors: disability, marital status, age, family condition, sexual orientation and race. If employees suffer from unequal treatment or discrimination, they may lodge a complaint to the relevant department.

Promotion

The Group will make decisions on promotion after the end of each financial year. Department heads will assess the work performance of employees in their departments and employees who are promoted will receive a notice from the human resources department.

Diversity

The Group emphasizes on creating a diverse working environment. It established the *Board Diversity Policy* to encourage the recruitment of Board directors of different genders, ages, cultural and educational backgrounds. In future, the Group will practice the principle of diversity in the recruitment work of general staff.

PEOPLE-ORIENTED COMMITMENTS

Working hours

The working hours of the Group's employees are stated clearly in the employment contract. Normally, the Group adopts the system of working 5.5 days, 44 hours per week.

Prevent misusing child labour

The Group promises not to employ minors aged less than 15 years old. The human resources department should review the candidates' identification documents in the recruitment process strictly. If the age of the candidate has not met the standard, they should appoint personnel to send the candidate to the police station or place of residence immediately.

Prevent forced labour

The Group encourages all employees to work voluntarily. Any departments or individuals are prohibited from receiving collaterals in cash or in kind from new employees in the recruitment process. They are also not allowed to detain their identification documents to coerce them into working.

ENHANCEMENT OF HEALTH AND SAFETY

As a construction company, employees' health and safety at workplace is always the focus of the Group's work. The Group hopes to standardize safety management measures and reduce occupational risks faced by employees at work through systematic work procedures. Currently, the Group has developed policies such as the *Industrial Safety Management Policy*, *Inhouse OSH Guidelines* and *Personal Protective Equipment Working Instruction*, etc. The Group has also achieved the OHSAS 18001:2007 system certification.

PEOPLE-ORIENTED COMMITMENTS

Industrial Safety Management Policy	Inhouse OSH Guidelines	Personal Protective Equipment Working Instruction
<p>The Group will invite an independent third-party institution to conduct a corporate safety audit and monitor the safety performance of different construction sites. Furthermore, to raise the safety awareness of all employees working at construction sites, the Group also organizes safety training workshops regularly, such as basic safety knowledge and site safety practice, etc.</p> <p>Once employees are found injured at work, they should be sent to hospital for treatment immediately. At the same time, safety supervisors should also begin investigation and prepare a Work-Related Accident Report to be submitted to the Labour Affairs Bureau.</p>	<p>The Group has clearly outlined the responses towards the potential safety risks at work in the policy, such as,</p> <ul style="list-style-type: none"> • all employees should wear a safety helmet when entering construction sites; • wear safety harnesses whenever working at height or on the ground; • prohibited to drink alcoholic drinks at workplace; and • sufficient first aid supplies should be available at construction sites or offices 	<p>The Group has provided different personal protective equipment for employees working at construction sites and explained clearly the uses of different equipment.</p> <ul style="list-style-type: none"> • Goggles: employees should wear them when handling chemicals or carrying out welding work; • Earplugs/earmuffs: it is mandatory for employees to wear hearing protectors when the equivalent sound level exceeds 85dBA; and • Gloves: employees should wear gloves when carrying out disassembling works, operating machines or engaging in dangerous work.

During the Year, there were a total of four cases of work-related injuries in the Group. All the injured employees were sent to hospital immediately for diagnosis and treatment and were settled properly in accordance with relevant regulations. Currently, all employees have recovered and returned to work.

PEOPLE-ORIENTED COMMITMENTS

PROVISION OF DEVELOPMENT AND TRAINING OPPORTUNITIES

The Group understands that enhancement of employees' job skills can help them widen their future career development path. In view of this, the Group has developed the Integrated Management System Handbook to outline the detailed guidelines for employee training. The training activities of this Year were as follows.

Training activities

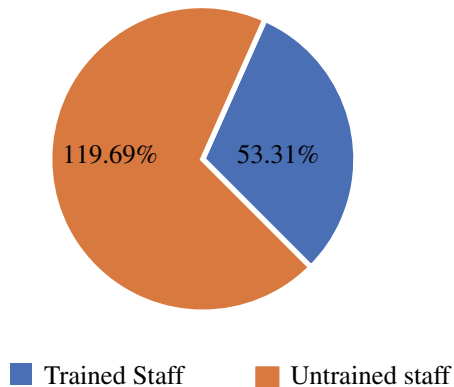
During the year, the Group has provided occupational safety and health training programme, anti-money laundering course and Integrated Management Systems Internal Auditor Course to its staff.

Performance review

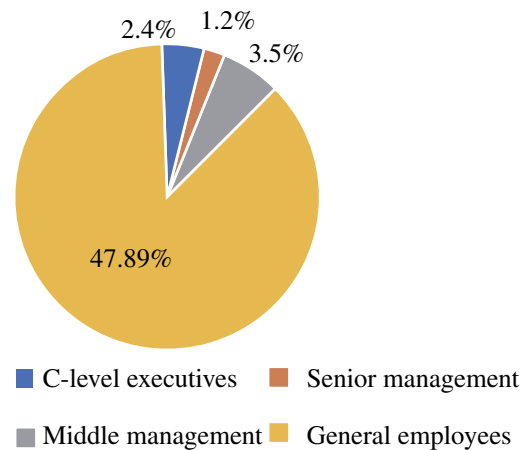
The Group conducts a staff performance review annually, the result of the review is used as the basis for future promotion, transfer and training.

The details of the composition of trained employees in the Group this Year were as follows.

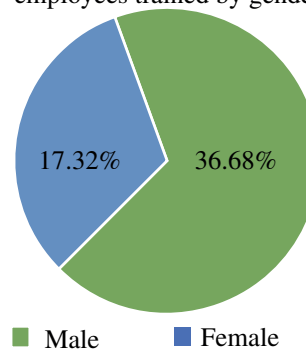
The percentage of trained employees



The total number and percentage of employees trained by employee category



The total number and percentage of employees trained by gender



PURSUIITS OF OUTSTANDING QUALITY

The Group maintains business ethics and corporate brand through supply chain management, enhancement of construction quality and implementation of anti-corruption measures in its operations. To regulate operational behaviour, the Group has formulated a list of measures.

INTEGRITY IN CONDUCTING BUSINESSES

Sustainable corporate development should prohibit any forms of corruption. The Group has developed the *Staff Handbook* to honour the commitment of anti-corruption. All employees are abided by the *Staff Handbook* to prevent legalising unlawful gains for anti-money laundering. For any enquiries regarding the financial resources, employees can raise concerns to the Chief Financial Officer for a prompt follow-up. While handling the relationship with customers and suppliers, employees are prohibited from soliciting or accepting any advantages, including but not limited to money, loans, gifts or other benefits. Employees can report to the Human Resources and Administrative Department or the Directors of the Board for any complaints about corrupt behaviours. The Group promises to carry out prompt and fair investigation and seek suitable legal advice. During the year, the Group has provided anti-money laundering courses to clerks and procurement engineering staff to help them enhance the awareness of anti-corruption.

SUPPLY CHAIN MANAGEMENT

As a corporate working on building construction, assessment and selection of supply chain on construction raw materials is an important concern to the Group's business. The Group gives priority to suppliers who comply with the Group's environmental and social standards. To ensure the effectiveness of supply chain management, the Group has formulated the *Subcontractor Working Guideline* and the *Procedure on Management System*.

Suppliers of the Group are mainly companies providing construction materials, equipment and services. Staff of the administrative and procurement department are responsible for collecting relevant purchasing information and preparing document for the General Manager's and the Board's approvals. In addition, the General Manager is responsible for assessing the suppliers and completing the *Supplier Assessment Record*, and carrying out site inspection when necessary.

PURSUIITS OF OUTSTANDING QUALITY

The Group's environmental and social supplier assessment standards are summarised below:

Environmental	<ul style="list-style-type: none"> • Prohibited from supplying any material, product or service which fails to comply with applicable environmental laws and regulations; • Avoid supplying products containing hazardous or toxic substances; • Comply with environmental laws and regulations related to the products provided; and • Gives priority to suppliers who achieved ISO14001 system certification.
Social	<ul style="list-style-type: none"> • Anyone employed by building construction subcontractors should bring along the "Construction Industry Safety Training Certificate" with them during work; • Wear eye protectors when carrying out metal welding or cutting works; and • Give priority to suppliers who achieved OHSAS18001 system certification.

PRODUCT RESPONSIBILITY MAINTENANCE

Product safety and quality assurance

The Group attaches importance to providing safe and efficient services to all customers. Through a sound operating system, the Group is able to execute the commitment to product safety and quality, and to formulate emergency measures.

To ensure the safety and quality of products and services, the *Quality Assurance Plan* has listed the responsibilities of various personnel and teams.

PURSUIITS OF OUTSTANDING QUALITY

Position	Responsibilities
Project Director	Communicate with project manager and foreman regularly and solve any controversial issues during construction. Also, monitor and assess the safety issues on site with the safety officer.
Project Manager	<ul style="list-style-type: none"> • Arrange and monitor daily construction progress and guide the working team to finish the construction project with respect to the contract's requirements on quality and quantity; • Compile quality management system document and mandate the working team to carry out the construction project with respect to the document; and • Address any non-compliance construction methods and implement follow-up measures.
Project Coordinator	<ul style="list-style-type: none"> • Complete conventional checking after construction to ensure the construction project is in accordance with the contract, construction drawings and relevant laws and regulations; and • Identify and record quality issues.
Safety Officer	<ul style="list-style-type: none"> • Assess on-site safety regularly; • Provide on-site safety trainings; and • Manage on-site safety control documents and ensure the construction is in accordance with the safety standards.

As stipulated in the *Incident, Non-Conformity Control and Integrated Management System Policy (Quality Policy)*, person in charge should record, label, return or rectify the non-conforming products found during the construction or after the raw material assessment in a timely manner. All non-conforming products or services should be reassessed by related personnel after rectification.

Customer Privacy

The Group's *Staff Handbook* stipulates that all suppliers' and customers' information, including but not limited to contacts and contract terms, are regarded as confidential. All employees are prohibited from disclosing confidential information to any third parties.

PURSUIITS OF OUTSTANDING QUALITY

Customer Complaints

Any mistakes at work resulting in customer dissatisfaction should be handed to relevant department heads for investigation and formulation of corrective measures. And at the same time, reasonable explanations should be given to the customer within prescribed period with record kept.

Rights to Intellectual Property

The Group understands the importance of intellectual property rights and prohibits unauthorised disclosure of information protected by intellectual property rights, including drawings, to any third party. In addition, employees of the Group should not carry out any conducts which may infringe others' intellectual property rights.

Since the Group's businesses at present are not involved with product labelling and advertising, no relevant policies have been established. The Group will formulate relevant policies with regard to the actual situation in future.

GREEN DEVELOPMENT

Environmental sustainability is an important aspect in fulfilling corporate social responsibility for the Group. The Group has formulated the *Operating Procedures for Internal Environmental Regulations*, the *Procedures to Identify Environmental Factors* and the *Integrated Management System Policy* to avoid and eliminate environmental risks and impacts from business operations.

EMISSIONS MANAGEMENT

Air Emissions

The construction projects of the Group will produce a certain amount of dust. To this end, the Group has implemented different measures to prevent further air pollution.

- For storage of over 20 bags of cement, they shall be covered entirely by dustproof cloths to prevent the spread of cement particulates;
- Spray water on the surface continuously to reduce the spread of particulates produced during power-driven drilling, cutting and polishing; and
- Build a trough for collecting scarps of construction materials to prevent the spread.

Use of vehicles and welding work also produce certain amount of air pollutants. Therefore, the Group will use lead-free fuel and environment-friendly cutting equipment whenever possible.

During the Year, air pollutants of the Group mainly included nitrogen oxides, sulphur oxides and respirable suspended particulates. Compared to 2018, the emissions of nitrogen oxides, sulphur oxides and respirable suspended particulates had increased by 26.2%, 65.1% and 85.5% respectively. The rise was related to the increasing use of vehicles.

Air Pollutants	Emissions of the Year	Emissions of 2018	Unit
Nitrogen oxides	208.8	165.40	kg
Sulphur oxides	10.2	6.19	kg
Respirable suspended particulates	4.28	2.31	kg

GREEN DEVELOPMENT

Greenhouse Gas Emissions

Greenhouse gas (“GHG”) emissions is the major cause of climate change. Corporates across many countries have set up carbon reduction measures and targets. During the Year, the Group commissioned an independent consultant CCA to conduct carbon assessment to calculate GHG emissions (or “carbon emission”) with reference to the *Guidance for Accounting and Reporting Corporate GHG Emissions* and the international standard ISO14064-1. The results were as follows:

GHG Emissions	The Year	2018	Unit
Scope 1 Direct Emissions	28.3	21.9	Tonne of CO ₂ -e
Scope 2 Energy Indirect Emissions	65.8	60.6	
Scope 3 Other Indirect Emissions	4.3	2.4	
Total GHG Emissions	98.4	84.9	
GHG Emissions Intensity (by number of employee)	2.459	1.888	Tonne of CO ₂ -e/ employee

Compared to 2018, the total GHG emissions of the Year had increased by 15.8%, while scope 1, 2 and 3 emissions had increased by 29.1%, 8.6% and 75.3% respectively.

Waste

As stipulated in the *Operating Procedures for Internal Environmental Regulations*, recycling bins should be placed in the office to reduce waste production and recycle or reuse as far as practicable. For the certain amount of chemical waste or general construction waste produced on site during operation, they should all be handled by certified waste collectors and the *Monthly Waste Management Record* should be completed. During the Year, the total non-hazardous waste generated by the Group was 0.16 tonnes, including municipal waste, debris and gravels, plastics, metals, woods, etc.

Wastewater

Due to the nature of its business, the Group did not produce a significant amount of wastewater. To prevent wastewater pollution or clogged drains, the *Operating Procedures for Internal Environmental Regulations* stipulates the prohibition of discharge of waste, sand, sedimentary materials and other materials harmful to the ecosystem into the wastewater.

GREEN DEVELOPMENT

USE OF RESOURCES

Energy Consumption

The Group's resources consumption in daily operation is abided by the *Operating Procedures for Internal Environmental Regulations*. The regulation stipulates that employees should switch off all electrical and electronic appliances, for instance, air conditioners, projectors, ventilation system, lights and fans, in unoccupied rooms in the office. During the operation in the construction site, the "waste prevention" principle should be upheld and different building materials should be used.

During the Year, petrol and purchased electricity were the major sources of energy consumption. The total energy consumption reached 182.2 MWh-e, which had increased by 18.9% compared to 2018. The rise was related to the increasing use of vehicles and additional acetylene consumption of the Year.

Energy Use	Consumption	
	The Year	2018
Acetylene (MWh-e)	6.7	—
Petrol (MWh-e)	101.0	80.9
Electricity (MWh)	74.5	72.3
Total Energy Consumption	182.2	153.2

Water

During the year, the Group was unable to obtain accurate data of total water consumption of operation sites and therefore could not disclose the data. The Group will improve the completeness of the data collection system and make more comprehensive disclosure in the coming year. The Group had no issue in sourcing water and mainly sourced water from the municipal supply.

GREEN DEVELOPMENT

THE ENVIRONMENT AND NATURAL RESOURCES

The Group values environmental and natural resources protection in daily operations. The Group has already achieved ISO14001:2015 system certification.

The project manager or deputy management representative of the Group are responsible for assessing various factors to determine potential material environmental factors and completing the *Register of Environmental Factors*. Relevant factors include legislation, scope, severity, probability and public awareness. For any adjustment in the Group's service or product nature, the Group should promptly update the *Register of Environmental Factors*.

Furthermore, in accordance with the *Operating Procedures for Internal Environmental Regulations*, the Group is encouraged to purchase environment-friendly products in its operations, including products with environmental labels, products made by environment-friendly materials, or energy-saving and noise-reducing products.

COMMUNITY DEVELOPMENT

The Group understands that business growth and community support are inextricably linked. To further regulate investment behaviour, the Group has formulated the *Provision on the Community Investment Management*, which clearly demonstrates that the Group will actively participate in the local community's development in the area of environment, education, culture and sanitation. At the same time, the Group encourages employees to contribute to the community through participating in volunteer work and charity events.

Under the framework of the *Provision on the Community Investment Management*, the Group actively donated to charities during the Year, including sponsoring Walk for Millions, Macau Association of the Hearing Impaired, and The Office of Poverty Alleviation and Development in WeiNing Yi, Hui, and Miao Autonomous County, offering convenient living conditions and quality educational resources to disabled people and students. During the Year, the Group donated MOP \$2,000 and CNY \$20,000.

APPENDIX: GENERAL DISCLOSURE

RELEVANT LAWS AND REGULATIONS COMPLIANCE SUMMARY

Scope	Relevant laws and regulations	Compliance disclosure	Impact
A1 Emissions	Law no. 2/91/M Administrative Regulation No. 28/2004: General Regulations Governing Public Spaces Pollution-related crimes prescribed in the Penal Code Decree Law no. 46/96/M Decree Law no. 54/94/M	During the Year, there was no non-compliance case in relation to emissions within the Group.	Part of the laws and regulations was updated this Year but the Group still strictly complied. Relevant updates have not caused any negative impacts to the Group's operation.
B1 Employment	Law No. 7/2008: Labour Relations Law Law No. 4/98/M: Framework Law on Employment Policy and Worker's Rights	During the Year, there was no non-compliance case in relation to employment within the Group.	During the Year, content about maternity leave, and remuneration and allowance in relevant laws was revised, which will increase the Group's operation cost. The Group will proactively engage with related employees.
B2 Health and Safety	Decree Law No. 37/89/M Decree Law No. 44/91/M Decree Law No. 40/95/M: Employees' Compensation Insurance Ordinance	During the Year, there was no non-compliance case in relation to health and safety within the Group.	During the Year, relevant laws and regulations did not have major revision so the Group will continue to adopt the previous measures to reduce its impact.

APPENDIX: GENERAL DISCLOSURE

Scope	Relevant laws and regulations	Compliance disclosure	Impact
B4 Labour Standards	Law no. 7/2008: Labour Relations Law Law No. 4/98/M: Framework Law on Employment Policy and Worker's Rights	During the Year, there was no non-compliance case in relation to labour standards within the Group.	Regulations on compulsory compensatory leave and compensation were added to relevant laws, which will increase the Group's operation cost. The Group will arrange rotating time-off for employees without prejudice to the interests of the company.
B6 Product Responsibility	Commercial Code	During the Year, there was no non-compliance case in relation to product responsibility, including health and safety, advertising, labelling and privacy matters, within the Group.	During the Year, relevant laws and regulations did not have major revision so the Group will continue to adopt the previous measures to reduce its impact.
B7 Anti-corruption	Penal Code The law entitled Prevention and Suppression of Bribery in the Private Sector	During the Year, there was no corruption litigation case against the Company or its employees within the Group and there was no non-compliance case in relation to laws and regulations that brought significant impacts to the Group.	During the Year, relevant laws and regulations did not have major revision so the Group will continue to adopt the previous measures to reduce its impact.

APPENDIX: KEY PERFORMANCE INDICATORS SUMMARY

ENVIRONMENTAL PERFORMANCE

Environmental Key Performance Indicators			
Air Emission	This Year	2018	Unit
Nitrogen oxides	208.79	165.40	kg
Sulphur oxides	10.22	6.19	kg
Respirable suspended particulates	4.28	2.31	kg
GHG Emission	This Year	2018	Unit
Scope 1-Direct GHG emissions ²	28.3	21.9	tonne of CO ₂ -e
Scope 2-Energy indirect emissions ³	65.8	60.6	tonne of CO ₂ -e
Scope 3-Other indirect emissions ⁴	4.3	2.4	tonne of CO ₂ -e
Total GHG emissions (Scope 1, 2 & 3)	98.4	84.9	tonne of CO ₂ -e
GHG intensity (by number of employees)	2.459	1.888	tonne of CO ₂ -e/ employee
Waste	This Year	2018	Unit
Total generated hazardous waste	–	0	
Hazardous waste intensity (by area)	–	0	
Total generated non-hazardous waste	0.2	0.1	tonne
Non-hazardous waste intensity (by number of employees)	0.004	0.002	tonne/employee
Energy Use	This Year	2018	Unit
Acetylene	6.7	–	MWh-e
Petrol	101.0	80.9	MWh-e
Electricity	74.5	72.3	MWh
Total energy consumption	182.2	153.2	MWh-e
Energy intensity (by number of employees)	4.554	3.405	MWh-e/employee
Water use	This Year	2018	Unit
Total water consumption	1.0	6.7	cubic metre
Water intensity (by number of employees)	0.025	0.149	cubic metre/employee
Packaging material	This Year	2018	Unit
Total packaging material used	Not applicable	Not applicable	Not applicable
Packaging material intensity (by area)	Not applicable	Not applicable	Not applicable

² Scope – GHG emissions include emissions from fixed source combustion, mobile source combustion and oxyacetylene combustion.

³ GHG emissions generated mainly by purchasing electricity from third parties.

⁴ GHG emissions generated mainly by business travel.

APPENDIX: KEY PERFORMANCE INDICATORS SUMMARY

SOCIAL PERFORMANCE

Statistics		Number of employees	Number and rate of new employees	Number and rate of employee turnover
Gender	Male	145	81 (55.9%)	77 (53.1%)
	Female	27	11 (40.7%)	6 (22.2%)
Age group	Below 30	18	21 (116.7%)	20 (111.1%)
	30 to 40	44	19 (43.2%)	15 (34.1%)
	41 to 50	59	31 (52.5%)	29 (49.2%)
	Above 50	51	21 (41.2%)	19 (37.3%)
Employment category	C-level executives	4	–	–
	Senior management	5	–	–
	Middle management	12	–	–
	General employees	151	–	–
Employment type	Full-time	172	92 (53.5%)	83 (48.3%)
	Part-time	0	0 (0)	0 (0)
Total		172	92 (53.5%)	83 (48.3%)

Number and rate of work-related fatalities			Number of work-related injuries	Lost days due to work-related injuries	Number of absent days
This Year	2018	2017	4	78	314
0 (0%)	0 (0%)	0 (0%)			

APPENDIX: KEY PERFORMANCE INDICATORS SUMMARY

Statistics		Number of employees trained	Percentage of trained employees ⁵	Average training hours ⁶
Gender	Male	36	24.8%	0.6
	Female	17	63.0%	0.7
	C-level executives	2	50%	0.5
Employee category	Senior management	1	20%	0.2
	Middle management	3	25%	0.4
	General employees	47	31.1%	0.7

Region	Number of suppliers	Number of suppliers which implement relevant practices ⁷
Macau	173	171
Hong Kong	41	30
Mainland China	92	50
Overseas	2	0

⁵ The percentage of employees trained is calculated by the number of a specific group of employees trained/ total number of employees in that group.

⁶ The average training hours is calculated by the total training hours of a specific group of employee/ total number of employees in the specific group.

⁷ Refers to the Group's screening standards such as the *Subcontractor Working Guideline* and *Procedure on Management System*

APPENDIX: ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
A Environmental		
A1 Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	20, 25
A1.1	The types of emissions and respective emissions data.	20, 27
A1.2	Greenhouse gas emissions in total and intensity.	21, 27
A1.3	Total hazardous waste produced and intensity.	21, 27
A1.4	Total non-hazardous waste produced and intensity.	21, 27
A1.5	Description of measures to mitigate emissions and results achieved.	20, 21
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	21
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	22
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	22, 27
A2.2	Water consumption in total and intensity.	22, 27
A2.3	Description of energy use efficiency initiatives and results achieved	22
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	22
A2.5	Total packaging material used for finished products and with reference to per unit produced.	27
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	23
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	23

APPENDIX: ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
B Social		
B1 Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	12, 25
B1.1	Total workforce by gender, employment type, age group and geographical region.	28
B1.2	Employee turnover rate by gender, age group and geographical region.	28
B2 Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	13, 25
B2.1	Number and rate of work-related fatalities.	28
B2.2	Lost days due to work injury.	28
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	14
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	15
B3.1	The percentage of employees trained by gender and employee category.	15, 29
B3.2	The average training hours completed per employee by gender and employee category.	29

APPENDIX: ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
B4 Labour Standards		
General Disclosure	Information on:	12, 26
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	13
B4.2	Description of steps taken to eliminate such practices when discovered.	13
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	16
B5.1	Number of suppliers by geographical region.	29
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	16-17
B6 Product Responsibility		
General Disclosure	Information on:	17-19, 26
	(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.	
B6.2	Number of products and service related complaints received and how they are dealt with.	19
B6.3	Description of practices relating to protecting intellectual property rights.	19
B6.4	Description of quality assurance process and product recall procedures.	18
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	18

APPENDIX: ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
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.	16, 26
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	26
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	16
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.	24
B8.1	Focus areas of contribution.	24
B8.2	Resources contributed to the focus area.	24