

Hong Kong 香港 • Macau 澳門



Lai Si Enterprise Holding Limited
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2266)



2022

Environmental, Social and Governance Report

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ABOUT THE GROUP

Lai Si Enterprise Holding Limited (the “Company”), together with its subsidiaries (collectively the “Group”), has over 30 years of experience in the fitting-out and construction industry, providing construction, fitting-out, as well as repair and maintenance services in Macau and Hong Kong. It mainly provides services to customers such as hotels, casinos, international retailers, food and beverage outlets, and government departments. The Group was awarded the ISO9001:2015 international quality management system certification, as well as the international certifications for ISO14001:2015 environmental management system and ISO45001:2018 occupational health and safety management system. It has been actively participating in the construction of large-scale casinos and hotels, projects of various government departments, commercial and social organisations. As of 31 December 2022, the Group completed 24 projects and was awarded 23 projects.

In 2022, the continuous COVID-19 epidemic has caused a severe downturn of Macau’s economy and a reduction in construction works, which brought multiple challenges to the Group’s business development. Leveraging its local strengths and resources, the Group has maintained well-established corporate governance and an extensive network of customers and suppliers, while integrating sustainable development into its business operations and management. For that, the Group has continuously sustained stable performance in aspects of environmental, social and governance (“ESG”) in 2022, and responded to different risks and instabilities in a timely and effective manner. With the implementation of customs clearance measures and gradual recovery of economic activities in 2022, the Group will continue to reinforce its ESG strategies and management, and strengthen cooperation with various stakeholders, in order to seize new opportunities in the future and proceed towards sustainable development in joint hands.



ABOUT THE REPORT

The Group is pleased to release the seventh *Environmental, Social and Governance Report* (the “Report”), which aims to outline its sustainability management approaches, policies and measures, and summarise the Group’s performance in different ESG aspects for the period from 1 January 2022 to 31 December 2022 (the “Year”), in order to demonstrate its commitment to sustainable development. The Report is prepared in both Chinese and English and is available on the website of Hong Kong Exchanges and Clearing Limited (the “HKEX”) and the Group’s website (www.lai-si.com).

REPORTING BOUNDARY

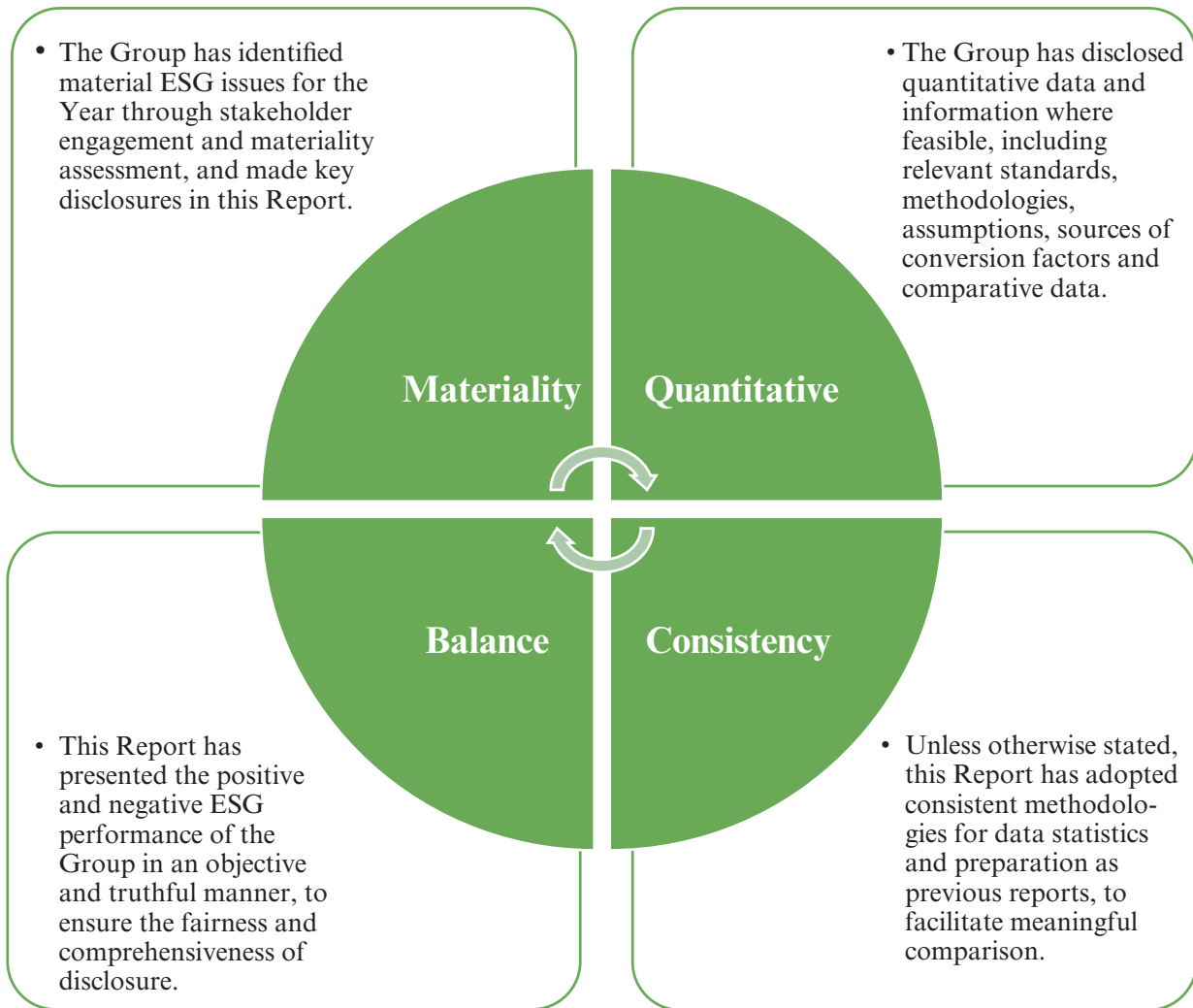
Consistent with the previous year, this Report mainly covers the Group’s core business operations in Macau and Hong Kong, including fitting-out works, construction works, and repair and maintenance works, while the environmental key performance indicators (“KPIs”) are restricted to the Group’s corporate offices in Macau and Hong Kong. The Group will continue to review its business operations and development, and adjust the disclosure scope and improve its internal data collection system in a timely manner, so as to enhance the transparency and comprehensiveness in disclosing its ESG performance.

REPORTING PRINCIPLES

The Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) in Appendix 27 of The Rules Governing the Listing of Securities of the HKEX, and has complied with the mandatory disclosure requirements and “comply or explain” provisions. During its preparation, the Report has applied the four reporting principles of materiality, consistency, balance and quantitative:



ABOUT THE REPORT



OPINION AND FEEDBACK

The Group values the opinions of all stakeholders on its ESG performance and governance. If you have any suggestions or questions regarding this Report and other ESG matters, please contact the Group through the following channels:

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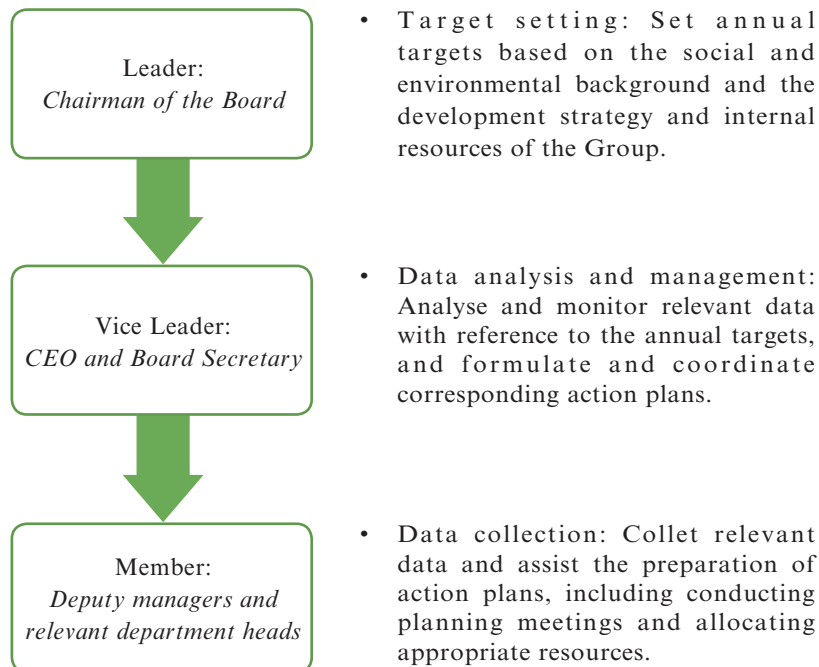


ESG GOVERNANCE

To effectively integrate sustainability concepts into its development strategies and daily operations, the Group strives to improve ESG governance and enhance the effectiveness of ESG strategies, policies and related measures. It has established a comprehensive ESG governance structure, in which the Board leads the ESG Working Group in the discussion, decision-making and monitoring of ESG matters.

The Board shoulders the overall responsibility for the Group's ESG matters, and is responsible for monitoring the formulation and implementation of ESG strategies, targets and policies, risk assessment and management, and stakeholder engagement. The Board is also responsible for supervising the daily ESG management by its committees and management. Among them, the Audit Committee reports to the Board and ensures the effectiveness of risk management and internal control system. Members of the ESG Working Group are responsible for implementing ESG policies and measures, regularly reporting relevant progress and performance, and providing suggestions on ESG strategies and targets for review.

STRUCTURE OF ESG WORKING GROUP



ESG GOVERNANCE

ESG RISK MANAGEMENT

The Group attaches great importance to the stable and sustainable development of its business, it has incorporated ESG elements into its risk management framework. Under the supervision of the Board, the Group has implemented the following risk management procedures in an orderly manner, to regularly identify and evaluate material ESG risks and opportunities so as to foster efficient risk management.

	Considerations	Management approach
Risk management procedures	Severity of the risk impact on the Company's financial performance	<p>Risk elimination:</p> <ul style="list-style-type: none"> Implementing changes or controls to eliminate the risk.
		<p>Risk mitigation:</p> <ul style="list-style-type: none"> Formulating and implementing a risk management plan to reduce the likelihood, velocity or severity of the risk to an acceptable level.
	Probability of risk occurrence	<p>Risk retention:</p> <ul style="list-style-type: none"> Monitoring and managing the risk within an acceptable level continuously and accounting it as part of the risk management plan.

The Group has identified the following 3 major ESG risks during the Year, and implemented appropriate risk management measures accordingly to minimise potential negative impacts on the Group.



ESG GOVERNANCE

Types of risks	Risk description	Corresponding measures
Information security risk	Incompetent confidential information management system, including inadequate and uncomprehensive confidentiality management regulations, or management personnel are failing to fulfill their duties, may lead to ineffective protection to confidential information.	<ul style="list-style-type: none"> • Implement authority approval system for access to corporate confidential information, which signed confirmation from and supervision of managers are required for access to confidential information; • Copying and photocopying confidential information without permission are strictly prohibited; • Printed confidential information are archived and registered by dedicated personnel, and electronic confidential information is protected by double encryption; • Strictly pursue the legal responsibility of violators of relevant regulations; and • Require every employee to sign a non-disclosure agreement.
Compliance risk	Insufficient understanding of local laws and regulations of overseas business may face the risk of punishment or litigation by relevant law enforcement authorities.	<ul style="list-style-type: none"> • Consult local laws and regulations with local legal advisors and professional corporate service agencies to develop comprehensive compliance procedures.
Human resources risk	With over-reliance on foreign labour, failure to renew valid license of foreign labour in time or failure to apply for foreign labour quotas, may cause the risk of manpower shortage, resulting in project delays and increased labour cost.	<ul style="list-style-type: none"> • Maintain close communication with the Labour Affairs Bureau and regularly apply for foreign labour quotas; and • Examine the validity of license on a periodic basis.



ESG GOVERNANCE

COMPLIANCE MANAGEMENT

The Group regards operation compliance as the cornerstone of long-term corporate development, and is also well aware that breaches of laws and regulations can severely harm the interests of the Group and relevant stakeholders, and lead to civil and/or criminal consequences. Therefore, it is committed to strictly complying with all applicable laws and regulations, continuously implementing and monitoring its internal control through the Audit Committee, in order to strengthen its compliance management. During the Year, the Group did not have any non-compliance cases related to the laws and regulations in relation to all ESG aspects, nor have it received any legal cases regarding corrupt practices brought against the Group or its employees.

The Group strictly adheres to relevant laws and regulations, including but not limited to the following:

Social aspect	
<i>Employment system</i>	
Macau: <ul style="list-style-type: none"> - <i>Labour Relations Law</i> 	Hong Kong: <ul style="list-style-type: none"> - <i>Employment Ordinance</i> - <i>Employee's Compensation Ordinance</i> - <i>Occupational Safety and Health Ordinance</i> - <i>Minimum Wage Ordinance</i>
<i>Occupational health and safety</i>	
Macau: <ul style="list-style-type: none"> - <i>Decree No. 57/82/M</i> - <i>Decree No. 37/89/M</i> - <i>Decree No. 13/91/M</i> - <i>Decree No. 44/91/M</i> - <i>Decree No. 67/92/M</i> - <i>Decree No. 34/93/M</i> - <i>Decree No. 48/94/M</i> - <i>Law No. 2/83/M</i> - <i>Law No. 3/2014</i> - Occupational safety and health-related <i>International Labour Organisation Conventions</i> applicable to Macau 	Hong Kong: <ul style="list-style-type: none"> - <i>Occupational Safety and Health Ordinance</i>



ESG GOVERNANCE

Supply chain management**Macau:**

- Decree No. 57/82/M
- Decree No. 37/89/M
- Decree No. 13/91/M
- Decree No. 44/91/M
- Decree No. 67/92/M

- Decree No. 34/93/M
- Decree No. 48/94/M
- Law No. 2/83/M
- Law No. 3/2014
- International Labour Organisation Conventions applicable to Macau

Product responsibility**Macau:**

- Decree No. 57/82/M
- Decree No. 37/89/M
- Decree No. 13/91/M
- Decree No. 44/91/M
- Decree No. 67/92/M
- Decree No. 34/93/M
- Decree No. 48/94/M
- Law No. 2/83/M
- Law No. 3/2014
- Commercial Code
- Macau Cybersecurity Law
- International Labour Organisation Conventions applicable to Macau

Hong Kong:

- Intellectual Property Laws

Anti-corruption**Macau:**

- Penal Code
- Prevention and Suppression of Bribery in Private Sector

Hong Kong:

- Prevention of Bribery Ordinance



ESG GOVERNANCE

Environmental aspect

Macau:

- *Guideline for Waste Classification* of the Environmental Protection Bureau
- *Decree No. 62/95/M*
- *Decree No. 44/91/M*
- *Law No. 2/91/M*
- *Decision No. 78/GM/95*
- *Executive Order No. 4/2006*
- *Administrative Regulation No. 24/2016*
- *Administrative Regulation No. 15/2016*
- *Administrative Regulation No. 28/2004*
- *Administrative Regulation No. 22/2020*

Hong Kong:

- *Waste Disposal Ordinance*
- *Waste Disposal (Chemical Waste) (General) Regulation*
- *Dangerous Goods Ordinance*
- *Dangerous Goods (Application and Exemption) Regulation*
- *Dangerous Goods (General) Regulations*



STAKEHOLDER COMMUNICATION

The Group firmly believes that stakeholders' opinions serve as guidance in formulating effective ESG strategies, which are beneficial to its business and sustainable development. Through maintaining close and effective communication with different stakeholders, the Group is committed to gaining an in-depth understanding of the needs and concerns of all parties, so as to identify and respond to various actual or potential ESG risks and opportunities. It has continuously promoted long-term cooperation by responding to stakeholders' expectations in a timely manner.

COMMUNICATION CHANNELS

During the Year, the Group has continued to utilise the following diversified and open channels to communicate with different key stakeholders:

Employees	<ul style="list-style-type: none"> Establishing two-way communication channels through internal meetings, emails, employee training and activities, etc., to ensure employment management is in line with employees' expectations.
Shareholders/Investors	<ul style="list-style-type: none"> Updating the Group's latest business operation through Annual General Meetings, Extraordinary General Meetings, the Group's website and publications, etc., to enhance information transparency.
Suppliers	<ul style="list-style-type: none"> Ensuring the service and product quality of suppliers could meet the standards of both parties through regular meetings, on-site inspections and evaluations, etc.
Customers	<ul style="list-style-type: none"> Collecting feedback on the Group's services and operations through customer satisfaction surveys, emails and telephone calls, etc., to improve customer satisfaction.
Community	<ul style="list-style-type: none"> Promoting social development through community and volunteering services, charitable and community investment activities, etc.



STAKEHOLDER COMMUNICATION

MATERIALITY ASSESSMENT

The Group attaches significant importance to stakeholders' concerns to various ESG issues. It has commissioned an independent consultancy to carry out a questionnaire survey with different stakeholders during the Year, for which a materiality assessment was conducted after data analysis. Given the importance of the identified ESG issues to its business and various stakeholders, the Group will make targeted disclosures in this Report and prioritise relevant issues during its operational decision-making and strategic planning.



Identification

- Identified 15 issues related to the Group's business based on the reporting guidelines, market trends, industry benchmarks, etc., covering 4 major areas of "Environmental Protection", "Employment and Labour Practices", "Operating Practices" and "Community".



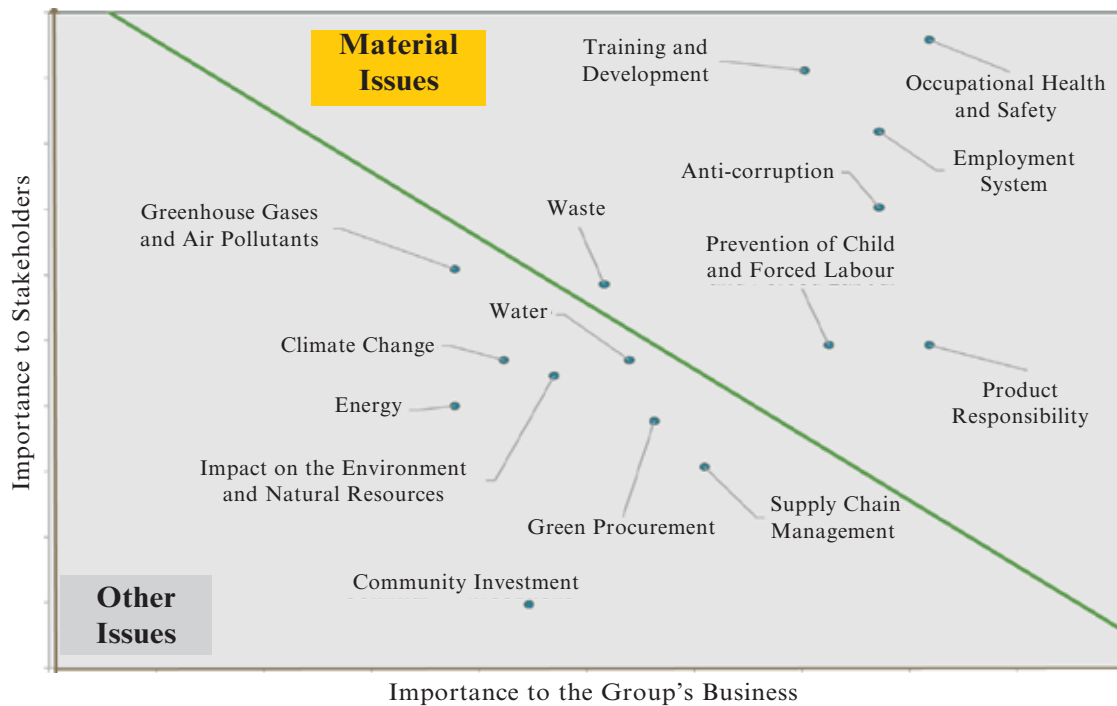
Prioritisation

- Invited internal and external stakeholders, including employees, suppliers and general public, to participate in the questionnaire survey and rate the importance of issues to the individual and the Group's business. Prioritisation was conducted according to the analysis results, in which 7 material issues were determined.



Validation

- The materiality assessment results were confirmed after review by the senior management and the Board.



STAKEHOLDER COMMUNICATION

2022 Materiality assessment results	
Material issues	Other issues
Occupational Health and Safety	Water
Training and Development	Greenhouse Gases and Air Pollutants
Employment System	Green Procurement
Anti-corruption	Impact on the Environment and Natural Resources
Product Responsibility	Supply Chain Management
Prevention of Child and Forced Labour	Climate Change
Waste	Energy
	Community Investment

This Year, the material ESG issues identified by the Group have not changed significantly from the results of previous year. Stakeholders have maintained their highest concerns in areas of “Employment and Labour Practices” and “Operating Practices”, among which Occupational Health and Safety and Training and Development are the most important issues to various stakeholders. This Report has determined the reporting framework based on the above analysis results and made targeted disclosures. In order to ensure its ESG management and performance could meet stakeholders’ expectations, the Group will continue to review and improve the materiality assessment, enhancing its understanding of stakeholders’ views and opinions.



OUR TALENT MANAGEMENT APPROACH

For employees being the main driving force for its success and sustainable development, the Group has always adhered to the people-oriented talent management approach. It is committed to providing a safe, healthy and equal working environment for its employees, continuously improving employment benefits and supporting employee development. Moreover, it strives to maintain a respectful and diverse corporate culture, promoting the professionalism, enthusiasm and cohesion of its employees.

SAFE AND SUPPORTIVE WORKPLACE

Occupational Health and Safety

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Industrial Safety Management Plan</i> – <i>Inhouse OSH Guidelines</i> – <i>Operation Monitoring Procedures (Environment, Occupational Safety and Health Management)</i> – <i>OHS Risk Analysis</i> – <i>Emergency Preparedness and Response</i> 	<ul style="list-style-type: none"> • Realise compliant and effective safety management for employees • Secure a safe and healthy workplace for employees

Recognising the relatively high occupational health and safety risks in the business operations of construction industry, the Group attaches great importance to the occupational health and safety of all employees and workers. It has established a safety management system for construction and fitting-out works in accordance with the ISO45001:2018 standard, with stringent implementation of high-standard occupational health and safety policies and management regulations, in striving to minimise potential risks of work-related accidents and occupational hazards, and promote a healthy and safe corporate culture.



OUR TALENT MANAGEMENT APPROACH

Comprehensive occupational health and safety management system					
Goal: achieving zero work-related injuries, minimising potential health and safety risks					
Health and Safety Committee	<ul style="list-style-type: none"> Formed by senior representatives from the Administration Department, Project Management Department and Safety Management Department; Responsible for regularly reporting the results of safety assessments, any accident situations and potential risks to the senior management and the Board; Responsible for formulating health and safety policies and guidelines, monitoring performance of departments, promoting safety education and training, and reinforcing internal health and safety management; and Responsible for periodically supervising the working environment of construction sites and the implementation of relevant policies and measures. 				
5 occupational safety work	Management commitments	Safe work practices	Effective work-related injury management	Safe working environment	Continuous improvement of management system

Under the occupational health and safety management system mentioned above, the Group has implemented the following safety measures:

Preventing safety risks

- Conduct regular safety assessments to evaluate the existing systems and measures, and implement corrective measures for possible loopholes; and
- Carry out classified management according to the consequences of risks, likelihood of occurrence and legal regulations, and adopt corresponding control, improvement and preventive measures to reduce the risks.



OUR TALENT MANAGEMENT APPROACH

Enhancing safety protection

- Arrange compulsory occupational safety and health training for all employees, to enhance their understanding of health and safety policies, equipment operation techniques, and personal protective equipment, and assist employees to perform their duties safely;
- Stipulate the work requirement of having a valid Occupational Safety Card;
- Offer medical insurance and compensation insurance as additional health guarantees to employees; and
- During the Year, representatives of the Group have participated in the “Seminar on Occupational Safety Strategies for SMEs in the Construction Industry”, to advance its internal occupational health and safety management and training.

Strengthening emergency response

- Develop procedures to respond to the identified accidents, potential and emergency situations, in order to prevent and mitigate the associated risks or adverse impacts;
- In the event of a work-related accident, report to the Labour Affairs Bureau and the insurance company within 5 working days, and take necessary actions, including providing support, implementing investigation and correction, to avert the recurrence of similar incidents; and
- Test the emergency procedures periodically to ensure timely and effective implementation under actual circumstances;

In response to the ongoing COVID-19 epidemic, the Group has continued to adopt preventive measures at various workplaces to prevent the spread of virus. The Group has abided by and aligned with the local government’s public health guidelines and epidemic prevention measures, including regularly distributing the latest epidemic information to employees, and displaying posters of relevant preventive measures in prominent positions of the offices, to raise employees’ awareness of epidemic prevention. Concerning the personal hygiene of employees, the Group has also required all employees to wear masks at work and to use hand sanitisers for disinfection.

During the Year, there was 1 case of work-related injuries in the Group, with a total of 8 lost days. Besides, no work-related fatalities had happened in the past three years.



OUR TALENT MANAGEMENT APPROACH

Training and Development

To support its long-term competitiveness and business development, the Group has paid continual attention to talent cultivation and development. It is committed to coordinating the development needs of employees and its business, providing diverse training and development opportunities for professional knowledge and skill enrichment, in order to promote mutual growth with its employees.

The Safety Department, Technical Department and HR & Administration Department of the Group have offered opportunities and encouragement for the continuous training and development of employees, which resources are appropriately allocated according to business strategic planning and internal needs, so as to help employees improve their work-related skills and knowledge, and make comprehensive preparation for personal development or promotion. Among them, the Group has provided the *Staff Handbook* and induction training to new employees, facilitating their understanding of daily operations, rules and regulations, and job duties, to assist them to adapt to the working environment. The Group has also organised various on-the-job training for existing employees:

Employee training programmes

- Health and safety training
- Environmental policy training
- Introduction of new equipment and tools
- Quality assurance training
- Quality management training
- Board training
- Internal policy training
- Strategy training for the construction market
- Training for labour legislation in Macau
- Training for tax legislation in Macau

Upon the completion of training, the Group will arrange assessments for employees, to evaluate and review their understanding and performance and further improve the training effect. Regarding career development, the Group conducts annual appraisals on employees' performance and competence, which serves as a basic consideration in promotion or salary adjustments, in order to foster talent development.



OUR TALENT MANAGEMENT APPROACH

During the Year, the Group has arranged training for 12 employees, accounting for 8.7% of all employees, and the overall average training hours per employee was 0.10 hours.

Average training hours (by gender)	2022 (Unit: hours)
Male	0.06
Female	0.35
Total	0.10
Total number of employees trained (by employment category)	2022 (Unit: person)
General employees	8
Middle management	2
Senior management	2
C-level executives	0
Total	12

RESPECTFUL EMPLOYMENT ENVIRONMENT

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Staff Handbook</i> – <i>Human Resources and Payroll Policy</i> – <i>Management Regulations on the Ban on Using Child Labour and Underage Workers</i> – <i>Management System for the Ban on Forced Labour</i> – <i>Board Diversity Policy</i> 	<ul style="list-style-type: none"> • Realise compliant and effective employment management • Support the Group's protection of employees' legal rights and interests in various aspects such as recruitment, promotion and dismissal, compensation and welfare, working hours and rest periods, equality and diversity, etc. • Clearly state the definition and description of terms of employment in management documents to assure that employees are fully aware of their rights and obligations

The Group firmly believes that a sound employment management system is the core of its business operations. As a responsible enterprise, the Group is committed to maintaining a compliant, fair and equal employment system. It has a series of employment management policies and measures in place with regular review and evaluation, to maintain employee satisfaction and promote harmonious labour relations.



OUR TALENT MANAGEMENT APPROACH

Recruitment, promotion and dismissal

- Each department is required to submit a recruitment application based on its employment needs, upon approval, the Human Resources Department and the department are jointly responsible for recruitment and interview;
- Conduct legal recruitment through job advertisements in the Labour Affairs Bureau, public notice, human resources companies, employee referrals, etc.;
- Strictly uphold the principles of fairness, impartiality, openness and non-discrimination throughout the employment process, in which all employment decisions are determined by individual's skill level;
- Initiate promotion based on the performance assessment of employees at the end of every financial year, serving as an encouragement to employees; and
- Implement dismissal procedures in compliance with local laws and regulations, in which signed confirmation by manager, director and employee are required.

Compensation and welfare

- Offer a competitive basic salary and benefits package to employees, including year-end bonus, insurance benefit, Mandatory Provident Fund;
- Employee's compensation is based on qualification, relevant experience, position and seniority of each employee;
- Initiate salary increment based on the performance assessment of employees at the end of every financial year; and
- Conduct periodical salary reviews and adjustments to ensure the provision of reasonable compensation and welfare.



OUR TALENT MANAGEMENT APPROACH

Working hours and rest periods

- Clearly state in the entitled working hours and holidays in the employment contract for proper arrangement of rest periods;
- The Human Resources Department will check the attendance record on a monthly basis; and
- In addition to statutory public holidays, employees are also granted leaves including annual leave, sick leave, marriage leave, compassionate leave, etc.

Equal opportunity, diversity and anti-discrimination

- Provide employees with equal opportunities and respect differences in, but not limited to, gender, ages, marital status, family conditions, sexual orientation and race, etc.;
- All employment treatments are based on the attitudes, skills and abilities of employees, any form of discrimination and harassment shall not be tolerated;
- Developed the *Board Diversity Policy* to advocate the recruitment of members with different gender, age, cultural and educational backgrounds, to build diverse management and workforce;
- Employees can report discrimination or unequal treatment to the senior department and management through channels such as the “Opinion Box”; and
- Carry out internal investigation on reports, impose corresponding penalties on violators, and publish the investigation results for public acknowledgement.



OUR TALENT MANAGEMENT APPROACH

The Group adheres to labour standards and strictly prohibits all forms of child labour, forced labour and illegal labour in the recruitment and employment process. To protect the legitimate rights and interests of all employees, the Group has established relevant policies and measures in accordance with the laws, to regulate employment practices and eradicate child and forced labour.

Prevention of child labour

- All employees are required to meet the minimum legal employment age in Macau and Hong Kong, and any child under the age of 15 is prohibited from employment;
- The Human Resources Department is responsible for supervising recruitment applications, including confirming the authenticity of applicants' identification documents; and
- Carry out employee training to cultivate and raise awareness of eliminating child labour.

Prevention of forced labour

- Explicitly prohibit forced or involuntary labour in all forms of threats, coercion, imprisonment, withholding of identity documents, etc.;
- Clearly state all relevant employment conditions in the employment contract, and provide translated versions for foreign employees, to ensure employees' thorough understanding of their rights and obligations;
- Stipulate that overtime work should be voluntary and prohibit punishment or termination for employees who are unwilling to work overtime; and
- In case of overtime work, employees are required to submit a written record for signed confirmation from the department head or project manager, which overtime pay or compensation will be provided accordingly.



OUR TALENT MANAGEMENT APPROACH

Corrective measures in case of violation

- Immediately contact and validate with the police when a suspicious case is detected;
- Adopt instant remedial measures upon the discovery of child labour, including sending the child to the police or place of residence, seeking confirmation and signature from his/he parents or guardians, and pursuing legal actions if necessary; and
- Employees can arise complaints for unethical or forced labour to the Human Resources Department, managers, director or other possible channels verbally or in written form, and investigation and response will be processed within one week.

As of 31 December 2022, the Group has employed a total of 138 employees, all of whom are full-time employees. The overall turnover rate of the Year was 44.2%, and the proportion of new recruits was 49.3%. The details of relevant employment data are as follows:

Total number of employees		2022
<i>Gender</i>	Male	118
	Female	20
<i>Age group</i>	Below 30 years old	10
	30-40 years old	28
	41-50 years old	36
	Above 50 years old	64
<i>Employment type</i>	Full-time	138
	Part-time	0
<i>Geographical region</i>	Macau	51
	Hong Kong	7
	Mainland China	80
<i>Employment category</i>	General employees	122
	Middle management	9
	Senior management	3
	C-level executives	4
Total		138



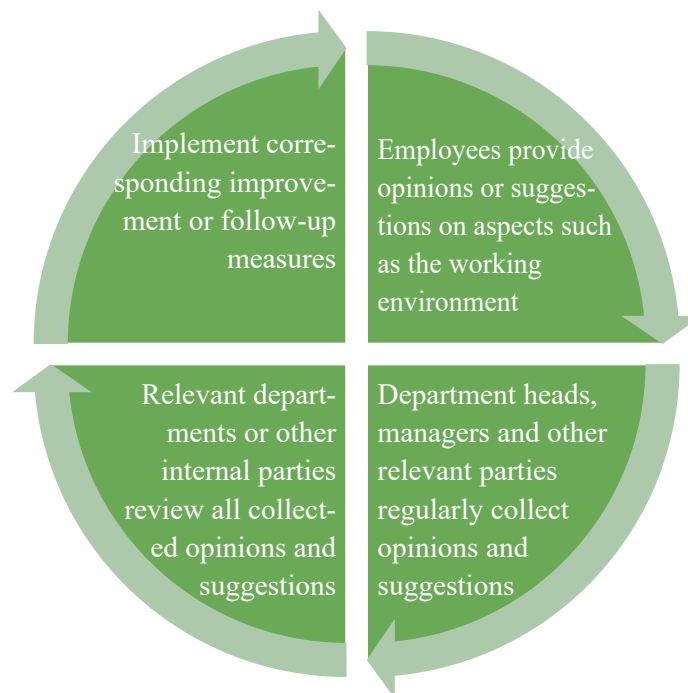
OUR TALENT MANAGEMENT APPROACH

Effective Internal Communication

The Group is committed to creating a harmonious and inclusive working environment, respecting and listening to employees' opinions, so as to continuously improve its human resources management and enhance internal collaboration and operational efficiency. It has maintained an open, effective, and diversified internal communication mechanism for employees, to promote mutual understanding as well as deploy resources and adjust internal management in a timely manner, in response to employees' needs and suggestions.

The Group regularly distributes the latest information of the Group to employees through emails and internal circulars. Besides, employees can report any difficulties encountered at work to department heads, managers or management via internal meetings, emails, in verbal or written forms, etc. The collected opinions will be discussed internally by responsible parties such as the Human Resources Department and managers, to proceed with reasonable follow-up measures and resolve the problems for employees.

Employees can also lodge complaints against the management or the Group to the Audit Committee. The Committee will conduct an investigation in a legal, fair and prompt manner, and prepare a written report within 3 months. The Group will also seek legal advice or report to the police when necessary to protect the legitimate rights and interests of both employees and the Group. In addition, the Group enforces confidentiality of all information to protect employees' freedom of speech, any reprisal or threat for expressing opinions shall be forbidden.



OUR OPERATIONAL MANAGEMENT APPROACH

The Group upholds the highest ethical standards in its business operation, and provides high-quality and safe services, to attain customer confidence and market competitiveness. Through a robust monitoring system, the Group has continued to implement a systematic internal control and governance system to prevent operational risks. It also strives to maintain close cooperation with various stakeholders in its supply chain, ensuring full compliance with laws and regulations in its business operations, so as to strengthen its professional and ethical corporate culture and promote high-quality and sustainable joint development.

OPERATION WITH INTEGRITY

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Staff Handbook</i> – <i>Disciplinary Policy</i> 	<ul style="list-style-type: none"> • Maintain integrity and business ethics • Provide clear definition of unethical behaviours, detailing preventive and monitoring measures, reporting channels, as well as appropriate procedures for commercial secrecy, conflicts of interest and computer usage

Rigidly adhering to the operating principle of integrity, the Group is committed to maintaining a corporate culture with the highest ethical standards and compliance with laws and regulations. Any form of unethical transactions and operations, including but not limited to bribery, extortion, fraud and money laundering, are strictly prohibited. In order to ensure honest and fair business conduct, it has formulated an array of stringent anti-corruption management regulations and measures, and continuously monitored the implementation of relevant management to bolster the effectiveness and efficiency.

Anti-corruption guidelines

- Establish the *Code of Ethics and Conducts* in the *Staff Handbook*, specifying the regulations for avoiding money laundering, conflict of interest, etc.; and
- As stipulated in the *Disciplinary Policy*, violators will be subject to a verbal or written warning, dismissal and report to local authorities according to the severity of breaching and conviction.



OUR OPERATIONAL MANAGEMENT APPROACH

Anti-corruption measures

- Implement shift work and team strategy based on the characteristics of positions to impede potential conflicts of interest and ensure fairness, minimising the risk of unethical operations.

Shift work

Target positions with a higher risk of corruption and periodically re-assign relevant employees, which helps increase mobility and decrease the risk of corruption.

Team strategy

Delegate non-affiliated employees to perform important and risky tasks, such as bid evaluations and supplier site visits, to lower the possibility of conflicts of interest and transfer of benefits.

Whistle-blowing system

- Mandate the Human Resources Department to establish a whistle-blowing system, in which a reporting hotline and e-mail are set up for internal and external stakeholders to report any suspicious activities or internal control process deficiencies;
- Respond immediately and investigate the reported case when received a report; and
- Enforce stringent confidential protection to personal information of the whistle-blower and investigation information, to secure the whistle-blower from any harm for reporting suspicious cases.

Anti-corruption training

- Regularly organise anti-corruption training to provide employees with information on applicable laws, regulations, ethics and relevant guidelines related to their roles and responsibilities;
- Raise employees' anti-corruption awareness through education, to ensure that employees are equipped with adequate knowledge and skills in maintaining professional conduct when handling cases; and
- During the Year, the Group has arranged an average of 1 hour of anti-corruption training for 6 employees.



OUR OPERATIONAL MANAGEMENT APPROACH

PRODUCT RESPONSIBILITY

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Staff Handbook</i> – <i>Integrated Management System Manual</i> – <i>Policy of Control of Records</i> – <i>Quality Assurance Plan</i> – <i>Policy of Customer Satisfaction, Data Analysis and Continual Improvement</i> – <i>Corrective and Preventive Action</i> 	<ul style="list-style-type: none"> • Define responsibilities, and outline planning, support, operation, performance evaluation, internal audit and improvement procedures of product and service quality • Provide monitoring measures and guidelines which apply to all stakeholders involved in the operation • Facilitate acknowledgement and compliance with relevant laws and regulations of all parties • Address and continuously improve product and service quality by developing corrective and preventive measures

The Group considers providing customers with high-quality, professional and reliable services as crucial to maintaining a favourable business reputation and sustainability performance. It strives to enforce an effective quality control mechanism with continuous improvement to fulfil the needs and expectations of customers.



OUR OPERATIONAL MANAGEMENT APPROACH

Quality assurance

- Develop the Integrated Management System (“IMS”) in accordance with the ISO9001, ISO14001 and OHSAS18001 standards to foster systematic quality management, in which relevant policies and procedures are strictly implemented to ensure all products and services provided conform to quality and safety requirements;
- Regularly review the quality management system during management review meetings to guarantee the continual effectiveness of quality management and lower potential risks; and
- Formulate the *Quality Assurance Plan* for project progress and quality, to upgrade the Group’s construction works:

Project director

- Regularly communicate with project managers and foremen to shorten the time for handling controversial issues; and
- Regularly assess safety issues and measures at the construction site with safety officers.

Project manager

- Monitor the project condition to ensure the progress and quality of the project have conformed with requirements stated in the contract; and
- Develop monitoring measures and ensure their implementation, and take appropriate actions in case of any non-compliance.

Project coordinator

- Record and document all quality-related issues; and
- Perform a final quality check on the project to confirm the requirements are fully fulfilled.

Safety officer

- Conduct routine safety assessments at the construction site and assure the project has satisfied requirements in the safety control documents; and
- Provide employees with on-site safety training.



OUR OPERATIONAL MANAGEMENT APPROACH

Customer services

- Formulate relevant customer service management measures in accordance with the IMS, and actively communicate with customers to understand their expectations and opinions;
- As stipulated in the *Policy of Customer Satisfaction, Data Analysis and Continual Improvement*, responsible management and department are required to conduct a customer satisfaction survey at least once a year to facilitate continuous monitoring and improvement;
- Conduct evaluation and devise improvement plans after collecting and analysing data from the customer satisfaction survey and other relevant performance information; and
- As stipulated in the *Corrective and Preventive Action*, in case of receiving customer complaints, related departments would classify and proceed the case according to its authenticity and characteristics, for timely investigation and follow-up, in which corrective and preventive actions are implemented to ensure the issue is properly addressed.

Protect intellectual property rights, customer privacy and data security

- Formulate clear internal guidelines, measures and related monitoring methods in accordance with the laws, to ensure its respect for all intellectual property rights and prevent infringement of intellectual property rights, while strengthening the management of cybersecurity and data privacy;
- Develop the *Policy of Control of Records* under the IMS, in which all information and record are categorised into “General” and “Confidential” for management;
- Properly secure and set up access rights for confidential information, and strictly prohibit employees from disclosing confidential information, to protect customer information and data;
- Reduce the risk of data leakage and cyberattacks by installing firewalls, conducting real-time monitoring and regular inspection;
- As stipulated in the *Staff Handbook*, all download and use of software require approval from the Intellectual Technology Department and are strictly regulated, to safeguard the safety and integrity of computer hardware, software and information storage devices; and
- During the Year, the Group has organised 1 hour of cybersecurity training to improve employees’ security awareness and vigilance.



OUR OPERATIONAL MANAGEMENT APPROACH

During the Year, the Group has not received any complaints concerning its products and services, customer privacy and intellectual property rights against the Group or its employees.

SUSTAINABLE SUPPLY CHAIN

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Subcontractor Working Guideline</i> – <i>Procedure on Management System</i> – <i>Quality System Procedure</i> – <i>Supplier Assessment Record</i> – <i>Incident and Control of Non-conforming Procedures</i> 	<ul style="list-style-type: none"> • Facilitate conducting selection of suppliers and subcontractors and risk management in an orderly manner • Establish clear guidelines for the management and control procedures of construction and fitting-out projects • Set out rating items of suppliers and subcontractors, covering their experience and past performance, management systems, environmental and occupational health and safety awareness, etc. • Specify appropriate requirements to regulate relevant responsibilities, and stipulate the compliance with related environmental and occupational safety regulations for all services, products and materials supplied

The Group emphasises maintaining favourable cooperation with suppliers and subcontractors, continuously improving its construction and service quality, and jointly promoting the sustainable development of its supply chain. Based on its IMS, it has formulated a series of policies and regulations to manage its supply chain, reducing environmental and social risks in its supply chain with stringent quality control.



OUR OPERATIONAL MANAGEMENT APPROACH

Supplier selection

- Appoint the General Manager to conduct a fair evaluation of suppliers and subcontractors based on various objective factors, and carry out compulsory on-site inspections and quality assessments of materials and product samples for further verification; and
- The review results and the list of approved suppliers and subcontractors need to be confirmed by the Director before selection, and then handed over to employees in the quality control unit for proper handling and archive.

Supplier evaluation

- Carry out re-evaluation of suppliers annually to ensure suppliers and subcontractors have continued to fulfil the Group's requirements; and
- Terminate partnerships with high-risk suppliers who have scored less than 2 points in the *Supplier Assessment Record*.

Supplier monitoring

- Develop management procedures related to service quality and traceability, to instruct identification and maintenance for inspection and testing of incoming materials and construction works throughout the project process, in order to facilitate quality control;
- Further proceed with non-conforming construction works and materials in accordance with the established procedures in the *Incident and Control of Non-conforming Procedures*; and
- Require all cooperating suppliers to sign and abide by the *Subcontractor Working Guideline*, so as to ensure compliance with the Group's environmental protection and occupational safety and health requirements, and avert environmental and social risks.



OUR OPERATIONAL MANAGEMENT APPROACH

During the Year, the Group has employed a total of 549 suppliers in the provision of materials and services, of which 107 suppliers have obtained ISO 9001, ISO 14001 and ISO 45000 system certifications, and relevant supplier practices have been uniformly applied to all suppliers of the same category.

Total number of suppliers		2022
<i>By geographical region</i>	Macau	295
	Hong Kong	71
	Mainland China	174
	Overseas	9
Total		549
Ratio of suppliers		2022
<i>By nature</i>	Service	27.1%
	Hardware	72.9%

Green Procurement

Advocating the sustainable development of supply chain, the Group focuses on strengthening the management and control of ESG risks in its supply chain. In accordance with the ISO14001 standard, the Group has set out the consideration for environmentally friendly products and practices in the procurement guidelines and requirements of the *Integrated Management System Manual*, which suppliers with satisfactory environmental performance will be prioritised in procurement. It also strives to lower environmental risks and improve environmental performance by promoting green practices, for example, arranging environmental training for suppliers and subcontractors to enhance their understanding of the Group's policies and related management and requirements, so as to encourage the implementation of environmental measures. During the Year, a total of 290 suppliers have met the environmental requirements set by the Group.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

The Group attaches great importance to minimising its environmental footprint while maintaining stable business operations, to promote the balanced and sustainable development of economy, society and environment. The Group fulfils its environmental responsibilities and strictly abides by environmental laws and regulations, it is also committed to incorporating the concept of environmental protection into its operations and decision-making processes. In accordance with the *Environmental Protection Planning of Macao (2010-2020)*, the Group has addressed relevant environmental goals in its environmental policies and measures to systematically advance its environmental performance.

To effectively control its negative impact on the environment, the Group has continuously strengthened and improved its environmental management by facilitating efficient use of resources, enhancing efficient utilisation of natural resources, reducing waste and pollution, and combating climate change, so as to promote ecological and environmental conservation.

In order to further improve its environmental performance, the Group has conducted internal discussions for setting the following environmental targets, and further details will be disclosed in due course after completing internal discussions.

Aspects	Environmental targets	Progress
GHG emissions	Quantitative target relating to reducing GHG emissions	Conduct internal discussions regarding formulation of quantitative targets by considering various aspects such as industry performance, business nature, and past, current and future environmental performances, and will continue to collect and monitor data, establish corresponding action plans and keep track of the progress of target achievement.
Energy	Quantitative target relating to reducing energy consumption	
Water	Quantitative target relating to reducing water consumption	
Waste	Quantitative target relating to reducing waste	



OUR ENVIRONMENTAL MANAGEMENT APPROACH

CLEAN ENVIRONMENT

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Operating Procedures for Internal Environmental Regulations</i> – <i>Procedures to Identify Environmental Factors</i> 	<ul style="list-style-type: none"> • Facilitate management and minimise emissions and impacts on the environment

Understanding the unavoidable impact of construction industry on the environment, the Group has implemented comprehensive environmental management and strived to minimise environmental pollution. It has formulated relevant policies and measures to reinforce emissions management, continuously identifying and evaluating environmental risks in its operations, in order to adopt appropriate management and control measures, thereby ensuring its environmental impacts are effectively controlled within an acceptable boundary. Through exercising stringent monitoring of its waste, air and greenhouse gas (“GHG”) emissions, the Group has prevented severe air, water and soil pollution.

Waste

The Group’s business operations mainly generate non-hazardous waste and hazardous waste such as wastepaper, solid waste and construction waste, etc. To lessen the environmental burden brought by its operations, its waste management is based on strict compliance with relevant laws and regulations such as the *Guideline for Waste Classification*, to ensure proper disposal of waste and prevent potential environmental pollution. The Group has also upheld the principle of “recycling and waste reduction at source” and implemented measures for reduction, resourcefulness, non-hazardousness, so as to foster waste reduction and bolster recycling.

Reduction	Resourcefulness	Non-hazardousness
<ul style="list-style-type: none"> • In the project planning stage, the project manager evaluates the material usage and conducts phased purchases to maximise material utilisation and reduce resource wastage; and • Promoting digitalisation in office operations for paper saving. 	<ul style="list-style-type: none"> • Sorting waste into plastic bottles, aluminium cans, metal cans, paper, used batteries and other solid waste to facilitate recycling; and • Appointing a “Wastepaper Recycling Coordinator” to promote and ensure effective methods and progress for waste recycling and reusing. 	<ul style="list-style-type: none"> • Central collection and storage of hazardous waste for delivery to qualified recyclers to appropriately dispose the waste.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

During the Year, the Group's non-hazardous waste generated and the intensity were 841.98 tonnes and 6.101 tonnes per employee respectively. Due to the overall reduction of construction projects, the total amount and intensity of non-hazardous waste have decreased by 61% and 59% respectively compared with the previous year. In addition, its hazardous waste generated was 0 tonnes. The Group will continue to adopt various waste reduction measures and enhance employees' awareness of environmental protection to curtail wasting resources.

Waste	2022	2021	2020	Unit
Total non-hazardous waste	841.98	2,148.66	1,205.68	tonnes
Non-hazardous waste intensity	6.101	14.717	8.258	tonnes/employee
Total hazardous waste	0	0	0	tonnes
Hazardous waste intensity	0	0	0	tonnes/employee

Air Pollutants and Greenhouse Gas Emissions

The Group pays attention to the air pollutants and GHG generated during its operations, striving to control emissions and prevent material impacts on the natural environment and public health. Its daily business activities, including vehicle usage and business travel, emit air pollutants and GHG. In order to improve air quality and mitigate climate change, the Group has implemented various management and control measures through the *Operating Procedures for Internal Environmental Regulations* and *Procedures to Identify Environmental Factors*, to reduce its emission by strengthening vehicle management and promoting green travel and online meetings, etc.

Moreover, the Group endeavours to foster low-carbon operations, it has conducted ongoing and close monitoring of air pollutants and GHG emissions with reference to international and local emission reduction targets. It has also assigned an Energy Management Coordinator to oversee energy efficiency performance of its operations, and organise appropriate resource allocation and employee awareness training to further curtail its carbon footprint.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

During the Year, the major air pollutants emitted by the Group were nitrogen oxides, sulphur oxides and respirable suspended particulates. Detailed emission data are as follows:

Air pollutants ¹	2022	2021	2020	Unit
Nitrogen oxides	1.188	1.950	0.102	Kg
Sulphur oxides	0.046	0.008	0.008	Kg
Respirable suspended particulates	0.108	0.150	0.004	Kg

In terms of GHG emissions, the Group's total emissions for the Year was 66.1 tonnes of carbon dioxide equivalent, with an intensity of 0.479 tonnes of carbon dioxide equivalent per employee. Its total GHG emissions and intensity have reduced by 25% and 21% respectively compared with the previous year. The following table lists the detailed data:

GHG emissions ²	2022	2021	2020	Unit
Scope 1 direct emissions ³	8.7	12.5	14.5	tonnes of carbon dioxide equivalent
Scope 2 energy indirect emissions ⁴	56.5	73.7	74.6	tonnes of carbon dioxide equivalent
Scope 3 other indirect emissions ⁵	0.8	1.9	1.3	tonnes of carbon dioxide equivalent
Total GHG emissions	66.1	88.2	90.4	tonnes of carbon dioxide equivalent
GHG intensity	0.479	0.604	0.583	tonnes of carbon dioxide equivalent/employee

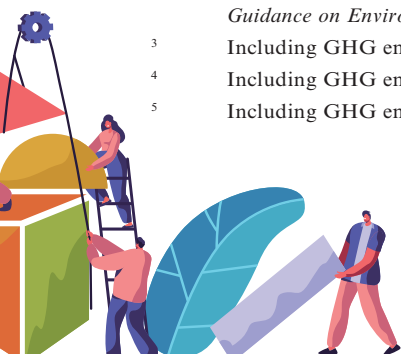
¹ The calculation was based on the "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" and the "Estimation of Macau Motor Vehicle Emission Factors (2021-2040)" issued by the Macao Environmental Protection Bureau.

² The calculation was based on the "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" and the "Reporting Guidance on Environmental KPIs" in Appendix 2 of the "How to prepare an ESG Report" issued by the HKEX.

³ Including GHG emissions from stationary source combustion and mobile source combustion.

⁴ Including GHG emissions from purchased electricity from third parties.

⁵ Including GHG emissions from business travel.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

RESOURCES EFFICIENCY

Policies	Objectives and description
<ul style="list-style-type: none"> – <i>Operating Procedures for Internal Environmental Regulations</i> – <i>Procedures to Identify Environmental Factors</i> 	<ul style="list-style-type: none"> • Minimise negative impact on the environment and natural resources

The Group is committed to optimising resource utilisation. It has continuously strengthened and improved resource efficiency, minimising adverse impacts on the environment, so as to realise its commitment to environmental protection. The Group has actively exercised green operations and promoted its aims of efficient resource use. For that, it has implemented the *Operating Procedures for Internal Environmental Regulations* and *Procedures to Identify Environmental Factors* to enhance the efficiency of energy and water consumption while minimising and avoiding resource wastage, in order to ensure its resource utilisation management aligns with the concept of sustainable development.

Water Consumption

To protect limited and necessary water resources, the Group endeavours to uphold the principle of sustainable consumption in implementing its water resource management. Its water consumption is mainly for basic cleaning and sanitation in office operations. Therefore, the Group has developed and enforced a series of effective water management measures from two aspects of promoting water conservation and improving water efficiency, in striving to protect precious water resources.

Raising water conservation awareness

- Post water-saving instructions in prominent places to remind employees of reasonable water usage; and
- Promote water-saving tips to employees on a regular basis, to cultivate the habit of water-saving.

Enhancing water efficiency

- Install water-saving taps to control excessive water usage;
- Inspect water facilities regularly, and repair or replace leaking pipes in time, to prevent wasting water resources; and
- Appoint an Energy Management Coordinator to be responsible for performing water management measures and regularly monitor and analyse water consumption, to identify and redress sources of high water consumption.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

During the Year, the Group did not encounter any problems in sourcing water that is fit for purpose. Its total water consumption was 929.0 cubic metres, and the intensity was 6.732 cubic metres per employee, resulting in a decrease of 7% and 1% respectively compared with the previous year.

Water consumption	2022	2021	2020 ⁶	Unit
Total water consumption	929.0	997.0	1,770.0	cubic metres
Water consumption intensity	6.732	6.829	11.123	cubic metres/employee

Energy Consumption

Believing energy consumption is the key to controlling GHG emissions and reducing environmental footprints, the Group attaches great importance to effective management and monitoring of energy usage. It has continually facilitated energy conservation and emission reduction through the development and implementation of energy policies and related measures. Considering its main energy consumption is sourced from purchased electricity and vehicle fuel, the Group has strengthened the management of energy-consuming equipment and employees' energy-saving awareness, to help lessen energy consumption and improve energy efficiency.

Facility enhancement

- Adopt energy-saving facilities at construction sites and offices, such as installing energy-efficiency fluorescent lighting and air-conditioning systems;
- Regularly provide clear instructions on the proper use and maintenance of air-conditioning systems;
- Conduct periodic vehicle maintenance, and prioritise the use of vehicles with low fuel consumption and appropriate horsepower; and
- Replace reflective lighting design with direct lighting in public areas, corridors, etc.

Action improvement

- Avoid prolonged engine idling to lessen oil consumption;
- Reinforce vehicle management by preparing work plan and road map planning in advance, and maintaining constant driving speed; and
- Turn off all non-essential systems and electrical equipment during non-office hours to reduce energy consumption from idle equipment.

⁶ The data was not available in Hong Kong.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

In addition, the Group has appointed an Energy Management Coordinator to be responsible for carrying out relevant management work, including coordinating environmental protection training and resource allocation, to ensure the effectiveness of energy management and improve energy performance. It has also established a monitoring system for energy usage to supervise and review its energy consumption on a regular basis, facilitating the timely adjustment of energy conservation and consumption reduction strategies according to actual conditions, and avoiding unnecessary energy consumption.

During the Year, the Group's total energy consumption was 122.3 MWh, and the intensity was 0.886 MWh per employee, representing a drop of 12% and 6% respectively compared to the previous year.

Energy consumption ⁷	2022	2021 ⁸	2020	Unit
Petrol	31.8	47.0	22.6	MWh
Diesel ⁹	0.0	0.0	35.0	MWh
Electricity	90.5	91.3	95.8	MWh
Total energy consumption	122.3	138.3	153.4	MWh
Energy consumption intensity	0.886	0.947	0.990	MWh/employee

ENVIRONMENT AND NATURAL RESOURCES

The Group insists on promoting the environmental sustainability of its business operations and strives to minimise its negative impacts on the environment and natural resources. In accordance with the ISO14001:2015 environmental management system standard, the Group has formulated and implemented relevant sustainability policies and measures such as the *Operating Procedures for Internal Environmental Regulations*. It has also conducted continuous monitoring and enhancement, and assured its operations are in compliance with the environmental requirements through source control and end treatment.

Among them, regarding the noise pollution generated during project construction, the Group has adopted noise management and measures to lower the impact of noise on the surrounding residents and environment. The Group will formulate a work plan based on the nature and requirements of the project, to ensure that the project is in line with the planned progress and avoid any delays, so as to control noise-generating operations within an acceptable time. It will also use noise reduction facilities during the construction period to further reduce noise disturbance.

Besides, the Group has actively implemented green operations and prioritised environmentally friendly products in its procurement, including products with eco-friendly labels or certifications, recyclable products, and products and materials with less environmental impact, etc., to promote natural resource conservation.

⁷ During 2020, 2021 and 2022, the Group did not consume acetylene.

⁸ After reviewing and unifying the data calculation method, the Group has re-adjusted the petrol consumption in 2021 and updated the total energy consumption and intensity data for effective comparison.

⁹ During 2021 and 2022, the Group did not consume diesel.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

CLIMATE CHANGE

Facing the urgency of mitigating climate change, countries around the world are advocating the development of a low-carbon economy and carbon neutrality. For that, the Group also actively pays attention to and takes corresponding actions in practising green and low-carbon sustainable development.

The Group recognises climate change poses potential risks to its business operations, including policy, legal, technological and market changes caused by intensifying extreme weather, rising sea level, chronic heat waves and low-carbon transition, which may affect its business performance and add instability to its sustainable development. In order to promote effective climate change management, the Group has identified possible climate-related risks to its businesses and operations, and formulated relevant mitigation and adaptation policies and measures to strengthen its climate adaptability and resilience.

Climate risks	Impacts on operations	Corresponding actions
Extreme weather	Extreme weather, such as super typhoons, rainstorms, etc., may damage the operation sites or cause injuries of employees.	<ul style="list-style-type: none"> Place equipment in safe locations, including storerooms and away from windows, to lessen potential risks; Require keeping all documents in both printed and electronic copies, and uploading the electronic version to the server to prevent loss of important documents; and Formulate policies and safety guidelines for working under extreme weather for employees, to reduce their chances of injury.



OUR ENVIRONMENTAL MANAGEMENT APPROACH

Climate risks	Impacts on operations	Corresponding actions
Severe weather	Frequent occurrence of severe weather may lead to project suspension and schedule delay.	<ul style="list-style-type: none"> • Before the project begins, prepare contingency measures to ensure workers and employees can make instant responses; and • Maintain good communication with customers during the project. When the project is affected, the Group will explain and prepare a backup plan for customers to minimise the consequence and seek their understanding.
Flooding	Events such as sea level rise, heavy rain, and super typhoons, will increase the frequency and incidence of flooding. It may damage construction materials such as wood and concrete, increasing production costs and disturbing project progress. Besides, flooding may destroy equipment and facilities at construction sites.	<ul style="list-style-type: none"> • Procure required materials for projects in batches to minimise damage caused by related weather conditions; • Require employees to store materials in covered areas whenever possible. If the severe weather incurs a high risk of flooding, move materials away from risky locations and/or conceal them with a waterproof cover to reduce the possibility of being affected; and • Develop standard procedures and require employees to conduct site inspections after flooding to ensure all equipment and facilities are safe to use.



OUR SOCIAL MANAGEMENT APPROACH

The Group attaches considerable importance to sustainable development with equal emphasis on economic and social benefits, and is committed to fulfilling its corporate responsibility with practical actions, so as to bring positive impacts to the communities where it operates. Under the guidance of the *Provision on the Community Investment Management*, the Group actively understands the needs of the communities in order to properly formulate community investment activities and allocate resources to give back to the society. During the Year, the Group has focused on promoting social welfare, youth and industry development. It has continually organised relevant charitable activities, and encouraged its employees to participate in community building. The Group has invested approximately MOP 11,480 and HKD2,000 in total to support different charities in contribution to social development.

The Group has continued its support for the Macao youth policy during the Year, helping Macao youth integrate into the development of Guangdong-Hong Kong-Macao Greater Bay Area. On the first anniversary of the establishment of Guangdong-Macao In-depth Cooperation Zone in Hengqin (“In-depth Cooperation Zone”), the Group sponsored the Macau Youth Greater Bay Area Development Association and the Youth Committee of Macau Construction Association in organising the “Visit to Guangdong-Macao In-depth Cooperation Zone in Hengqin”. A delegation formed by young people from various industries toured around the In-depth Cooperation Zone, visiting the AHA Hong Kong-Macao Youth Incubation Center, Hengqin Novotown of the Lai Sun Group, We Park Investment Limited, and other projects in Hengqin, to further understand development of the four major sectors in In-depth Cooperation Zone and the favourable initiatives to Macau. The activity served to enhance confidence in the future development of the In-depth Cooperation Zone, motivating Macau youth to engage in national development.

In addition, the Group believes promoting industrial exchanges is conducive to the long-term stability and prosperity of construction industry, it is therefore active in maintaining good communication with its peers. During the Year, the Group sponsored a construction law seminar jointly organised by the Macau Youth Research Association, the Youth Committee of Macau Construction Association, the Architects Association of Macau and the Macau Institute of Engineers. During the seminar, different legal and engineering experts discussed and shared legal issues faced by Macau construction sector, to enhance understanding of construction-related local laws for those involved in Macau’s construction projects. Moreover, in order to strengthen its ties with the industry, the Group sponsored the “Lap Dog Challenge” held by the Lighthouse Club Hong Kong. Apart from facilitating exchanges with the industry through sports activity, the event also raised funds for the Hong Kong Breast Cancer Foundation to help people in need in the society.



LOOKING FORWARD

In 2022, the unstable COVID-19 pandemic brought successive challenges to the construction industry. Utilising its well-established experience and reputation, close customer relationship, stable supply chain, professional management and staff team, and robust management system, the Group has continued its sustainability policies and work, overcame various difficulties, while maintaining stable performance in its business operations as well as environmental and social aspects.

Understanding corporate governance is an important part of sustainable development, the Group has established a sound ESG governance structure. Through regular and comprehensive monitoring and review on the implementation and effectiveness of sustainability strategies, policies and measures by the Board, it has ensured the efficacy of its ESG risk management and internal control mechanisms. The Group will continue to optimise its management and response to various ESG risks and opportunities, so as to lay a solid foundation for sustainable development.

Based on the principles of legal and compliant operation, the Group has implemented an effective IMS, in which quality, occupational health and safety, and environmental management systems with international standard certifications were established, to systematically promote its ESG management and related performance. Among them, the Group has strictly managed occupational health and safety at its workplace, allocating adequate resources to implement various policies and training, and conducting regular safety audits and risk assessments, to provide comprehensive protection for its employees. The Group is also committed to providing customers with high-quality projects and services, it has closely monitored project quality and progress, while promoting sustainable management of its supply chain and fostering fair and green procurement. In terms of environment, in addition to strengthening environmental protection through energy-saving, consumption reduction and pollution control management, the Group has also focused on reducing carbon emissions and assessing the impact of climate change, to lessen its environmental impact and gradually promote sustainable development.

In the second half of 2022, as the COVID-19 pandemic has gradually stabilised and the construction market has progressively recovered, the Group believes the development of the Greater Bay Area will bring numerous opportunities under the leadership of our Country. In the future, the Group will continue to strengthen its ESG management and enhance the effectiveness of various policies. It will also bolster communication with different stakeholders, to identify areas for improvement and formulate targeted improvement plans. The Group expects to cooperate with different stakeholders to grasp future market opportunities and make steady progress towards a low-carbon green economy.



APPENDIX

KEY PERFORMANCE INDICATORS SUMMARY

Environmental key performance indicators		2022	2021	2020	Unit
Air pollutants ¹	Nitrogen oxides	1.188	1.950	0.102	Kg
	Sulphur oxides	0.046	0.008	0.008	Kg
	Respirable suspended particulates	0.108	0.150	0.004	Kg
GHG emissions ²	Scope 1 – Direct emissions ³	8.7	12.5	14.5	tonnes of carbon dioxide equivalent
	Scope 2 – Energy indirect emissions ⁴	56.5	73.7	74.6	tonnes of carbon dioxide equivalent
	Scope 3 – Other indirect emissions ⁵	0.8	1.9	1.3	tonnes of carbon dioxide equivalent
	Total GHG emissions	66.1	88.2	90.4	tonnes of carbon dioxide equivalent
	GHG intensity	0.479	0.604	0.583	tonnes of carbon dioxide equivalent/employee
Waste	Total hazardous waste	0	0	0	tonnes
	Hazardous waste intensity	0	0	0	tonnes/employee
	Total non-hazardous waste	841.98	2,148.66	1,205.68	tonnes
	Non-hazardous waste intensity	6.101	14.717	8.258	tonnes/employee
Energy consumption ⁷	Petrol	31.8	47.0 ⁸	22.6	MWh
	Diesel ⁹	0	0	35.0	MWh
	Electricity	90.5	91.3	95.8	MWh
	Total energy consumption	122.3	138.3 ⁸	153.4	MWh
	Energy consumption intensity	0.886	0.947 ⁸	0.990	MWh/employee
Water consumption	Total water consumption	929.0	997.0	1,770.0 ⁶	cubic metres
	Water consumption intensity	6.732	6.829	11.123 ⁶	cubic metres/employee



APPENDIX

Social key performance indicators		2022	2021	2020
Total number of employees				
Gender	Male	118	121	127
	Female	20	25	28
Age group	Below 30 years old	10	12	15
	30-40 years old	28	31	38
	41-50 years old	36	47	57
Employment type	Above 50 years old	64	56	45
	Full-time	138	146	155
	Part-time	0	0	0
Geographical region	Macau	51	136	146
	Hong Kong	7	10	9
	Mainland China	80	0	0
Employment category	General employees	122	128	137
	Middle management	9	11	10
	Senior management	3	3	4
	C-level executives	4	4	4
Total		138	146	155
Employee turnover rate				
Gender	Male	44.1%	28.1%	12%
	Female	45.0%	36%	0%
Age group	Below 30 years old	10.0%	25%	17%
	30-40 years old	32.1%	29%	16%
	41-50 years old	30.6%	14.9%	0%
Employment type	Above 50 years old	62.5%	42.9%	10%
	Full-time	44.2%	29.5%	12%
	Part-time	0%	0%	0%
Geographical region	Macau	100%	29.4%	3%
	Hong Kong	57.1%	30%	25%
	Mainland China	7.5%	0%	0%
Employment category	General employees	45.9%	32%	9%
	Middle management	44.4%	9.1%	20%
	Senior management	33.3%	33.3%	17%
	C-level executives	0%	0%	0%
Total		44.2%	29.5%	10%

APPENDIX

Social key performance indicators		2022	2021	2020
Occupational health and safety of employees				
Work-related injuries		1	2	3
Lost days due to work-related injuries		8	26	173
Work-related fatalities		0	0	0
Total number of other workers				
Gender	Male	0	45	49
	Female	0	2	2
Age group	Below 30 years old	0	1	2
	30-40 years old	0	12	10
	41-50 years old	0	9	18
	Above 50 years old	0	25	21
Employment type	Full-time	0	47	51
	Part-time	0	0	0
Geographical region	Macau	0	47	51
	Hong Kong	0	0	0
	Mainland China	0	0	0
Employment category	General employees	0	47	51
	Middle management	0	0	0
	Senior management	0	0	0
	C-level executives	0	0	0
Total		0	47	51
Occupational health and safety of other workers				
Work-related injuries		0	0	0
Lost days due to work-related injuries		0	0	0
Work-related fatalities		0	0	0



APPENDIX

Social key performance indicators		2022	2021	2020
Total number of employees trained				
Gender	Male	5 (4.2%)	4 (3.3%)	34 (26.8%)
	Female	7 (35.0%)	18 (72%)	19 (67.9%)
Employment category	General employees	8 (6.6%)	18 (14.1%)	53 (38.7%)
	Middle management	2 (22.2%)	1 (9.1%)	0 (0%)
	Senior management	2 (66.7%)	0 (0%)	0 (0%)
	C-level executives	0 (0%)	3 (75%)	0 (0%)
Total		12 (8.7%)	22 (15.1%)	53 (34.2%)
Average training hours of employees (hours)¹⁰				
Gender	Male	0.06	0.06	0.29
	Female	0.35	1.52	1.09
Employment category	General employees	0.08	0.28	0.50
	Middle management	0.22	0.09	0
	Senior management	0.67	0	0
	C-level executives	0	2.00	0
Total		0.10	0.31	0.44
Total number of suppliers				
Geographical region	Macau	295	266	216
	Hong Kong	71	67	47
	Mainland China	174	169	123
	Overseas	9	4	3
Total		549	506	389
Anti-corruption training				
Average training hours (hours)	Employees	1	1	1.5
	Board	0	1	0

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After reviewing and unifying the data calculation methods, the Group has re-adjusted the training data in 2021 and 2020 for comparison.



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Aspects	Description	Page/ Remark
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	8, 10, 32-35
A1.1	The types of emissions and respective emissions data.	35, 43
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	35, 43
A1.3	Total hazardous waste produced and intensity.	35, 43
A1.4	Total non-hazardous waste produced and intensity.	35, 43
A1.5	Description of emission target(s) set and steps taken to achieve them.	32, 34
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	32-33
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	32, 36-38
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	38, 43
A2.2	Water consumption in total and intensity.	37, 43
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	32, 37
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	32, 36-37
A2.5	Total packaging material used for finished products and per unit produced.	Given its business nature, daily operations of the Group do not have material relevance to packaging materials.



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Aspects	Description	Page/ Remark
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	32, 38
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	38
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	39
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	39-40
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8, 18-20
B1.1	Total workforce by gender, employment type, age group and geographical region.	22, 44
B1.2	Employee turnover rate by gender, age group and geographical region.	44
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	8, 14-16
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	16, 45
B2.2	Lost days due to work injury.	16, 45
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	14-16



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Aspects	Description	Page/ Remark
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	17
B3.1	The percentage of employees trained by gender and employee category.	46
B3.2	The average training hours completed per employee by gender and employee category.	18, 46
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	8, 18, 21-22
B4.1	Description of measures to review employment practices to avoid child and forced labour.	21
B4.2	Description of steps taken to eliminate such practices when discovered.	22
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	9, 29-31
B5.1	Number of suppliers by geographical region.	31, 46
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	29-31
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	30-31
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	31



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Aspects	Description	Page/ Remark
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	8-9, 26-28 Given its business nature, daily operations of the Group do not have material relevance to advertising and labelling.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Given its business nature, daily operations of the Group do not involve products subject to recalls for safety and health reasons.
B6.2	Number of products and service-related complaints received and how they are dealt with.	28-29
B6.3	Description of practices relating to observing and protecting intellectual property rights.	28
B6.4	Description of quality assurance process and recall procedures.	27
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	28



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Aspects	Description	Page/ Remark
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	8-9, 24-25
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	24-25
B7.3	Description of anti-corruption training provided to directors and staff.	25, 46
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	41
B8.1	Focus areas of contribution.	41
B8.2	Resources contributed to the focus area.	41

