



青建國際控股有限公司
CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240



2022

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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ABOUT THIS REPORT

CNQC International Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is pleased to present this Environmental, Social and Governance Report (the “**Report**”) to provide an overview of our commitment in achieving environmental, social and governance goals through our sustainability pillars.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) — “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility in 2021, covering its operating activities which are considered as material by the Group — (i) foundation and construction in Hong Kong (“**HK**”); (ii) construction in Singapore and Southeast Asia (“**SG & Asia**”); (iii) property development in Singapore and Southeast Asia and (iv) property development in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2022 to 31 December 2022.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to info@cnqc.com.hk.

INTRODUCTION

The Group is principally engaged in the property development, foundation and construction business in Singapore and Southeast Asia, Hong Kong and Macau with dedication to provide construction services with the highest quality. The foundation and construction segment mainly represent the provision of foundation and construction work to property developers, loaning of labour and rental of equipment in Hong Kong and Macau. The property development segment represents the sales of completed property units in Singapore, Southeast Asia and Hong Kong. The construction segment mainly represents the provision of construction work to property developers, sales of goods, loaning of labour and rental of equipment in Singapore and Southeast Asia. Meanwhile, the Group is actively exploring opportunities in construction and property development business in the Southeast Asia markets from the opportunities arising from “One Belt, One Road” Initiative including Indonesia, Vietnam, Malaysia and Cambodia, etc.

During the reporting period, the Company won numerous industry awards. Achieving more value for our shareholders is one of our priorities, we also endeavour to operate in an environmentally and socially responsible manner to achieve sustainable outcomes for the Group, the environment and the community as a whole. The Group is committed to sound corporate governance practices and robust enterprise risk management processes. It actively builds a safety culture to achieve a zero-harm workplace and strives to be an employer of choice to nurture a competent workforce for sustainable growth. The Group has established a comprehensive operation control procedure to manage the environmental, social and governance (“**ESG**”) issues. Details of the management approaches have been illustrated in this Report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the key stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Expectations	Engagement channels
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • Proper tax payment • Promotion of regional economic development and employment 	<ul style="list-style-type: none"> • On-site inspections and check • Research and discussion through work conferences, work reports preparation and submission for approval • Annual reports, interim report and announcements • Company website
Shareholders and investors	<ul style="list-style-type: none"> • Business performance • Corporate governance • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • General meeting and other shareholder meetings • Annual reports, interim report and announcements • Meeting with investors and analysts • Company website
Employees	<ul style="list-style-type: none"> • Safeguarding rights and interests of employees • Good working environment • Career development opportunities • Self-actualisation • Health and safety • Staff remuneration, benefits and well-being 	<ul style="list-style-type: none"> • Conferences • Training, seminars, briefing sessions • Cultural and sport activities • Newsletters • Intranet and emails
Customers	<ul style="list-style-type: none"> • Safe and high-quality products • Stable relationship • Information transparency • Integrity • Business ethics 	<ul style="list-style-type: none"> • Website, brochures, video, annual and interim reports • Email and customer service hotline • Feedback forms • Regular meeting • Company website

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholders	Expectations	Engagement channels
Suppliers/Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair and openness • Information resources sharing • Risk reduction 	<ul style="list-style-type: none"> • Business meetings, supplier conferences, phone calls, interviews • Regular meeting • Review and assessment • Tendering process
Peer/Industry associations	<ul style="list-style-type: none"> • Experience sharing • Cooperation • Fair competition 	<ul style="list-style-type: none"> • Industry conference • Site visit
Public and communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social investments • Annual reports, interim report and announcements • Company website

Through general communication with key stakeholders, the Group understands the expectations and concerns from key stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to the recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules).

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification — Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG areas was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization — Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure that all the key aspects were covered. Please refer to the above table for details.

Step 3: Validation — Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2022, those important ESG areas to the Group were discussed in this Report.

ESG GOVERNANCE

Board's oversight of ESG issues

Board's overall vision and strategy in managing ESG issues

The board of directors ("**Board**") has a primary role in overseeing the management of the Group's sustainability issues. During the year, the Board and the ESG Working Group evaluated the impact of ESG-related risks on our operation and formulated relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

ESG Working Group

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Working Group, which has clear terms of reference that set out the powers delegated to it by the Board. We highly value opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the reporting period, the ESG Working Group consisted of Directors, Business Unit heads, Project Managers and Finance Heads.

The ESG Working Group is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the Working Group at the meetings, which are held on a need basis. During the reporting period, the ESG Working Group and the management reviewed the ESG governance and different ESG issues.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group is to understand the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management. Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

Board's review of progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the company aspires to achieve.

Setting strategic goals for the coming three to five years enables the company to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Working Group to carefully examine the attainability of the targets which should be weighed against the company's ambitions and goals. It is essential for target setting for The ESG Working Group to specify whether the target is to be set on an intensity basis.

ENVIRONMENTAL ASPECT

A. ENVIRONMENTAL ASPECT

As a leading property developer in Singapore, the Group recognizes that it has an obligation to reduce the impact of our operations on the environment and is accountable for the resources and materials that are used in our daily operations through the best construction practices. We strive to meet the customers' demands in environmental protection and the communities' expectation for a healthy living environment to ensure sustainable growth of our business in return.

In order to achieve these objectives, the Group pledges to uphold quality environmental management system in our construction operations that were certified to ISO 14001 international standards. Based on ISO 14001, the Group has implemented a set of internal policies and procedures for conserving resources, managing the wastes and minimising the pollution. The Group also allocates resources to update our environment management system and maintain our ISO 14001 certification in order to reduce our risks related to environmental issues.

Moreover, the Group requires our subcontractors to comply with our environmental protection policies and encourages our employees to contribute towards sustainability by planning their works efficiently to minimise wastes and emissions to the maximum extent possible for reducing any adverse impacts on the environment.

Throughout the year, we fully complied with all relevant environmental laws and regulations in Singapore and Southeast Asia, Hong Kong and Macau such as the Environmental Protection and Management Act in Singapore and the Air Pollution Control Ordinance (Cap. 311) in Hong Kong. Besides, no concluded case regarding environmental issues was brought against the Group during the year. As our Group continues to develop, we are committed to continuously improving the environmental sustainability of our business. Besides, we ensure that environmental considerations remain one of the top priorities in our daily business operations and that we fulfil our obligations to both the environment and the community.

A1. Emissions

As a property developer, the Group recognizes that it has duties to reduce emissions. Given that most of our operations is construction based, the Group implements environmental management system and procedures to lower their emission levels. In the meantime, the Group fully complies with all the relevant environmental laws and regulations in the regions where it operates. These include the Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) and the Road Traffic Ordinance (Cap. 374) in Hong Kong, the Environmental Protection and Management (Air Impurities) Regulations and the Environmental Protection and Management (Off-Road Diesel Engine Emissions) Regulations 2012 in Singapore as well as other relevant regulations. Besides, no concluded case regarding emissions brought against the Group or its employees during the year.

Air Pollutant Emission

Air pollutant emission control is vital to both environmental protection and the health of employees. The Group understands that its manufacturing process involves the use of different fuels which cause various air pollutant emissions, including nitrogen oxides (NO_x), sulphur dioxide (SO₂), and particulate matter (PM). The Group strives to improve the air quality during its business operations.

ENVIRONMENTAL ASPECT

During the year, the Group's implemented "Air Pollution Control" operational procedure to control air pollutant emissions of dust, fumes, smokes, obnoxious gases and other airborne particulates within the legal limits and tolerable limits of the affected persons. To minimise the air pollutant emissions, the Group is committed to the following emission control measures in all construction sites:

- All dust generating materials such as concrete waste materials are covered during storage and transportation to reduce dust emission.
- Self-made plastic water tanks are attached to forklift vehicles for dust control in construction sites.
- All vehicles are sprayed by recycled water prior to leaving the construction sites.
- Electricity power supply from power utilities is used whenever practicable to replace the use of generators.
- Machines and equipment are switched off when idle and reminder notices are placed near the switches.
- Cleaner fuel such as ultra-low sulphur diesel is used in the machines to reduce sulphur dioxide emission.
- Machines and equipment used in the construction sites are complied with the emission standards of Stage IIA of the European Union.
- Proper disposal and removal of unnecessary air-conditioner to reduce the emission of fumes and obnoxious gas.

The Group's air pollutant emissions are classified into two sources — (i) machinery, equipment and generators in construction sites; and (ii) passenger cars for management and staff transportation and motor vehicles for delivery of construction material. The decrease in air pollutant emissions in 2022 was mainly attributable to the effective implementation of energy saving policies despite of the increase in the provision of foundation work to customers in Hong Kong and the provision of construction work to customers in Singapore during the year. The Group will strive to meet total air pollutant emission intensity (per HK\$ millions of project turnover) reduction target of 5% within three years.

The air pollutant emissions of the Group during the reporting period were as follows:

Air Pollutants	Unit	HK	SG & Asia	2022 Total	2021 Total
Nitrogen oxides (NO _x)	kg	59,756	116,017	175,773	218,261
Sulphur dioxide (SO ₂)	kg	37	73	110	137
Particulate matter (PM)	kg	3,857	7,418	11,275	13,846

ENVIRONMENTAL ASPECT

Greenhouse Gas (“GHG”) Emission

GHG is considered as one of the major contributors to the climate change and global warming. The Group recognises that climate change is gradually concerned by the community as it affects our daily life and poses a risk to its business. Hence the Group is committed to mitigating the effects of climate change and protecting the health of employees. The Group advocates green construction sites by planting green-leaf plants to increase oxygen content.

Regarding the GHG emissions of the Group, direct emissions (scope 1) and indirect emissions (scope 2) are mainly resulted from combustion of fuels in machinery, use of purchased electricity and purchased town gas respectively. Giving the majority of the GHG emissions of the Group come from energy consumption in construction activities, the Group tackles the carbon footprint by lowering the energy consumption in our business operations. Policies and procedures as described in the section “Use of Resources” to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. The decrease in GHG emission in 2022 was in light of the effective implementation of energy saving policies despite of the increase in the provision of foundation work to customers in Hong Kong and the provision of construction work to customers in Singapore during the year. The Group has set comprehensive reduction target by 5% decrease in GHG emission intensity (per HK\$ millions of project turnover) within three years.

The GHG emissions of the Group during the reporting period were as follows:

GHG Emission ¹	Unit	HK	SG & Asia	2022 Total	2021 Total
Scope 1 ²	tonnes of CO ₂ -e	5,867	13,244	19,111	25,892
Scope 2 ³	tonnes of CO ₂ -e	509	2,375	2,884	1,859
Total GHG emission	tonnes of CO ₂ -e	6,376	15,619	21,995	27,751
GHG emission intensity	tonnes of CO ₂ -e/ HK\$ millions of project turnover	3.0	2.5		HK: 5.5 SG & Asia: 4.2

Hazardous and Non-hazardous Wastes

The Group recognizes the importance of waste reduction. In order to lower the impact on the environment, the Group has introduced and implemented waste management measures to manage construction waste for minimization of the amount of waste generated and maximization of the amount of waste recycled.

During construction work, the Group has implemented “Construction Waste Management” procedure which manages construction wastes so as to ensure proper waste disposal, maximise material reuse and recycling. The Group also requires its contractors to sort, classify and recycle (if applicable) the construction and demolition waste produced. Construction and demolition waste that cannot be recycled is delivered to landfills by qualified wastes management companies while recyclable waste is processed by recycling companies. The Group has a range of procedures concerning the handling of hazardous wastes, which are generated from designated area in the project sites, with proper labelling, packaging, storage and disposal of the chemical wastes. Responsible staff are appointed to monitor and manage the waste amount. Local licensed hazardous wastes handling companies are engaged to deliver, process and dispose the hazardous wastes. In this year, the Group did not generate any hazardous waste.

¹ The calculation of the GHG emission is based on the “Corporate Accounting and Reporting Standard” from GHG protocol.

² Scope 1: Direct emissions from sources that are owned or controlled by the Group.

³ Scope 2: Indirect emissions from purchased electricity and town gas consumed by the Group.

ENVIRONMENTAL ASPECT

For non-hazardous waste, the waste is mainly generated from soil disposal from construction sites operation. Our construction projects mainly consist of foundation, excavation and lateral support works, which may involve large amount of soil disposal. Therefore, the Group has implemented the practice of 3Rs, namely “recycle, reuse and reduce” of the wastes in the construction activities and site offices to reduce the impact. For example, inert and non-inert wastes are identified and sorted properly before disposal. Construction materials are recycled for making equipment used in the construction work. Use of recycled paper is encouraged and recycling bins are set up in the site office. Apart from 3Rs practice, the Group also makes use of technologically innovative measures to reduce the use of paper by using biometric attendance system, proposing a mobile app lodge report system and an e-permit to work system. During the year, construction waste was the major source of non-hazardous waste. Despite of the increase in the provision of foundation work to customers in Hong Kong and construction work to customers in Singapore in 2022, the amount of the Group’s non-hazardous waste generated decreased as there was effective implementation of waste management and reduction policies during the year. The Group targets to reduce the generation of the non-hazardous waste intensity (per HK\$ millions of project turnover) by 5% within three years.

The wastes generated by the Group during the reporting period were as follows:

Wastes	Unit	HK	SG & Asia	2022 Total	2021 Total
Non-hazardous wastes generated	tonnes	249,069	14,589	263,658	319,072
Non-hazardous wastes intensity	tonnes/HK\$ millions of project turnover	118.3	2.4		HK: 209.5 SG & Asia: 3.9

Wastewater

The Group has established “Water Pollution Control” procedure to prevent pollution of surface water, public sewers and public drains. Bunding is provided to prevent runoff of wastewater from the sites. Water treatment facilities with regular maintenance are provided in each of our construction sites to ensure that the removal of water from the sites does not have detrimental effect on the adjacent properties. To ensure the quality of the effluent discharged complies with the local laws and regulations, regular monitoring of water quality is carried out.

Noise

When carrying out construction work, noise and vibration are inevitably generated through the use of machines. We strive to minimise disturbances to nearby residents and establish a communication channel to address their concerns. For example, we control the noise generated from piling by adopting non-percussive piling techniques such as pre-bore, vibratory hammers or hydraulic hammer for driving piles. We use coring method to remove reinforced concrete wall due to design change instead of traditional hacking method. We also take other measures like using low-noise equipment and setting up noise barrier to reduce adverse noise impact. We strictly adhere to the restricted hours of operations stipulated in the construction noise permit. However, we may still receive complaints from nearby residents regarding disturbances caused by our running machines. Under such circumstances, we work with the relevant authorities and the person making complaint with the aim to take immediate responsive actions to mitigate the disturbances caused.

ENVIRONMENTAL ASPECT

A2. Use of Resources

The Group considers environmental protection as an essential component of a sustainable and responsible business. We have an in-depth understanding of the importance of safeguarding sustainable development of the environment and efficient utilization of resources by introducing various measures in our operations. We continuously improve our “Resource Conservation Procedure” to identify opportunities to use energy more efficiently and conserve resources by setting up different programmes in construction sites. With our effort, the Group has obtained ISO 50001:2011 Energy Management System certification.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. With aims of resource saving and implementation of energy saving measures, the Group actively promotes the concept of energy saving and emission reduction into the entire process of its business development and operation. For construction work, energy consumption often increases the project cost.

The Group attaches great importance to the efficient utilisation of energy by introducing various measures as follows:

- Use of energy-saving equipment, lightings and energy-efficient air conditioning system.
- Use of solar panels to power equipment such as noise meter and CCTV system.
- Motion control lighting at staircase.
- Stickers at socket outlets and light switches to remind employees to switch off all the electric appliances when leaving.
- Efficient design of site office/work place, such as adjustable sun-screens installed on windows and positioning site office facing the north-south direction.

The Group’s energy consumption is classified into five types — (i) purchased electricity, (ii) petrol, (iii) diesel, (iv) purchased town gas; and (v) liquified petroleum gas (“LPG”). The decrease in total energy consumption in 2022 was mainly owing to the effective implementation of energy saving policies despite of the increase in the provision of foundation work to customers in Hong Kong and the provision of construction work to customers in Singapore during the year. The Group has set reduction target of energy consumption intensity (per HK\$ millions of project turnover) by 5% within three years.

ENVIRONMENTAL ASPECT

The energy consumption of the Group during the reporting period was as follows:

Energy consumption	Unit	HK	SG & Asia	2022 Total	2021 Total
Purchased electricity	MWh	1,148.1	4,586.3	5,734.4	3,672.0
Petrol	MWh	420.6	122.0	542.6	2,497.8
Diesel	MWh	21,984.0	42,889.7	64,873.7	78,768.2
Purchased towngas	MWh	2.1	–	2.1	–
LPG	MWh	–	5.4	5.4	8,788.8
Total energy consumption	MWh	23,554.8	47,603.4	71,158.2	93,726.8
Energy consumption intensity	MWh/HK\$ millions of project turnover	11.2	7.7		HK: 20.8 SG & Asia: 13.7

Water

Water is another important resource used for the daily construction operation. It is mainly supplied by the local government department and there was no issue in sourcing water which was fit for purpose in 2022. At the construction sites, the Group also implemented internal policies to minimize water consumption. To conserve the use of water, we have implemented the following water-saving initiatives:

- Automatic wheel washers are used to increase productivity and reduce water usage.
- Water treatment facilities are used to recycle the sewage.
- Recycled water from water treatment facilities is used to clean the roads, water plant, wash floors and vehicles.
- Pumps and running hoses should be switched off when not in use.
- Water-saving equipment and devices, such as dual flush water closet and self-closing water tap are installed.

Moreover, there is monthly monitoring of the usage of water. If the consumption is unexpectedly high, the case should be investigated to find out the root cause and preventive measures can be taken. In 2022, the decrease in water consumption was mainly attributable to the effective implementation of water-saving strategies during the year. In three years, the Group targets to achieve the reduction of the water consumption intensity (per HK\$ millions of project turnover) by 3%.

The water consumption of the Group during the reporting period was as follows:

Water Consumption	Unit	HK	SG & Asia	2022 Total	2021 Total
Water consumption	m ³	129,265	387,684	516,949	546,338
Water consumption intensity	m ³ /HK\$ millions of project turnover	61.4	62.9		HK: 102.6 SG & Asia: 85.1

ENVIRONMENTAL ASPECT

A3. The Environment and Natural Resources

In order to mitigate the impacts on the environment and natural resources, the Group has established the “Site Environmental Control Programme” to outline a procedure on the planning and execution of environmental control programme on site. The procedure focuses mainly on six areas — environmental noise, earth movement, prevention of soil erosion, water pollution and siltation, refuse disposal, and personal hygiene. Construction activities cause various pollutions to the environment. For example, foundation work may potentially cause air, water and waste pollution.

With technological advancement, the Group can make use of different models and systems to help reduce the environmental impacts. For example, BIM model is used for automated clash detection to reduce errors at early stage of design. This helps to reduce re-work and wastages in materials.

Prefabricated Prefinished Volumetric Construction (“**PPVC**”) technology is used to improve productivity and quality of construction work. Environmental impacts can be minimised as more activities are carried out off-site. Besides, the Group made achievements in sustainable development in the industry during the reporting period and the details are as below:

Singapore Green Building Council (SGBC)

SGBC is an organization to advocate green building design, practices and technologies and drive environmental sustainability in the building and construction industry. To support building and construction industry towards environmental sustainability, the Group has been engaged in SGBC as a Corporate Member. It helps the Group foster innovative industry solutions across the entire building and construction value chain.

ENVIRONMENTAL ASPECT

Green and Gracious Builder Scheme (GGBS)

GGBS has been launched by Building and Construction Authority (“**BCA**”) which is an agency under the Ministry of National Development, championing the development of an excellent built environment for Singapore. The aim of GGBS is to promote environment protection and gracious practices during the construction phase of projects. The Group has obtained the following awards that shows the Group has a great environmental consciousness and a professionalism of builder, especially for award in the category “Star” which is the highest category. The detail of the certified company is as below:

- Star — Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
- Excellent — CNQC Engineering & Construction Pte. Ltd.

This shows that the Group has good performance in adopting the best practices in construction site management to minimise the impacts on the environment and natural resources.

BOCHK Corporate Environmental Leadership Awards

Aiming to encourage the companies in Pearl River Delta to involve in environmentally-conscious practices, Federation of Hong Kong Industries (FHKI) and Bank of China (Hong Kong) (BOCHK) launched the “BOCHK Corporate Environmental Leadership Awards” in 2015.

As an environmentally considerate builder, the Group has achieved the following awards that shows the effort on environmental protection by the Group is being recognised.

HSBC Living Business ESG Awards

In order to foster sustainability of local enterprise, HSBC partnering with Business Environment Council Limited, the Hong Kong Council of Social Service and Sustainability Lab of the University of Hong Kong launched HSBC Living Business ESG Awards in 2018. After the assessment of ESG aspects carried out by the assessment panel, the Group has obtained the following awards that show the good sustainability practice achieved by the Group.

ENVIRONMENTAL ASPECT

A4. Climate Change

Governance

Supported by our ESG Working Group, our Board oversees climate-related issues and risks and ensures that they are incorporated into our strategy.

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Working Group. Our commitment is to implement, maintain and continually improve our Quality, Environmental, Health and Safety ("QEHS") management system and QEHS performance to uphold the elements of this QEHS Policy and achieve the Environmental Friendliness and Protection, Prevention of Pollution and Green and Gracious practices, we endeavour to protect the environmental aspects, reduce the impact of global warming and practice graciousness to our site surroundings. The QEHS policy is reviewed annually to suit the climate change.

Our ESG Working Group provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG Working Group plays an integral role in overseeing the Company's ESG strategy, policies and disclosure, including reporting to the Board regularly as important matters arise. The Board plays a role in decision-making and supervision on ESG-related issues.

The board indicates the Company's development direction, supervises whether all subsidiaries have completed the targets, and assesses and manages climate-related risks and opportunities.

To ensure that our management keeps up with the latest trend of climate-related issues, climate competence training will be provided so that it has the necessary expertise and skills to oversee the management of climate-related issues. Our Board also seeks professional advice from external experts when necessary to better support the decision-making process.

The ESG Working Group is responsible for approving operational emissions targets for the Group, and commissioning an ESG benchmarking and gap analysis exercise to identify gaps in both disclosure and policy relative to best practice standards. Moreover, the ESG Working Group works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing climate risk issues and report to the management. Moreover, the team works together with consultants to review the green-mark rating of our development. This is to ensure that the proposed design or method to construct green sustainable buildings is considered thoroughly while selecting and reviewing materials, technology and sourcing for sustainable product that is more climatic responsive, energy effective, resource efficient, smarter and have healthier indoor environments.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or services range. This diversity of risk together with our business strategy and broad geographic footprint helps us distribute risk and provides protection against the impacts of short-term climate change effects. The climate-related risks and opportunities are a factor that determines whether a company can adapt to the market. If the change strategy seizes the opportunity, it will go further; if the risk is resisted, business will be more successful.

ENVIRONMENTAL ASPECT

In the short term, the Company needs to invest higher costs in the initial stage to achieve environmentally friendly projects. For example, the Company has to source and make use of green material and sustainably sourced finishes, and to provide higher energy saving appliances and water saving sanitary wares. We have to face many uncertain factors, such as investor preferences and consumer preferences.

After the initial investment, certain results will be seen in the medium term. At this time, we have to face the situation of whether to continue to expand the influence and whether investment and return are proportional.

The Company will incorporate more technology with integrated solutions that meet the multiple functional needs of a home, which may include lighting, thermal comfort, air quality, noise control and more, to integrate solutions that meet the multiple functional needs of a home. The system is constantly updated to be abreast with the latest technology available in the market.

In the long run, climate-related issues will help the Company improve its reputation and contribute to the environment, and sustainable development will also win higher economic benefits. Our Group is considering of incorporating solar panel into the design of the development and electrical car charging lots.

Our diversified products and services plan to provide protection cover to people in our communities against weather and heat-related disease, while we continue to explore opportunities to engage our business partners with the participation in renewable energy programs and adoption of energy efficiency measures, encouraging them to develop climate resilience and reduce their operational carbon footprint by taking into consideration different climate-related scenarios, including a "2°C or lower scenario" through the following steps:

Step 1: Foresee Future Images Assuming Climate Change Effects

As climate change measures proceeds, there is a possibility that the industry will be exposed to substantial changes such as stricter policies including the introduction of and increases in carbon pricing as well as advances in technology, and changes in customer awareness. In light of these climate change effects, based on the IEA scenarios and others, we have foreseen multiple future images as the external environment that will surround our Group.

With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) to analyse and picture future images in cases where climate change measures do not progress and where climate change measures progress further Beyond 2°C scenario.

Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images foreseen in Step 1. We believe that in such a society, it will be possible to expand carbon dioxide reduction effects. This in turn will lead to increased business opportunities.

With regard to effects on production and purchasing, introduction of and increase in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher purchasing and production costs.

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On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

Step 3: Confirm Measures

Our Group will begin promoting the reduction of non-renewable energy in our daily operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through these types of initiatives, we are working to achieve zero carbon emission in our business.

We minimize carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target, achieve a reduction rate for purchased electricity in coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increase in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.

Risk Management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment, and therefore the areas where new strategies are needed could be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyse and evaluate risk

- Identify a set of decision areas or systems (i.e. geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at-risk in future

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As outlined within the ESG Governance section above, the Group has robust risk management and business planning processes that are overseen by the Board in order to identify, assess and manage climate-related risks. Then, the Board will issue instructions to the ESG Working Group to issue specific rectification measures to business units. The Group engages with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

For the Singapore subsidiaries, they assess their own development using Building and Construction Authority's green building rating system to evaluate a building for its environmental impact and performance. It provides a comprehensive framework for assessing the overall environmental performance of new and existing buildings to promote sustainable design, construction and operations practices in buildings.

The Group continues to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group's businesses and strategy including but not limited to the products and services , supply chain and/or value chain, adaptation and mitigation activities, investment in research and development and operations areas, the impact on financial planning in operating costs and revenues, capital expenditures and capital allocation, acquisitions or divestment and access to capital areas, and the steps taken to manage these risks, are as follows:

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
Physical Risk		
<p>Acute physical risks</p> <ul style="list-style-type: none"> Increased severity and frequency of extreme weather events such as cyclones and floods. Workers are unable to access the construction sites due to high water level, and the rebar at storage area become unusable due to overexposed to water. Besides, some excavation areas may not be visible, thus may cause drowning. Reconstruction is required and the increase in material demand will cause suppliers to increase prices or out of stock. Additionally, excavation slope will be erode which may endanger workers working in the pit/trench. Increased likelihood and severity of wildfire. Natural or man-made natural fires can cause a large number of trees to be burned. Thereby affecting the supply of raw materials. 	<ul style="list-style-type: none"> Operating cost increases such as the inadequate water supply for power plants Capital cost increases due to the damage of facilities 	<ul style="list-style-type: none"> Plan to adopt scenario analysis to disclose an organization's planning under future scenarios, most notably one with in a 2°C scenario. Ensure all site are provided with proper drainage system to ensure water are able to flow during heavy downpour. Ensure Earth Control Measures ("ECM") machine is working and always on standby, with regular maintenance of ECM machine and ensure sufficiency of chemicals for ECM machine to prevent delays due to shortage of chemical. Based on past historical climate analysis, a plan to deal with possible natural disasters is established. Improve warehouse protection measures to prevent materials from being damaged by fire and rain. Consciously save materials in peacetime. Protect of cut slope using soil erosion blanket. Introduce storm water tank and raise the minimum platform level.

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
<p>Chronic physical risks</p> <ul style="list-style-type: none"> • Changes in precipitation patterns and extreme variability in weather patterns, rainy seasons become unpredictable. • Sites may face high water level due to excessive rain throughout the days and work will be delayed due to damaged materials and equipment. Besides, the water availability will reduce under the change of rainfall patterns, which will greatly affect the construction progress of the site. • Rising temperatures: Hot weather can affect the construction progress, such as the reduction of the efficacy of materials like sealants and mortar. Besides, staff or workers may feel sick easily in extreme temperature. • Rising sea levels: The rise in sea level may cause the coastal area to be submerged. The original building planning area cannot be constructed normally, or the completed building is submerged. 	<ul style="list-style-type: none"> • Revenue reduces from decreased production capacity and the negative impacts of workforce 	<ul style="list-style-type: none"> • Carefully plan areas that will be affected by extreme weather, and increase design flexibility to adapt to possible situations such as sea level rise. For example, elevating the materials from the ground to an optimum level to minimize physical contact with water, and to have personnel be on standby in case of heavy rain to turn on the ECM machine. • Develop the habit of saving resources. • Increase water conservation efforts through effective use of water coming out from water treatment plants, and joint all reservoirs together to ensure water discharge to open drain. • Engage with local or national governments and local stakeholders on local resilience to promotes healthy living to all staff and workers.

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
Transitional Risk		
<p>Policy risk</p> <ul style="list-style-type: none"> • As a result of energy efficiency requirements, the complied standard of construction materials may be required. • The choices of suppliers become scarce as they are unable to adapt to new changes. • Mandates on and regulation of existing products and services. Contractors have to update their equipment and reduce environmental pollutions. • The government will increase the price of fuel to restrict the use of traditional fuel sources such as diesel and petrol. • The Group needs to spend much time and resource to carry out ISO quality inspections every year in order to meet the government's quality inspection requirements. 	<ul style="list-style-type: none"> • Operating cost increases due to high compliance costs for the updates of equipment and inspections • Construction costs increase as the price of materials and traditional fuels rise 	<ul style="list-style-type: none"> • Source out alternative construction materials. • Outsource to overseas suppliers. • Educate the staff on the usage of new materials. • The Group should follow the development of technology and use clean energy machines and appliances, such as energy-efficient 5-ticks aircons aids in the reduction in carbon emissions. • There should be environmental awareness to reduce carbon dioxide emissions. The management carefully study the requirements of ISO and implement.

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
<p>Legal risk</p> <ul style="list-style-type: none"> Exposure to litigation. Contractors have to adapt the tightened law and regulations issued by the government due to climate change. When the construction sites affect nearby residents, such as noise pollution and water pollution, residents will complain or even file a lawsuit. Unable to tender for new project. Will be blacklisted by the Government bodies. The Group will be fined when they fail to comply with relevant government regulations. The Group may be required to cease operations when they fail to obtain certificates. 	<ul style="list-style-type: none"> Operating cost increases due to high compliance costs Additional cost increases when the companies are fined 	<ul style="list-style-type: none"> Monitor the updates of Environmental laws and regulations and implemented GHG emissions accounting in advance. Management has to review environmental plan if any change of legal requirements. Engage Environmental Control Officer to advice the site on any environmental issues. Conduct inspection and report to ensure compliance. Seriously abide by relevant laws and regulations proposed by the government.
<p>Technology risk</p> <ul style="list-style-type: none"> More green building strategies with low-carbon, energy-saving technologies are produced. Lagging behind may weaken our competitive edges. Advanced training is required for the staff to use new technology. Requires more space consumption due to advancement of technology. The technology fails due to inadequate experience/still under research and development ("R&D") phase. 	<ul style="list-style-type: none"> Capital investment in technology development increases R&D expense in new and alternative technologies increases 	<ul style="list-style-type: none"> Examine the feasibility and benefits of applying the latest environmental technologies to increase the competitiveness and productivity. Source out companies that may offer better pricing wise but deliver the same as others. Educate the staff on how to use the technology. Cater the space for advancement of technology. Ensure the supplier is well recognise to prevent failure in technology.

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
<p>Market risk</p> <ul style="list-style-type: none"> • More customers are considering climate-related risks and opportunities, which may lead to changes in customer preference. Consumers may be more inclined to buy green and environmentally friendly homes. The loss of competitiveness of traditional houses has led to a decline in corporate profits. • Uncertainty in market signals. Green buildings become one of the factors to affect the property price. • More environmentally-friendly raw materials may be much expensive. • Fewer suppliers can provide environmentally-friendly raw materials. • The changes in consumer preferences lead to the increase in the risks that companies have to bear. 	<ul style="list-style-type: none"> • Revenue decreases due to the change in revenue mix and sources • Operating cost increases as abrupt and unexpected shifts in energy costs • Construction cost increases due to changing input prices and output requirements and the increased cost of raw materials. 	<ul style="list-style-type: none"> • Control the environmental hazardous materials in products such as asbestos, and studying the application of eco-friendly and recycled materials. • Allocated appropriate budget or costing while tendering projects. • Source out supplier not only in the country but overseas to maintain pricing competition. • Advise and recommend the benefits of using environmentally- friendly products to the customer. • Actively conduct surveys on user preferences in the consumer market to formulate appropriate development strategies. • Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks). • Increased diversification of financial assets. (e.g. green bonds and infrastructure)

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Climate-related risks description	Financial Impact	Steps taken to manage the risks
<p>Reputational risk</p> <ul style="list-style-type: none"> • Shifts in consumer preferences. More customers are considering climate-related risks and opportunities, which may lead to changes in customer preference for the houses with greener design. • Stigmatization of sector, more stakeholder concern or negative stakeholder feedback on the contractors or developers if the houses are developed in a less environmentally-friendly way. • If the operation in the construction site violates environmental protection laws and is subjected to monitoring, it will damage the Group's reputation and reduce chances of acquiring new contracts, or will be blacklisted by the Government bodies. Besides, the public's trust in the company may reduce as well. • Damage to the company's reputation will affect the judgment of investors. Existing investors may withdraw their capital, and potential new investors may abandon their investment. 	<ul style="list-style-type: none"> • Revenue decreases from decrease in demand for properties/ engineering services, and the decrease in engineering work capacity • Operating costs increases from negative impacts on workforce management and planning 	<ul style="list-style-type: none"> • Fulfilled the social responsibility by organizing more activities or actions to show how the corporation place importance on climate change. • Engaged Environmental Control Officer to advise the site on any environmental issues. • Management should conduct inspection and report to ensure compliance. • Management to review environmental plan if any change of legal requirements. • The construction work will be terminated if any non-compliance is found. • Take practical actions to prove that the company attaches great importance to climate protection and hold more related activities. • Meet all government requirements for climate protection. • To ensure the safety is in place for all sites.

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During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Detailed description of climate-related opportunities	Financial Impact
<p>Resource efficiency</p> <ul style="list-style-type: none"> • Construct and move to more efficient buildings • Reduce water usage and consumption 	<ul style="list-style-type: none"> • Operating cost reduces through efficiency gains and cost reductions
<p>Energy source</p> <ul style="list-style-type: none"> • Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies 	
<p>Products and services</p> <ul style="list-style-type: none"> • Development of climate adaptation and insurance risk solutions • Ability to diversify business activities 	<ul style="list-style-type: none"> • Operating cost reduces through use of lowest cost abatement • Returns on investment in low-emission technology • Revenue increases through new solutions to adaptations needs, such as insurance risk transfer products and services
<p>Markets</p> <ul style="list-style-type: none"> • Access to new markets 	<ul style="list-style-type: none"> • Revenue increases through access to new and emerging markets
<p>Resilience</p> <ul style="list-style-type: none"> • Participation in renewable energy programs and adoption of energy-efficiency measures • Resource substitution or diversification 	<ul style="list-style-type: none"> • Market valuation increases through resilience planning, such as infrastructure, land, buildings • Reliability of supply chain and ability to operate under various condition increase • Revenue increases through new products and services related to ensuring resiliency

Metric and Targets

Our Group adopts the key metrics to measure and manage climate-related risks and opportunities. The energy consumption and greenhouse gases (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for assessing the impact of our operation on global climate change during the year. We track our energy consumption and greenhouse gas emissions indicators regularly to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to limit global warming.

The details of time frames over which the target applies and base year from which progress is measured are described in the section A1: "Emissions" and section A2: "Use of Resources" of this Report. Our Group adopt absolute target to manage climate-related risks and opportunities and performance.

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B. SOCIAL ASPECT

Employment and Labour Practices

B1. Employment

The Group believes that people are its important assets, which is the foundation for success and development of the Group. The Group's employee handbook sets out the standard of staff recruitment, promotion guidelines, remuneration scale, working hours, rest breaks, holidays, termination of employment and compensation matters. The principle of equal opportunities is applied in the recruitment policy. The Group promotes fair competition. The Group has the policy on anti-discrimination which provides that all candidates have equal opportunity for vacancies regardless of gender, age, marital status, religion, race, nationality, disability or any status protected by law. In order to encourage diversity in the company, both external talents and internal employees are welcome to apply for positions in the Group.

The Group emphasizes employee's benefits and welfare and advocates harmonious and work-life balance culture through a diversified choice of activities, including annual dinner, employee gatherings, basketball tournament and sports day. Those activities can enable employees to relax and enhance the communications among employees. To recognise the contributions of employees, the Group presents outstanding staff award and safety award to employees annually.

The adoption of these human resources policies and procedures ensures the Group's compliance with the relevant local labour laws and regulations, including the Employment Ordinance in Hong Kong and the Employment Act in Singapore. During the reporting period, there was no non-compliance or breach of legislation related to applicable employment laws and regulations.

As at 31 December 2022, the employee compositions (in percentage of employees) by gender, age group, geographical region and employment type, and were as follows:

Employee composition (%)	2022	2021
By gender		
• Male	91%	89%
• Female	9%	11%
By age group		
• Age 30 or below	37%	36%
• Age 31–40	34%	34%
• Age 41–50	17%	17%
• Age 51 or above	12%	13%
By geographical region		
• Hong Kong	20%	20%
• Singapore	68%	74%
• Other Southeast Asia countries	12%	6%
By employment type		
• Senior management	3%	3%
• Middle management	7%	8%
• General and contract/short term	90%	89%

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The employee turnover rate during the reporting period by gender, age group and geographical region are as follows:

Employee turnover rate (%)	2022	2021
By gender		
• Male	27%	28%
• Female	58%	31%
By age group		
• Age 30 or below	25%	30%
• Age 31–40	32%	28%
• Age 41–50	31%	29%
• Age 51 or above	34%	25%
By geographical region		
• Hong Kong	37%	31%
• Singapore	22%	21%
• Other Southeast Asia countries	56%	63%
Overall	30%	28%

B2. Health and Safety

The Group upholds a belief that if safety is not managed properly, it can be extremely costly not only in human terms, but also in monetary terms as well. Therefore, safety is treated as the highest priority during the delivery of our services. We therefore strictly comply with relevant laws and regulations in Hong Kong, Macau, Singapore and Southeast Asia such as the Occupational Safety and Health Ordinance in Hong Kong and the Workplace Safety and Health Act in Singapore.

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Besides, we are committed to providing a safe and healthy working environment for the benefit of our staff, subcontractors and the general public. Our corporate image as a quality foundation contractor could be enhanced through continuous improvement in safety performance. We have established a safety and health management and audit system in accordance with the requirements of OHSAS 18001. The Group's "QEHS Manual" is established to control the related matters. In addition, the Group has been certified to OHSAS 18001:2007 certification. In addition, Sunley has been registered as a Green Cross Group Member of Occupational Safety and Health Council in Hong Kong.

Our safety system is documented in written procedures and supplemented with oral instructions, training and demonstration. For example, "Occupational Health Programme Procedure" is established to provide guidelines for implementing occupational health programmes for hearing conservation, medical surveillance and respiratory protection. We require strict implementation of our safety system with supervision by our Group's or the subcontractors' management staff. In addition, we have employed qualified safety officers approved by the Labour Department in Hong Kong to monitor and implement our safety system.

The Group hires a consulting company for conducting safety risk assessment, performing safety inspection, providing safety training, preparing safety plan for the Group and underground utility detection report for construction sites. We will continue to put adequate resources and effort to uphold and improve our safety management system in order to reduce our risks related to safety issues. The Group continues to enhance the health and safety performance. In Singapore, five (2020: 7) of our construction projects obtained the Gold Award from The Royal Society of the Prevention of Accidents in 2021. The details are as follows:

- Dairy Farm Residences — Qingjian International (South Pacific) Group Development Co., Pte. Ltd
- Daintree Residence — Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
- Melody Spring@Yishun N4C21A/21B — Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
- Draycott — Welltech Construction Pte Ltd.
- Corporate — Welltech Construction Pte Ltd.

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This shows that the projects have achieved a very high level of performance, demonstrated well-developed occupational health and safety management systems and culture, appropriate control of risk and low level of harm on human health and safety.

Furthermore, the Group provides voluntary health services to the staff who pursue to have better health. For the staff who wish to quit smoking, they are encouraged to approach any QEHS staff stationed onsite. QEHS staff will proceed to refer the relevant staff to Health Promotion Board for smoking cessation clinic commencement. Besides, the Group attaches high importance of the mental health of staff by maintaining their work-life balance. Sports activities or tournament are held on a inter site basis, and the sites hold weekly recreation day to promote good physical and mental well-being of staff and workers. For the workers who need to work on certain holidays, the Group would distribute gift bags to them.

During COVID-19 pandemic, the Group was concerned about the safety and health of workers in the dormitories in Singapore. Therefore, the Group has initiated the donation to the workers in Singapore, in order to help them by providing cash grants in the circuit breaker.

During the year, there were 21 work injury cases (2021: 23 cases, 2020: 18 cases) and 698 lost days due to work injury (2021: 677 cases, 2020: 104 cases) in our business operation. There was no work-related fatality case (2021: nil, 2020: nil) during the reporting period. Since the outbreak of COVID-19 pandemic in Singapore still existed in 2022, the process of most of the construction site work delayed. Under the tight schedule, the frequency of work injuries occurred increased. Employees were given paid sick leave for their recovery. Overall, no employees had serious accident during the reporting period.

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B3. Development and Training

The Group believes that fostering employees with knowledge and skills is a core part of ensuring sustainable development and strengthening its competitiveness. The Group regards staff as a strategic partner and provides support for their career development and personal value enhancement with systematic training programmes. As stipulated in "Resource Management Procedure", different trainings are provided based on the employee categories. The Group has also launched an online study system to enrich employees' professional and personal knowledge.

New employees have to participate in an orientation organized by various department heads to ensure that they are familiar with QEHS management system of the Group. The topics of orientation include Workplace Safety and Health ("WSH") consequences of their work activities, importance of conforming to the QEHS manual and potential consequences due to deviation from specific procedures. The new employees are provided with on-the-job training under the guidance of senior staff for a period decided by the respective department heads.

Furthermore, in order to cater for the actual needs of different departments and individuals, we provide different forms of training, not only internal training, but also external special courses to equip staff with professional skills and abilities. Internal training includes safety induction course, risk assessment and safe work procedure briefing. External courses include occupational first aid, safety and health management and equipment operation courses, etc. Course contents include ISO 14001, ISO 9001 trainings, construction laws and good industry practices, etc. Trainings are delivered by external organisations, such as Building Construction Authority, Society of Construction Law (Singapore) and Eduquest International Institute.

During the reporting period, the composition of employees received training by gender and employment category was as follows:

Composition of employees received training	2022	2021
By gender		
• Male	56%	23%
• Female	35%	7%
By employment category		
• Senior management	40%	25%
• Middle management	55%	30%
• General	54%	20%
Overall	54%	21%

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Besides, the average training hours completed per employee by gender and employment category is as follows:

Average training hours (hours/employee)	2022	2021
By gender		
• Male	11	4
• Female	8	2
By employment category		
• Senior management	11	2
• Middle management	11	4
• General	11	4
Overall	11	4

B4. Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with the relevant laws and regulations, such as the Employment Ordinance in Hong Kong and the Employment Act in Singapore. The Group prohibits the use of child labour and forced labour as stipulated in the “No Child Labour Policy” in the Group’s Employee Handbook. As per requirement from Ministry of Manpower Singapore, Application can only made between age 18 — 55 years old for the working permit.

For the forced Labour, we have used the approved labour agency in Singapore which cooperate with the agency in Bangladesh. They have proper agreement on hand for each worker.

Employment contracts and other records, documenting all relevant details of the employees, are properly maintained and open for verification by any authorised personnel or relevant statutory bodies. All units need to provide an annual report to the functional head on any incidents of child or forced labour. Periodic assessment is conducted and random checks of records are undertaken by the human resources department annually. We peruse the approve labour agency, if there is any child or force labour, we will report to the relevant departments of the local Government, such as the Labour Department in Hong Kong and the Ministry of Manpower in Singapore. During the reporting period, the Group did not have any non-compliance case related to child labour or forced labour.

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Operating Practices

B5. Supply Chain Management

The Group relies on subcontractors and suppliers for subcontract services, supply of materials and rental machines used in construction activities. The Group works closely with its subcontractors and suppliers who are committed to high quality, environmental, health and safety standards as stipulated in the "Purchasing and Supplier Management Procedure". It is established to ensure that the suppliers and subcontractors conform to the quality, environmental, occupational health and safety requirements of the company. In controlling the purchasing system, quantity surveyors or procurement officers of the Group identify potential suppliers and subcontractors who can meet the qualification requirement to supply goods and services.

During the reporting period, the number of suppliers by geographical region is as follows:

Region No. of suppliers	2022	2021
Hong Kong	515	900
PRC	11	4
Singapore	890	1,842
Other Southeast Asia Countries	18	684
Total	1,434	3,430

In the supply chain, environmental risks and social risks may arise. Environmental risks are transmitted through air, water, soil or biological food chains to human, while social risk arises from negative perceptions of an organization's impact on the community.

In order to deal with the risks, the Group identifies and assesses significant actual and potential negative environmental and social impacts in the supply chain by reviewing the benefits and limitation of each machine used. The suppliers or subcontractors should at least have a certified quality or Environmental, Health and Safety ("EHS") system (e.g., bizSAFE⁴ Level 3, ISO 9001, ISO14001, or OHSAS 18001). Qualified suppliers are maintained in an approved supplier list.

The performance of contractors and suppliers is assessed annually by the Group. For the suppliers or contractors that may generate negative environmental or social impacts, the Group will follow up with them on possible more advanced and environmentally-friendly machines.

B6. Product Responsibility

The Group is committed to achieving and maintaining the highest quality standard for construction projects. The Group has established "QEHS Management System", which documents and controls all the applicable procedures in construction activities for effective operation in accordance with the requirements by local authorities and customers. This system is reviewed by top management at least once a year to assess its continuing suitability, adequacy and effectiveness, and also to look into ways for further improvement. The Group is in strict compliance with all the applicable laws and regulations relating to product responsibility, including Building Control (Environmental Sustainability) Regulations 2008 of Building Control Act Part IIIB in Singapore.

Quality Management

To pursue quality construction work, The Group has established "Quality Management System", including "Process Control Procedure" in accordance with the requirements of ISO 9001, OHSAS 18001 and ISO 14001. The Group strives to develop a sustainable performance-oriented culture with an emphasis on pursuing continuous improvement rather than adopting a short-term and project-based approach.

⁴ bizSAFE is a 5-step programme that assists companies to build up their WSH capabilities. bizSAFE level 3 certificate is the minimum level required for any contracts and tenders with bizSAFE Partners, main construction firms, government sectors, etc.

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We place strong emphasis on quality control as we believe completing works that meet or exceed our customers' requirements is crucial not only for building safety, but also for job reference and future business opportunities. To ensure our works meet the required standards, we assign a foreman on a full-time basis at each of the construction sites as the first line of monitoring of the quality of works done by our employees and subcontractors.

The project manager carries out daily visits to construction sites to monitor the quality and progress of works so as to ensure the works are completed according to schedule. Furthermore, our project team holds weekly meetings with our management so that our management can monitor the progress of each of the projects and discuss identified issues. This can ensure our construction works meet the customers' requirements, are completed according to schedule and budget, and fully comply with all relevant laws and regulations.

The performance and quality of the construction work is monitored under the "Performance Monitoring and Measurement Procedure". Key characteristics are identified, monitored, measured and evaluated. For example, for construction activities such as piling, remedies for defective piling works are often impossible once construction works for the superstructure have commenced. To reduce defects and ensure the quality of work, we conduct thorough testing of the piles before certification of foundation works completion and commencement of construction works of the superstructure.

With regards to raw materials, they are procured from our approved suppliers who have satisfactory past business relationships with us. To ensure a consistent quality in the raw materials used which meets the required standards, we may from time to time engage third party laboratories to conduct sample tests on raw materials, including steel and concrete.

SOCIAL ASPECT

Customer Satisfaction Management and Complaint Handling

Understanding the customers' opinions on our construction services is crucial for the continuous improvement of construction quality. The Group has established a comprehensive "Customer Satisfaction Monitoring Mechanism" for handling complaints and monitoring customers' satisfaction. Customer satisfaction survey is carried out once every year or upon project completion. During the year, 8 cases (2021: 5 cases) of complaint were received related to provision of foundation and construction services and sales of properties, and no (2021: nil) property unit sold was subjected to recalls for safety and health reasons by the Group.

Building Service Centre ("**BSC**") is responsible for providing customer service to new residents and handling the complaints. The BSC is managed by experienced customer relation officer. All residents' feedbacks or complaints on property defects have to be followed up and rectified within 14 days.

Intellectual Property Rights

The Group is in strict compliance with the relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486), the Copyright Ordinance (Cap.528) in Hong Kong and the Singapore Intellectual Property Law. The Group prohibits staff from downloading and using illegal software to ensure cyber safety and computer security of company networks. The Group has policies on advertising which have own standards and procedures for advertising on different media. During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters.

Customer Data and Information Protection

The Group takes privacy issues very seriously. The Group fully complies with all relevant laws and regulations and ensure appropriate technical measures are in place to protect the personal data against unauthorised use or access.

In addition, the Group's "Control of Document Procedure" outlines the process for the control of documented information to address distribution, access, retrieval, use and changes. Customers' personal data is securely kept and processed only for the purpose for which it has been collected. Staff are provided with adequate training on the applicable laws on data privacy protection to help them understand their responsibilities when handling data.

SOCIAL ASPECT

B7. Anti-Corruption

Corruption refers to the abuse of entrusted power for private gain and can be instigated by individuals or organisations such as bribery, extortion, fraud, and money laundering. We believe that the integrity of business is a foundation of corporate social responsibility, as well as a fundamental element of a business's competitive advantage and sustainability. For these reasons, we have systematically incorporated anti-corruption and anti-money laundering policies and management principles into our operations, promoted a fair and just commercial competition to achieve win-win situation with external partners, and adhered to transparent and open mechanisms for internal management as stipulated in the Group's "Code of Conduct". The Group has been in strict compliance with relevant laws and regulations, such as Prevention of Bribery Ordinance in Hong Kong and Prevention of Corruption Act in Singapore. The Group engages internal and external stakeholders to strengthen our anti-corruption procedures. In order to specify the whistle-blowing procedures and ensure the legal rights and interests of individuals reporting problems, we have formulated the "Whistle-blowing Policy" which provides the employees reporting channels and guidance. Any employee of the Group who has concern about any of the matters aforesaid can inform the Company Secretary. The Company Secretary will summarize the complaints received and report any matter of significance, to the Audit Committee semi-annually or at any appropriate time, where considered necessary. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees. During the reporting period, no concluded legal case (2021: nil) regarding corrupt practices was brought against us or our employees.

We encourage our employees to understand explicitly on several areas, which include the provisions of anti-bribery and corruption. We invited our solicitor to provide structured training to our directors and senior management on the topic of anti-corruption during the year. In addition, the Group has set up a policy for employees to raise their concerns about anti-corruption, possible improprieties in financial reporting, internal control or other matters within the Group to come forward and voice their issues in order to commit the highest possible standards of openness, probity and accountability. The Group definitely has zero tolerance on bribery and corruption behaviour.

The Group provides training sessions in relation to anti-corruption, anti-bribery, anti-fraud, anti-blackmail and anti-money laundering to the directors and staff regularly.

Community

B8. Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. We communicate with the communities around the sites where we operate by various means to take care of their needs. For example, we visit the neighbouring residents and send letters to them, establish communication hotline, record and handle feedbacks from the public, etc.

According to the Group's "Community Investment Policy", the Group aims to develop long-term relationship with our stakeholders based on mutual trust, respect and integrity. Moreover, we seek to make contributions to programmes that have a positive impact on community development. The Group focuses on contributing in youth development to nurture future leaders and environmental protection.

The Group also cares about the influence of the construction sites to the community. The Group has implemented adequate measures to mitigate the nuisance to the residents and schools near the construction sites. For example, stringent mosquito control and preventative measures are in place in the construction sites. All the sites are surrounded by safety fence to safeguard the safety of the public. Heavy-duty safety nettings are installed at nearby schools to prevent dust from entering the schools.

The Group will continue its contributions to the sustainable development of the community in future by building a healthy and dynamic community.

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