

FULLWEALTH INTERNATIONAL GROUP HOLDINGS LIMITED
富匯國際集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1034



富匯國際集團控股有限公司
Fullwealth International Group Holdings Limited

2021 Environmental, Social and Governance Report

INTRODUCTION

About this Report

The board of directors (the “Board”) of Fullwealth International Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is delighted to present the Environmental, Social and Governance Report (“ESG Report” or “Report”) for the financial year ended 31 December 2021 (the “Reporting Year”), which summarizes our initiatives, strategies and objectives relating to environmental, social and governance (“ESG”) issues, describes our vision and commitment to the fulfilment of our corporate social responsibilities, and provides an overview on the Group’s performance of environmental and social related matters.

This Report is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ESG Governance Structure

The Group recognizes the importance of efficient ESG governance to the corporate sustainable development and has integrated ESG concepts into our corporate culture and daily operations, with the Board overseeing the ESG practices and assuming the overall responsibilities. The ESG related responsibilities have been delegated from the Board to the management of the Company (the “Management”) and the functional departments. Through the adoption the top-down management approach as mentioned above, the Group has been committed to promoting ecological and environmental protection, thus proving the effectiveness of our ESG management approach.

Roles and responsibilities in managing ESG matters are defined within the Group as follows:

The Board is responsible for:

- overseeing and approving ESG policies and strategies, including the identification, evaluation, prioritization and management of material ESG issues;
- ensuring the establishment of appropriate and effective ESG risk management and internal control systems;
- overseeing ESG management approach and strategy which is set by Management;
- conducting annual review of ESG performance; and
- reviewing and approving annual ESG Reports.

Management is responsible for:

- identifying key stakeholders and prioritizing their ESG concerns;
- formulating relevant ESG policies, measures and targets;
- setting up the ESG management approach and strategy;
- supervising the implementation and reviewing the effectiveness of ESG policies and measures;
- reviewing the achievement of ESG targets; and
- preparing and submitting annual ESG reports to the Board for approval.

The functional departments are responsible for:

- coordinating and implementing specific ESG policies, objectives and measures;
- collecting information and data relating to the Group’s ESG performance; and
- assisting Management in preparing the annual ESG Report.



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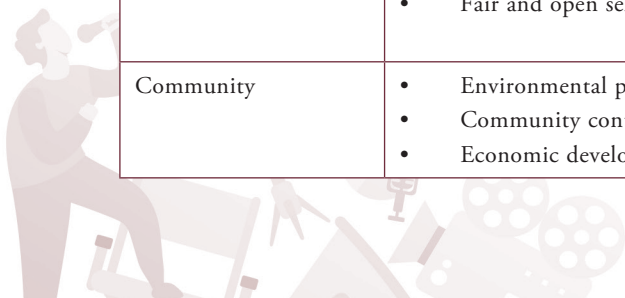
Governance Strategy

The Group has been committed to all areas of corporate social responsibility, such as reducing emissions, saving resources, providing employees with a safe and healthy working environment. In order to implement the Group's sustainable development philosophy, our strategy is to comply with all relevant laws and regulations applicable to our scope of business and to continuously improve our environment management of every aspect towards the industry best practice. We also pay close attention to stakeholders' demands and established a diversified communication channel to collect and response to their concerns. Through the well-defined governance structure and communication channels, we could identify and prioritize key ESG related-issues that are closely related to our business during the materiality assessment process and to ensure that the ESG strategy is closely aligned with the Group's overall business strategy.

Stakeholder Engagement

The Group believes that creating long-term value for stakeholders is important to sustain its business success. We value the intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. During the Reporting Year, the Group has identified key stakeholders that are important to the business. Various communication channels have been established in order to incorporate stakeholders' concerns into our operation and decision-making process in a timely manner and to response to those concerns actively. The following table provides an overview of the Group's key stakeholders, their expectations and requirements and communication channels that have been used to reach, listen and respond to them.

Key stakeholders	Expectations and requirements	Communication channels
Internal stakeholders		
Employees	<ul style="list-style-type: none"> Labour rights and interests Benefits and welfare Career development Health and occupational safety 	<ul style="list-style-type: none"> Employee activities Performance appraisal Employee handbook Trainings and drills
External stakeholders		
Investors/shareholders	<ul style="list-style-type: none"> Return on investment Good corporate governance system Transparency and disclosure of corporate information 	<ul style="list-style-type: none"> Shareholders' meetings Interim and annual reports Announcements and circulars Official company website Emails
Government/regulatory authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Fulfillment of corporate legal responsibilities 	<ul style="list-style-type: none"> Regular reporting Laws and regulations
Customers	<ul style="list-style-type: none"> Quality products and services Timely delivery Reasonable price Value of services 	<ul style="list-style-type: none"> Business visits Email, telephone and communication applications Customer satisfaction survey
Suppliers	<ul style="list-style-type: none"> Payment schedule Stable demand Fair and open selection process 	<ul style="list-style-type: none"> Business visits Email, telephone and communication applications Supplier performance evaluation
Community	<ul style="list-style-type: none"> Environmental protection Community contribution Economic development 	<ul style="list-style-type: none"> Official company website Community involvement Staff volunteering activities



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Materiality Assessment

In order to identify and consider what ESG-related issues may be material to the Group, the Group has conducted the materiality assessment through the following steps:

Step 1: Identification

- The key ESG-related issues were identified in accordance with the ESG Reporting Guide, peer benchmarking, media monitoring and etc.

Step 2: Prioritisation

- Stakeholders' expectations and requirements were collected through the communication channels as mentioned in the "Stakeholder engagement" section. All ESG-related issues were prioritized based on the stakeholder engagement process, which incorporated with the industrial trends, peer benchmarking, and the capital market focus.

Step 3: Validation

- The top five issues were identified as the key and material ESG-related issues of the Group, the materiality assessment result was reviewed and confirmed by the Board.

During the Reporting Year, as a result of the materiality assessment, we have prioritized quality control, energy management, procurement and supply chain management, community investment, corporate governance and risk management as key ESG issues. The Group will pay more attention on the above areas and focus on strengthening the discussion of material issues, in order to respond to the concerns of stakeholders. Key initiatives and activities are summarized in the following sections.

Objectives and Review

While developing its business, the Group is committed to improving its business operation management. The Group's business is generally divided into "construction segment" and "education and training segment". Therefore, the resources we use are mainly fuels, electricity and water. We always aim to reduce emissions and resources consumption so as to reduce the impact on the surrounding environment where we operate. At the same time, we have a sound employment system to create a diverse, inclusive, healthy and safe working environment, and maintain close communication with employees to understand their needs. In particular, during the pandemic prevention and control period, the Group gives priority to employee safety and well-being, and provides pandemic prevention supplies and flexible working arrangements for employees in need. The table below summarizes our key objectives.



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Our objectives	
1. Strict compliance with regulations	<ul style="list-style-type: none"> Legal compliance – ensuring that the Group’s business operations are in compliance with applicable laws and regulations Ethics – adhering to ethical standards of business integrity and establishing a culture of compliance
2. Quality assurance	<ul style="list-style-type: none"> Product and service quality – ensuring product and service quality have met customers’ requirements Construction safety – ensuring that construction work completed have met safety standards and requirements
3. Environmental protection	<ul style="list-style-type: none"> Environmental management – regularly monitoring various environmental parameters to minimize the relevant environmental impact, reduction of the generation of solid waste by saving resources and reducing emissions Climate change strategy – regularly reviewing the Group’s approach to climate change, and identifying risks and opportunities, and relevant countermeasures
4. People-oriented	<ul style="list-style-type: none"> Diversity and inclusion – Respecting the labour rights and human rights of all employees, maintaining high ethical standards, clearly stating human resources management policies and advocating an inclusive culture within the Company Working environment – providing employees with a supportive, happy and healthy working environment
5. Giving back to society	<ul style="list-style-type: none"> Using our expertise and resources to serve the communities in which we operate

Management evaluates the ESG performance through regular reports provided by each functional department and reports the evaluation results to the Board. The Board reviews the achievement of objectives and reviews the progress and effectiveness of the related governance matters. Meanwhile, the Board will continue to monitor the risks brought by these material ESG-related issues to the Group. As the business continues to develop, the Board has been paying attention to new ESG-related issues and will continue to oversee ESG-related works following the latest requirements of the Stock Exchange. The Company also ensures that all departments work closely together to achieve the objectives of operational compliance and social responsibility, and will continue to formulate corresponding ESG objectives while developing the Group’s business.

Reporting Principles

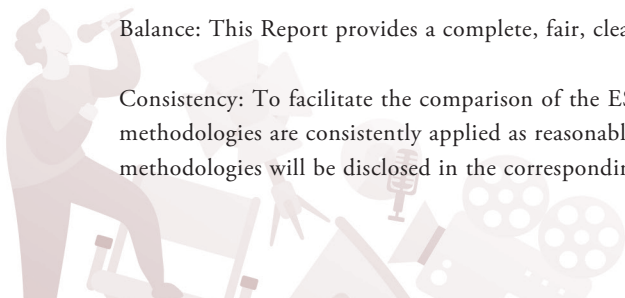
This report is prepared in accordance with the ESG Reporting Guide and based on the following reporting principles – materiality, quantitative, balance and consistency.

Materiality: The Group has engaged stakeholders in the process of identifying, prioritizing and determining important ESG-related issues that reflect the Group’s significant impacts on the economy, environment and society. More details can be found in the section “Stakeholder engagement” and “Materiality assessment”.

Quantitative: The ESG key performance indicators disclosed in this Report are supported by quantitative data and measurable criteria. The sources of all applicable data, calculation tools, methodologies, references and conversion factors used are disclosed in the presentation of emission data, where applicable.

Balance: This Report provides a complete, fair, clear and comparable overview of the Group’s ESG policies and performance.

Consistency: To facilitate the comparison of the ESG performance of the Group from year to year, the reporting and calculation methodologies are consistently applied as reasonably practicable in the preparation of this Report and any material changes in the methodologies will be disclosed in the corresponding contents of the report in detail.



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Reporting Scope

The Group is principally engaged in the provision of civil engineering, building and other works in Hong Kong, including (i) site formation; (ii) excavation and lateral support works and pile cap construction; and (iii) roads and drainage and waterworks. Since June 2017, the Group has also been qualified to carry out private sector building works as well as alteration and additions works as a main contractor.

During the Reporting Year, the Group started the new education and training business related to performing arts and culture in Mainland China (“China” or the “PRC”). Fullwealth International Education has officially operated and launched its education and training course from May 2021.

The present scope of the ESG Report covers the provision of engineering and building works in Hong Kong. The Group considered the education and training business in China is immaterial to the Group’s environmental performance, therefore, the environmental Key Performance Indicators (“KPIs”) data of its business in China had been excluded from this ESG report.

A. ENVIRONMENTAL

A1. Emission

The Group is principally engaged in the civil engineering, building and other works in Hong Kong and education and training business related to performing arts and culture in the PRC. The operation of its construction segment may cause environmental unfriendly impact in terms of air, noise, water and waste pollution. The Group recognizes the importance of protecting the environment and strives to minimize the impact to the environment by preventing pollution, saving energy and reducing waste.

The operations of the construction business are subject to certain laws and regulations relating to environmental protection in Hong Kong including but not limited to:

- Air Pollution Control Ordinance;
- Air Pollution Control (Non-Road Mobile Machinery) (Emission) Regulation;
- Noise Control Ordinance;
- Water Pollution Control Ordinance; and
- Waste Disposal Ordinance.

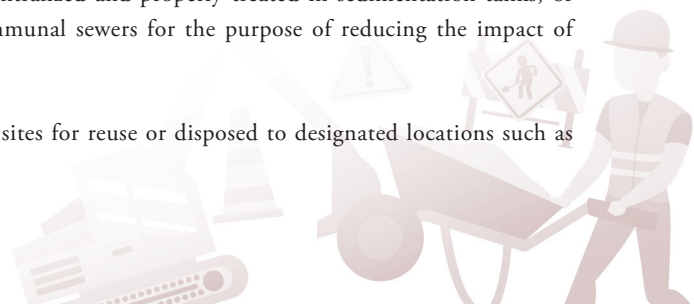
The Group has established and adopted environmental management policies with a view to protecting the environment and monitoring the compliance with relevant laws and regulations in daily operations. Here are some of these measures:

Air pollution control – dusty items such as vehicles and the wheels are washed before leaving construction site, and eco-friendly fuel is used for vehicles and machinery.

Noise control – noise barriers and hoarding are erected along the site boundary for projects near residential areas and construction noise permits will be obtained where necessary.

Water pollution control – sewage generated from site is centralized and properly treated in sedimentation tanks, or handled by subcontractor, before discharging into the communal sewers for the purpose of reducing the impact of waste water to the surrounding communities.

Waste disposal control – construction wastes are sorted on sites for reuse or disposed to designated locations such as landfill spaces.



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Air pollutants, such as nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”), respiratory suspended particles (also known as particular matter (“PM”)) etc., are mainly generated from the use of vehicles, machinery through consumption of fuels and electricity. The air pollutants emission during the Reporting Year is as follows:

Air emission from consumption of fuels and electricity	2021	2020
NO _x	30,817 g	30,918 g
SO _x	56,445 g	53,719 g
PM	2,371 g	2,378 g

Climate change is a serious environmental issue that our world is facing and affect the operation of the Group. Greenhouse gas emission produced by the Group is indirectly derived from the energy consumption, including electricity consumption and water processing as well as fuels consumed by motor vehicles and machinery. The emission of greenhouse gas can be broadly classified into three categories:

- Scope 1 – Direct emission from operations;
- Scope 2 – Energy indirect emission; and
- Scope 3 – Other indirect emission.

During the Reporting Year, the emission of greenhouse gas and its intensity are as follows:

Description	2021	2020
Carbon Dioxide (“CO₂”) Emission		
Scope 1 – By fuels consumption	1,089,236 kg	612,480 kg
Scope 2 – By electricity consumption	9,245 kg	8,800 kg [#]
Scope 3 – By water consumption	1,397 kg	1,807 kg
Total	1,099,878 kg	623,087 kg [#]
Intensity		
Number of construction projects during the Reporting Year	9	13
CO ₂ Emission Intensity per construction project	122,209 kg	47,930 kg [#]

[#] The result for 2020 has been restated.

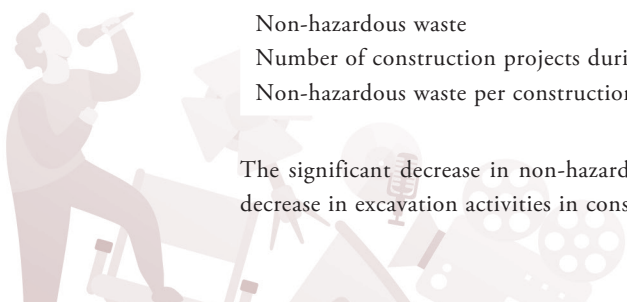
The increase in carbon dioxide emission during the Reporting Year was due to the increase in fuel consumption. Please refer to the section “A2. Use of Resources” below.

Hazardous wastes generated in the Group’s operations are immaterial. Non-hazardous wastes produced by the Group mainly include soils and sands from the construction segment, which will be delivered to landfill space.

Non-hazardous wastes produced and its intensity during the Reporting Year are as follows:

Non-hazardous wastes produced	2021	2020
Non-hazardous waste	2,751 tonnes	13,499 tonnes
Number of construction projects during the Reporting Year	9	13
Non-hazardous waste per construction project	306 tonnes	50 tonnes

The significant decrease in non-hazardous waste produced during the Reporting Year was due primarily due to the decrease in excavation activities in construction sites, which will generate non-hazardous construction wastes.



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A2. Use of Resources

Fuels, electricity, water and paper are the major resources used within the Group. The Group has implemented eco-friendly measures and promoted greening to employees with an aim to improving the resource efficiency in a cost-effective manner.

Energy conservation policies are adopted in offices and construction sites in order to reduce excessive use of resources and minimize greenhouse gas emission from electricity consumption. For instance, the Group encourages employees in maintaining indoor temperature at an environmental-friendly level; using LED lightings in offices; conducting regular maintenance on motors and machinery to prolong their useful life; and switching off all idle lights, computers, air-conditioners, office equipment and machinery when they are not in use.

The Group also adopts conservation of water and paper, such as promoting the usage of recycled papers and e-documents for communication (e.g. email or mobile), encouraging in using double-side printing and photocopying to employees, recycling waste papers, reminding staff members to consume less water etc. so as to promote efficient usage of resources.

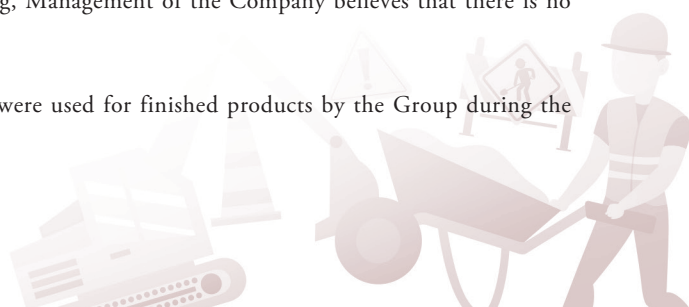
During the Reporting Year, the usage of fuels, electricity, water and paper and their intensity of the Group are disclosed in the following table:

Use of resources	2021	2020
Resources consumption		
Fuels	414,958 L	234,954 L
Purchased Electricity	23,705 kWh	23,783 kWh
Water	822 m³	1,063 m ³
Paper	203,839 pieces	131,278 pieces
Intensity		
Number of construction projects during the Reporting Year	9	13
Total number employee as at 31 December	106	122
Consumption per project/employee		
Fuels consumption per construction project	46,106 L	18,073 L
Purchased Electricity Consumption per employee	224 kWh	195 kWh
Water Consumption Intensity per employee	8 m³	9 m ³
Paper Consumption Intensity per employee	1,923 pieces	1,076 pieces

The usage of fuels, electricity, water and paper by the Group depends greatly on the nature of construction projects and the duties assigned to the Group. During the Reporting Year, the Group had caught up with the work progress of in lots of construction projects on hand and under construction in Hong Kong that were delayed due to the outbreak of COVID-19 in the year 2020, resulting an increased consumption of fuel and paper.

As the operation of the construction is based in Hong Kong, Management of the Company believes that there is no material issue in sourcing water for operation.

Due to the nature of the business, no packaging materials were used for finished products by the Group during the Reporting Year.



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A3. The Environment and Natural Resources

Construction work can cause potential adverse impact to the surrounding environment. The significant environmental issues that the Group facing regarding emissions and use of resources have been discussed and disclosed in the above paragraphs.

A4. Climate Change

Climate change might pose potential risks to the Group's business as it may lead to extreme weather. In general, the education and training segment is less affected by climate-related issues but construction segment may be significantly affected as it involves outdoor activities. Climate change has a significant impact on our construction segment's daily operations by posing threats on worker safety and project duration.

The Group pays close attention to the trend of global climate change and incorporates climate change mitigation and adaptation into corporate social responsibility management. Accordingly, the Group has identified and assessed the risks of climate change and drawn up measures to safeguard the safety of its employees, including the strict compliance with the relevant extreme weather guidelines issued by the government, proper resting areas and sufficient water or drinks are provided to employees and the subcontractors in the construction sites to avoid heatstroke in hot weather. The Group has also formulated emergency guidelines and measures to reduce future damage from disasters and cope with extreme weather caused by climate change.

B. SOCIAL

Employment and Labour Practices

B1. Employment

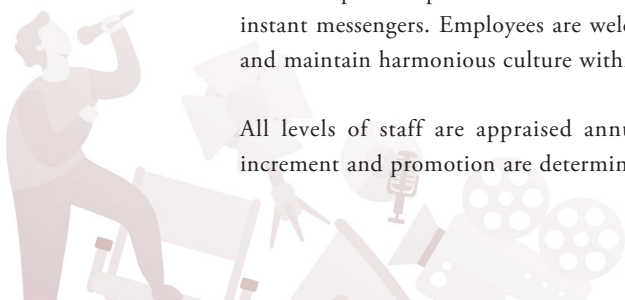
Employee are invaluable assets of the Group and the Group is dedicated to manage human capital. The construction industry has been suffering from labour shortage for years. Management acknowledges the importance of maintaining good relationship with skilled and competent employees for long-term business development to the Group.

The Group adheres to the relevant laws and regulations in the PRC and Hong Kong, including the Labour Law, the Labour Contract Law, the Provisions on Prohibition of the Use of Child Labour, Special Provisions on the Labour Protection of Female Workers, the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Minimum Wage Ordinance, Occupational Safety and Health Ordinance, Employees' Compensation Ordinance, Construction Workers Registration Ordinance etc. Policies of Human Resource Management and Staff Handbook are in line with the employment laws and regulations and have being adopted for the purpose of protecting the basic rights and interests of the employees.

All employees are treated on an equal footing in relation to recruitment, training and development, appraisal, promotion, remuneration and benefits. The Group aims to provide equal employment opportunity which is free from any form of discrimination or harassment, regardless of age, gender, family status, sexual orientation, ethnicity, religion, disability and political stance.

The Group develops an effective communication with employees by various means such as group conversations by instant messengers. Employees are welcomed to share their perceptions of the Group to the management to develop and maintain harmonious culture within the Group.

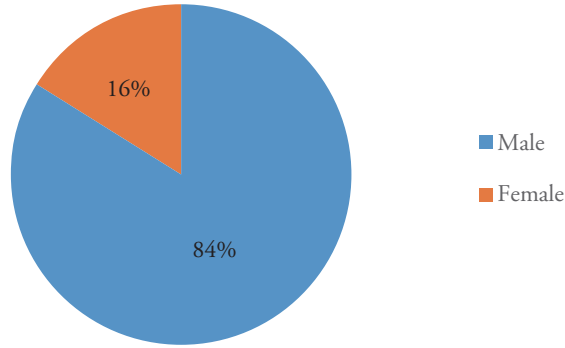
All levels of staff are appraised annually based on the same categories of performance criteria. Bonus, salary increment and promotion are determined in accordance with the results of the staff appraisal.



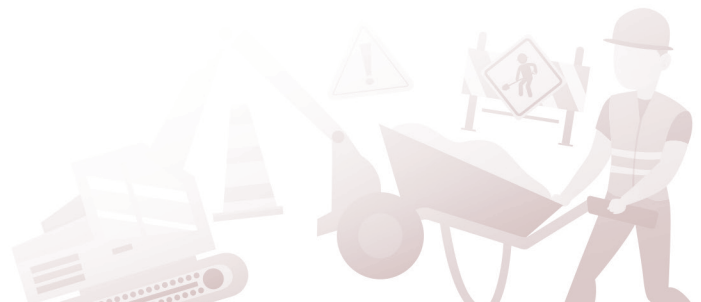
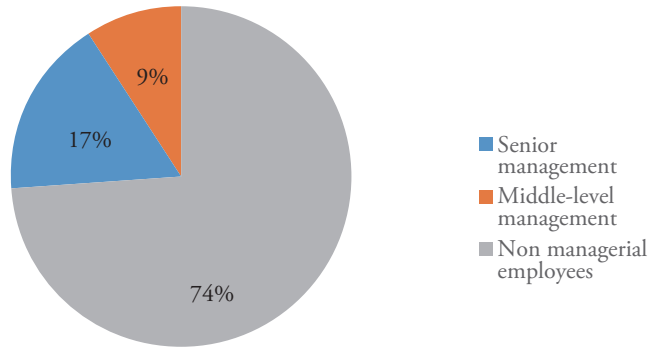
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As at 31 December 2021, the Group employed a total of 106 employees (2020: A total of 122 employees). Their gender, employment type, age group, geographical region are as follows:

Number of employee by gender

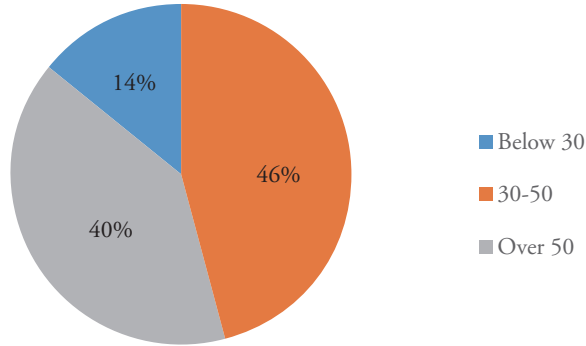


Number of employee by employee category

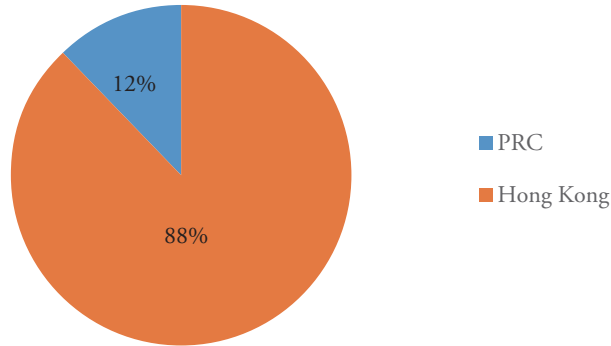


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Number of employee by age group

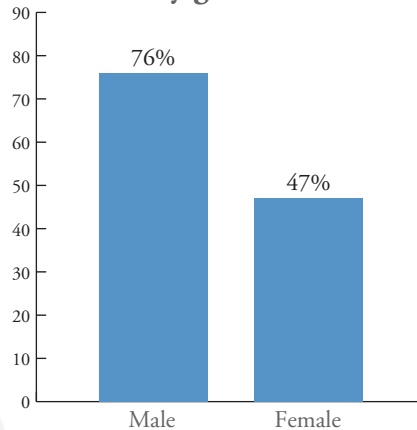


Number of employee by geographical region



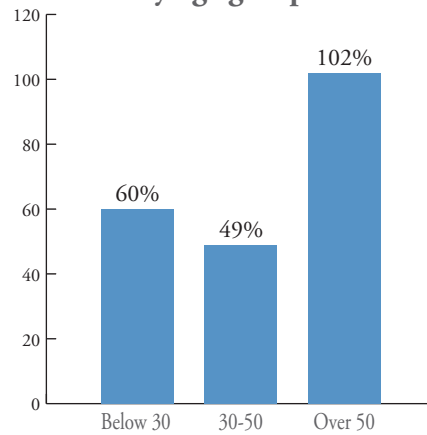
As at 31 December 2021, 76 employees of the Group resigned during the Reporting Year (2020: 144 employees of the Group resigned). Their gender, age group, geographical region are distributed as follows:

Employee turnover rate by gender

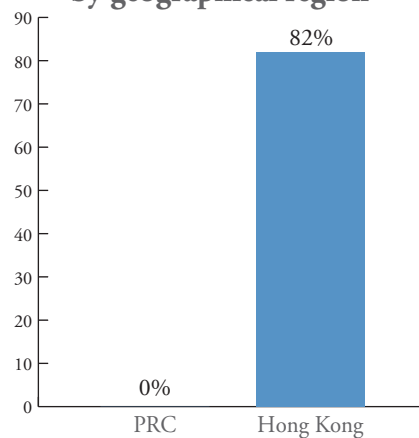


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**Employee turnover rate
by age groups**



**Employee turnover rate
by geographical region**



B2. Health and Safety

The Group recognizes that a healthy and safe working environment is vital in the construction industry and is committed to providing a workplace free from injury and illness through an effective procedures and practice on occupational health and safety.

The Group adheres to, in all material respects, applicable health, safety and environmental laws and regulations in the PRC and Hong Kong including but not limited to:

- The Trade Union Law of the People's Republic of China;
- The Law of the People's Republic of China on Prevention and Control of Occupational Diseases;
- Occupational Safety and Health Ordinance;
- Factories and Industrial Undertakings Ordinance;
- Public Health and Municipal Services Ordinance; and
- Pneumoconiosis and Mesothelioma (Compensation) Ordinance.



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Registered safety officers are responsible for overseeing the occupational health and safety system in construction site with a view to ensuring compliance with the relevant laws and regulations and monitoring work safety during construction.

A safety manual and safety plans on construction activities are implemented to provide employees and subcontractors' employees with a safe and healthy working environment and assisting in dealing with unexpected incidents, including handling heavy lifting by machinery, load shifting, plant movement, working at height, handling accidents, providing first-aid kits etc. Executive directors/senior management will have regular safety meetings with site foreman and safety officers to evaluate the safety rules and policies, and if necessary, update and revise the same.

All workforce in construction are provided with necessary work safety training. Safety supervisors who obtain training certificate or equivalent qualification, and site foreman conduct regular inspection on the operations and equipment to ensure all worker work in a safe and healthy environment. Site foreman will stop any unsafe act and suspend any dangerous operation; and also check to ensure that all plant and equipment are safe and suitable for work. For the meantime, safety officers convene regular meetings with subcontractors and their safety officers to discuss any improvement on environmental protection and safety measures in the construction sites.

If any accident occurs, the safety officers will timely report the work injury to the Labour Department by an accident report in accordance with the Employees' Compensation Ordinance. All employees have been insured under employee compensation policy. To prevent similar work injuries, the safety officers will inspect the accident and prepare accident report for investigation and remediation as appropriate.

The Group has maintained a healthy and safe working environment and recorded no work-related fatalities throughout the past three years.

During the Reporting Year, no injury case was reported and there were no lost working days due to work injury (2020: 2 cases of work injury and 569 lost working days).

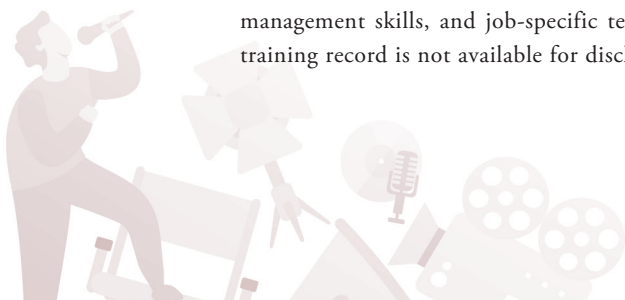
B3. Development and Training

The Group believes that continuous staff training and development with sufficient guidance will not only improve employees' performance, but also enhance their loyalty and morale. So, we work to identify relevant training opportunities that allow employees to advance or hone their industry knowledge and skills.

For new recruits, the Group will offer briefing to the employee which cover practical and technical aspects of their works, together with corporate culture, core value, policy and procedure of the Group.

The Group values the long-term development of our employees and strives to provide different learning opportunities, including external training and specific training development programs. The Group also encourages the culture of sharing knowledge and experience. During the Reporting Year, all directors have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

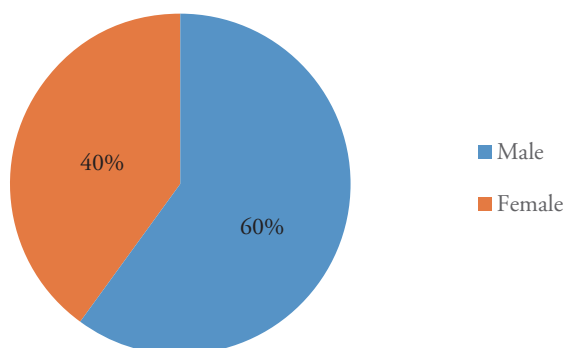
For many roles under the construction segments, certain training on topics like ethics, regulatory compliance, or environment, health and safety (EHS) are mandatory. Some of them focused on general professional skills, management skills, and job-specific technical skill. As on-site training is usually arranged by main contractors, the training record is not available for disclosure.



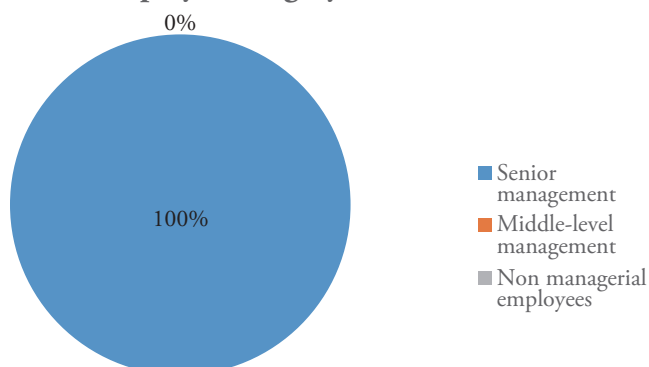
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As at 31 December 2021, the gender, employment type of trained employees within the Group are as follows:

Trained percentage by gender



Trained percentage by employee category

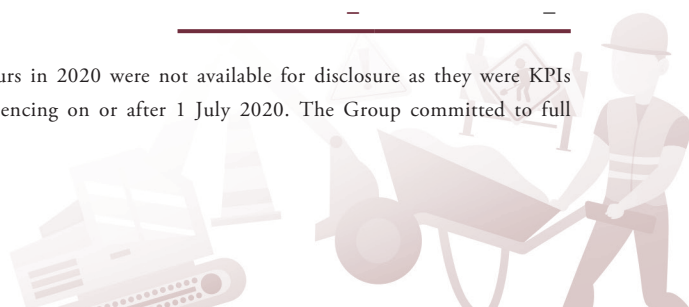


As at 31 December 2021, the Group’s average training hours completed per employee by gender and employment type are as follows:

Gender	Average training hours	
	2021	2020 [#]
Male	2	–
Female	1	–

Employment category	Average training hours	
	2021	2020 [#]
Senior management	9	–
Middle-level management	–	–
Non managerial employees	–	–

[#] The number of trained employees and average training hours in 2020 were not available for disclosure as they were KPIs suggested by Stock Exchange for the financial years commencing on or after 1 July 2020. The Group committed to full disclosure from 2022 onwards.



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B4. Labour Standards

The Group complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Special Provisions on the Labour Protection of Female Workers, the Special Protection for Juvenile Workers, the Provisions on the Prohibition of Using Child Labour, the Employment Ordinance and Immigration Ordinance in the PRC and Hong Kong, and does not engage in any forced or child labour.

Process of recruitment is standardized, and information of candidate including identify proof is strictly verified to prevent employment of child and forced labour.

In addition, the Group offers sufficient rest days to employees according to the Employment Ordinance so as to prevent forced labour practices. The Group would not force any employees to work overtime against their will.

In order to prevent the employment of child labour, the Group has established an age verification procedure to ensure that all candidates have reached the legal age for employment. In addition, we have set up communication channels to allow employees to report cases of child labour and forced labour. If child labour and forced labour are found, we will immediately investigate the causes to ensure that no recurrence of similar incidents. During the Reporting Year, no reported instance on child labour or forced labour was noted.

Operating Practices

B5. Supply Chain Management

The Group develops long-term strategic relationship with its subcontractors and suppliers to sustain business growth of the Group.

In view of maintaining high quality standards and products provided by the subcontractors and suppliers, the Group has formulated policies and procedures of supply management, including the Procurement Policy and Project Management Policy to standardize the selection, evaluation and monitoring procedures of subcontractors and suppliers in a fair, open and impartial manner.

Before corporation, a preliminary survey on new subcontractors or suppliers should be conducted, they are selected in the consideration of their corporate conditions, reputation, credibility, registration and certification, cooperation history, quality of services or products provided, lead time, as well as their environmental and social practices, etc. An approved supplier list has been established and updated to record all the qualified subcontractors and suppliers.

All the subcontractors and suppliers for bulk and regular procurement decision can be only sourced from suppliers in the approved suppliers list. In addition, the Group clearly regulates the conduct of procurement-related and tendering-related personnel, accepting banquets or gifts are always prohibited and a declaration of having no pecuniary or other personal interest with subcontractors and suppliers should be made so as to ensure the fairness, openness and impartiality of the suppliers' selection and tendering process.

Meanwhile, existing subcontractors and suppliers within the approved suppliers list are re-assessed in a regular basis based on their performance, results of site inspection, non-compliance track records, awareness of safety and environmental policy etc.



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The Group attaches great importance to the management of environmental and social risks of the supply chain. Taking into account of the environmental and social practices of subcontractors and suppliers before corporation as mentioned above, we have defined that all of them should comply with all relevant national, local and industry rules and regulations, including the capability to respond to the stringent environmental protection policies, preventing illegal emissions, the employment of child labour and forced labour. Priority would be given to those comprehensive candidates. During the Reporting Year, we had a total of 67 major suppliers, of which, 59 were in Hong Kong, and 8 in China.

By geographical region	Number of suppliers	
	2021	2020 [#]
PRC	8	–
Hong Kong	59	–
Other	–	–
Total	67	–

[#] The number of key suppliers in 2020 was not available for disclosure as it was a KPI suggested by Stock Exchange for the financial years commencing on or after 1 July 2020. The Group committed to full disclosure from 2022 onwards.

B6. Product Responsibility

The Group is fully aware of delivering high quality and safe construction service to the customers. The Group applies sound quality management system which is certified to be in compliance with the requirements of ISO9001:2000 and ISO9001:2008 quality management system standard in relation to civil engineering and building works.

For the purpose of meeting high quality standards, foremen are designated on each construction site to monitor the quality of foundation work in daily operations. Project managers are also assigned to carry out site inspection to monitor the quality and progress of construction works on a routine basis.

The Group also strictly follows the relevant regulations regarding product responsibility in the PRC and Hong Kong such as the Competition Ordinance and the Personal Data (Privacy) Ordinance.

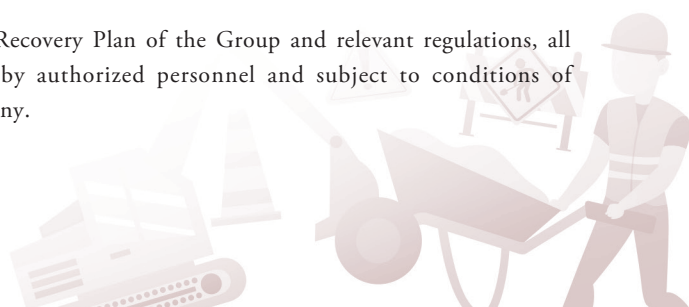
In order to maintain a professional ethics with the Group, code of conduct which highlights the moral standards and professional practice has been adopted.

The Group endeavors to improve its quality management system continuously. Any customers' feedback or complaint will be recorded and handled immediately for improvement.

During the Reporting Year, the Group has not received any complaint from its customers or the public, or encountered any litigation regarding health and safety of its product or service.

The Group also stresses on the importance of protecting the privacy and the intellectual property rights of customers, staff, subcontractors and suppliers.

Following the established Code of Conduct and Disaster Recovery Plan of the Group and relevant regulations, all confidential and sensitive information is only accessed by authorized personnel and subject to conditions of non-disclosure agreement signed with business partners, if any.



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B7. Anti-corruption

The Group strives to comply with requirements of the statutory law, rules and regulations in relation to fraud and corruption in the PRC and Hong Kong, such as the Anti-Corruption and Bribery Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Prevention of Bribery Ordinance, and maintain a culture of honesty with zero tolerance towards any kind of bribery and money-laundering activities.

The Group adheres to stringent anti-corruption policies and whistle-blowing mechanism as stated in the Group's Code of Conduct, Anti-Fraud Policy and staff handbook, including guidelines on handling conflict of interest, gifts-giving, entertainment etc.

All employees of the Group are required to make a declaration to Management on a timely basis once there is any actual or potential conflict of interest.

To prevent conflict of interest, the Group has also stipulated control procedures for operations with relatively high risk on conflict of interest, such as project bidding, selection of subcontractors/suppliers, recruitment and promotion, claim for reimbursement.

The Group has put in place a whistle-blowing framework to provide a channel for employees and other stakeholders to raise legitimate concerns, where they have reasonable grounds for believing that there is fraud or corruption within the Group. Employees or stakeholders can raise out their concerns to Management or the Audit Committee of the Group.

During the Reporting Year, no legal proceeding regarding corruption brought against the Company and its employees was involved and no whistle-blowing message was received by the Group.

Honesty and fairness are important assets of the Group's business. The Group is committed to maintaining a high level of ethical corporate culture. By providing integrity and anti-corruption training and information to directors and employees, such as the Anti-Corruption System Practice Guidelines for Listed Companies and the Integrity Practice Guidelines for Directors, the Group ensures that all employees strictly comply with the relevant laws, industry norms and standards, professional ethics and company rules and regulations in their daily operations. With the establishment of anti-corruption mechanism as mentioned above, the Group is committed to maintaining a high level of ethical culture. Relevant training will be arranged when necessary.

Community

B8. Community Investment

The Group is devoted to take up the corporate social responsibility for the communities in Hong Kong through communication with the stakeholders including customers, suppliers, employees, social media through different channels and platforms to understand their needs and promote its environmental awareness to the community. In addition, we encourage our staff to actively participate in charitable activities and volunteer works, especially on those related with environmental protection.

In response to the tremendous loss of and damage to life and property suffered by the Henan Province caused by the torrential rains since mid-July 2021, one of our executive directors has donated on behalf of the Group money and disaster relief supplies with a value of RMB2.44 million on 24 July 2021 to offer support for the Henan Province, contributing to their efforts in flood fighting, emergency aid to the public, hygiene and epidemic prevention and guaranteeing people's livelihood.

