

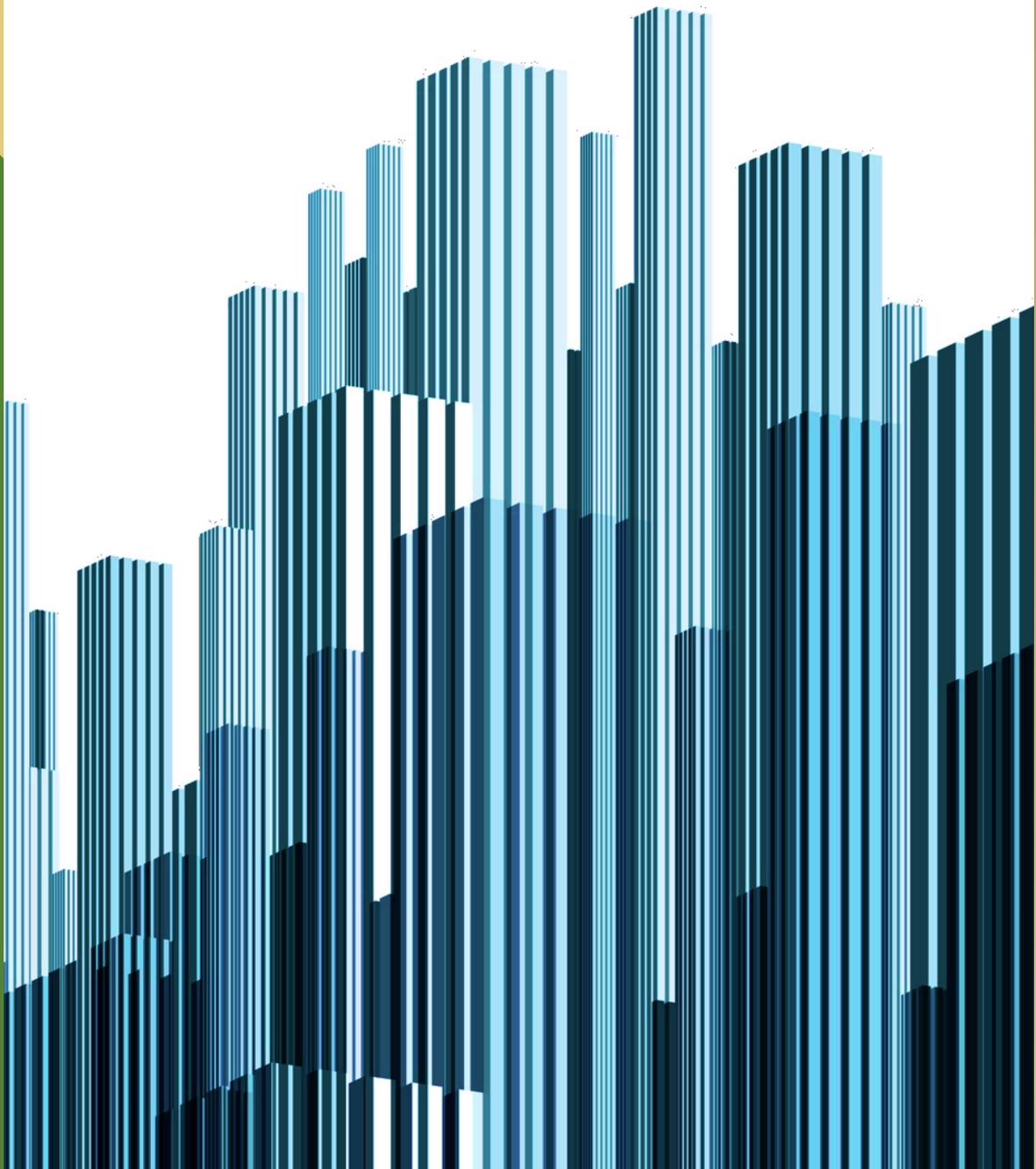


Jianzhong Construction Development Limited
建中建設發展有限公司

Stock Code : 589

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Message From the Chairman



Jianzhong contributes a lot in improving the quality of life in our communities. In 2021, on top of providing foundation works to our main contractors, we expand our ability to provide building projects to our property developers as the main contractor. Providing reliable foundations and quality building structures plays an important role on building a more sustainable society, and we believe our works will not only improve our communities, but also our future.

This is our third ESG report and we have laid a good foundation on sustainability over the past few years. Sustainability means operating with transparency, quality and safety, holding high standard of business ethics, caring our environment, and treating our people right. Our sustainability strategy and plan help us maintain this focus and at the same time communicating our thoughts and achievements to our stakeholders.

2021 was a difficult year for us in our business.

However, we did not hesitate in progressing our sustainable development, that we believe it would bring us long term success. The following highlight shows our efforts in 2021:

- 35% less fuel was consumed.
- 31% less energy was used.
- Reduced air emissions of nitrogen oxides, sulphur oxides, and particulate matters by about 10%.
- Reduced production of muck by 97% as those related waste generating projects have been completed.
- There was no fatality and no loss of working day due to work injury.

Continuing these efforts and helping progress ESG within the construction industry presents tremendous opportunities for our company. We look forward to exchanging views with our stakeholders on what we can do to continue to improve.

Xun Minghong

Chairman and Executive Director

Our Reporting Approach



Scope of Report

We are pleased to present our annual Environmental, Social and Governance (“ESG”) report (“Report”) for Jianzhong Construction Development Limited (建中建設發展有限公司) (the “Company”, together with its subsidiaries, the “Group” or “Jianzhong”) for the year 2021. We recognise the environmental, social and governance values and it is our commitment to create sustainable values through taking care of our stakeholders. This Report provides an overview on our sustainability performance and our policies, guidelines, and actions on various sustainability development issues in a transparent manner. It discloses our commitments on the environment, our people, our customers, our supply chain, and the community as guided by our sustainability strategy.

This Report covers the reporting year from 1 January 2021 to 31 December 2021 (the “Reporting Year”). During the Reporting Year, the Group carried on its business mainly through three business segments in the PRC, consisting of the foundation and other construction works, leasing of construction machinery, equipment and tools (“construction and leasing services”); and providing services to sewage treatment plant (“sewage treatment services”). This Report covers all these business operations. There is no significant change in the scope of this Report from that of 2020.

Business Operations	PRC Worksites	PRC Offices	PRC Factory
Construction and Leasing Services	✓	✓	✓
Sewage Treatment Services	✓	X	X

Reporting Standards

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“HKSE”) and has complied with all the mandatory disclosure requirements and “comply or explain” provisions of the Guide. The Guide requires a listing company to identify and disclose ESG information that is material and relevant to both its business and its stakeholders.

This Report has embedded the principles of materiality, quantitative, balance and consistency in presenting the ESG information in a way that can meet better the expectation of our stakeholders. Through continuously engaging our stakeholders and assessing the materiality of issues as concerned by our stakeholders, we determined the area of concern to be disclosed in this Report. We strive to present quantitative data and information as much as possible to enable our stakeholders to have a better picture on our performance. Consistent methodologies are employed, and prior year adjustment will be made where necessary for meaningful comparison. We try our best to disclose both the positive and negative aspects of our ESG issues to provide an unbiased and balanced picture of our sustainability performance.

Contact Us

We welcome your comments and suggestions on our ESG initiatives and reporting for enhancing our sustainability values. Please share your views with us via email at jianzhong_cons@fjjzkj.com.

Sustainability Overview

Our ESG Objectives and Strategy

Jianzhong's ESG strategy is formulated by the top management with endorsement from the board of directors of the Company (the "Board"). The strategy is developed with the objectives of aligning the Group's philosophy and objectives of creating long-term value for our stakeholders and giving back to the society. The Board oversees the ESG development of the Group and sets out ESG objectives and direction.

The Board concerns very much about the corporate social responsibilities ("CSR") of our business operations and evaluates the ESG risks before making decisions. We aim to provide our customers with quality construction works and services that meet their requirements and to create long-term value and help their business growth.

In our daily operations, we strive to provide sustainable development for our employees. We ensure our employees are properly rewarded in accordance with their contributions, have balance on work and personal lives, have sufficient opportunities for self-development, and go home healthily and safely every day.

We proactively promote green development and construction works to reduce the environmental impacts from our business operations. We invest heavily on technological innovation to make the construction operations safer, more efficient, and less impact to the environment. We aim to reveal the climate change risks and opportunities and take actions to mitigate the impact to us. We implement the ESG risk management mechanism and internal control system in all our operations to ensure our sustainability objectives can be met.



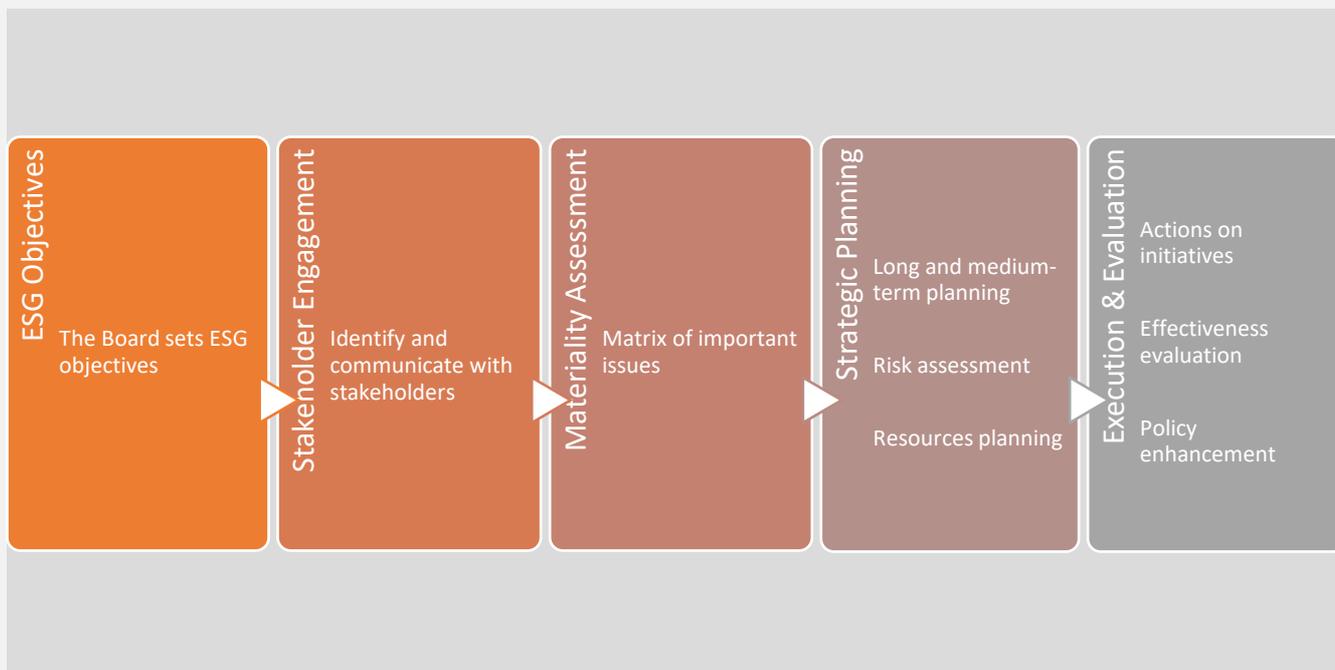
Our Sustainability Value Creation Process

Our ESG process regulates how our objectives are translated into sustainability performance. Our ESG objectives are set and continuously revised by the Board in accordance with the prevailing situation. We continuously engage relevant and key stakeholders and get understanding of their social and environmental expectations. By means of surveys collected from our stakeholders, we have been able to develop a materiality matrix of ESG issues as concerned by our stakeholders and our management. The material ESG issues and the respective risks associated in our operations are then identified.

Our strategic planning process prioritises and focuses on those relevant and important issues in the long-term planning and our senior staffs from relevant departments formulate strategic plans and develop CSR initiatives to meet our ESG objectives. We make sure there are adequate manpower and financial resources to meet the strategic plans and execute all the initiatives.

We continuously evaluate the effectiveness of our CSR plans and initiatives and where the existing policies are inadequate to meet the ESG objectives, these policies will be enhanced and improved.

ESG data are accumulated and analysed annually using the key performance indicators (“KPI”) and the ESG performance is reported to the stakeholders for evaluation of the sustainability performance. The ESG performance are communicated and fed back to the Board regularly for evaluating if our ESG objectives and strategic plans need to be revised and improved.



Our Core Values that Drive Sustainability

Our set of core values define who we are and how we do business, and they have continuously been driving us forward to achieve excellence in engineering, construction, and project management, and to become one of the leaders in the industry.



<p>People Oriented</p> 	<p>Our employees are our most valuable assets. Their passion and initiatives are critical to our sustainable development and business success. We respect our employees to build a harmonious enterprise.</p>
<p>Priority of Customers</p> 	<p>Our customers' success is our success. We try our best to meet the customer expectations and requirements, and to ensure quality and reliability. It is our priority to solve our customers' problems and to explore new opportunities with them.</p>
<p>Pragmatic Innovation</p> 	<p>We strictly comply with all laws and regulations to operate with our stringent management system. We advocate innovation to improve safety and efficiency. We continuously look for new and better ways to provide expertise in our works.</p>
<p>Pursuit of Excellence</p> 	<p>We aim to achieve excellence in all aspects of business – technical, operations, administration, and sustainability. We continuously improve and optimise our operations and make our management system effective to promote sustainability.</p>
<p>Integrity</p> 	<p>We are honest and ethical in every way and keep our promises and commitments in business operations. We cooperate with our business partners and customers for win-win.</p>
<p>Work Safety</p> 	<p>Everyone's life matters. We are committed to maintaining a safe and healthy workplace for our people and prevent injuries to our people.</p>
<p>Green Development</p> 	<p>We strive to reduce the impact to the environment during our construction works. We do our best to conserve energy and other natural resources and to reduce air emissions and carbon emissions.</p>

Our Sustainability Approach

Board Statement

In Jianzhong, the Board is the highest governing body of the Group. It oversees the Group's risk management, corporate governance, and ESG matters. It holds overall responsibility on ESG risks and performances despite the management and execution of the ESG matters are delegated to the senior management and the ESG working group. It ensures the Group's ESG framework is adhered to continuously and effectively.

The Board oversees the sustainability direction and strategy of the Group and reviews the ESG risks and opportunities, progress, and performance regularly with the senior management and the ESG working group to ensure the sustainability objectives and targets can be met. It has formulated medium term environmental targets and it continuously reviews the progress against these targets. Action plans will be revised where necessary to ensure we are on track of the targets.

Sustainability Governance

The Board

The Board sets ESG targets and strategies and is responsible for the overall ESG performance of the Group.

The ESG Working Group

The ESG working group consists of the external ESG advisor, the Chief Financial Officer, and the relevant senior managerial staffs of operational departments. The functions of the working group are as follows:

- Reports to the Board on the ESG progress and proposes ESG initiatives for addressing the ESG risks and meeting the ESG targets.
- Monitors the ESG actions for on-going developments.
- Coordinates with operational departments on initiatives and practices for delivering of the ESG objectives.
- Engages and communicates with stakeholders to understand the materiality of their concerns.

Operational Departments

We make sure our operational department staffs understand our ESG objectives. They are required to carry out the ESG initiatives and deliver the result that we want. They are required to capture the necessary data and information and report the ESG progress regularly to the ESG working group.



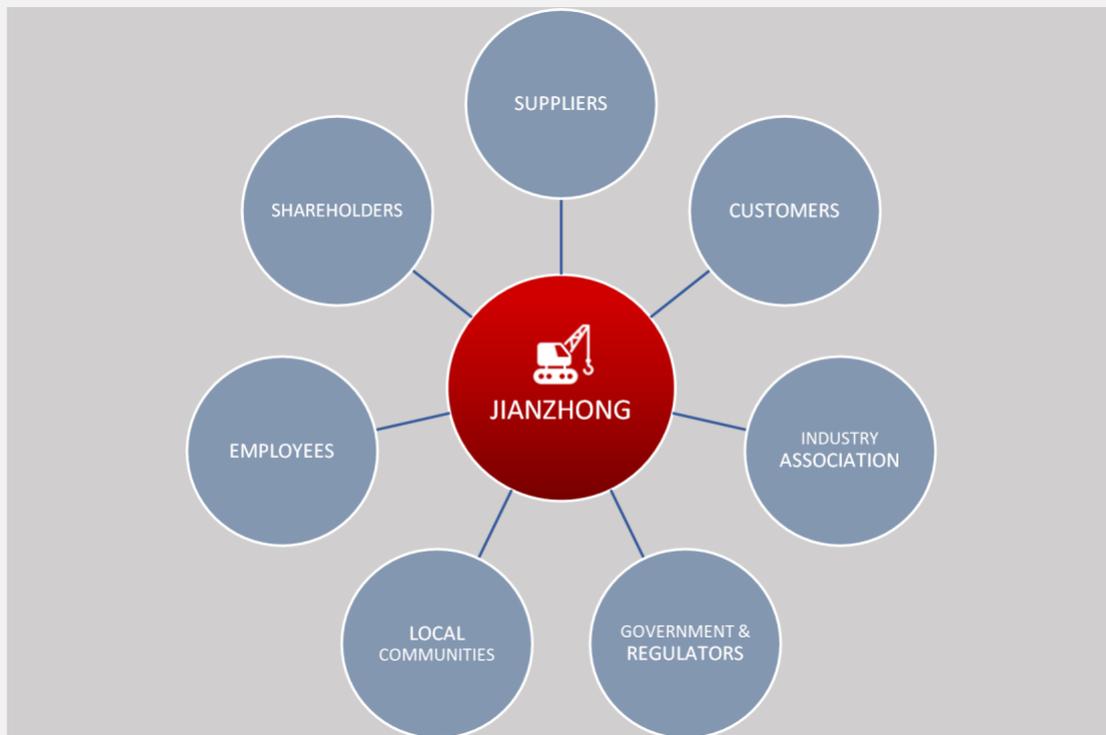
Stakeholder Engagement

Stakeholder engagement is an essential process to understand and identify the material ESG issues in our operations and is important in the sustainable development and value creation for our Group. We identify and engage key stakeholders who may have concerns over our social and environmental policies and strategies.

We keep on identifying and connecting those stakeholders who are concerned with our ESG issues. We communicate with the most influential representatives of each stakeholder group to understand more of their concerns over our sustainable development. This is important for us to assess and prioritise our ESG strategies.

It is a continuous process to communicate with the stakeholders and the communication channels are both formal and informal. During the Reporting Year, we have carried out formal survey to our stakeholders for understanding their concerns over our ESG issues. We also collect our key stakeholders' views through formal physical meetings, email communications, telephone and fax, industry and government announcements and circulars, and informal communication during collaboration with business partners and customers, etc. The following diagram illustrates the key stakeholders we have engaged during the Reporting Year.

Stakeholders engaged in 2021



Materiality Assessment

To better understand our stakeholders’ concerns on our Group’s ESG issues and sustainability performance, during the Reporting Year, we engaged a sustainability consultant to formulate questionnaire on a broad range of ESG issues. We distributed the survey to our significant stakeholders to obtain their views on our ESG issues.

The survey was analysed by our sustainability consultant and a materiality matrix was developed on such ESG issues which reflected the importance as considered by our stakeholders and the importance to the business as considered by the top management.

Based on the result of the materiality assessment, we had identified the key and material ESG issues such that we could prioritise these ESG issues in our strategic planning process.

As indicated in the table below, the top 10 most important ESG issues were identified and highlighted in red colour. The top 10 issues come from four ESG categories we are focusing, which are environment, workplace practice, product responsibility, and society.



Environment		Workplace Practice		Product Responsibility	
1	Air Pollutants and Greenhouse Gas Emissions	8	Employment Practices – recruitment, promotion, compensation and benefits, working hours, etc.	18	Quality Assurance, Product Health and Safety
2	Hazardous Waste and Non-hazardous Waste	9	Workforce and Employee Turnover Analysis	19	Customer Satisfaction
3	Energy Consumption	10	Occupational Health and Safety	20	Customer Data Privacy Protection
4	Water Consumption and Sources	11	Employee Development and Training	21	Infringement of Intellectual Property Right
5	Use of Packaging Materials	12	Sex and Racial Diversity and Equal Opportunities		
6	Impacts of our Activities on Environment and Natural Resources				
7	Impacts of Climate Change on our Company				
Human Rights		Society		Supply Chain	
13	Human Rights and Anti-discrimination	15	Community Investment	22	Supplier Engagement Practices
14	Child Labour and Forced Labour	16	Anti-corruption	23	Environmental and Social Responsibility Risks along Supply Chain
		17	Anti-competition Behaviour		

* Top 10 ESG issues are highlighted in red colour in the above tables.

Environmental Protection

We extremely concern our responsibility on reducing our carbon footprint. We strive to minimise the impact to the environment and incorporate environmentally friendly practices in our operations.



Environmental Management

Providing green construction is one of our core values for sustainability. Our philosophy of green construction reminds our responsibility to reduce carbon footprint. We integrate environmental considerations into our strategic business planning, project tendering and project planning processes. We have set out responsibilities and authorities to all departments to ensure that all control measures and procedures are properly carried out.

We are accountable for our day-to-day choices of the least impact actions to the environment, from how we manage our offices to the way how we carry out the construction projects. We strive to minimise the hazards to the environment as caused by our operations, and to make our environment more sustainable.

Construction and Leasing Services

Our construction operations may have adverse impact to the environment. We are committed to minimising the environmental impact of our business activities by complying with the applicable laws and regulations. Our construction operations has complied with the relevant requirements of the following environmental protection laws of regulations:

- The Environmental Protection Law of the PRC 《中華人民共和國環境保護法》
- The Air Pollution Prevention and Control Law of the PRC 《中華人民共和國大氣污染防治法》
- The Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》
- The Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC 《中華人民共和國固體廢物污染環境防治法》
- The Law on Prevention and Control of Pollution From Environmental Noise of the PRC 《中華人民共和國環境噪聲污染防治法》
- Environmental Impact Evaluation Law of the PRC 《中華人民共和國環境影響評價法》
- The Regulations on Environmental Protection Management of Construction Works Projects 《建設項目環境保護管理條例》



In our operations, we have in place environmental management system that helps us identify and evaluate the environmental impact and risk of our construction activities. It allows appropriate mitigating actions to be taken where necessary. Our major subsidiary Jianzhong Construction Technology (福建建中建設科技有限責任公司) has adopted a comprehensive environmental management system which is in compliance with the standard required under GB/T 24001-2016 / ISO14001:2015.

Before commencement of each project, our project manager and the senior technical staff within the project team would perform environmental impact assessments first. They would incorporate as many environmental protection considerations as possible into the project.

We continuously identify and evaluate environmental risks in our operations and based on the evaluation, appropriate measures are devised to mitigate environmental pollution and damage caused by dust, air emissions, sewage, solid waste, and noise. Various environmental protection measures are adopted especially on noise control, air pollution reduction, solid waste, and wastewater treatment.

The following is an illustration of certain measures taken to mitigate damage to the environment:

Environmental Measures at Construction Sites

- *Use noise barrier to cover machines to reduce noise pollution.*
- *Avoid as possible using such operating processes with high noise level.*
- *Set up isolation barriers in construction sites for dust containment.*
- *Recirculate the wastewater used in boring as far as possible after sedimentation.*
- *Dispose construction waste at designated point and select qualified waste transportation service provider to handle the disposal of construction waste properly.*

Technology Innovation to Help Environment

We believe our investment in research and development can drive improvement and innovation in construction technologies. It also helps to protect the environment and to enhance product quality. Our research and development team continued their mission to develop better solutions on construction works.

In the Reporting Year, we had successfully registered more than 30 invention and utility model patents and copyrights. These inventions had benefits on the safety in construction process, enhancing product safety and quality, and environmental protection.

The following examples of invention patent and utility model patent obtained in 2021 illustrate how we innovate to minimise the environmental impacts and enhance product safety during construction process:

2021 Innovations Helping the Environment

- *We invented a construction method of open caissons in soft rock geology that can increase the precision of caisson works and enhance work safety.*
- *The invention of post-grouting construction and grouting failure treatment device and method to enhance quality and stability of the piles.*
- *We invented a foundation construction method using prefabricated and pre-assembled integral structure in underground space which can improve construction efficiency and safety, as well as more environmentally friendly to reduce noise and air pollutions.*
- *We have developed a kind of attached lifting scaffold with dust suppression device.*

Sewage Treatment Services

We use our professional knowledge and experience on sewage treatment to provide this service to our clients. Our service is vital to prevent water pollution in the environment. To assure the quality of treating sewage, our sewage treatment plant is following the below professional guidelines:

- Regulations for the design and technical specifications of the wastewater sampling scheme 《水質採樣方案設計技術規定》(HJ495-2009)
- Technical guidelines for wastewater sampling 《水質採樣質素指導》(GB12998-91)
- Monitoring and technical standards for the monitoring of surface water and wastewater 《地表水和污水監測技巧規範》(HJ/T91-2002)
- Regulations for the storage and management of wastewater samples 《水質採樣樣品的保存和管理技術規定》(G112999-91)

We have set up an online water quality monitoring system to assess the quality level of incoming wastewater as well as the post-treatment outgoing water. Water quality control reports generated from sewage treatment plant are delivered to the relevant government environmental department periodically. The effluent flowing from our sewage treatment plant meets the level 1-A standards in the Discharge Standards of Pollutants for Municipal Wastewater Treatment Plant (城鎮污水處理廠污染物排放標準) (GB18918-2002) and is also in compliance with the standard for Disposal of sludge from municipal wastewater treatment plant-quality of sludge used in gardens or parks (城鎮污水處理廠污泥處置 - 園林綠化用泥質) (GB/T 23486-2009).

During the Reporting Year, we were not aware of any non-compliance of laws and regulations in the PRC relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.



Climate Change

One of Jianzhong's key ESG strategies is our response on climate change. Climate change is already having visible effects on the world. Extreme weathers, such as storms, heat waves, drought, and floods, are becoming more frequent and severe. Climate change risk can have significant impacts on our business and the communities we operate.

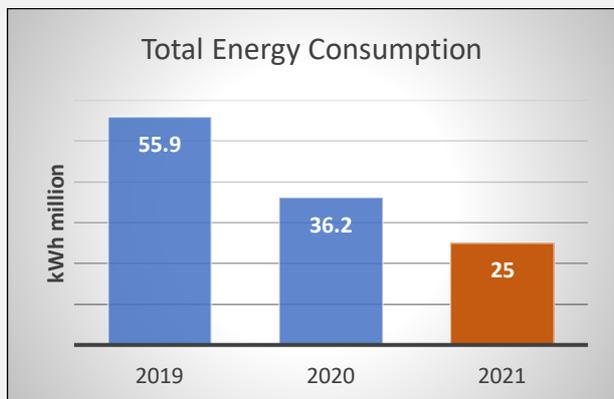
We are aware of the Paris Agreement on global warming issue that nearly all countries will collaborate to reduce global greenhouse gas ("GHG") emissions in an effort to limit the global temperature increase in this century by 1.5°C. In this connection, countries including China have been taking steps to reduce GHG emissions for achieving "net zero" emissions ahead of 2050 to avoid the worst impacts of climate change.

Jianzhong complies with all applicable legal and regulatory requirements to control and reduce emissions and energy usage in our operations. We are committed to investing in management system and technology to improve our energy efficiency and reduce carbon emissions.

The following table is a summary of climate-related risks identified and the mitigation measures implemented:

Physical Risks	Impact	Mitigation Measures
Super typhoons, floods, extreme high and low temperature	Loss of revenue due to business disruption, and cost increase due to damage to equipment.	Specific procedures are devised to deal with typhoons and other extreme weather events to reduce damage to our operations.
Sustained higher temperature	Reduce productivity and increase loss of working days due to the heat stress-related illnesses suffered by workers.	Notices are posted in the construction sites to strengthen workers' awareness on heat stress-related illnesses; provide sufficient drinking facilities to prevent workers from heat stroke; properly arrange work schedules to ensure adequate rest for the workers.
Transition Risks	Impact	Mitigation Measures
More stringent climate change laws and regulations	Increase in operating costs due to compliance with new regulations and increase in legal risks for non-compliance of the new regulations.	Pay close attention to the development of government policies and give more training on new regulations to staff to ensure compliance of new regulations.

Carbon Reduction



Energy Management

Energy consumption is the major cause of carbon emission. As our machineries consume the largest portion of our fuel and electricity, it is our policy when we buy new machineries for business expansion or for replacing old machineries, we endeavour to choose those with higher energy efficiency. All machineries, whether used in the construction sites or in the factory, are required to perform regular maintenance to maintain their energy efficiency and durability.

In our factory, our staff and workers are required to follow our electricity saving measures. All electrical machineries and equipment are required to be cleaned and properly maintained regularly to keep up their energy efficiency. We will turn off machineries as soon as the works are finished.

When we buy motor cars and trucks for our business, we consider first the fuel efficiency. We perform regular maintenance for the motor vehicles to keep up their fuel efficiencies and prolong their useful lives. We encourage our staff to travel in carpool between our offices, factory, and construction sites to save energy. Furthermore, to be more environment friendly, we keep less motor cars in our business and encourage our staff to use their own cars for worksite visits, and the staff will get reimbursed for the fuel cost.

In our offices, we switch on less lightings as far as possible and maximise the use of natural daylight. We require our staff to switch off electrical equipment, such as air-conditioners, fans, lightings, computers, etc. when they are away from duty for a prolong period.

Fuel is the major energy we consumed, especially in our construction and leasing operations. In 2021, over 90% of the fuel was consumed by our stationary machineries for our construction projects. The rest of fuel was consumed by our motor vehicles and trucks for all of our operations. In this year, we had used 35% less fuel than the previous year. This is partly due to less projects carried out and partly due to more economic use of construction machineries during 2021.

Our factory operations were scaling down during the year. As such the electricity consumption for the factory decreased significantly. On the other hand, the electricity usage was almost doubled in our construction business due to the substantial growth in our main contractor works. As the main contractor of construction projects, we were responsible for supplying electricity in the construction sites for our subcontractors. We also needed to set up site office in each main contractor project. The electricity consumption of those main contractor projects had accounted for more than 34% of the total electricity usage of the Group. As a result, the electricity consumption for our construction operations surged by 70%.

However, electricity consumption only represents about 10% in our total energy consumption for the construction and leasing business. The overall energy consumption for the construction and leasing business still dropped by about 31%.

For our sewage treatment plant, despite the wastewater treatment volume was greater than last year, less electricity was consumed. We saved more electricity by optimising the operations of the sewage lifting pumps in the sewage treatment process. Fuel consumption by the sewage treatment plant was insignificant. The overall energy consumption of the sewage treatment business was reduced by 8%.

The total energy consumption of the Group for 2021 had reduced by 31% over 2020, and more than 55% as compared with 2019. It shows our continuous efforts over the past years to reduce our carbon footprints and we shall continue our efforts to further reduce the carbon emissions in response to the global warming issue.

KPI – Energy Consumption				
		2021	2020	change
		kWh'000	kWh'000	
Construction and leasing	Fuel	21,723	33,862	-35.8%
	Electricity	2,328	1,363	+70.8%
	Total	24,051	35,225	-31.7%
Sewage Treatment	Fuel	10	10	-
	Electricity	959	1,046	-8.3%
	Total	969	1,056	-8.2%
Total consumption	Fuel	21,733	33,872	-35.8%
	Electricity	3,287	2,409	+36.4%
	Total	25,020	36,281	-31.0%
		per RMB'm revenue	per RMB'm revenue	
Intensity	Construction and leasing	21.14	27.65	-23.5%
	Sewage treatment	187.50	248.08	-24.4%

Air Emissions

The Group’s air emissions are mainly generated from our transportation fleet for transporting materials, construction equipment and machineries to the construction sites, and from private cars for business. Air pollutants are formed after fuel combustion. We have been making big efforts to reduce air emissions by:

Measures to Reduce Air Emissions

- *monitoring fuel consumption and mileage usage of the vehicles to avoid unnecessary usage.*
- *better journey planning to reduce the transportation mileage and use more vehicles with less air emissions.*
- *proper maintenance is carried out for our vehicles to avoid excess air emissions.*
- *phased out aged vehicles to reduce exhaust pollutants.*

For 2021, the emissions of SOx from vehicles reduced as a result of the decrease in fuel consumption. Reduced usage in heavy trucks also helped the reduction of NOx and PM emissions.

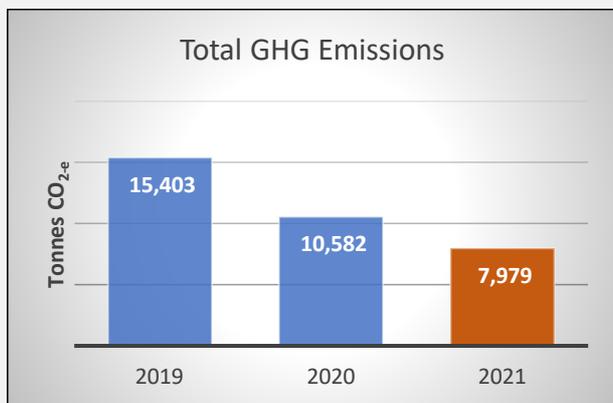


KPI – Air Emissions*			
	Nitrogen Oxides ("NO _x ")	Sulphur Oxides ("SO _x ")	Particulate Matter ("PM")
	kg	kg	kg
2021	1,442	1.91	110
2020	1,601	2.14	119
change	-9.9%	-10.8%	-7.6%

* The emission factors for the calculation of air emissions and GHG emissions are obtained from Hong Kong Exchange Reporting Guidance on Environmental KPIs.



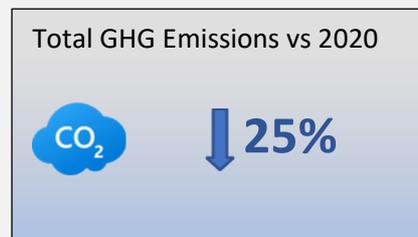
Greenhouse Gas (“GHG”) Emissions



The Group’s GHG emissions mainly come from the following sources:

Sources of GHG Emissions

- *Scope 1 – from fuel consumption of our construction machinery and equipment, transportation vehicles and our private cars, as well as refrigerants for air conditioners.*
- *Scope 2 – from electricity consumption of sewage treatment plant, construction sites, factory, and our offices.*
- *Scope 3 – fuel consumption of staff-owned private cars for business purpose, air business travel and paper waste disposed at landfills.*



In 2021, the fuel consumption of the construction and leasing operations was reduced substantially such that the Group’s scope 1 GHG emissions decreased by about 38% accordingly. On the other hand, electricity consumption for our construction operations had increased significantly due to more main contractor projects. Despite significant electricity was saved in the sewage treatment business, the scope 2 GHG emissions from electricity consumption still increased by about 4%.

Although the scope 3 GHG emissions increased a lot by 2.6 times as compared with last year, it represented only about 9% of the total GHG emissions. The increase was mainly due to the increase in paper waste and fuel consumption of staff-owned private cars.

In overall, the Group’s total GHG emissions had reduced by 25% as compared with last year.

To reduce our carbon footprint in our operations, we try our best to avoid unnecessary consumption of energy. The usage of motor vehicles was closely monitored to save fuel. We had also carried out regular maintenance for our motor vehicles and machineries to increase energy efficiency and reduce GHG emissions.

As a main contractor, we have the responsibility to reduce the GHG emissions in our construction sites. We closely monitor the usage of electricity and encourage power saving behaviours in the construction sites.

In our offices, energy saving measures were devised such as choosing environmentally friendly and energy-efficient appliances and equipment to buy. During office hour, we encouraged our staff to switch off lighting, air conditioning and electronic equipment when not in use. Even though paper usage in our offices is not the main source of the Group's GHG emissions. We encourage to collect used paper for reuse on printing or copying draft documents.

KPI – GHG Emissions*				
		2021	2020	change
		tonnes CO ₂ -e	tonnes CO ₂ -e	
Scope 1 Direct from Fuel and Refrigerants	Construction and leasing	5,177	8,426	-38.6%
	Sewage treatment	3	3	-
	Total	5,180	8,429	-38.5%
Scope 2 Indirect from Electricity	Construction and leasing	1,448	1,100	+31.6%
	Sewage treatment	585	840	-30.4%
	Total	2,033	1,940	+4.8%
Scope 3 Indirect from Others	Construction and leasing	762	212	+259.4%
	Sewage treatment	4	1	+300.0%
	Total	751	213	+252.6%
Total GHG Emissions	Construction and leasing	7,387	9,738	-24.1%
	Sewage treatment	592	844	-29.9%
	Total	7,979	10,582	-24.6%
GHG Emissions Intensity		per RMB'm revenue	per RMB'm revenue	
	Construction and leasing	6.49	7.64	-15.1%
	Sewage treatment	114.43	198.43	-42.3%

* The emission factors for the calculation of air emissions and GHG emissions are obtained from Hong Kong Exchange Reporting Guidance on Environmental KPIs.

Waste Reduction

Waste Management

Our waste management philosophy is “use less and generate less”. The practice of recycle and reuse is adopted in our operations to reduce waste. Proper handling of waste is also very important to reduce the impact to the environment. Our business operations produce non-hazardous waste and hazardous waste. All waste produced is handled strictly in compliance with the relevant local regulations.

Non-Hazardous Waste

Generally, non-hazardous waste generated from our operations processes is mainly:

1. Muck and wastewater produced from our construction projects.
2. Production waste and wastewater from our factory on manufacturing of construction machinery, equipment and tools.
3. Commercial waste and domestic waste from our offices, factory, staff quarters and sewage treatment plant.
4. Sludge as the side product during the sewage treatment process.



Construction and Factory Solid Waste

In 2021, non-hazardous waste produced from our construction and leasing operations decreased by about 97%. Muck generated from excavation work represented substantially the non-hazardous waste produced by our construction operations. As the two construction projects generated large amount of muck had been completed in 2020, there was only minimal amount of muck in this year.

On site waste sorting area for temporary storage of waste is designated in our construction sites to facilitate waste segregation. Solid waste is segregated for reuse, recycle and disposal regularly to avoid nuisance due to overstock of waste. Non-reusable waste is disposed at government designated collecting areas.

In 2021, scrap metals generated from our factory and construction projects increased significantly to 1,411 tonnes, mainly due to the scaling down of our factory operations. We disposed these scrap metals to recycling companies for recycle.

Wastewater and Sewage

For our sewage treatment process, we provide operating and management services to our sewage treatment plant customer. We cannot control the amount of sludge produced as we only provide treatment service for domestic wastewater from the public. The sludge is collected by professional sludge treatment company for further environmental treatment and disposal. Hence, the amount of sludge is not reported.

Wastewater treatment facilities are installed in our construction sites. Wastewater generated from our construction activities would be treated through filtration and sedimentation processes before discharging to the destined sewage drains in accordance with the local laws and regulations. During the Reporting Year, 32,187 m³ of wastewater was generated from construction operations and were properly treated before discharging.

In our factory, wastewater produced in boring is recirculated for reuse by other processes as far as possible after sedimentation.

Commercial Waste

Non-hazardous commercial waste generated from offices, factory, staff quarters and sewage treatment plant was discharged by our appointed professional waste disposal companies. The amount was relatively immaterial and as such no data is presented in this report.

To reduce waste in our workplaces, several measures are implemented to achieve our waste reduction objectives. Less paper consumption policy is imposed, and we encourage our staff to use electronic communication and electronic filing to replace paper. Double sided printing is encouraged and used paper is collected and reused for printing draft documents to reduce paper waste. We also promote less office supply consumption to all our staff for reducing office wastes. We continue to implement various waste reduction measures to reduce commercial waste generated in our workplaces.

KPI – Non-hazardous Waste			
	2021	2020	change
	tonnes	tonnes	
Construction and Leasing			
Total produced	1,958	65,734	-97.0%
	Per RMB'm revenue	Per RMB'm revenue	
Intensity	1.7	51.6	-96.7%

We have complied with the following environmental guidelines for the disposal of non-hazardous waste:

- The Law on the Prevention and Control of Environmental Pollution by Solid Waste of the PRC 《中華人民共和國固體廢物污染環境防治法》
- The Law on the Water Pollution Prevention and Control of the PRC 《中華人民共和國水污染防治法》
- Comprehensive Sewage Discharge Standards 《污水綜合排放標準》
- The Disposal of sludge from municipal wastewater treatment plant-quality of sludge used in gardens or parks 《城鎮污水處理廠污泥處置 – 園林綠化用泥質》 (GB/T 23486-2009)
- The Discharge Standards of Pollutants for Municipal Wastewater Treatment Plants 《城鎮污水處理廠污染物排放標準》 (GB18918-2002)

Hazardous Waste

In our construction sites, hazardous waste, including paint, glue, and engine oil, etc., are sorted out from other non-hazardous waste. We have devised procedures to collect the hazardous waste and handover to government approved companies for treatment and disposal. We had not generated significant amount of hazardous waste during the Reporting Year.

Natural Resources Efficiency

Water Conservation



Water is mainly consumed in our construction projects. For our subcontractor projects, water is supplied by the main contractors or our customers in the construction sites. At certain areas where water supplied is limited, we may use the nearby natural water resources, such as underground water, as long as we have met all the relevant local law and regulations on taking such water. We would also collect rainwater wherever possible in our construction sites for further use at work.

For our main contractor projects, we are responsible for providing water to our subcontractors in the construction sites. The water supply is usually from municipal water authorities. We initiate various water conservation measures to reduce the water usage, such as recycling water and collecting rainwater for washing and cleaning purpose. Water usage is monitored and analysed to prevent water wastage.

During the Reporting Year, being the main contractor for certain projects, we had to provide water for construction activities, dust and mud suppression washing facilities, as well as daily washing for workers in the construction sites. As such, the main contractor business had consumed nearly half of our total water usage. Although we had reduced water usage in other construction projects, offices, and factory by 66%, the increase of our main contractor business had resulted in the increase of water consumption in construction and leasing operations by 33%.

Sewage treatment plant had also used 42% more water in this Reporting Year owing to the increase in wastewater treatment volume, and more frequent cleaning for the sedimentation pool and the plant under the pandemic.

In our offices, factory, warehouses, and sewage treatment plant, water is also supplied through municipal water authorities.

During the Reporting Year, the Group had not encountered any issue on sourcing appropriate amount and type of water for our business purpose.

KPI – Water Consumption				
		2021	2020	change
		m ³	m ³	
Usage	Construction and leasing	38,909	29,219	+33.2%
	Sewage treatment	11,381	8,014	+42.0 %
	Total	50,290	37,233	+35.1%
		Per RMB'm revenue	Per RMB'm revenue	
Intensity	Construction and leasing	34.2	22.9	+49.3%
	Sewage treatment	2,201	1,883	+16.9%

We realise the preciousness of water resources. All water equipment is well maintained to prevent water leakage and dripping. Water-saving appliances are installed to enhance water conservation. We constantly remind our staff, workers, and our subcontractors not to waste water unnecessarily. Water usage for operations and cleaning purpose is monitored to prevent unnecessary wasting of water. Although our offices do not consume significant amount of water, notices are posted at the prominent places to remind our staff to save water as a habit and a responsibility.

Other Natural Resources

No doubt that some activities in our construction operations have direct impacts on the environment and natural resources. Timber is one of the raw materials we extensively used to produce timber formworks. To minimise the use of timber, aluminium is used to replace timber for making formworks in situations where a large number of repetitive shuttering in the same project is anticipated.

Due to our business nature, we do not normally require packing materials for our operations.

Our Environmental Targets

We have set a five year plan on improving the following environmental performances based on the 2020 baseline. Waste is mainly the muck produced in particular projects and such projects may not be recurrent. Other commercial waste are relatively immaterial. However we will strive to reduce the commercial waste by 10% for each year in the future.

Category	2020 Baseline	2025 Target	Our Plans	Our progress in 2021
Energy consumption	36.3 million kWh	Reduce 40% to 21.8 million kWh	<ul style="list-style-type: none"> Replace gasoline motor vehicles with electric. Improve fuel efficiency of our construction machineries. 	<ul style="list-style-type: none"> Consumed 31% less energy because of more economic use of machineries.
GHG emissions	10,582 tonnes CO _{2-e}	Reduce 40% to 6,349 tonnes CO _{2-e}	<ul style="list-style-type: none"> Replace more energy-efficient lightings and appliances. Use more paperless communication and electronic files. 	<ul style="list-style-type: none"> Produced 25% less carbon emissions by saving more fuel for machineries and motor vehicles.
Water consumption	37,233 m ³	Reduce 10% to 33,510 m ³	<ul style="list-style-type: none"> More use of recycle water in the sites and sewage plant. 	

Social Sustainability

Maintaining a robust safety culture is our top priority. We endeavour to make positive impacts to the communities we operate and continue to find ways to develop our people.



Safety Culture in Action

We see safety as a core value in our culture that safeguards our people, the neighbours, the environment, and the society at large.

Our Commitment to safety

We regard safety as the top priority in our business. It is our uncompromised objective to ensure everyone working for Jianzhong in our projects, or anyone who are affected by our operations, including our subcontractors, the main contractor, and the public, do not suffer from any injury and ill health. In our construction sites, it is our obligation as a contractor to maintain a safe and healthy environment to all lawful visitors and workers.

We adhere to ISO 45001:2018 safety management system in our subcontractor business. The ISO 45001:2018 has set out stringent internal safety policies to identify and control operational risks and enhance occupational health and safety. The safety management system places strong emphasis on risk and adopts a more proactive, flexible, and preventative approach based on remedying a broader range of risks before they materialise.

We strictly comply with the following laws and regulation relating to occupational health and safety to fulfil our corporate responsibility:

- The Work Safety Law of PRC 《中華人民共和國安全生產法》
- The Administrative Regulation on the Work Safety of Construction Project 《建設工程安全生產管理條例》
- The Regulation on Work Safety License 《安全生產許可條例》
- The Administrative Regulations on Work Safety License of Construction Enterprises 《建設施工企業安全生產許可證管理規定》
- The Law of the PRC on the Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》

In 2021, the Group had no work-related injury case. In 2020, a total of 90 lost days were reported relating to work injuries with 1 work-related injury case reported. There were no work-related fatalities in the past three years.

Work Injury and Fatality		
	2021	2020
Number of Injury	0	1
Number of Fatality	0	0
Loss of working days	0	90

During the Reporting Year, we were not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

Safety at Construction Sites

Safety measures are strictly enforced in the construction sites. In each construction project, we assign a safety manager for the project management team to implement safety plan. The safety manager is responsible for convening meetings and briefings in relation to safety requirements and procedures for our staff and workers to follow.

For each project, we carefully assess potential health and safety hazards and then develop and implement appropriate health and safety measures for containing and mitigating such risks. Examples of such measures are:

Safety Measures at Construction Sites

- Establishing operational safety zone.
- Wearing personal protective equipment before starting works.
- Using prominent signals for the crane and hoisting operations to avoid workers entering working zone.
- Setting up protective screens for working at heights.

We are also responsible for the overall management and safety of the on-site staff and workers. We require our subcontractors to conduct trainings for their workers, to monitor their adherence to our safety measures and procedures, and to comply with the relevant safety laws and regulations.

Our engineers of R&D Department also have great contribution to improve our site safety through innovation of new construction method and improvement of construction devices.

Safety at Offices and Factory

In our offices, our administration staff ensure our premises have complied with the relevant laws and regulations in the PRC on safety, such as fire safety and fire escape regulations. We also carry out regular office cleaning to maintain the office hygiene for the health of our staff.

In the factory, we have adopted safety measures for preventing injury and accident, such as:

Safety Measures at Factory

- Keeping passages clean and tidy to prevent slips and trips.
- Appropriate personal protective equipment must be worn in working area.
- Periodic inspection of production equipment to ensure they are safe to operate.
- Stringent procedure on handling and storing of combustible and explosive materials.
- Keeping warehouse and storage area tidy to prevent heavy falling objects.

Our Response to COVID-19

In 2021, COVID-19 continued to pose serious threat to our communities. We had taken a range of preventive measures to minimise the spread of the virus in our workplaces and to keep our business rolling. To increase our employees' awareness of the hygiene, a handbook on the coronavirus prevention was distributed to all employees.

COVID-19 Response

- Pandemic policies were set up and required all employees to strictly follow.
- Required wearing mask at construction sites and workplaces.
- Workplaces were regularly disinfected and cleaned.
- Health related advice and guidelines were posted in office and at construction sites.
- Quarantine area was set up to deal with any emergency.
- Under the guidance of local government, we arranged our employees to conduct nucleic acid tests where necessary and encourage all employees to take vaccination.

People Centric

Employees are the core of our business, and we strive to recruit, retain, and develop our best people to make our business sustainable.

Attracting Talents

We strive to attract the best people in the industry. We provide equal opportunities to competent people who want to work for us and let them work in a dynamic and collaborative team environment. Our talents are the most valuable assets in Jianzhong, and they are the key for delivering our business performance, as well as for driving our sustainable development.

We offer our talents with competitive salary package and benefits. Their salaries are determined based on their qualification, relevant experience, seniority, performance, and contribution to the Group.

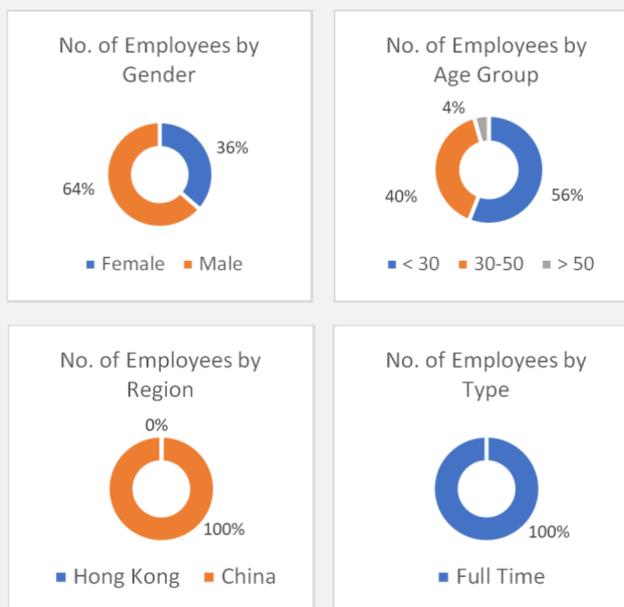
We treat our staff with respect and endeavour to make them satisfied and work with pride. The following are the most important human resources principles, along with others, that we always uphold:

Jianzhong Human Resources Principles

- No discrimination on the employees' age, gender, physical or mental deficiencies that are irrelevant to their works.
- Provide workplaces with harmonious atmosphere that the employees can accomplish their work tasks with satisfaction and pride.
- Comply with relevant laws and regulations concerning employment of our employees.
- Offer competitive salary and benefits to our employees.

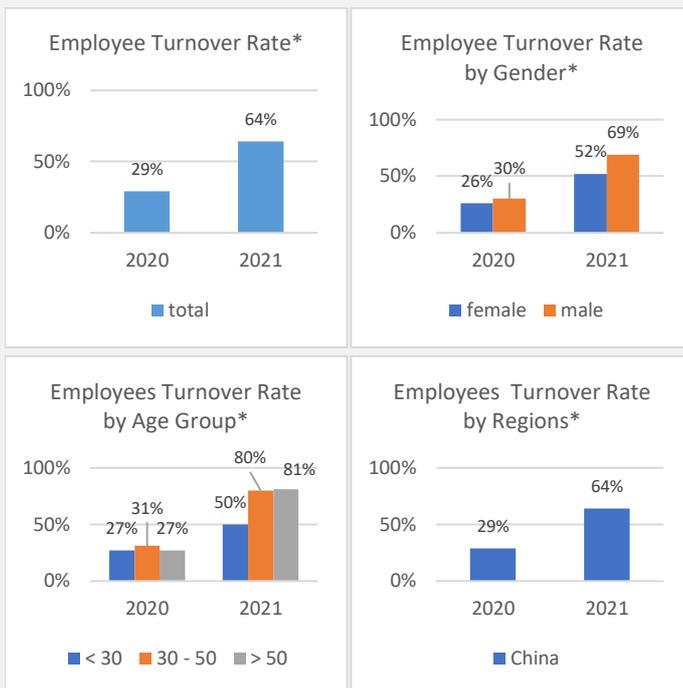
As at the end of the Reporting Year, we had a total of 483 (2020: 554) staff in the PRC.

2021 Breakdown of Number of Employees



Number of Employees			
		2021	2020
Total number of employees		483	554
By gender	Female	176	155
	Male	307	399
By age group	Below 30 years old	270	289
	30 – 50 years old	192	229
	Above 50 years old	21	36
By region	Hong Kong	1	1
	China	482	553
By employment type	Full-time	483	554

2020 and 2021 Employee Turnover Rate



* The turnover rate is derived from the number of staff in the specific category who left during the year divided by the average total number of staff in that specific category.

Employee Turnover Rate			
		2021	2020
		%	%
Total turnover rate		64	29
By gender	Female	52	26
	Male	69	30
By age group	Below 30 years old	50	27
	30 – 50 years old	80	31
	Above 50 years old	81	27
By region	Hong Kong	-	-
	China	64	29

Property market and construction Industry in China faced immense difficulty and uncertainty in 2021. At the beginning of the Reporting Year, we continued to expand our operations and workforce. However, following the economic downturn of the construction industry, we had to follow reluctantly to scale down our operations and lay-off excess workforce. As such, the employee turnover rate was exceptionally high in 2021.

We have established policies on recruitment and dismissal, compensation and promotion, working hour, rest period, equal opportunity, diversity, anti-discrimination, and other benefit and welfare for our employees. To protect the legitimate rights and interests of our people, we strictly comply with the following laws and regulations in the PRC relating to labour and employment:

- The Labour Law of the PRC 《中華人民共和國勞動法》
- The Labour Contract Law of the PRC 《中華人民共和國勞動合同法》
- The Social Insurance Law of the PRC 《中華人民共和國社會保險法》

During the Reporting Year, we were not aware of any non-compliance with the above laws and regulations relating to employment that would have a significant impact on the Group.



Rewarding and Supporting Our People

The Management Approach

A positive working environment can promote creativity, loyalty, growth, and goal attainment of our people. We strive to provide a good working atmosphere and fair opportunities for competent staff to develop their career. For those staff who seriously perform their work duties, have significant contribution and are loyal to the Group, we have an established mechanism to recognise their efforts by rewarding them with compliments and monetary rewards. We also provide ample opportunities for our people to grow professionally.

We know very well that to make our business sustainable, we have to incentivise, reward, and retain our best people. We have a well-established and transparent staff appraisal system to evaluate our people's performance in a fair and objective manner. Our people understand and realise that all contributions they have made to the Group will be fairly recognised and rewarded.

In each year, the department heads conduct staff performance review meetings, and the results are calibrated at group-wide level by the human resources department. Talents with better performance and contributions under the appraisal results will be rewarded with higher pay raise, performance bonus, and better promotion opportunities.

We benchmark our salary compensation to the market of construction industry in order to be competitive to attract and retain the best people. We want our people to grow with the Group. We are rapidly expanding and where there is job vacancy, we would first consider promoting internally the right people before going for new applicants.

Work-Life Balance

A healthy and balance life between working and private life is essential for reducing work stress and maximising the potentials of our people. We strive to provide our people with work-life balance they can contribute to the Group and at the same time enjoy happy and fulfilled lives. To cultivate different interests, we encourage our staff to participate in social contribution and personal wellness activities.

During the Reporting Year, we organised day trip for our staff to visit Chinese Ship Museum.



Fostering Careers

Capabilities of our talents are the key to the continuous growth and sustainability development of our business. We believe that continuous training and development can enhance our talents' professional knowledge and job skill, foster their understanding of our corporate culture, and carry forward our entrepreneurial spirit. We strive to provide our talents every opportunity to equip themselves better, so as to provide quality services to our customers and to create values to benefit our society.

Our human resources department together with other department heads of the Group formulate the annual training plan for our talents in accordance with the strategic development of the Group and the related job knowledge requirements. The human resources department is responsible for organising and managing training resources, and for assessing the effectiveness of trainings. We offer various internal and external training courses to our existing staff to enhance their professional knowledge.

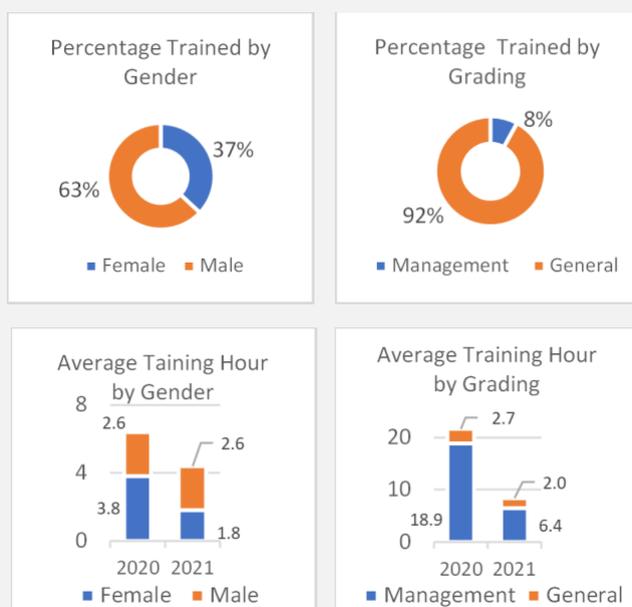


<p>New Staff Orientation</p>	<ul style="list-style-type: none"> • Induction programmes for the Group structure, Group policies and the working environment • Introduction to the working group peers, the job position and responsibilities, and the required working skills
<p>In-House Training Programmes</p>	<ul style="list-style-type: none"> • Technical training on operations of tower crane and builders hoist • Safety online training • Training on principle and basic application of South CASS10.0 software • Training on analysis of financial statements
<p>External Training Programmes</p>	<ul style="list-style-type: none"> • Understanding of legal risk arising from construction leasing business • Risk management and control on contract execution • Technical training on operations of tower crane and builder's hoist • Director training on corporate governance, listing rules and disclosures

We also support our talents to further their professional education and training at their spare time. Depending on the circumstances, we grant full or partial subsidy of tuition fees to our talents for their professional or personal development education and training courses offered by external organisations. We would acknowledge and recognise their education achievements, and this is helpful for their career advancement in the Group.

During the Reporting Year, we provided various internal and external trainings, including induction programmes for new employees, safety training on operations of various machineries in construction sites, and training in managing business contracts. The number of employees trained was 171, with the total training time of 1,101 hours.

2021 Training Percentage and Hours



Percentage of Employees Trained			
		2021	2020
Percentage of total employees trained		35%	87%
Percentage of employees trained by gender	Female	37%	25%
	Male	63%	75%
Percentage of employees trained by grading	Management	8%	2%
	General staff	92%	98%

Number of Training Hours			
		2021	2020
		hours	hours
Total no. of training hours		1,101	1,604
Average training hours per employee		2.3	2.9
Average training hours by gender	Female	1.8	3.8
	Male	2.6	2.6
Average training hours by grading	Management	6.4	18.9
	General staff	2.0	2.7

Labour Standards

We always uphold labour standards throughout our businesses. In the process of recruitment and employment, our human resources policy strictly prohibits child labour and forced labour. We strictly comply with the Labour Law 《勞動法》, Labour Contract Law 《勞動合同法》, Law on Protection of Minors 《未成年人保護法》 and the Provisions on Prohibition of Using Child Labour 《禁止使用童工的規定》 in the PRC.

To prevent the employment of child labour, our human resources department inspects the applicant's original identity document with photo and age information. We prepare and sign employment contracts with all employees in compliance with the Labour Contract Law 《勞動合同法》 of the PRC. We would not prejudice the employment relationship in any way between the staff and the Group, such as detaining a deposit, or forcing to work against their will under any kind of threat. All staff shall have the right to enter into and leave employment voluntarily and freely as long as it is in compliance with the relevant laws in the PRC and the Group policies.

During the Reporting Year, we were not aware of any non-compliance with the laws and regulations relating to child labour and forced labour that would have a significant impact on the Group.

Community Investment

To enhance our sustainable development, we strive to give back to the society and make philanthropic contributions for the communities.

As a socially responsible company, we strive to give back to our communities. We feel that by aligning our core values with our initiatives, the communities and people we serve will receive the greatest benefits. We create employment in the construction industry, and we utilise our resources to help the underprivileged. During the Reporting Year, we continued to support our local government for poverty alleviation. We participated in the government scheme of hiring people from poverty-stricken areas.

We also made our efforts in supporting education of the underprivileged. In 2021, we had donated RMB3,000 to the Zoomlion - Customer Alliance Love Charity Fund for supporting elementary schools in remote towns and villages in the PRC and helping poor students to continue their studies.

In addition to supporting the local communities and charitable organisations, we encourage our employees to take part in the activities and to volunteer their time for helping people in need.

We will continue to participate in local community activities where we operate and invest in causes and initiatives that we believe in.



Responsible Governance

We hold the highest ethical standard. Our strong corporate governance ensures we have the highest standard in project quality and supply chain management.



Ethics and Compliance

Management Approach

Integrity is one of our core values that drives us to success. At Jianzhong, we realise that we must gain and maintain the trust of our customers, business partners, shareholders, staff, and the public. On the other hand, we ask our staff, subcontractors, and suppliers to live our ethical values and take personal responsibility for their own behaviours.

Fostering employees' awareness on anti-corruption and anti-money laundering is the key to maintaining our high ethics standard. We had organised training courses on anti-corruption and anti-money laundering to our management and general staff during the Reporting Year.

In the Reporting Year, there is no concluded legal case regarding corrupt practices and money-laundering brought against the Group or our employees. We were not aware of any non-compliance with the laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Fair Trade - Anti-Corruption

We follow the principle of integrity and fairness to create a clean and fair business environment that set a solid foundation for sustainable development of our business. Our staff in the PRC must abide by the local legislation on bribery, including the Anti-Corruption Law of the People's Republic of China 《中華人民共和國反腐敗法》. We have implemented the following anti-corruption measures to ensure fair trade:

Anti-corruption Measures

- We incorporate the anti-corruption policy and code of conduct in our Staff Handbook to ensure that all staff and directors understand and strictly comply with our ethical requirement. Violation of which may result in dismissal of employment.
- We set up guideline for our staff to follow for identifying and reporting misconducts relating to anti-corruption.
- We require our suppliers and sub-contractors to sign undertaking in relation to anti-corruption.
- Regular training is provided to all our staff on anti-corruption.

Our whistle-blowing policy allows our staff to report suspected or actual corruption, fraud, dishonest practices, and any similar matters in confidential manner. All reported cases will be investigated thoroughly and appropriate corrective, disciplinary or legal actions will be taken based on the findings.



Fair Trade - Anti-competition

As a responsible company in the construction industry, we promote fair trade and anti-competition and strictly prohibits bid rigging. We advocate business competition as it is a fundamental element to a healthy marketplace. Competition in the market increases efficiencies and encourages innovation. It also creates incentives for product differentiation and improves the quality and services, which in turn benefits to customers and consumers. We have to comply with the Anti-Monopoly Law of the People's Republic of China 《中華人民共和國反壟斷法》 and Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》 in doing our business. We have implemented the following measures to ensure fair competition:

Anti-competition Measures

- We have internal regulations to monitor contract tendering in which bid rigging is forbidden;
- The code of conduct in our Staff Handbook requires all staff to uphold business ethics and comply with the relevant laws; and
- Our whistle-blowing policy specifies the procedures for reporting illegal practice on bid rigging and any staff committed this illegal act is subject to severe punishment.

Anti-Money Laundering

We believe money laundering has a corrosive effect on the country's economy and social well-being. As a socially responsible corporation, it is our responsibility to help deterring money laundering crimes.

We strictly comply with the relevant laws and regulations to prevent, within our reach, money laundering activities to maintain sustainability in our business. Such laws and regulations include:

- Anti-Money Laundering Law of the People's Republic of China 《中華人民共和國反洗錢法》
- Management Measures for Payment Services of Non-Financial Institutions 《非金融機構支付服務管理辦法》

Anti-money Laundering Working Group

To ensure the effectiveness of anti-money laundering measures, the Group has set up an anti-money laundering working group to take in-charge of anti-money laundering measures. The working group comprises of:

Anti-money laundering leading group

Chaired by the Chairman of the Group and it contains the General Manager and the heads of the relevant departments. It provides strategy and drives initiatives for anti-money laundering measures.

Anti-money laundering execution group

It comprises staff from relevant departments, such as the finance department, accounting department, IT department and human resources department. It ensures the anti-money laundering measures are properly executed.

Anti-money laundering audit group

The anti-money laundering leading group selects staff from relevant department to perform internal audit works for anti-money laundering, to ensure the effectiveness of the anti-money laundering measures.

During the Reporting Year, we have taken the following measures on anti-money laundering:

Anti-Money Laundering Measures

- *We took reasonable measures to identify any suspicious customers, business relationships or transactions with money laundering risk characteristics.*
- *The customer identity data and transaction records were kept properly for investigation where necessary.*
- *Suspicious transactions were analysed for irregularity and reported to the anti-money laundering working group.*
- *We provided proper trainings to relevant staff on relevant laws and regulations, our policy and procedures, and audit procedures.*

Intellectual Property Rights

We respect intellectual property (“IP”) rights, including but not limited to trademarks, patents, and copyrights, and recognise the importance of protecting IP rights. We attach great importance to the use of intellectual and strictly comply with all laws and regulations relating to IP, such as:

- Patent Law of the People’s Republic of China 《中華人民共和國專利法》
- Copyright Law of the People’s Republic of China 《中華人民共和國著作權法》
- Trademark Law of the People’s Republic of China 《中華人民共和國商標法》

Employees are required to obtain permission or appropriate licences from the owner of the IP right before use.

Data Confidentiality

We do our best to prevent unfair competition by safeguarding the leakage of our confidential business information, such as the product planning and design, technical documents and information, supplier and customer information, and financial information, etc. We pay particular attention to keep the privacy of our customers and their contacts, wherever possible, to maintain the mutual trust between our customers and us. We have the following measures for safeguarding data confidentiality:

Data Privacy Measures

- *Password management policy is in place for all office computers.*
- *No one is allowed to operate other persons’ computer without proper approval.*
- *Confidential materials are not allowed in computer shared files.*
- *The customers’ data is kept by the responsible project personnel and the top management only.*
- *Stringent procedure on the release of new products and new technologies to avoid premature leakage causing imitation or copying by others.*
- *IT department prohibits browsing of the Company’s confidential information by unauthorised staff and third party.*

Quality and Reliability

Our dedication to quality and reliability is encapsulated within the core value of putting our customers at priority.

Responsible Commitment to Customers

We believe that our customer's success is our success. We strive to meet our customers' requirements and to provide products and works with quality, safety, and reliability.

We maintain the standards of quality that have become an integral part of our organisational culture and have made us a leading construction services provider in China. We have adopted quality management system ISO9001:2015 in our subcontractor business and are following the Code for quality management of engineering construction enterprises (工程建設施工企業質量管理規範) (GB/T50430-2017) to ensure that our customers get consistent and quality services.

Our staff continue to improve our operational processes in project planning, manufacturing, project delivery, and after sale service to bring safer and more reliable products and works to our clients. After all, it is our commitment to the society as a responsible corporation.

When delivering projects and leased machineries to our customers, we have to abide to a few fundamental principles as follows:

Commitments to Our Customers

- Customers' satisfaction with the comfort of safety, assurance and durability is the priority.
- Providing innovative products and services to benefit our customers.
- Providing safe and reliable products and services that comply with international quality standards and legal requirements.
- Minimum impact to public health and the environment when we deliver the projects and services to our customers.

For the machinery leasing business, our machineries are supplied by well-known manufacturers with high quality standards. Our in-house technical support team are well trained to provide a wide range of professional services including repair, maintenance, installation, and technical support to ensure our customers are provided with fully operable equipment when required. We have devised standardised procedures on routine inspection and maintenance of our construction machineries, equipment, and tools to ensure that they are always in good operating condition.

Our reliable services were well recognized by our customers. We were awarded "Outstanding Supplier 2021" by one of our customers.



Product Safety – Value Creation by Innovation

Jianzhong invests heavily on research and development to improve economic efficiencies, environmental conservation, and above all, to enhance safety. We endeavour to deliver works that are safe to use not only by our main contractors or customers, but also by the general public. We also design and make machineries, equipment and tools that are more convenient and safer to accomplish the construction works.

Our goal is to improve safety through innovation. Besides meeting all the safety laws and regulations in the PRC, we deliver products with exceptional safety features, and many of the features are under our own patents, that are unsurpassed by our competitors.

Our product and construction process innovations also aim at optimising our own as well as our customers' operations. Thereby realising safe, highly productive and environmentally friendly workplaces.

Quality Assurance

At Jianzhong, all employees from product planning to sourcing, development, manufacturing, and after-sales service, have the same attitude and they collaborate to develop and deliver products and projects that are innovative, safe, reliable and of high quality. We help our customers to solve technical problems in cost effective ways and at the same time, we aim to improve the safety and quality of project works.

We are capable to develop new or to modify existing construction machinery, equipment, and tools to cope with the needs of our customers. We also provide adequate trainings to our staff and the workers of our subcontractors to ensure they can follow our stringent service standards and procedures. These measures enable us to deliver consistently safe and quality services and products for the benefit of our clients and the society, and they are crucial to the sustainability of our business.

As a reflection of our achievement on quality services, we have obtained the highest qualifications and licences in foundation works business, such as:

- First class professional contractor in foundation engineering works qualification (地基基礎工程專業承包一級資質)
- First class professional contractor in lifting equipment installation works qualification (起重設備安裝工程專業承包一級資質)
- Professional contractor for template and scaffold works (模板腳手架專業承包)

We started our main contractor business in this year. We have obtained the second class license of main contractor in general construction works (建築工程施工總承包二級牌照). With the proprietary technology we have patented over the past years on construction process and machineries, we are ready to provide safe and quality construction projects to our property development clients.

We are responsible for the quality and reliability of our products and project works and there are established policy and procedures in our construction business to fulfil this responsibility.

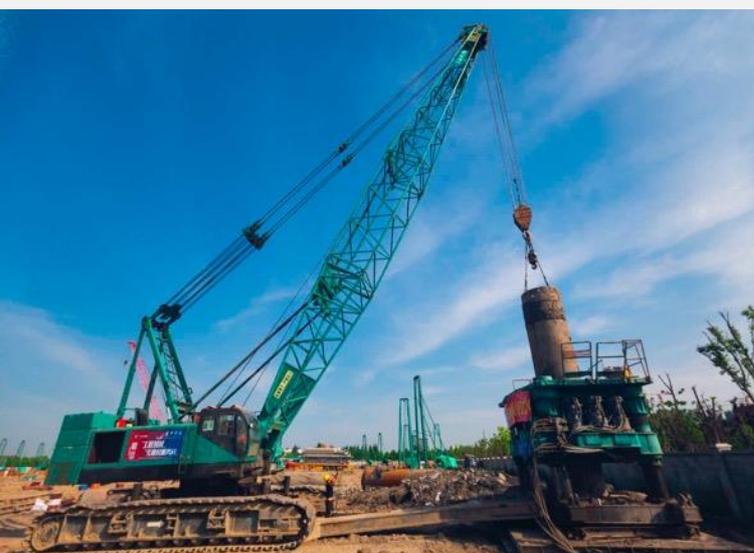
For each project, we form a project team consisting of a technical supervisor, a project manager, a safety manager, a production manager, and site workers. Throughout the construction phase, our project team regularly conducts inspections to ensure that the subject structure is in accordance with our customer’s specifications, and that our workers comply with the relevant PRC laws and regulations. Periodic meetings are also convened with our customers to update the construction progress of the project. Upon substantial completion of the construction works, our customer and the relevant professionals will conduct a post-construction inspection. To warrant our project works, we generally provide a defect liability period of 12 to 24 months.

During this period, we are required to rectify any defects which are caused either by defective materials, goods, or substandard workmanship. There was no delivered project recalled or needed for rework for the reasons of safety and health.

Our Quality Assurance Measures

We realise quality is critical to our reputation and business sustainability. As such we have adopted various quality assurance measures to ensure the quality and reliability of our works and services. The following is a summary of key quality assurance measures we have implemented:

General	Construction Work Projects
<ul style="list-style-type: none"> • Quality Control Review. Conduct review of quality control issues after completion of each project to explore possible enhancement and improvement of quality control measures. • Staff Training. Enhance staff’s knowledge on internal quality standards and compliance of industry regulations. 	<ul style="list-style-type: none"> • Material Inspection. Inspection checks on incoming materials, and customer’s approval on using such materials. • Standardised Construction. Standardised construction methods and technology across all projects. • On-site inspection. By our project team periodically. Rectification measures when issues arise.
Machinery, Equipment and Tools	Manufacturing Process
<ul style="list-style-type: none"> • Regular Inspection. To assess the wear condition and functionality. • Customer survey. To collect feedback and better understand customers’ needs. • Fleet Maintenance. To increase machinery reliability, reduce malfunction, and improve efficiency. • On-site inspection. At customers’ construction sites to reduce equipment downtime. 	<ul style="list-style-type: none"> • Continual Inspection. At our production lines to ensure production standards and adhering to customer specifications. • Customer Survey. To collect feedback and better understand customers’ needs.



RESPONSIBLE SOURCING

Supply chain is a key component of our sustainability strategy to mitigate risks across our value chain.

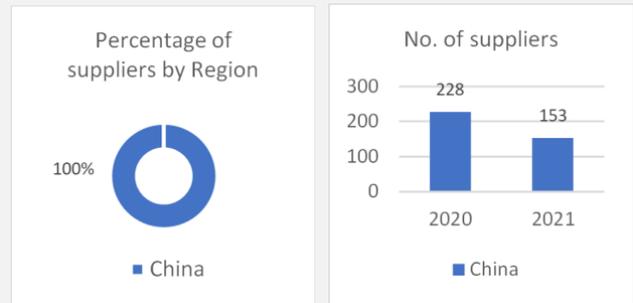
Our Responsibility and Management Approach

We are the largest foundation works subcontractor in Fujian Province and the third largest non-state-owned foundation works subcontractor in the PRC. We also work as the main contractor for some projects. We concern very much the reliability and safety of our project works. Our suppliers and subcontractors serve as an extension of our team and are integral to how we drive sustainability across our business.

We purchase materials such as concrete, piles, steel reinforcing bars and timber formworks from our suppliers based not only on pricing, quality, delivery time and past performance, but also on regulatory compliance on social and environmental requirements.

We hire subcontractors mainly for the supply of labour force for our individual construction projects. It is a key priority for us to select and retain those subcontractors who can align with Jianzhong's core values in particular the quality of work and the safety.

We strive to ensure as far as possible that our suppliers and subcontractors uphold the integrity culture as ours. They are required to provide goods and services ethically and to comply with all relevant laws and regulation, social and environmental requirements throughout the whole production life cycle.



Responsible Sourcing Initiatives

We have firmed policy and procedures on selection of subcontractors and suppliers to ensure the safety and reliability of our equipment and projects. All subcontractors and suppliers are subject to the following practices and procedures:

Practices on selecting and monitoring suppliers

- Our suppliers and subcontractors are required to prove that they comply with the relevant labour law, occupational health and safety laws and environmental protection laws in the PRC.
- We perform background check, site visit, and regular evaluation on our subcontractors and suppliers for product safety and reliability.
- When selecting suppliers and subcontractors, we give preference to those who can provide more environmentally preferable products and services.
- We deploy a project management team for each project and the team is responsible for the safety training and onsite supervision of the subcontractor's work quality.
- We carry out quality assurance check on materials received from suppliers to ensure the quality and reliability of materials meet our requirement.

We strive to maintain a stable supplier and subcontractor base to minimise the disruption of business from the supply chain risks. A list of approved subcontractors and suppliers is maintained to ensure that only qualified companies can provide products and services to our construction projects.

In the Reporting Year, we had a total of 153 suppliers and subcontractors. They are all located in the PRC.

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ASPECTS	DESCRIPTION	PAGE REF
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they related to the issuer's businesses.	5-8
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	4,9-10
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	4

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ASPECTS	DESCRIPTION	PAGE REF
A. Environmental		
Aspect 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.	12-14, 16-22
KPI A1.1	The types of emissions and respective emissions data.	18-19
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	20
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable for disclosure
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	21-22
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	24
KPI 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.	21-22,24
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	16-17, 23-24
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	17
KPI A2.2	Water consumption in total and intensity.	24
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	24
KPI 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.	23-24
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable for disclosure
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	12-14, 23-24
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	12-14, 23-24
Aspect 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.	15
KPI 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.	15

HKSE ESG Reporting Guide Index (cont'd)

ASPECTS	DESCRIPTION	PAGE REF
B. Social		
Employment and Labour Practices		
Aspect 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.	28-30
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	28
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	29
Aspect 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.	26-27
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	26
KPI B2.2	Lost days due to work injury.	26
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	26-27
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	31-32
KPI B3.1	The percentage of employees trained by gender and employee category.	32
KPI B3.2	The average training hours completed per employee by gender and employee category.	32
Aspect 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.	32
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	32
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	32

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ASPECTS	DESCRIPTION	PAGE REF
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	41
KPI B5.1	Number of suppliers by geographical region.	41
KPI 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.	41
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	41
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	41
Aspect 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.	38-40
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	40
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	40
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	37
KPI B6.4	Description of quality assurance process and recall procedures.	39-40
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	37
Aspect 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.	35
KPI 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.	35
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	35
KPI B7.3	Description of anti-corruption training provided to directors and staff.	35

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ASPECTS	DESCRIPTION	PAGE REF
Community		
Aspect 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.	33
KPI B8.1	Focus areas of contribution.	33
KPI B8.2	Resources contributed to the focus area.	33