



瑞港建設控股有限公司

PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6816)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT YEAR 2021

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1. Scope of Report

This environmental, social and governance report (the "Report") describes the annual information of **Prosper Construction Holdings Limited** (the "Group" or "We") in the aspects of environmental, social and governance ("ESG"), as well as the compliance status associated with the operating regions in the year of 2021.

The Report is published annually for each financial year. The Report covered the period from 1 January 2021 to 31 December 2021 (the "Year" or the "Reporting Period"), which coincides with the reporting period of the latest annual report of the Group.

The Report covered the businesses contributing the majority of the Group's revenues, i.e., marine construction works and general construction contracting services. While those marine construction works in Macau have been the significant revenue stream of the Group, there was substantial growth in the business segment of general construction contracting services in Mainland China in the recent years. With regards to this growth, the disclosure of the Year included two additional projects of general construction contracting services in Qingdao. Therefore, the scope of ESG disclosure in the Year covered the following seven operation regions, including the marine construction works in Macau, as well as the other general construction contracting services in Mainland China which represented major revenue contribution:

- 1) Hong Kong - headquarters and its office
- 2) Macau - land reclamation project (Nova Zona Urbana reclamation area C earth fill and dam construction project in Macau)
- 3) Macau - Engineering, procurement and construction ("EPC") contract for electricity generation facility
- 4) Qingdao - Landong re-development project
- 5) Qingdao - Lanxi re-development project
- 6) Qingdao – "Innovation and Technology Business Centre" construction work
- 7) Qingdao – "West Coast New Area" construction work

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the actual situation of the Group.

2. Reporting Principles

- **Materiality:** The Group regularly makes reference to the industry sustainability standards at the local and international level and strives to integrate with them. At the same time, regular communication with stakeholders of various aspects is used to identify the most concerned and important sustainability topics for the Group. Those sustainability topics will also be incorporated into the Group's development policies under the overall strategy of the Group's operations. During the Year, the Group also conducted stakeholder surveys to identify their expectations on the Group and developed appropriate strategies to respond to their views and needs.

- **Quantitative:** The Group is committed to quantifying and disclosing key performance indicators and data within the environmental and social categories, and whenever feasible, explaining the methods of data collection and calculation to enhance transparency of the data.
- **Balance:** In order to maintain the balance of reporting content, fair disclosure of sustainability performance and challenges related to the Group and stakeholders is provided with impartial information to the public.
- **Consistency:** The Group adheres to the "Environmental, Social and Governance Reporting Guide" of the Listing Rules for disclosure, which allows the Group to make meaningful annual comparisons of past performance under the same framework, and to disclose updated calculation methods of relevant data when necessary.

3. Board’s Leadership on ESG Topics

The Board of Directors of the Group oversees the relevant environmental, social and governance (ESG) aspects within the framework of the current business strategy in order to ensure that operations are in continued compliance with local laws and regulations in the local regions of the business, thereby safeguarding the interests of the Group and its stakeholders and enhancing the brand image of the company.

The Group collects environmental, social and governance information on a regular basis through different functional departments and working groups, and then consolidates, analyses and discloses performance in the ESG report. At the annual meeting of the Board of Directors, board members will review ESG performance disclosed in the report, regarding the status of suitability and compliance with the Group's business strategy and identifying the sustainability topics being material to the Group and stakeholders, so as to make appropriate decisions and adjust the relevant strategies as necessary.

ESG Governance Structure



The Board will evaluate the potential risks disclosed from the ESG information, to prioritize the management of the ESG topics with significant impacts, and formulate effective preventive and control measures in order to ensure the sustainable development of the Group, the scope may cover but not limited to:

- Project planning for priority in the use of relatively environmentally friendly materials or construction technology
- Enhancement in the environmental protection characteristics of the equipment and machinery in the construction sites (e.g. for energy efficiency, emission reduction)
- Collaboration with customers and business partners in the supply chain to explore green construction technology
- Establishment of sustainability targets such as for use of resources, emission control, etc.

The Board of Directors will conduct annual evaluation on the current business challenges and those ESG measures that need to be improved and will determine the employee trainings to be strengthened for continued improvement in the performance. From the Board's evaluation in the Year, it was confirmed that we had overcome the impacts of the novel coronavirus pandemic and that the Group had strengthened occupational health and safety measures on employees, enabling the Group to resume operations at a faster pace and take the lead in meeting demands of the market and customers.

Furthermore, the Board believes that the main factors affecting the Group's ESG performance in the coming year are the global economic downturn and geopolitical disputes, as well as issues incurred by the novel coronavirus pandemic, including occupational health risks and manpower shortage, and supply chain risks on interruption of material transportation. On the other hand, in view of the demand for responsible project implementation and other compliance risks posed by the global response to climate change, the Board will formulate relevant policies or targets and regularly review progress and performance to align with the Group's sustainable development direction.

4. Communication with Stakeholders

In accordance with the environmental and social categories of this Report, the stakeholders associated with the Group include employees, directors, investors, business partners, and the community in general. The Group acknowledges the importance of effective communication with stakeholders and collects opinions of various stakeholders through internal meetings and external communication channels, amongst which include meetings with clients, joint site inspection with clients and consultants, provision of suggestion boxes and client satisfaction survey, as well as evaluation of suppliers and contractors.

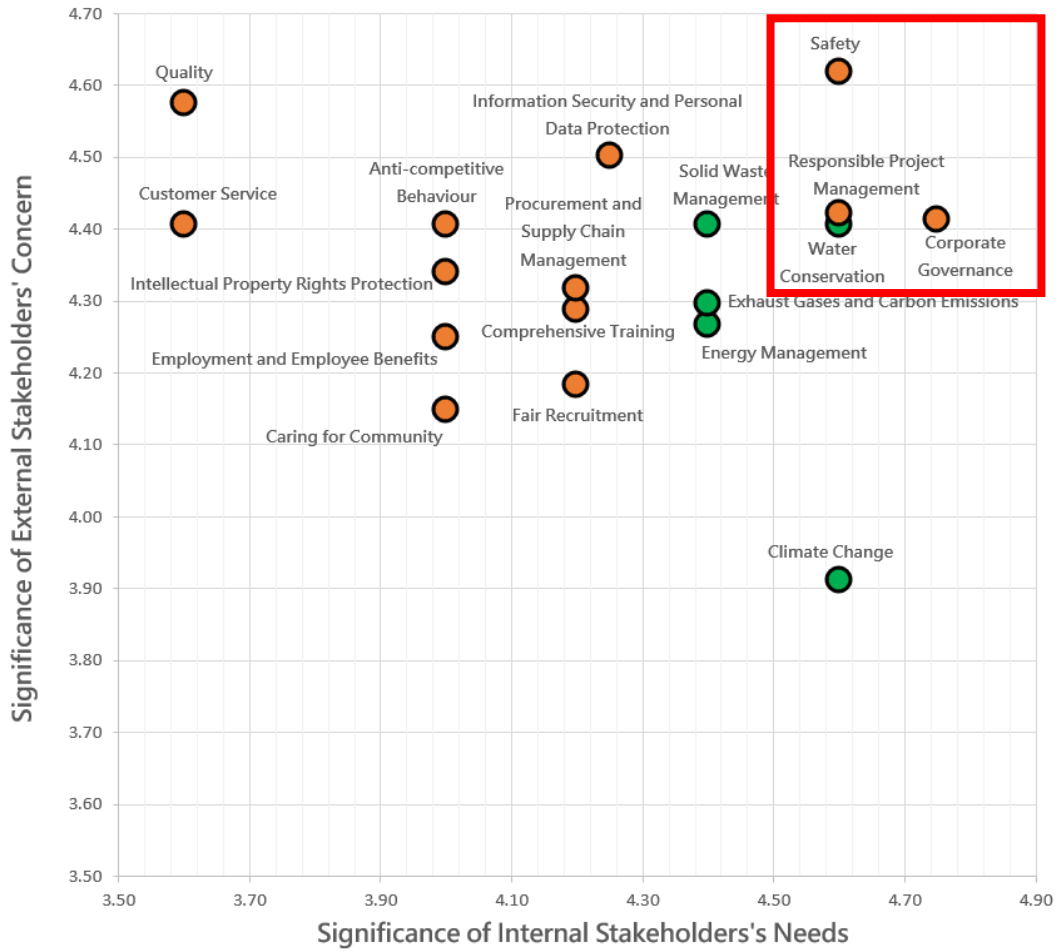
5. Materiality Assessment

In order to better understand the environmental, social and governance awareness and expectations of our stakeholders, in addition to the above stakeholder communication channels, the Group conducted a survey of stakeholders in the reporting year and proceeded the following three steps to prepare and conduct the materiality assessment:

<p>Step 1</p> <p>Identify topics on environmental, social and governance</p>	<p>In accordance with the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide as the framework for materiality assessment, and taking into account factors such as corporate development strategies, industry trends, regulatory and market requirements, the stakeholder questionnaire was developed to proceed survey on 18 sustainability topics in four categories: environmental protection, employment and labour management, operating practices and community investment.</p>
<p>Step 2</p> <p>Identify stakeholders and set up questionnaires</p>	<p>The stakeholders identified as utmost important to the Group are our customers, suppliers and employees. According to their respective perceptions and expectations, specific content of the topics was formulated in their respective questionnaires. The questionnaires were then distributed to the sampled stakeholders, whose feedback was collected within the specified time frame.</p>
<p>Step 3</p> <p>Evaluate and identify material topics</p>	<p>Through statistical analysis of survey feedback from external stakeholders, and review of the Group's strategies and the priorities of internal stakeholders, data of both external and internal demands was consolidated for plotting the "ESG Materiality Matrix Diagram". From the aforesaid 18 sustainability topics, the ESG material topics of the Group were identified (in <i>bold italics</i> text in the table below, as well within the red square in the upper right corner of the matrix diagram).</p>

<p>Environmental Protection</p> <p><i>Water Conservation</i></p> <p>Solid Waste Management</p> <p>Exhaust Gases and Carbon Emissions</p> <p>Energy Management</p> <p>Climatic Change</p>	<p>Employment and Labour Management</p> <p><i>Safety</i></p> <p>Employment and Employee Benefits</p> <p>Fair Recruitment</p> <p>Comprehensive Training</p>	<p>Operating Practices</p> <p><i>Corporate Governance</i></p> <p><i>Responsible Project Management</i></p> <p>Quality</p> <p>Customer Service</p> <p>Information Security and Personal Data Protection</p> <p>Anti-Competitive Behaviour</p> <p>Intellectual Property Right Protection</p> <p>Procurement & Supply Chain Management</p>	<p>Community Investment</p> <p>Caring for Community</p>
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ESG Materiality Matrix Diagram



6. Environmental, Social and Governance Performance

6.1 Environment

6.1.1 Environment and Natural Resources

The Group understands the public and customers pay lots of attention to environmental issues, and therefore strives to implement green operational mode internally.

6.1.1.1 Environmental Management System

The Group adheres to the international standard ISO 14001 for practicing environmental management. Since certification, the Group continually implements the standard requirements in arranging internal and external audits for assuring the compliance of environmental measures with the legal and customer requirements. The senior management of the Group is committed to maintenance of the system, and the management will scrutinize the system during review meetings. Significant environmental aspects have been identified and relevant control measures have been put in place. The Group's construction site at Macau has conducted monthly environmental surveillance to ensure the compliance with the requirements of the related environmental regulations. Moreover, in accordance with regulatory requirements for the Landong and Lanxi re-development projects in Qingdao, night-work permit was applied prior to the commencement of construction works at nighttime.

6.1.1.2 Directional Targets on Environmental Protection

The Group is committed to corporate social responsibility and protection of environment, therefore, has established the following targets with the aim to mitigate the adverse environmental impacts incurred from the operation:

Environmental targets	Directional statements	Policies / measures taken during the Year
Emission reduction	<ol style="list-style-type: none"> 1) Reduction in use of equipment which have emission of exhaust gases or greenhouse gases (GHG) 2) Reduction of dust scattering around the construction sites 3) Procurement of equipment which has less emission 	<ol style="list-style-type: none"> 1) Through the use of video, teleconferencing or other electronic online communication tool, the number of business trip meetings was reduced and consequently this reduced GHG emission incurred from use of transportation such as vehicles 2) Anti-dust management measures were reinforced, such as use of shelters to contain dust generated within the specified construction areas during the dust-generating activities like wall-drilling 3) In accordance with procurement policy, priority of consideration was given to the selection of electric vehicles for replacement of the old vehicles which consumed gasoline

Environmental targets	Directional statements	Measures taken during the Year
Waste reduction	Reduction in paper waste generated from the office operation	<ul style="list-style-type: none"> • Strengthened electronic operations and file management to reduce paper consumption in offices • Maximized use of papers on both sides • Arrangement for recycling of paper-based garbage in accordance with regulations
Energy use efficiency	<ol style="list-style-type: none"> 1) Application of alternative means for reduction in use of vehicles and subsequent reduction in fuel consumption 2) Increase in use of energy-saving equipment 	<ol style="list-style-type: none"> 1) Utilization of video-conferencing application for company's intra-meeting arrangement, which achieved reduction in business trip meetings and consequently reduction in use of vehicles. 2) In accordance with procurement policy, priority of consideration was given to the selection of equipment which could save electricity or other energy
Water use efficiency	Adoption of practices for re-using of water	For application at the entrances and exits of construction sites for vehicles' wheel washing, where appropriate, water was reused for aforesaid cleaning in order to prevent soil or sand from being taken to exterior roads

6.1.1.3 Environmental Monitoring Policy

Pursuant to the applicable regulations, the Group has conducted assessment regularly on external environment, including for the boundary noise level, and discharge of wastewater, exhaust gases, dust, and other designated pollutants, etc. Such evaluation could monitor the impact of operations against the environment and ensure the timely corrective actions taken by the Group whenever necessary.

For the Macau's reclamation projects managed by the Group, the quality of water surrounding the construction site was assured in compliance with the environmental regulations and other relevant requirements. The project team has recruited a qualified unit to monitor the quality of water surrounding the site. In case of any abnormal situation, the Group will take mitigation measures immediately. For the Landong and Lanxi re-development projects in Qingdao, the Group has formulated measures or arranged equipment for monitoring and controlling the impacts of noise and dust to the environment.

6.1.1.4 Management of Natural Resources

Paper is one of the natural resources relatively significant to the business of the Group, which therefore is seeking for the feasibility in recycling amongst the operations and is requesting employees to reuse those single-side printed papers under appropriate conditions. Furthermore, amid the operation processes of the headquarters' office and construction site offices of the Group, it is advocated to maintain documents and records in electronic form and to increase the use of computer files for replacing printout. Such effort is dedicated to implementation of paperless office operation and file sharing, with the aim for reducing consumption of paper-based resources.

6.1.1.5 Employee Training on Environmental Protection

For effective implementation of the stipulated environmental measures by employees, the Group or the main contractors of the projects participated by the Group would provide relevant employees with trainings related to environmental protection, which facilitated them familiar with environmental system requirements as well as environmental issues incurred from the construction projects. Moreover, the Group conveyed the knowledge on energy saving and emission reduction, which instilled employees with working habits on environmental protection and skills for effective implementation of the Group's measures on energy saving and emission reduction.

Furthermore, in accordance with the Group's policy, emergency drill for chemical leakage shall be carried out regularly in operating construction site. The drill includes action checklists, and procedures for handling chemical crisis and leakages. The drill gives employees opportunities to exercise the emergency handling procedures.

6.1.2 Emissions

6.1.2.1 Control of Air Pollution

On the construction site, the Group adheres to the general environmental practices and procedures of main contractor for managing the operations of site and equipment, in order to mitigate the emission of pollutants:

1. Vehicles entering or leaving the construction site have to pass through the wheel washing facility to ensure that no soil or sand is taken on to outside roads;
2. Dusty work activities such as drilling must be completely covered or shielded to prevent dust from escaping;
3. Regular checks on machine exhausts (dark smoke identification) to identify repair or maintenance needs;
4. Switching off all plants, machinery and vehicles when not in use.

6.1.2.2 Control Measures for Greenhouse Gases

Apart from emission of exhaust gases and dust, fuel consumed for transportation and electricity are the sources of greenhouse gases (GHG) from the Group's operations. Therefore, the Group has adopted the following measures for minimizing the emission:

- Reduction in the unnecessary trips of vehicles and hence the fuel consumption.
- Monitoring of the lighting to avoid switching on at the areas when not in operation.
- Enhancement of maintenance for air-conditioning system as well as control of its operating temperature and frequency.
- Promotion of employees' awareness for shutting down equipment when not in use.
- Minimization of the number of business trips or the number of staff involved, through the substitution by phone or video conference.

For the Reporting Period until 31 December 2021, the Group's GHG sources, and their emission volumes and intensities were listed as follows:

GHG Emission Source	Unit	Total Consumption by The Group
Gasoline consumption	(liter)	68,818
Diesel oil consumption	(liter)	1,687,481
Electricity consumption	(kWh)	2,599,112
LPG consumption	(megajoule)	32,795
Acetylene consumption	(kilogram)	1,729
Carbon dioxide fire extinguisher consumption	(kilogram)	1,340
Total GHG emission	(tonne carbon dioxide equivalent)	7,038
Number of employees ¹	(person)	101
GHG emission intensity	(tonne carbon dioxide equivalent / person)	69.69

¹ The calculation for intensity was based on the monthly average number of persons under direct employment, which did not include those employees who were recruited to work at the Group's operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).



Total GHG emission ²	Direct GHG emission (Scope 1) ³	Energy Indirect GHG emission (Scope 2) ⁴	GHG emission intensity per capita ⁵
7,038	4,612	2,426	69.69
tonne CO ₂ equivalent	tonne CO ₂ equivalent	tonne CO ₂ equivalent	tonne CO ₂ equivalent / person

6.1.2.3 Waste Management at Office

The Group’s office has made good use of electronic operation system, through which documents are saved in electronic form and external communication was readily proceeded via e-mails. Use of paper is mainly for record purpose and consequently no significant amount of paper-based waste was generated during the operations. Moreover, the Group has adopted administrative measures for minimization of wastes, which included double-sided printing, recycling of a few garbage such as printer cartridge.

6.1.2.4 Waste Management at Site

During the year of 2021, the Macau construction sites of the Group adhered to the relevant procedures and instructions of the main contractor for execution of site works. From the project stages of early-phase preparation until the reclamation, all construction wastes generated would be responsible by the main contractors for recording and handling. Therefore, there was no record of wastes generated in 2021 under the scope of the Group’s operation.

On the other hand, the general construction contracting projects located in Qingdao had no record of hazardous waste generation, while there was a total of 165 tonnes of non-hazardous wastes which were general construction wastes, such as concretes, bricks, etc.

² Global Warming Potential (GWP) adopted in this GHG calculation were based on the values disclosed in the Fifth Assessment Report (AR5) of Intergovernmental Panel on Climate Change (IPCC)

³ Direct GHG emission was mainly originated from fuel combustion by vehicles, and consumption of diesel oil / gasoline, LPG and acetylene by operating facilities. Method of calculation was based on “2006 IPCC Guidelines for National Greenhouse Gas Inventories”.

⁴ Energy indirect GHG emission was originated mainly from consumption of electricity purchased from external source. Regional grid emission factors used in the calculation were referenced to the values issued by CEM-Macau’s Sustainability Report and National Development and Reform Commission (NDRC) in People’s Republic of China.

⁵ The calculation for intensity was based on the monthly average number of persons under direct employment, which did not include those employees who were recruited to work at the Group’s operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).

For those sites where the Group is responsible for waste management, in general the following practices would be in place for handling of hazardous and non-hazardous wastes, unless specified by other project requirements:

Process	Hazardous Waste	Non-Hazardous Waste
Assessing the operational procedures, identifying the sources of waste, and formulating waste reduction plans	√	√
Optimizing the working modes or processes for minimizing waste generation	√	√
Classifying and labeling waste	√	√
Sending hazardous waste to licensed recycling companies	√	-
Sending non-hazardous waste to designated cleaning companies or contractors, or periodically transporting non-hazardous waste to large waste deposit locations.	-	√

During the Reporting Period, the Group has complied with all applicable environmental laws and regulations and did not identify any significant legal non-compliance.

6.1.3 Use of Resources

The Group has taken relevant measures for reducing consumption of resources.

6.1.3.1 Office Resource Management

To reduce overall energy consumption, the Group's offices had adopted the following measures:

1. Priority in use of products of higher energy efficiency, including those electrical appliance with Grade 1 or 2 energy label, for reducing energy consumption;
2. For those equipment items which could be set in sleep mode, such as computer, photocopier, which would be switched to energy-saving mode after a specified idle time period;
3. For energy consuming devices such as air-conditioners, lightings, which would be turned off when not in use;
4. Before off duty, the last employee who was leaving the office / workplace would be requested to ensure all energy consuming devices were switched off.

6.1.3.2 Site Resource Management

Amongst the daily operations of construction site, the Group is striving to reduction in use of water, for example, water would be reused in the wheel washing facility at the gate of the construction site. Also, the site was using energy saving lights / LED lighting, and required employees to shut down all machines and vehicles' engines when they were not in use, for the purpose of energy conservation.

Within the Reporting Period, the site projects managed by the Group were mainly earth fill and construction works, which did not involve packing of any finished goods, and therefore the business operation did not consume any packaging materials. The materials used for projects were mainly aggregates of sands and stones, concretes, mortar and metallic building materials. Aggregates, mortar and concretes were the materials used at the project sites for reclamation and other construction purposes, while metallic materials were those used for early-phase preparation and subsequent reinforcement works in the reclamation projects.

6.1.3.3 Resource Consumption Figures

During the Reporting Period until 31 December 2021, the main resources consumed by the Group amid its operation were listed as follows:

Resource	Total Consumption	Average Consumption Intensity per employee⁶
Electricity (kWh)	2,599,112	25,733.78
Gasoline (liter)	68,818	681.37
Diesel oil (liter)	1,687,481	16,707.73
Liquid Petroleum Gas (LPG) (megajoule)	32,795	324.71
Acetylene (kilogram)	1,729	17.12
Water ⁷ (cubic metre)	73,003	722.80
Aggregates of sands & stones (tonne)	2,741,495	27,143.51
Concretes, Mortar (tonne)	114,728	1,135.92
Metallic materials (tonne)	15,784	156.28
Plastics (kilogram)	67,084	664.20
Wood (tonne)	3,277	32.45
Paper ⁸ (kilogram)	3,281	32.49

⁶ The calculation for intensity was based on the monthly average number of persons under direct employment, which did not include those employees who were recruited to work at the Group's operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).

⁷ Because water consuming devices at Hong Kong office of the Group belonged to and were managed by the property management agency of the building where the office was located, therefore the total water consumption figure did not cover that consumed by the Hong Kong office during the reporting period.

⁸ The calculation for paper weight was based on 5 gram per piece for paper of A4 size 80 gsm.

6.1.4 Climate Change

Climate change is causing extreme weather in recent years, the Group has identified this significant impact to construction projects, hence has defined and adopted relevant measures for responding to the impacts caused by typhoons and rainstorm weather. Those measures aim to prevent occurrence of danger and damage, they cover but not limit to the following:

- For construction sites, prior to typhoon, use rope or other tools to secure the outdoor devices or machinery for prevention of blowing down by strong wind;
- For office, prior to typhoon, ensure all windows to keep closed, as well as regular window inspection and timely repairs;
- For employees, define clear instruction to arrange the work and other operations at the time of warnings hoisted for typhoon and rainstorm weather.

Also, the Group is convinced greenhouse gas as the key contributor of climate change, and has adopted the energy saving and emission reduction measures mentioned in previous sections of this report, in an attempt to reduce the emission of greenhouse gas, and ultimately mitigate the trend of climate change.

6.2 Society

6.2.1 Employment

The Group strives to protect each employee's rights and interests, and has formulated a series of employment policies to ensure that employees are treated fairly. During the Reporting Period, the Group did not identify any significant legal non-compliance related to employment or discrimination.

6.2.1.1 Fair Employment and Anti-Discrimination Policy

The Group promotes a fair employment environment and does not discriminate potential or existing employees on the basis of gender, age, race, marital status and religious belief etc.

The promotion opportunities inside the Group are provided based on the results of evaluation of relevant employees' performance, experiences and abilities. Other factors such as gender, marital status and physical disabilities will not be considered in this regard.

6.2.1.2 Arrangement of Overtime Work

The Group shall not force any employees to work overtime. In event of any voluntary overtime work required to meet project deadlines, compensation in form of leave or money will be granted in return.

6.2.1.3 Indemnity Policy

The Group has put in place insurance policies to cover injuries and deaths resulting from incidents during course of employment. The Group's policies related to work hours, holidays and overtime compensations are implemented according to local laws and rules of the operating regions.

6.2.1.4 Policy for Termination of Employment

Upon the situation for termination of employment, the Group will arrange in accordance with local employment regulations of the operating regions or relevant contract terms and will provide a notice period to the employee in an appropriate and compliant manner.

6.2.1.5 Statistical Figures of Employment

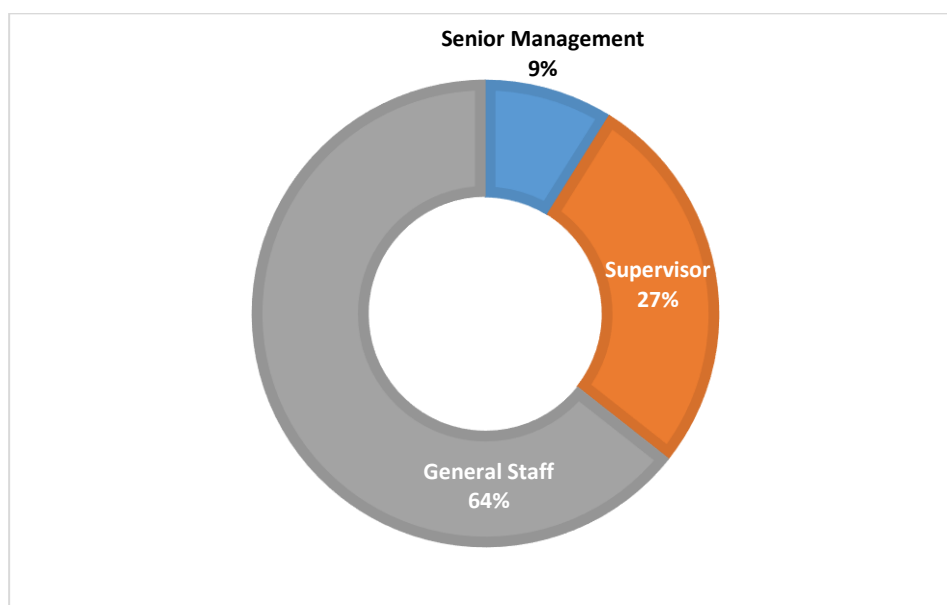
For the Group's employees in the operating regions covered by this Report, they were distributed at Hong Kong, Macau and Mainland China. Those working at the Macau sites for the Group were appointed by labour subcontracting and were not directly employed by the Group. During the Reporting Period, the statistics on the number and distribution of direct employees in the Group were set forth below:

	Number of employees in the Group ⁹
Gender	
Male	79
Female	22
Employment Type	
Full time	101
Contract	0
Apprentices and Interns	0
Part time	0

⁹ The statistics on total number of employees in the Group was based on the "monthly average" number of persons under direct employment, which did not include those employees who were recruited to work at the Group's operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).

Age	
18 – 24	15
25 – 34	36
35 – 44	32
45 – 54	10
55 – 64	8
65 or above	0
Working Region	
Hong Kong	19
Macau	0
Mainland China	82
Employee Category	
Senior Management	9
Supervisor	27
General Staff	65
Total	101

In accordance with employee category, the diagram below illustrated the proportion of employees in the Group:



In the Year, those employees leaving the Group were distributed at Hong Kong office and project sites in Qingdao. The table below set forth the statistics on the monthly average staff turnover rates in accordance with gender, working regions, and age groups:

	Monthly average staff turnover rate (%) ¹⁰
Gender	
Male	0.41
Female	0.56
Age	
18 – 24	0.28
25 – 34	0.42
35 – 44	1.04
45 – 54	0.00
55 – 64	0.00
Region	
Hong Kong	0.33
Mainland China	0.19

6.2.2 Occupational Health and Safety

The Group has taken multiple measures to prevent injuries and deaths caused by industrial accidents.

6.2.2.1 Health and safety management at Site

On the construction site, the Group collaborates with main contractor to identify jobs in high risk. Pursuant to the opinions of occupational health and safety officer, control measures are established in response to different occupational safety risks. Main contractors are obliged to provide all necessary safety equipment to those employees being appointed by the Group. The Group also allocates medical supplies for emergency use.

Site employees of the Group assist main contractor to build safe work platform and shelter. The occupational health and safety officer, appointed by main contractor, is responsible for regular site supervision to assure safety conditions as well as for provision of safety training to site employees. Associated safety training records were kept by the responsible main contractors.

The Group also provides health examination to employees in order to prevent them suffer from occupational disease.

¹⁰ The calculation of staff turnover rate only counted on persons under direct employment by the Group and did not include those employees who were recruited to work at the Group's operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).

6.2.2.2 Health and safety management at Office

In the office, the Group provides employees with appropriate equipment, for example: chair with arms and adjustable height feature, as well as a healthy working environment including the engagement of external agency for regular pest control. In addition, training on office-related safety topics is provided to new employees for preventing occurrence of accident.

6.2.2.3 Control Measures against Novel Coronavirus Pandemic (COVID-19)

For management of health risks incurred from novel coronavirus pandemic on employees, the Group has formulated the following measures:

- Recommend employees to measure body temperature before on duty;
- Require employees to wear masks in the office and crowded areas;
- Require employees to wear masks properly, including hand cleaning before wearing and after putting off the masks;
- In event of any symptom with respiratory system, require employees to avoid going to work;
- In event of fever or other symptoms, require employees to consult a doctor promptly and undergo self-quarantine for 14 days.

During the Reporting Period, the Group did not identify any significant legal non-compliance related to occupational health and safety regulations of the local operating regions. Within the same period, there was no lost workday caused by work-related injury. In the past three years (including this Reporting Period), unfortunately there was one accident happened in Hong Kong in 2020 and it incurred death of one crew during operation on the vessel. The accident was attributed to the unexpected fracture of steel cable connected to derrick boom, which led to crane pulley dropping and hitting on the body of that crew. In response to that accident, the Group has conducted cause analysis and undertaken the relevant corrective actions for preventing the recurrence of similar incident. In 2021, there was no incident of work-related fatality.

6.2.3 Human Resource Development and Training

The Group hopes junior and newly joined employees familiar with their work promptly and for this purpose experienced employees are appointed as the mentors to lead them develop both the job skills and people skills. Furthermore, on-the-job employee trainings generally include the following topics:

- i. Special construction requirements in the client's project;
- ii. New technology and knowledge related to construction;
- iii. Management skills, such as leadership skill, communication skill;
- iv. Environmental protection measures of the Group;
- v. Trainings related to anti-corruption and integrity.

6.2.3.1 Site work training

On the construction site, the main contractor provides safety supervisor training for participation by the Group's employees. In case of the Group being the main contractor, training on safety introduction will be provided to site employees according to the requirements from the developer.

During the Reporting Period, the sites at Macau were operating under the form of labour subcontracting, consequently all site workers in Macau were not directly employed by the Group. Moreover, for trainings related to site work, such as site safety training, they were provided by the main contractors of the projects and the labour subcontracting agencies. Therefore, for the scope of the Group's operation covered by this Report, site workers at Macau were not covered in the Group's records of employee trainings in 2021.

6.2.3.2 Statistics of Training Performance ¹¹

Excluding those employees' training courses which were not directly managed by the Group, e.g., those provided by main contractors and labour subcontracting agencies, there was a total of 127 participants in the trainings arranged by the Group, which amounted to 135 hours during the Reporting Period.

	Average Proportion of Trained Employees over Total Workforce (%) ¹²	Average Training Hours per Employee ¹³
Gender		
Male	100%	1.33
Female	100%	1.36
Employee Category		
Senior Management	55.56%	0.67
Supervisor	88.89%	0.94
General Staff	100%	1.59

6.2.4 Labour Standards

For compliance with the related laws and regulation, the Group prohibits the employment of child labour or use of any forced labour.

¹¹ This part did not include the figures of trainings participated by Directors on the topic related to anti-corruption.

¹² Calculation is based on the number of trained employees in the specified category divided by the total numbers of employees in that specified category.

¹³ The above figures only counted on persons under direct employment by the Group and did not include those employees who were recruited to work at the Group's operating regions in the form of labour subcontracting (excluding those employees in the Macau projects of the Group).

During the recruitment process, the Group checks strictly on identity cards of job applicants, or requests the appointed labour service agency to conduct review for assuring the job applicants meeting the legal minimum age. For safety consideration of the site work, job applicants for site work must meet 18 years old.

The Group respects rights of employees in the aspects of recruitment, resignation, overtime work and personal freedom. For achieving this policy, human resource policies have been established to assure employees working on a voluntary basis. The Group prohibits all forms of forced labour, including bonded labour, and never forces employees to work overtime. All employees have the right to resign at the reasonable notice period as defined in the employment contract and other relevant agreements.

During the Reporting Period, the Group did not identify employment of any child labour or legal non-compliance related to forced labour. In event of any occurrence of child labour or forced labour during operation, the Group shall handle and eliminate the related non-compliant situation in accordance with laws.

6.2.5 Supply Chain Management

6.2.5.1 Supplier Selection Criteria

The Group monitors the supplier selection criteria in a systematic way. All subcontractors/suppliers are required to complete an application form, and the Quantity Survey department will review and approve the information provided. For determining inclusion of the supplier / subcontractor in the approval list, the criteria of the Group will generally consider their following conditions:

- i. Company reputation and background;
- ii. Quality of products and/or service provided;
- iii. Project experience and the past performance.

6.2.5.2 Supplier Performance Assessment

The construction site is required to complete the subcontractor/supplier assessment once every six months, and the project manager reviews the performance of the subcontractor/supplier in respect of safety, quality, as well as environmental and security management. The Group will provide suggestions on the basis of the assessment results.

The Quantity Survey department will count the assessment results in the annual performance assessment of subcontractor/supplier. If the subcontractor / supplier performance is not good, or fails to fulfil the contractual requirements, the subcontractor/supplier may be removed from the list with the approval of senior management. After they are delisted from the approval list, the relevant subcontractors/suppliers are not allowed to reapply for approval within one year.

6.2.5.3 Management of Environmental and Social Risks in Supply Chain

The Group is committed to refusing any suppliers and subcontractors who will incur significant adverse impacts to the environment. Prior to engagement, they will be evaluated on their emissions, pollutions or other adverse impacts imposed to the external environment. Therefore, priority will be given to those suppliers and subcontractors who have attained environmental related certification, such as ISO 14001 environmental management system, or other certification related to green building. Moreover, where applicable, preference will also apply to the environmental-friendly characteristics of the products or materials provided by them, regarding mitigation of adverse impacts on the environment.

At the same time, the Group will review the operational compliance of business partners in the supply chain, for evaluation of the social risks associated with them, which include compliance of staff employment, compliance in occupational health and safety, product and service compliance, as well as integrity compliance, etc.

6.2.5.4 Green Procurement

Top priority in procurement of materials and service is given to the fulfillment of low carbon characteristics and high energy effectiveness. In addition, the Group will also consider and engage local suppliers, through which greenhouse gas emission is reduced during transportation.

6.2.5.4.1 Environmental-friendly Equipment and Materials

Under the situation complying with operational requirements, the Group prioritizes the use of equipment and materials possessing environmental-friendly characteristics. Upon selection of energy consuming equipment, priority will be given to those products attained with energy management certification or energy label for high efficiency. In addition, under the appropriate conditions, the Group is dedicated to exploring with customers on the feasibility on application of environmental-friendly materials. Wherever feasible in the operation, preference may be given to pilot run and enhancement in use of equipment powered by renewable energy (e.g. solar energy).

6.2.5.4.2 Supplier Distribution and Local Procurement

Projects covered by this Report has engaged not less than 194 suppliers, which all were situated in Hong Kong and Mainland China. They all have been evaluated before procurement and qualified for the evaluation scope covering reputation, past experience and quality records. Amongst all, there was a total of 67 new suppliers in the Reporting Period and all of them have been qualified for the Group's evaluation process prior to procurement.

The Group has formulated the localized procurement policy, being one of the measures for green procurement. Under the same quality conditions, priority is given to products and services provided by suppliers (including material suppliers and subcontractors) in the local area (within the region of Mainland China and Hong Kong), in order to reduce the distance of transportation and hence the associated emission of exhaust and greenhouse gases. During the Reporting Period, those projects in Qingdao within the scope of this Report engaged local suppliers only.

6.2.6 Defect Liability and Responsibility

6.2.6.1 Project Quality Assurance

The Group adheres to the international standard ISO 9001 for managing construction quality in each project stage. Since certification, the Group continually arranges internal and external audits in accordance with the aforesaid standard requirements, and the management team also scrutinizes the system during review meetings for assuring the control measures in compliance with the related regulations and other quality requirements. Also, mechanism has been set up to ensure that external communication on promotion, claims or explanation aligns to the facts. Through this quality management system, the effectiveness and the monitoring capability had been raised to support assurance of product and service quality. In addition, the policies of the Group also stipulate the project team on the necessity of regular site supervision to assure the reclamation and other construction works meeting the relevant quality requirements. Customers or consultants could also access to review the related results and supervise the site for verification of the project and service quality.

6.2.6.2 Project Safety Assurance

On the construction site, the project manager and his or her team have to ensure safety standards of the reclamation and other construction projects meet the contractual requirements. Customers or consultants could also access to review the related safety supervision results for verification of the project safety and compliance status.

6.2.6.3 After-Sale Service Policy

During the maintenance period, the project manager will be responsible for following up on all problems and maintenance works related to the project.

6.2.6.4 Protection of Customer Information and Intellectual Property

For protection of customer's confidential information, all information and documents related to customers' intellectual properties (example: drawings, technical specifications and other confidential documents) shall be managed and stored by designated departments in diligence. The Group has established file server for storing all internal information of the company. Employee access is restricted, and only authorized person could review the customer information as pursuant to the defined access rights.

During the Reporting Period, the Group did not identify any significant legal non-compliance related to construction project responsibility. Also, in the course of construction projects, no customer complaint was received as a result of safety and health issues.

6.2.7 Anti-corruption

6.2.7.1 Governance Policy

Members of the Board jointly oversee the functioning of the corporate governance mechanism. They also had set up subsidiary committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee, amongst which each of them has the delegated authority in overseeing different aspects of corporate governance in the Group.

6.2.7.2 Anti-corruption Policy

The Group requires employees to abide by the laws and regulations, and prohibits all forms of fraudulent or corrupt behaviour. The Group has established code of conduct for the employees, in which listed out the related business ethics that must be respected by employees, including prohibition of accepting improper benefits, and prohibition of employees requesting or accepting from any parties in business relationship with the Group for commission, rebate, bonus, loan, gift or benefit, unless it is approved by the Board and in compliance with laws. The policies related to business ethics have also been communicated to business partners of the Group for their understanding and adherence.

During the Reporting Period, the Group did not identify any legal non-compliance related to corruption or fraud activities.

6.2.7.3 Whistle-blowing mechanism

The Group has established a formal whistle-blowing mechanism, through which both internal and external stakeholders could report incident. Audit Committee is responsible for handling of the whistle-blowing issue, evaluation of the case, and determination for the necessity of full investigation. Committee will keep confidential of all information.

In case of any suspected extortion, fraud or money laundering discovered by employees, the relevant employee could report to the Audit Committee through e-mail. The Group has elaborated the policy to employees and explained the procedure for reporting frauds or other suspected immoral activities.

6.2.7.4 Trainings related to Anti-Corruption and Corporate Governance

For assurance in awareness and implementation of anti-corruption related policies by different levels of employees, the Group would arrange trainings on needed basis to those employees responsible for policy implementation and therefore the scope of relevant trainings was targeted to both Board members and general staff.

The Group provided regular trainings to members in the Board of Directors and arranged relevant training courses to Directors as a minimum on annual basis in accordance with the corporate governance code. In the Reporting Period, a total of 9 Directors participated in these trainings which amounted to 18 hours in total, consequently each Director has been trained on the related topic of not less than 2 hours.

In addition to the aforesaid trainings for Directors, general staff has also participated in such trainings related to anti-corruption topics. Training arrangement has been particularly provided to those employees who were exposed to relevant risks when working with external stakeholders. The scope of trainings generally covered the employee's code of conduct and company's policies which related to the aspects like prohibition of corruption, bribery, fraud, legal non-compliance, extortion and other misconduct. In the Reporting Period, a total of 24 non-director staff participated in such trainings which amounted to 174 hours.

6.2.7.5 Third Party Financial Audit Policy

The Group has engaged the third-party independent accountant "PricewaterhouseCoopers" to proceed financial audit. The Group will review opinions provided by the accountant.

6.2.7.6 Conflict of Interest Reporting Policy

The Group requires employees to disclose any situation that might reasonably be expected to give rise to conflict of interest, and report any suspected case to the responsible senior management. During the Reporting Period, the Group did not identify any non-compliant case of declaration regarding conflict of interest.

6.2.7.7 Bidding Policy

For high-value or long-term procurement or service contracts, employees shall provide at least 3 offers to CEO / project manager for review and approval. The senior management would assess the subcontractors/suppliers based on their evaluation forms every year, thereby choosing partners for the forthcoming year.

6.2.8 Community Investment

The Group has been collaborating with external stakeholders of different sectors and fulfilling the corporate core value on social responsibility. Through own networking of each operating region, the Group would identify the community needs for supporting the people and organizations therein. The Group aims to help the needy people and the expected contribution to the community may cover a wide range of activities such as poverty alleviation, caring visits, education sponsorship, cultural promotion and labour support. In the Year, the Group continued the commitment of social responsibility and has arranged caring visits to the elderly and in-kind donation to the vulnerable groups. Furthermore, obligations to supporting the industry was involved and in-kind donation was dedicated to the event “mock rescue against collapse of deep foundation pit” organized by the Lingshan Bay Safety Monitoring Station.



In-kind Donation
Worth around CNY 230,000



Volunteering Service
Approx. 1,200 Hours