



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

Stock Code 股份代號 : 589

2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HEADING
FOR
SUSTAINABILITY



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MESSAGE FROM THE CHAIRMAN

I feel proud of leading Jianzhong, an organization with clear vision of sustainability upheld and fulfilled in our business operations. We see our responsibility as a corporate citizen on contribution to environmental sustainability. Jianzhong's future relies significantly on our ability to successfully address the challenges posed by climate change, manage our business to grow sustainably while operating ethically and transparently, and create a work culture to attract the best people to the Company and keeps them engaged and passionate about their work. Our commitment to a sustainable future is ingrained in our operations through the quality and services we provided to our customers, the way we treat our people for prospering our business, and the passion we have for contributing to our communities.

Our achievements in 2020 show the result of our efforts and commitment, and we are on the right way to go forward:

- Our total energy consumption and the intensity had reduced significantly by 36% and 21% respectively. We have been able to meet our objective of reducing our carbon footprint in 2020 by minimising the fuel and electricity consumption in our construction and leasing business. As the result, we substantially reduced the total greenhouse gas emission and the intensity by 31% and 17% respectively. We are committed to reducing emissions even further by setting new goals.
- We have been able to contribute improvement of air pollution by reducing our air emissions significantly. We are committed to setting targets on using less fuel in our construction and leasing business.

- Our total non-hazardous waste and the intensity had reduced significantly by 72% and 66% respectively as the result of engaging in less waste construction projects.
- Our total water consumption and the intensity had reduced significantly by 73% and 66% respectively. We have been able to implement better water management in our factory.
- We provided collaborate, harmonious, safe and healthy work environments.
- We invested in our people by providing learning opportunities and training programmes.

I am proud of our sustainability performance improvements, and our people takes all credits for designing and implementing the sustainable solutions for our world. You shall discover more of our ESG initiatives and results in this report.

We continue to uphold our core values of people centred, commitment to customers, continuous innovation and pursuance of excellence. Our core values drive our business towards more sustainable, and we are more and more ready to meet the sustainability objectives of our clients.



Xun Minghong
Chairman and Executive Director

REPORT BACKGROUND



REPORTING STANDARD AND SCOPE

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”). 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 it discloses Jianzhong’s policies, guidelines, actions, and performance over the past year on various sustainable development issues in a transparent manner.

This Report covers the reporting year from 1 January 2020 to 31 December 2020 (the “Reporting Year”) and 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 “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.

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

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 of these business operations. There is no significant change in the scope of this Report from that of 2019.

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 the balance on work and personal lives, have sufficient opportunities for self-development, and go home healthily and safely every day.

We endeavour to reduce the environmental impacts from our business operations. We proactively promote green development and construction works. We invest heavily on technological innovation in order to make the construction operations safer, more efficient and less impact to the environment. We implement the ESG risk management mechanism and internal control system in all our operations to ensure our sustainability objectives can be met.



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.

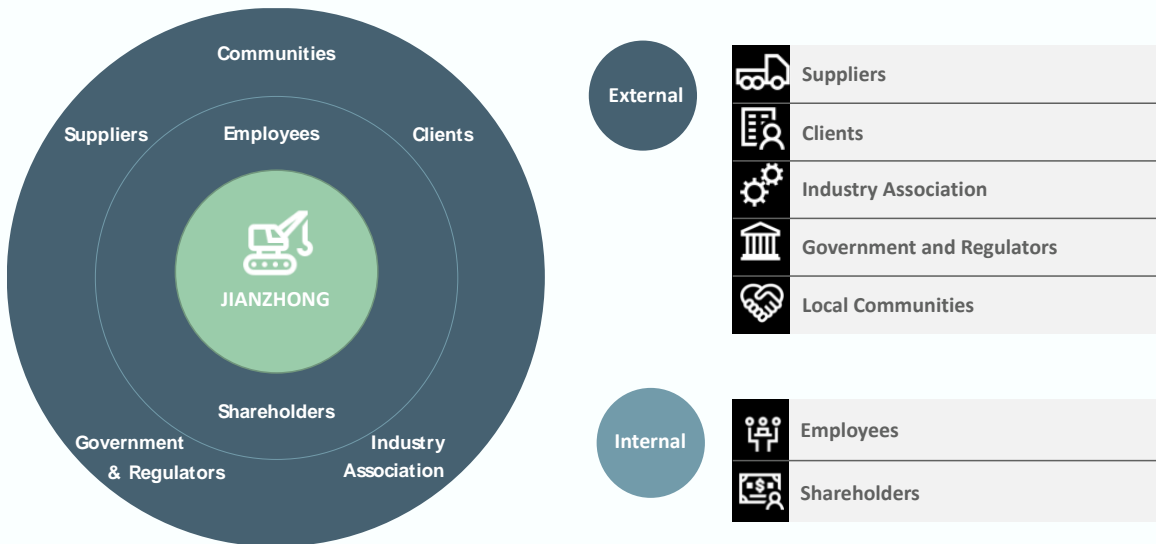
People Oriented	Our employees are our most valuable assets. Their passion and initiatives are critical to our sustainable development and business success. We respect our employees to build a harmonious enterprise.
Priority of Customers	Our customers' success is our success. We try our best to meet the 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.
Pragmatic Innovation	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.
Pursuit of Excellence	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.
Integrity	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.
Work Safety	Everyone's life matters. We are committed to maintaining a safe and healthy workplace for our people and prevent injuries to our people.
Green Development	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.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION

We believe that stakeholders’ participation is important in the sustainable development and value creation for our Group. The stakeholder engagement is an important process to understand and identify the material ESG issues in our operations. We identify and engage those key stakeholders who are influenced by our business and are concerned with our social and environmental policies and strategies.

The stakeholder engagement is a continuous process, and we keep on identifying and connecting those stakeholders who are concerned with our ESG issues. We communicate with major representatives of each category in order to understand more of their concerns over our sustainability development. This is important for us to assess and prioritise our ESG strategies. The following diagram illustrates the key internal and external stakeholders we have engaged during the Reporting Year:

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.



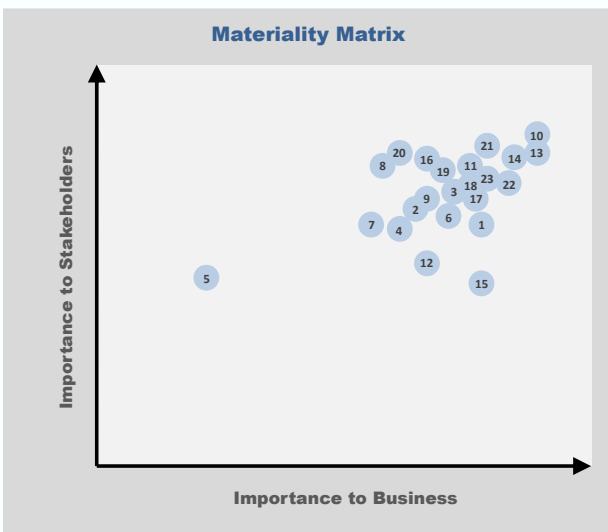
MATERIALITY ASSESSMENT

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 at below, the top 10 most important ESG issues were identified and highlighted in red colour. The top 10 issues come from all six ESG categories we are focusing, which are environment, workplace practice, product responsibility, human rights, society, and supply chain.



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.

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.

STAKEHOLDERS’ FEEDBACK

The Group welcomes stakeholders’ feedback on our environmental, social and governance approach and performance. You are welcome to share your views with us via email at jianzhong_cons@fjjzkj.com.



A silhouette of a wind turbine is centered in the frame, set against a vibrant sunset sky. The sky transitions from a deep blue at the top to a bright yellow and orange near the horizon, with wispy clouds catching the low light. The turbine's three blades are spread out, and its tower extends vertically from the bottom of the frame. The overall mood is serene and clean, representing sustainable energy.

ENVIRONMENTAL PROTECTION

We embrace sustainability by taking active and positive steps on protecting our environment

ENVIRONMENTAL MANAGEMENT

We are committed to providing green construction for a harmonious society. 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 we deliver the construction projects. We have been finding ways to minimise the hazards to the environment as caused by our operations, and to make our environment more sustainable.

Our philosophy of green construction always reminds our responsibility on reducing carbon footprint. We integrate environmental considerations into our strategic business planning, project tendering and project planning processes. We have set out the responsibilities and authorities of all departments to ensure that all control measures and procedures are stringently implemented.

Construction and Leasing Services

Inevitably, our construction operations have adverse impact to our 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》
-

We have adopted a comprehensive environmental management system which is in compliance with the standard required under GB/T 24001-2016 / ISO14001:2015. In our operations, we have in place this 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.

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 considerations as possible into the project in accordance with our policies on environmental protection.

Various environmental protection policies and procedures measures are adopted especially on noise control, air pollution control, solid waste and wastewater treatment. 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, waste gas, sewage, solid waste and noise. The following is an illustration of certain measures taken to prevent damage to the environment:

-
- 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; and
 - Dispose construction waste at designated point and select qualified waste transportation service provider to handle the disposal of construction waste properly.
-

Environmental Protection by Technology Innovation

We harness the power of technology and the creativity of our people to develop innovative solutions, not only for enhancing the competitive edge of our business, but also for helping to protect the environment.

In the Reporting Year, our research and development team continued their mission to design and research for better solutions on construction works. We had successfully registered more than 30 patents during 2020. These inventions had benefits on the safety in construction process, product safety, enhancing product quality and environmental protection.

The following examples of invention patent and utility model patent obtained during the year illustrates how we innovate to minimise the environmental impacts during construction process:

-
- We invented using our aluminium formworks for integrating the toilet drainage structure with the reinforced concrete structure, as such the installation becomes easier and there are less problems on sewage leakage and noise.
 - We improved the existing design on the sludge recycling treatment system such that there is better treatment on the sludge waste and better purification and recycling of sewage water.
-

Sewage Treatment Services

Sewage treatment is important to minimise pollution of water in the environment. We use our experience and knowledge do it as a business. To assure the quality of treated wastewater, our sewage treatment plant is operated in accordance with the following 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.



Our sewage treatment plant in Changle District, Fuzhou

OUR CARBON FOOTPRINT

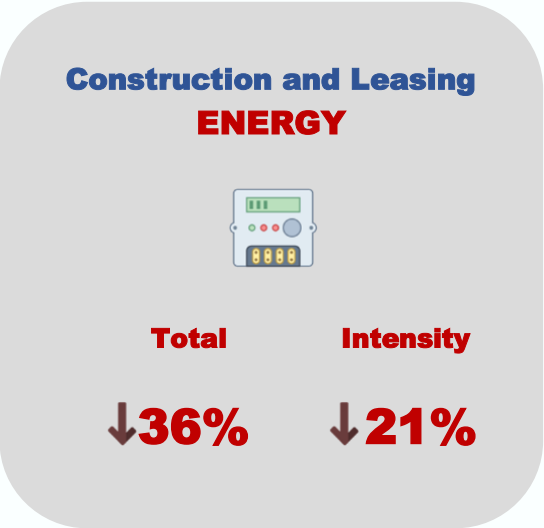
Energy Consumption and Management

Energy consumption is the major cause of carbon emission. As our machineries consume the most amount of fuel and electricity, it is our policy when we buy new machineries for business expansion or for replacing old machineries, we choose those with more energy efficient if other factors are indifferent. 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 maintain regularly to keep 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 of the motor vehicle models. 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 reimbursement 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 in our daily operations. In the Reporting Year, over 90% of the fuel was consumed by our stationary machineries for our construction projects and by the machineries we leased to our customers. The rest of the fuel was consumed by our motor vehicles and trucks for all of our Group's operations. Whereas electricity was consumed in our factory, sewage treatment plant and the offices. The total electricity consumption accounted for only less than 7% of the total energy consumption of the Group.

As affected by the pandemic, the progress of our construction projects was slowed down. As the result, the fuel consumption in the construction and leasing operations had decreased by 36% and the electricity consumption also decreased by 18%. The total energy consumption intensity for the construction and leasing operations decreased by 21% as there was a drop of revenue in 2020.

The electricity consumption by the sewage treatment plant was nearly the same as last year. However, as the revenue for the sewage treatment services lessened, the total energy consumption intensity of the sewage treatment services increased by about 22%.

KPI – Energy Consumption				
		2020	2019*	change
		kWh'000	kWh'000	
Construction and leasing	Fuel	33,862	53,232	-36.4%
	Electricity	1,363	1,672	-18.5%
	Total	35,225	54,904	-35.8%
Sewage Treatment	Fuel	10	16	-37.5%
	Electricity	1,046	1,046	-
	Total	1,056	1,062	-0.6%
Total consumption	Fuel	33,872	53,248	-36.4%
	Electricity	2,409	2,718	-11.4%
	Total	36,281	55,966	-35.2%
Intensity		per RMB'm revenue	per RMB'm revenue	
	Construction and leasing	27.65	34.90	-20.8%
	Sewage treatment	248.08	203.60	+21.8%

* The comparative figures have been reclassified to conform with the current year's presentation.

Air Emissions

When our transportation vehicles operate to deliver materials, construction equipment and machinery to the construction sites, and private cars used for work, air pollutants are formed after fuel combustion. Motor vehicle emission is the main cause for air pollution. We have been making big efforts to reduce air emissions by:

- Monitoring fuel consumption and mileage usage of the vehicles to avoid unnecessary usage;
- Better journey planning to reduce the transportation mileage;
- Proper maintenance is carried out for our vehicles to avoid excess air emissions; and
- Phased out aged vehicles to reduce exhaust pollutants.

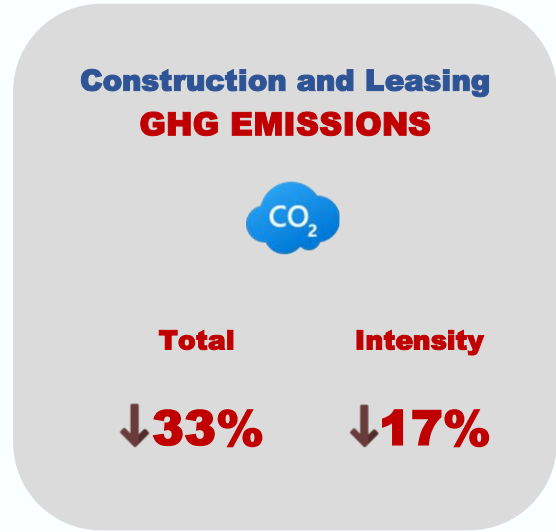
During the Reporting Year, our business operations was impacted by the COVID-19 pandemic and certain construction projects were delayed or terminated. The usage of transportation vehicles was reduced accordingly. We decided to reorganize our transportation fleet and sell some aged vehicles to reduce the vehicle idle time. As the result, we were able to reduce substantially our air emissions.

KPI – Air Emissions**			
	Nitrogen Oxides (“NO _x ”)	Sulphur Oxides (“SO _x ”)	Particulate Matter (“PM”)
	kg	kg	kg
2020	1,601	2.14	119
2019*	2,320	4.96	169
change	-31.0%	-56.9%	-29.6%

* The comparative figures have been reclassified to conform with the current year’s presentation.

** 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:

- 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 and 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.

During the Report Year, the Group's GHG emissions from fuel consumption reduced substantially by about 35% due to the decrease of fuel consumption by heavy stationary machineries and equipment in the construction sites. As the electricity consumption had reduced by 11% for the year, the scope 2 GHG emissions from electricity reduced proportionately by 11%. On the other hand, to cope with the expansion of the construction machinery, equipment and tools leasing business, our staff had taken more air travel in the PRC for visiting our customers. As the result, the scope 3 GHG emissions from air travel, paper waste and fuel consumption of staff-owned private cars increased by about 27%. As a whole, the Group's total GHG emissions had dropped by 31% as compared with last year.

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

Although electricity consumption and paper usage in our offices are not the main source of the Group's GHG emissions, energy saving measures were devised such as choosing environmentally friendly and energy-saving 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. Used paper was collected for reuse on printing or copying draft documents.

KPI – GHG Emissions**				
		2020	2019*	change
		tonnes CO ₂ -e	tonnes CO ₂ -e	
Scope 1 Direct from Fuel and Refrigerants	Construction and leasing	8,426	13,046	-35.4%
	Sewage treatment	3	4	-25%
	Total	8,429	13,050	-35.4%
Scope 2 Indirect from Electricity***	Construction and leasing	1,100	1,345	-18.2%
	Sewage treatment	840	841	-
	Total	1,940	2,186	-11.3%
Scope 3 Indirect from Others	Construction and leasing	212	166	+27.7%
	Sewage treatment	1	1	-
	Total	213	167	+27.5%
Total GHG Emissions	Construction and leasing	9,738	14,557	-33.1%
	Sewage treatment	844	846	-
	Total	10,582	15,403	-31.3%
		per RMB'm revenue	per RMB'm revenue	
GHG Emissions Intensity	Construction and leasing	7.64	9.25	-17.4%
	Sewage treatment	198.43	162.28	+22.3%

* The comparative figures have been reclassified to conform with the current year's presentation.

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

*** The comparative figures were adjusted based on the latest available emission factors of the applicable electricity providers.

WASTE REDUCTION

Non-Hazardous Waste Management



Avoiding waste is our top priority when it comes to waste management. Reducing consumption to generate less is the general approach we are adopting for non-hazardous waste management. Generally, the non-hazardous wastes generated from our operations processes are mainly:

- Soil waste produced during the excavation process in our construction projects;
- Production waste and wastewater from our factory on manufacturing of construction machinery, equipment and tools; and
- Commercial waste and domestic waste from our offices, factory, staff quarters and sewage treatment plant.

In 2020, non-hazardous waste produced was decreased by about 72% to 65,734 tonnes. Most of this non-hazardous waste was muck, whereas scrap iron and other metal materials generated from the factory represented only about 340 tonnes. The decrease was due to a large-scale construction project in 2019 generated nearly 188,000 tonnes of muck during the excavation process. This excavation work of this project was completed in 2019.

KPI – Non-hazardous Waste			
	2020	2019*	change
	tonnes	tonnes	
Total produced	65,734	235,948	-72.1%
	Per RMB'm revenue	Per RMB'm revenue	
Intensity	51.6	151	-65.8%

* The comparative figures have been reclassified to conform with the current year's presentation.

We provide operating and management services to our sewage treatment plant customer. During the sewage treatment process, non-hazardous waste - sludge is produced as the side product. We have complied with the following environmental guidelines for the disposal of sludge:

- 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)

We cannot control the amount of sludge produced as we only provide service to purify the 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.

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

We continue to implement various waste reduction measures to reduce commercial waste generated in our workplaces.

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.

For reducing waste of materials, such as iron and aluminium scraps during manufacturing in our factory, we continue to enhance our production efficiency so that lesser materials are used, and as the result lesser scrap materials will be produced. Scrap materials are collected and sorted into various categories for recycle. Wastewater produced in boring is recirculated for other processes as far as possible after sedimentation.

Hazardous Waste

During the Reporting Year, our business did not produce any ignitable, corrosive, reactive, toxic, etc. hazardous waste which is harmful to the environment. We will pay special attention on the management and treatment of hazardous waste if our future operations produces any hazardous waste.

NATURAL RESOURCES EFFICIENCY

Water Conservation

Water is mainly consumed for our construction projects. In our construction sites, water is supplied by the main contractors or our customers, and usually we are responsible for the water consumption. At certain areas where water supplied is limited, we may use the nearby natural water resources, such as underground water, for our projects after we have met all the relevant local law and regulations on withdrawing such water. We may also collect rainwater wherever possible in our construction sites for use to further save water.

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

During the Reporting Year, the total water consumption of our operations decreased by 67.1% to about 37,233 m³. We implemented water management measures in our factory in 2020 such that water wastage in the factory was substantially reduced. Furthermore, less water was used due to the completion of a couple of high water usage project works by the end of 2019, and certain project works were slowed down in 2020 as the result of the COVID-19 pandemic. We had not encountered any issue on sourcing appropriate amount and type of water for our business purpose.

KPI – Water Consumption				
		2020	2019*	change
		m ³	m ³	
Usage	Construction and leasing	29,219	107,182	-72.7%
	Sewage treatment	8,014	6,079	+31.8%
	Total	37,233	113,261	-67.1%
		Per RMB'm revenue	Per RMB'm revenue	
Intensity	Construction and leasing	22.9	68.1	-66.4%
	Sewage treatment	1,883	1,166	+61.5%

* The comparative figures have been reclassified to conform with the current year's presentation.



2020 CONSUMPTION

37,233 m³

↓ 67%

We treasure water resources. All water equipment is well maintained to prevent water leakage and dripping. Water-saving appliances are installed to improve water conservation. We constantly remind our staff and the workers from our subcontractors not to waste water unnecessarily. Water usage for operations and cleaning purpose is monitored to reduce 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 for the production of timber formworks. In order 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.

**SOCIAL
SUSTAINABILITY**



KEEP OUR PEOPLE SAFE

We see safety as a core value in our culture that protects our people, the residents, the environment and the society at large

The Priority

Safety is a fundamental part of our DNA. It is the first priority in our business. It is the core value embedded in our business, from how we work inside the office to every decision and initiative we make in our factory and on a construction site. Safety means a lot to us. It sustains a healthy and vibrant workplace for our talents to unleash their creativities and to contribute to our business success and to the wellbeing of the society.

It is our uncompromised objective to ensure everyone working for Jianzhong in our projects, or anyone who are affected by our operating activities, 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 Comply

Starting from this Reporting Year, we have been using ISO 45001:2018 safety management system. The ISO 45001:2018 has set out stringent internal safety policies to identify and control operational risks and enhance occupational health and safety. The new 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 also strictly comply with the following laws and regulation relating to occupational health and safety so as 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》

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:

- Establishing operational safety zone;
- Wearing personal protective equipment before starting operations;
- Using prominent signals for the crane and hoisting operations to avoid workers entering working zone; and
- 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 labour subcontractors to conduct trainings for their subcontracted workers, to monitor their adherence to our safety measures and procedures, and to comply with the relevant safety laws and regulations.

We rely on our engineers to continuously innovate new and improved designs to make our construction process safer. For example, our patented “Smart mast climber construction works platform” was developed to provide a secure construction workspace at elevated heights, and the “Full steel profile attached construction scaffold” minimises the hazards and dangers of conducting construction works at elevated heights.

During the Reporting Year, there was no significant injury recorded at our construction sites.



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:

-
- 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; and
 - Keeping warehouse and storage area tidy to prevent heavy falling objects.
-

During the Reporting Year, there was no significant injury and accident in our offices and factory.

Our Response to COVID-19

In early 2020, the outbreak of COVID-19 was a serious threat to our communities. As a responsible corporation, we not only followed the instruction of the People's Government of Fujian Province to extend the Lunar New Year Holiday, but also voluntarily extended the holiday further to help containing the spread of the virus.

We took proactive action to protect the health of our people. A COVID-19 pandemic working group was set up in February 2020 to prevent the spread of the coronavirus in our workplaces. The working group is reporting directly to the Board and is headed by the General Manager and consists of the Deputy General Manager, the Head of Administration, the Head of Human Resources, and senior staff of relevant departments. The following anti-pandemic measures were implemented to keep our staff safe and our business rolling.

-
- In the early stage of the COVID-19 outbreak, we strictly prohibited the staff in severely affected area to go back office and staff were advised not to travel to severely affected areas.
 - All staff were required to wear masks in workplaces and construction sites.
 - All staff were required to take their temperature daily and fill in health declaration form.
 - Temperature checking points were set up at all entrances of our workplaces.
 - Our workplaces were sanitized more frequently.
 - A quarantine area was set up to deal with any emergency situation.
 - Policies and programmes for preventing contraction of the virus were established and our staff were required to follow strictly.
 - Prominent notices on pandemic precautionary measures were posted at our workplaces.
 - Proper notice and circulars were distributed to all staff to ensure they have updated information on the development of the pandemic and the precautionary measures.
 - Our labour subcontractors were also strictly required to adopt preventive health measures.
-

PEOPLE CENTRIC

People are the centre of our business and we recruit, retain, and develop our best people to make our business successful

Attracting Talents

Our people management philosophy is to provide equal opportunities to competent people and let them work in a dynamic and collaborative team environment. We strive to attract the best people in the industry. We rely on our talents to provide the best service and to deliver quality and reliable products to our customers. 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:

- 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; and
- Offer competitive salary and benefits to our employees.

As at the end of the Reporting Year, there were a total of 554 (2019: 473) staff in the PRC. 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 social contribution and personal wellness activities. During the Reporting Year, we organised interest classes such as news reporting and photography techniques to our staff.

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. For new staff, we provide orientation and on-board trainings to assist them to familiarise with the Group and to adapt to the new positions. The trainings include topics on the Group’s background and structure, the job positions, job responsibilities, and the required work skills.

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 offered the following courses to our staff:

Upholding Labour Standards

We always uphold labour standards throughout our businesses. Our human resources policy strictly prohibits child labour and forced labour. 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 staff 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. 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.

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.

<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"> • Preparation work, methods and safety measures in tower crane erecting and dismantling (塔式起重機安裝與拆卸管理) • Safe operations of tower crane in construction site (建築使用設備(塔式起重機)安全使用與管理培訓) • Operations of attached cantilever scaffolding (附着式升降腳手架專業知識培訓) • Operations and quality control of bored piles operations (鑽孔灌注樁施工質量控制、基礎施工技術要點及注意事項) • Foundation pit support – management and operations guideline on sectional steel type project (基坑支護 – 型鋼類項目管理作業指導書) • Human resources management (人事管理制度) • Legal risk and aspect arising from labour contracts (從法務角度看如何避免“踩坑”) • Guidelines on departmental and project reporting via internet (企業微信報批指引及操作指南) • News reporting and photography skills (新聞寫作與攝影技巧) • Reception skills for administrative staff (行政接待培訓) • Corporate culture training (企業文化培訓)
<p>External Training Programmes</p>	<ul style="list-style-type: none"> • Understanding of legal risk arising from contract execution (合同法律風險的識別和化解) • Fire safety (消防安全知識) • Occupational public health training (職業公共衛生知識培訓) • Acknowledgement of high and new technology enterprise (高新技術企業認定) • Machinery Operations Training site visit (機械操作實訓基地參觀) • Director training on corporate governance, listing rules and disclosures (董事培訓 - 公司管治·上市條例及披露)

COMMUNITY INVESTMENT

We are a socially responsible company and make philanthropic efforts for the communities and people we touch every day

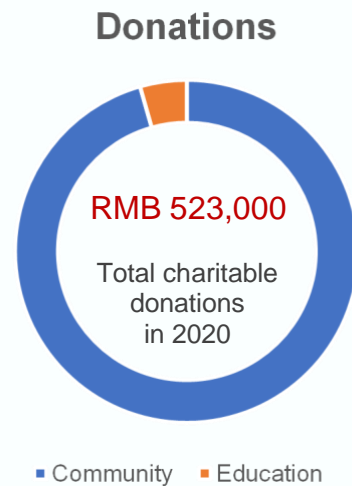
As a socially responsible company, we strive to give back to our community. We create employment in the construction industry, and people are using the facilities we help to build. We feel that by aligning our core values with our initiatives, the communities and people we serve will receive the greatest benefits.

In 2020, we supported the local government to help the under-privileged to improve their poverty, and we also participated in educational charity activities in our community.

We donated RMB500,000 to the charity fund set up by The People’s Government of Fuzhou Mawei District, for helping Ningxia Guyuan City Yuanzhou District to alleviate the poverty situation by improving their infrastructure and developing their local district economy.

On the other hand, we took part in book donation and school supplies donation for schools and kindergarten. The activity of “Precision education poverty alleviation – Book donation” was jointly organized by Fujian Charity Federation and Fujian Strait Social Organisation Research Institute. The activity donated books to primary and secondary schools in old revolutionary base areas and poverty-stricken areas in our local community. We also donated daily supplies, stationeries and learning materials to a kindergarten in Mawei District.

In addition to supporting these local communities and organisations, we also encourage our employees to take part in the activities and donate voluntary hours for helping people in need.



RESPONSIBLE GOVERNANCE



ETHICS AND COMPLIANCE

Management Approach

Integrity is one of our core values that drives us to success. We always strive to achieve the highest professional and ethical standards and keep our promises and commitments in doing business. 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.

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:

-
- 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; and
 - Regular training is provided to all of 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》 in doing our business. We have implemented the following measures to ensure fair competition:

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- 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 in order 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 initiated the following measures:

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- 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; and
 - We provided proper trainings to relevant staff on relevant laws and regulations, our policy and procedures, and audit procedures.
-

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, in order to maintain the mutual trust between our customers and us. We have the following measures for safeguarding data confidentiality:

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- 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; and
 - IT department prohibits browsing of the Company's confidential information by unauthorised staff and third party.
-

QUALITY AND RELIABILITY

**Professional
Dedicated
Innovative
Responsible**

Responsible Commitment to Customers

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

Our staff continue to improve our operational processes in project planning, manufacturing, project delivery, and after sale service so as 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.

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 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 good-quality services.

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

- 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; and
- Minimum impact to public health and the environment when we deliver the projects and services to our customers.

For the leasing of construction machinery, equipment and tools to our customers, our in-house technical support team provides 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 machinery, equipment, and tools to ensure that they are in good condition at all times.

Product Safety – Powered 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 other competitors to our customers.

Quality Assurance

At Jianzhong, all employees from product planning to sourcing, development, manufacturing, and after-sales service, have the same attitude and 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 so as to cope with the needs of our customers. We also provide our staff and the workers of our subcontractors with adequate trainings 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); and
- Professional contractor for template and scaffold works (模板腳手架專業承包).

During the Reporting Year, we have also 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).

We are responsible for the quality and reliability of our products and project works and there are established policy and procedures in our construction work 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 between our customers and us 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.

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	Machinery, Equipment and Tools	Manufacturing Process
<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. 	<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

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 know our quality of works would have impact on the daily lives of people. We use a large amount of materials and construction equipment when we build the foundations and construct the buildings. When problems in quality of material and workmanship occur, they affect the safety of residents nearby the construction site and the people using the facilities after the works are finished.

Managing our suppliers and subcontractors is critical to our sustainable operations and our commitment of quality and reliability for our customers. 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 are able to 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, and on quality assurance to ensure the safety and reliability of our equipment and projects. It is crucial to our business sustainability.

-
- Our suppliers and subcontractors are required to comply with the relevant labour law, occupational health and safety laws and environmental protection laws in the PRC;
 - We perform background check and regular evaluation on our subcontractors and suppliers for product safety, reliability and environmental compliance;
 - 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 workers; and
 - We carry out quality assurance check on materials received from suppliers to ensure the quality and reliability of materials meet our requirement.
-

To further achieve our sustainability objectives and to ensure our materials and machineries meet the social and environmental responsibilities, we operate a factory to develop, manufacture and modify our construction machineries, equipment, and tools such as aluminium formworks, to further enhance our efficiency. By producing ourselves, we are able to closely monitor the production processes and enforce stringent safety control measures. We can also control the use of the parts and materials for the products and ensure the materials used are complied with the social and environmental requirements. The factory has obtained all permits and licences as required by the PRC authorities on safety and environmental protection.

HKSE ESG REPORTING GUIDE INDEX

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KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	17
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable for disclosure
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	18-19
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KPI A2.3	Description of energy use efficiency initiatives and results achieved.	14-15
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	20
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

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ASPECTS	DESCRIPTION	PAGE REF
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	11-13; 20
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	11-13; 20
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.	25-27
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.	22-24
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	26-27
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.	27

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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.	34
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.	32-33
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.	30-31
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.	28