



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

Stock Code : 589

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
REPORT

Contents

Chairman’s Message	2
Our Reporting Approach	3
Reporting Standards	3
Scope of Report	3
Sustainability Overview	4
Our ESG Objectives and Strategy	4
Our Core Values for Sustainability	5
Our Sustainability Approach	6
Sustainability Governance	7
Our Sustainability Value Creation Process	8
Stakeholder Engagement	9
Materiality Assessment	10
Environmental Protection	11
Environmental Management	12
Climate Change	15
Carbon Reduction	17
Waste Reduction	21
Natural Resources	23
Our Environmental Targets	24
Social Sustainability	25
People Centric	26
Health, Safety and Well-being	28
Develop Our People	30
Community Investment	32
Responsible Governance	33
Ethics and Compliance	34
Quality and Reliability	37
Responsible Sourcing	39
HKSE ESG Reporting Guide Index	40
Contact Us	44

Chairman's Message



In the course of delivering our sustainability goals to our stakeholders, we must always be aware of the challenges facing to us. This year was very difficult and challenging for us as the communities and economy continued to suffer from the profound COVID-19 impacts. Property developments in the market were slowed down and there we experienced supply chain disruptions and adjustment in our workforce. The climate-related risks also continued to affect the world. These challenges drive us to speed up changes and devise risk mitigation actions promptly.

We think and act positively to advance our growth and create value to the Group and our stakeholders. We focus even more on our core strengths and values in times of difficulties. We are optimistic about the future and we have made the following initiatives to bring sustainability to us and to everyone.

- Simplified our organisation and streamlined our business and operations.
- Continuing to invest in research and development to improve our existing construction machinery, equipment and tools to enhance safety, productivity, environmental protection, and client satisfaction.
- Deepening our client relationships to capitalise on new opportunities.
- Helping our clients to respond to the environmental and social sustainability demands and to support projects that create positive social impacts.

During 2022, we have made significant environmental progress partly as a result of the effectiveness of our ESG initiatives and partly due to the reduction of business volume. As compared with 2021, we have saved 72% of energy, reduced 50% of carbon emissions, and reduced more than 90% of air emissions. We shall continue to monitor and address the climate-related risks to mitigate the impacts to us and will endeavour to seize any related opportunity to benefit our business.

I would like to express my heartfelt appreciation to all our people for their dedication and resilience. 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

Reporting Standards

This 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 2022 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.

Scope of Report

We recognise the ESG values, and it is our commitment to take care of our stakeholders’ concerns through creating sustainable values. 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 2022 to 31 December 2022 (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 2021.

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



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.

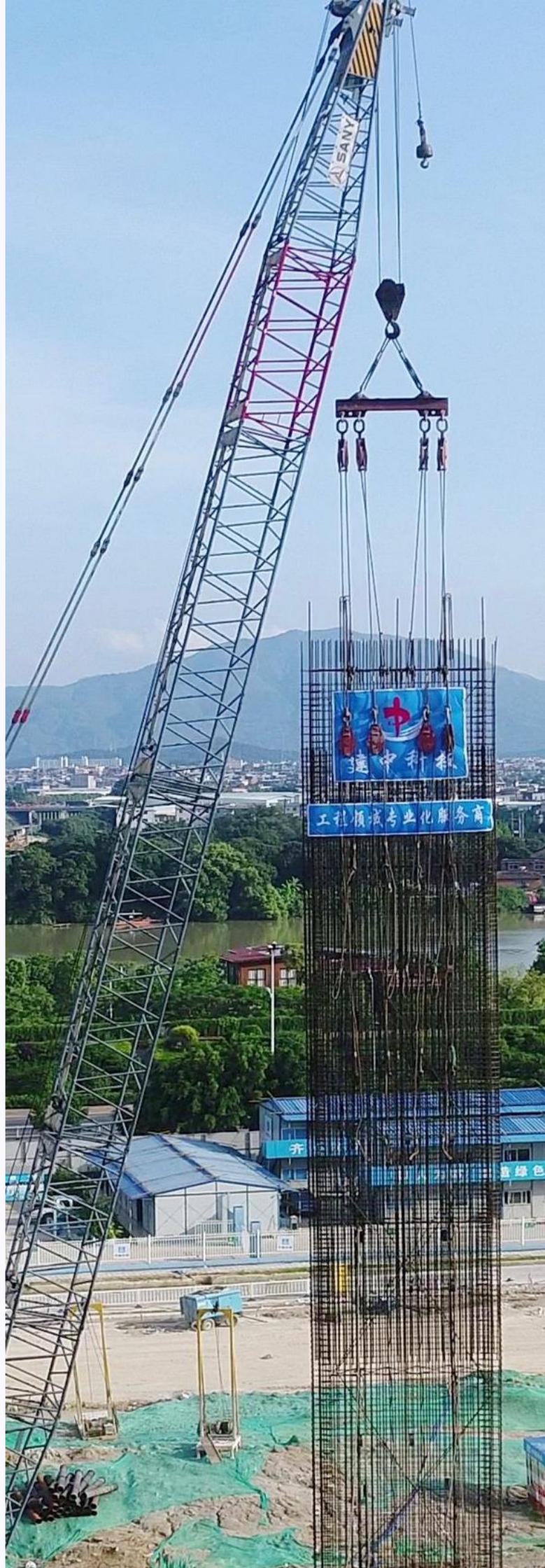
In our daily operations, we strive to provide sustainable development for our employees. We ensure our employees are properly rewarded in accordance with their contributions, have balance on work and personal lives, have sufficient opportunities for self-development, and go home healthily and safely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

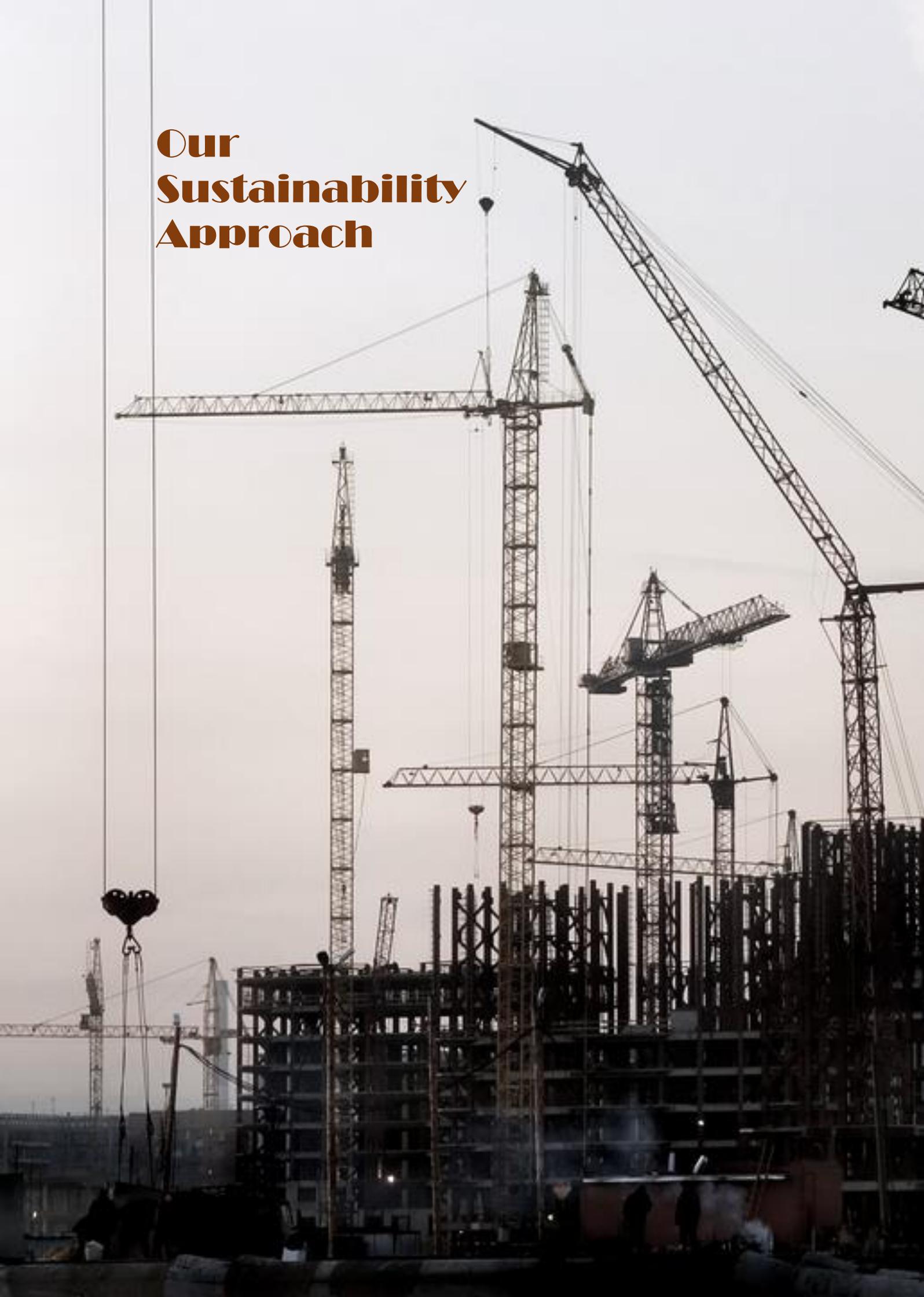
Our Core Values for Sustainability

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.

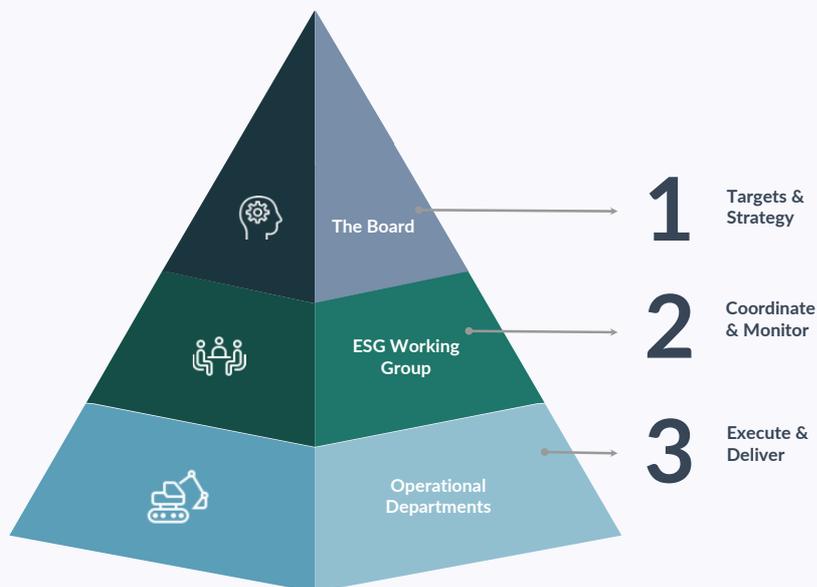
<p>People Oriented</p> 	<p>Our employees are our most valuable assets. Their passion and initiatives are critical to our sustainable development and business success. We respect our employees to build a harmonious enterprise.</p>
<p>Priority of Customers</p> 	<p>Our customers' success is our success. 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



Sustainability Governance



The Board

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 sets ESG targets and strategies and 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.

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.

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.



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 2022



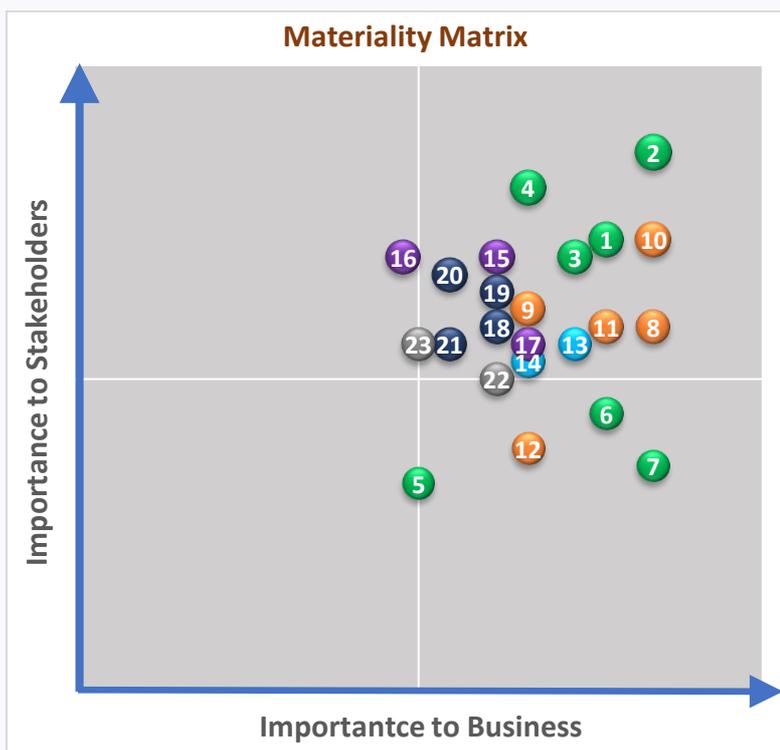
Materiality Assessment

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

Preventing Adverse Environmental Impacts

Conserving Natural Resources





Residential project in Nanning, China

Environmental Management

We are accountable for the environmental impacts we made by our construction operations. We have been finding ways to minimise the hazards to the environment as caused by our operations, and to make our environment more sustainable.

Green construction is one of our core values for sustainability. To make our environments more sustainable, we strive to reduce the environmental impacts and to integrate environmental considerations into our strategic business planning and project planning processes. To ensure all control measures on environmental protection are properly carried out, all departments are clearly communicated with the Group's environmental policies and their respective responsibilities.

Construction and Leasing Services

We know very well that construction business has significant adverse impact to the environment. To be a socially responsible corporate citizen, we strive to minimise 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.

Certain measures are taken to mitigate damages to the environment and impacts to the residents nearby:

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.

Innovations and Inventions for Enhancing Operational Efficiency and Safety and Protecting the Environment

Innovation is one of our core values driving sustainability. We have been inventing numerous solutions for construction technologies over the past years and we have successfully registered and owned a lot of patents. We invest a lot in research and development, and we believe the new technologies can improve operational efficiency and work safety. It also helps to protect the environment and to enhance product quality. Our research and development team will continue their mission to develop better solutions on our construction works.

In 2022, we had successfully registered more than 30 utility model patents. We modified our construction machinery, equipment and tools and made improvements to certain components of existing construction machinery, equipment and tools to benefit on the safety in construction process, enhancing product safety and quality, and environmental protection.

The following examples of utility model patents obtained in 2022 illustrate how we innovate to minimise the environmental impacts and enhance safety during construction process:

2022 Innovations and Inventions

- A kind of intelligent self-elevating passage to operating cabin 《一種智能自升式塔吊司機過道》 – to increase the stability of the passage and improve the safety of access to and exit from the operating cabin.
- A kind of movable environment-friendly tower crane foundation 《一種可移動的環保型塔吊基礎》 – the foundations can be removed after the completion of construction project and reused in other construction sites. This can reduce the pollution to the environment during the removal of foundation and also reduce the generation of construction waste.
- A kind of drill pipe structure for cement mixing pile machine 《一種水泥攪拌樁機的鑽桿結構》 – to avoid cement flowing back to drill pipe, so as to reduce the wastage of cement and also save water for cleaning the drill pipe.

Sewage Treatment Services

We are experts in sewage treatment. We do not own a sewage treatment plant but instead we use our professional knowledge and experience to provide sewage treatment management services to our clients who operate sewage treatment plants. Our service is vital to prevent water pollution in the environment. To assure the quality of treating sewage, we provide our services by complying with the following 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).



Sewage treatment plant in Changle District, Fuzhou

Enhance Environmental Sustainability

To mitigate the adverse environmental impacts and conserve natural resources, we strive to integrate green concept in our daily operations. We devote our efforts to enhance sustainability through the services we provide to our clients and the communities. We help our clients by evaluating ways to make their projects more sustainable through our expertise in foundation, engineering, and project management.

We endeavour to raise awareness of environmental protection among our staff, subcontractors, and our suppliers. We are dedicated to implementing and promoting environmental protection measures and practices to ensure the sustainable development of our business.

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 tables are summary of climate-related risks identified and the mitigation measures implemented, and climate-related opportunities:

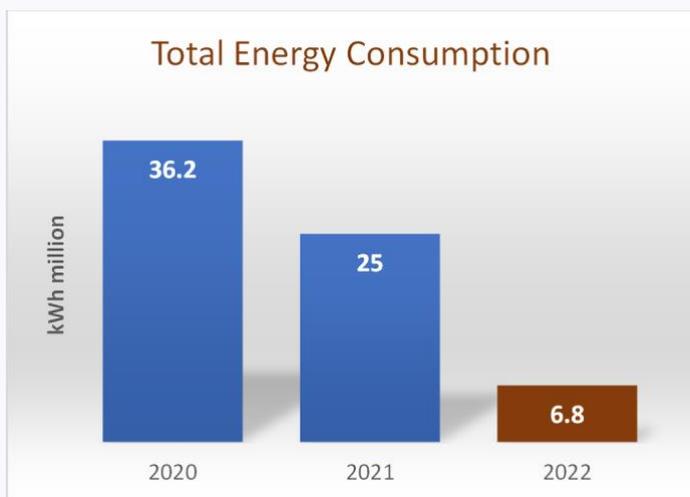
Physical Risks	Impact	Mitigation Measures
Super typhoons, floods, extreme high and low temperature	Loss of revenue due to business disruption, and cost increase due to damage to equipment.	Specific procedures are devised to deal with typhoons and other extreme weather events to reduce damage to our operations.
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.
Suspension of operations caused by typhoon, flooding, and heavy rainfall	Disruption of operations, increase in overtime labour cost, and compensation for project delay.	Set up emergency recovery plan to speed up project progress, and better workforce planning before the operations was suspended.
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.

Opportunities	Possible Impacts
Sustainable products and construction processes	Inventing new machinery, technology, and manufacturing processes to save energy in the construction process. More sustainable operations will improve market competitiveness. New markets through collaborating with the government as they work to shift to a lower carbon economy.
Climate resilience	In response to the associated climate change related risks, adaptive actions are developed to lower the operational costs by improving efficiency and lower cost work processes.

We continue to monitor and address the climate-related risks to reduce the adverse impacts to our business. We will continue to strengthen our climate resilience by enhancing our efforts in climate mitigation and adaptation strategies. We recognise climate change will pose opportunities to us and will endeavour to ride on these opportunities to benefit our business.



Carbon Reduction



Energy Management and Consumption

Construction industry uses a lot of energy for its activities and energy consumption is the major cause of carbon emissions. We are committed to reduce our carbon footprint by making our fuel and electricity consumption more efficient. In this Reporting Year, electricity was our major energy consumption as opposed to fuel in the previous year. We had used much less fuel in our operations due to the contraction of our machine leasing business.

The construction sites in our main contractor business consumed about 55% of the Group’s total electricity. As the main contractor, we are responsible for supplying electricity in the construction sites for our subcontractors. One of our main contractor construction projects was at peak stage of electricity consumption. As a result, the overall electricity consumption in our construction and leasing business increased by 70%.

Electricity consumption in other operations had generally reduced partly due to our power saving initiatives and partly due to the contraction of the construction foundation, machinery leasing and the factory manufacturing business.

Due to the challenging business and economic environment in 2022, we were more circumspect when tendering new construction projects. New construction projects were significantly fewer than the previous year, and as a result, fuel consumption by our stationary machineries, motor vehicles and trucks fell significantly by 91%.

We continue to take different measures to improve energy efficiency and reduce energy consumption to make our business more sustainable and resilient. All machineries used in the construction sites, motor vehicles and trucks are required to perform regular maintenance to maintain their energy efficiency and durability. We also buy machineries with higher energy efficiency when old machineries are retired.

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.

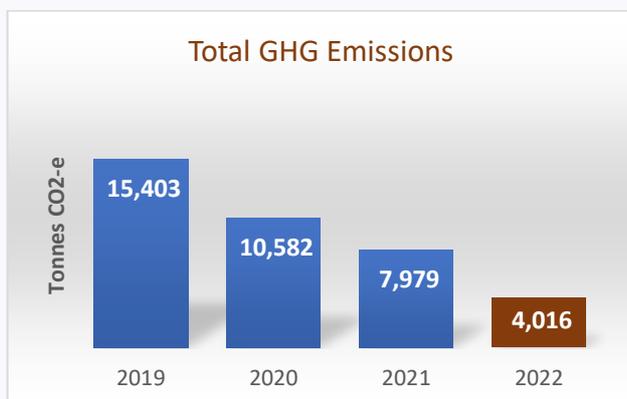
In our offices, we switch on less lightings as far as possible and maximise the use of natural daylight. We require our staff to switch off electrical equipment, such as air-conditioners, fans, lightings, computers, etc., when they are away from duty for a prolong period.

For our sewage treatment plant, the wastewater treatment volume was higher than 2021 and therefore more electricity was consumed. The electricity consumption was slightly increased by 7.5%. Fuel consumption by the sewage treatment plant was insignificant. The overall energy consumption of the sewage treatment business increased by 7%.

Due to the significant decrease in fuel consumption, the Group's total energy consumption for the Reporting Year dropped by 72%. As affected by the decrease in business turnover of the construction and leasing business and the sewage treatment business, the energy consumption intensity decreased by 46.6% and increased by 8.3% respectively.

KPI – Energy Consumption				
		2022	2021	change
		kWh'000	kWh'000	
Construction and leasing	Fuel	1,888	21,723	-91.3%
	Electricity	3,971	2,328	+70.6%
	Total	5,859	24,051	-75.6%
Sewage Treatment	Fuel	7	10	-30.0%
	Electricity	1,031	959	+7.5%
	Total	1,038	969	+7.1%
Total consumption	Fuel	1,895	21,733	-91.3%
	Electricity	5,002	3,287	+52.2%
	Total	6,897	25,020	-72.4%
Intensity		per RMB'm revenue	per RMB'm revenue	
	Construction and leasing	11.28	21.14	-46.6%
	Sewage treatment	203.05	187.50	+8.3%

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 private cars.
- 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.

Total GHG Emissions vs 2021



During the Reporting Year, the Group’s scope 1 GHG emissions decreased substantially by about 95% as the fuel consumption in the construction and leasing operations decreased substantially following the contraction of the respective business.

On the other hand, electricity consumption for our construction operations increased significantly due to high electricity consumption in main contractor projects. Despite our offices used less electricity, the scope 2 GHG emissions from electricity consumption increased by about 50%.

Scope 3 GHG emissions decreased by 10% as compared with last year due to the decrease in paper usage and business air travel by our employees.

In overall, the Group’s total GHG emissions had reduced by 50% as compared with last year.

KPI – GHG Emissions*				
		2022	2021	change
		tonnes CO ₂ -e	tonnes CO ₂ -e	
Scope 1 Direct from Fuel and Refrigerants	Construction and leasing	286	5,177	-94.5%
	Sewage treatment	2	3	-33.3%
	Total	288	5,180	-94.4%
Scope 2 Indirect from Electricity	Construction and leasing	2,423	1,448	+67.3%
	Sewage treatment	629	585	+7.5%
	Total	3,052	2,033	+50.1%
Scope 3 Indirect from Others	Construction and leasing	674	762	-11.5%
	Sewage treatment	2	4	-50%
	Total	676	751	-10.0%
Total GHG Emissions	Construction and leasing	3,383	7,387	-54.2%
	Sewage treatment	633	592	+6.9%
	Total	4,016	7,979	-49.7%
		per RMB’m revenue	per RMB’m revenue	
GHG Emissions Intensity	Construction and leasing	6.51	6.49	+0.3%
	Sewage treatment	123.82	114.43	+8.2%

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

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.

We have energy saving measures in place such as using environmentally friendly and energy-efficient appliances and equipment. 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 our staff to collect used paper for reuse on printing or copying draft documents.

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 exhausted after fuel combustion. We have strived to reduce air emissions by:

Measures to Reduce Air Emissions

- monitor 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.
- phase out aged motor vehicles to reduce exhaust pollutants.
- Replace gradually petroleum cars with electric cars.

Due to the decrease in construction projects and reduction of the machinery leasing business in 2022, usage of the Group's motor vehicles and trucks dropped substantially. Emissions of SO_x from these vehicles were reduced drastically as a result of considerable drop in fuel consumption. Reduced usage in heavy trucks also contributed to the reduction of NO_x and PM emissions.

KPI – Air Emissions*			
	Nitrogen Oxides ("NO _x ")	Sulphur Oxides ("SO _x ")	Particulate Matter ("PM")
	kg	kg	kg
2022	64	0.04	5
2021	1,442	1.91	110
change	-95.6%	-97.9%	-95.5%

* 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 following environmental guidelines for the waste disposal:

- 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)

Non-Hazardous Waste

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

1. Muck and wastewater produced from our construction projects.
2. Commercial waste and domestic waste from our offices, staff quarters and sewage treatment plant.
3. Sludge as the side product during the sewage treatment process.

Construction Waste

Construction projects produce muck at different stage. Our construction waste is mainly muck from excavation work and demolition work. The amount of waste depends on the nature and location of the construction project. In 2022, one of our major construction projects generated a considerable amount of muck while there was no project with significant muck in 2021. As a result, the Group’s non-hazardous waste increased sharply by about 11 times.

KPI – Non-hazardous Waste			
	2022 tonnes	2021 tonnes	change
Construction and Leasing			
Total produced	22,815	1,958	+1,065%
	Per RMB'm revenue	Per RMB'm revenue	
Intensity	43.9	1.7	+2,482%

For other waste generated in construction sites, we set up on site waste sorting area for temporary storage of waste 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.

Wastewater

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. In 2022, we have properly treated 28,996 m³ of wastewater before discharge.

Waste from Sewage Treatment

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.

Commercial Waste

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

We strive to reduce waste in our workplaces. Certain policies are implemented to achieve this objective. Less paper consumption policy is imposed that we encourage our employee 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 employees for reducing office wastes. We continue to implement various waste reduction measures to reduce commercial waste generated in our workplaces.

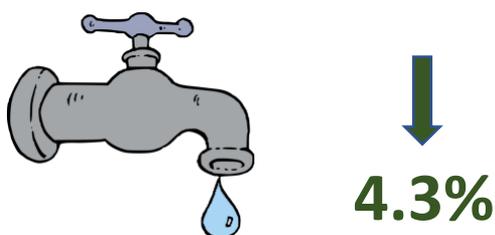
Hazardous Waste

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

Water Conservation

2022 Water Consumption vs 2021



Water is a precious natural resource and is essential to our construction activities and sewage treatment operations. We implement various measures to optimise water use and conserve water. All water equipment is well maintained to prevent water leakage and dripping. Water-saving appliances are installed to enhance water conservation.

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

In our offices and sewage treatment plant, water is also supplied through municipal water authorities. Although our offices do not consume significant amount of water, save water notices are posted at prominent places. We always remind our staff, workers, and our subcontractors not to waste water and to use water responsibly.

During the Reporting Year, our water usage by the construction and leasing operations dropped by 15% due to decrease in new projects. However, the intensity increased by 84.5% due to more water was needed for some main contractor projects in 2022.

Sewage treatment plant had consumed 35% more water in this Reporting Year despite a slight drop in business turnover, owing to the increase in wastewater treatment volume and more frequent cleaning for the sedimentation pool and the plant under the pandemic.

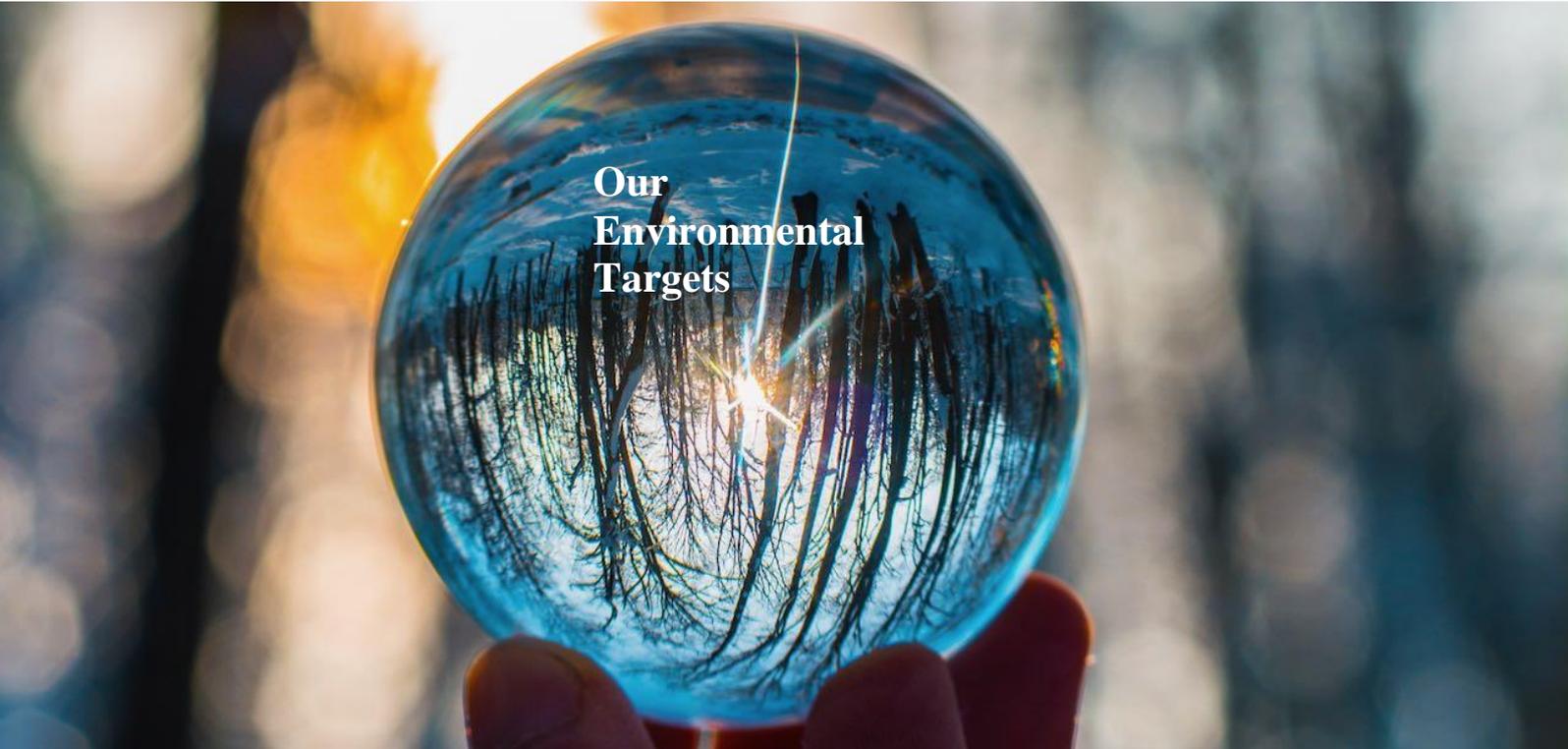
During the Reporting Year, the Group had not encountered any issue on sourcing appropriate amount and type of water for our business purpose.

KPI – Water Consumption			
	2022	2021	Change
Usage	m³	m³	
Construction and leasing	32,785	38,909	-15.7%
Sewage treatment	15,357	11,381	+34.9 %
Total	48,142	50,290	-4.3%
Intensity	Per RMB'm revenue	Per RMB'm revenue	
Construction and leasing	63.1	34.2	+84.5%
Sewage treatment	3,004	2,201	+36.5%

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 in our operations.



Our Environmental Targets

Our 2025 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
Energy consumption	36.3 million kWh	Reduce 40% to 21.8 million kWh
GHG emissions	10,582 tonnes CO _{2-e}	Reduce 40% to 6,349 tonnes CO _{2-e}
Water consumption	37,233 m ³	Reduce 10% to 33,510 m ³

Our Plans	Our progress in 2022
<ul style="list-style-type: none"> • Replace gasoline motor vehicles with electric. • Improve fuel efficiency of our construction machineries. • Replace more energy-efficient lightings and appliances. • Use more paperless communication and electronic files. • More use of recycle water in the sites and sewage plant. 	<ul style="list-style-type: none"> • Consumed 72% less energy as compared with 2021, and 81% less as compared with 2020 baseline, partly due to our more energy efficient design in machinery and partly due to our construction and machinery leasing business contracted. • Produced 62% less carbon emissions as compared with 2020 baseline, due to less fuel was used for machineries and equipment, despite more electricity was consumed for certain non-recurrent main-contractor projects.

Social Sustainability



People Centric

We regret the departure of many of our people due to the contraction of our business facing the industry's severe winter. However, we still regard employees are the core of our business and we strive to uphold them to make our business thrive and sustainable.

Attracting, Retaining and Rewarding Talents

At Jianzhong, our employees are the most valuable asset, and they are instrumental in driving our business performance and sustainable development. We are committed to providing a good working atmosphere and fair opportunities for our employees to develop their career.

The Management Approach

We provide equal opportunities to competent people who want to work for us and let them work in a dynamic and collaborative team environment.

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》

We treat our employees with respect and endeavour to make them satisfied and work with pride. The following are key 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.

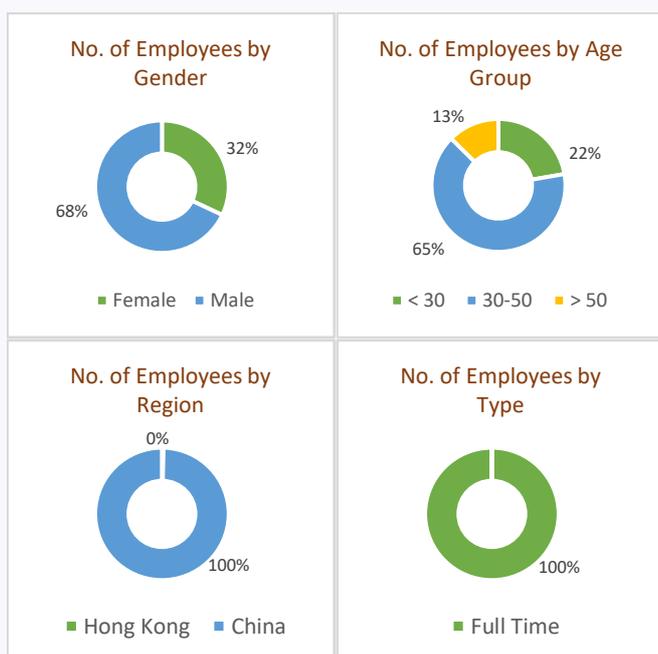
We know very well that to make our business sustainable, we have to incentivise, reward, and retain our best people. We offer our employees with competitive salary package and benefits. Their salaries are determined based on their qualification, relevant experience, seniority, performance, and contribution to the Group. We benchmark our salary compensation to the market of construction industry in order to be competitive to attract and retain the best people.

We have an established mechanism to recognise the efforts of our employees by rewarding them with compliments and monetary rewards. Our well-established and transparent staff appraisal system is to evaluate employees' performance in a fair and objective manner. 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. Employees with better performance and contributions under the appraisal results will be rewarded with higher pay raise, performance bonus, and better promotion opportunities. Where there is job vacancy, we would first consider internal promotion before seeking for new applicants.

We also care the wellbeing of our employees. We strive to provide our employees with work-life balance, so they can maximise their work potentials, and at the same time enjoy happy and fulfilled lives. We encourage our employees to cultivate different interests and participate in social contribution and personal wellness activities.

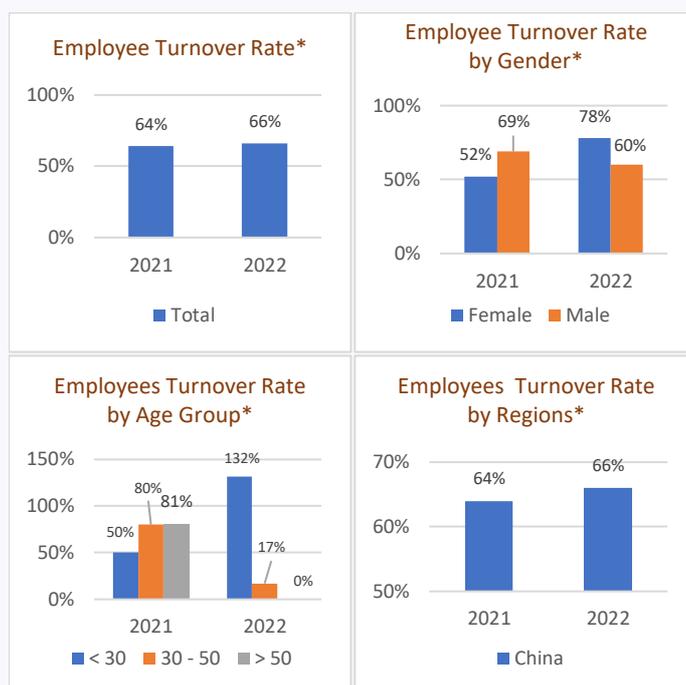
As at the end of the Reporting Year, we had a total of 256 (2021: 483) employees in the PRC.

2022 Breakdown of Number of Employees



Number of Employees			
		2022	2021
Total		256	483
By gender	Female	82	176
	Male	174	307
By age group	Below 30 years	57	270
	30 – 50 years old	167	192
	Above 50 years old	32	21
By region	Hong Kong	1	1
	China	255	482
By employment type	Full-time	256	483

2021 and 2022 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			
		2022	2021
		%	%
Total turnover rate		66	64
By gender	Female	78	52
	Male	60	69
By age group	Below 30 years	132	50
	30 – 50 years old	17	80
	Above 50 years old	0	81
By region	Hong Kong	0	0
	China	66	64

The ongoing outbreak of COVID-19 and extensive closure of communities in 2022 had great impact to the property market and construction industry in China. To manage the challenging business environment since 2021, we reluctantly contracted our business and dismissed excess workforce. As a result, the employee turnover rate remained high in 2021 and 2022.

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



Labour Standards

We continuously uphold labour standards throughout our business. In the process of recruitment and employment, our human resources policy strictly prohibits child labour and forced labour. We strictly comply with the following laws and regulations in the PRC:

- 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》
- Law on Protection of Minors 《未成年人保護法》
- Provisions on Prohibition of Using Child Labour 《禁止使用童工的規定》

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 employee 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 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.

Health, Safety and Well-being

Core to our corporate values is safeguarding our people and fostering a culture of caring that promotes the well-being of our employees, business partners, and the society at large.

Our Management Approach

We adhere to ISO 45001:2018 safety management system in our subcontractor business. The system adopts a more proactive, flexible, and preventative approach on remedying a broader range of risks before they materialise. Stringent internal safety policies are set out to identify and control operational risks and enhance occupational health and safety. During the Reporting Year, we have strictly complied with the following laws and regulation relating to occupational health and safety:

- 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》

Commitment to Health and Safety

We protect our people, our subcontractors, and anyone working for our projects, and reputation by providing a safe and healthy workplace to them. We strive for zero employee injuries and illnesses, while operating and delivering our work responsibly and sustainably.

Safety at Construction Sites

We implement safety management system in our construction sites to ensure all health and safety measures are properly adopted. We designate a safety manager to work with the project management team on each construction project to implement safety plan and to improve the safety awareness of our employees and workers. The safety manager is also responsible for briefing to our workers on safety requirements and procedures that they must adhere to.

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 research and development engineers work hard to enhance our site safety through innovation of new construction methods and improvement of construction devices.

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.

Safety at Offices

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 employees.

Avoid Injury and Fatality

We maintain best-in-class lost workday case and negligible injury and fatality rates. Our safety performance is consistently recognized by key clients across the regions where we work. In 2022, there was only one work-related injury case and no fatality case. Accordingly, there was 13 loss of workdays relating to work injury.

Work Injury and Fatality			
	2022	2021	2020
Number of Injury	1	0	1
Number of Fatality	0	0	0
Loss of working days	13	0	90

Our Response to COVID-19 Pandemic

COVID-19 still affected our communities in 2022. We continued to strictly follow the pandemic preventive and control measures implemented by local governments. We had taken a wide 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 personal hygiene, all employees were distributed with a handbook on coronavirus prevention. The following is the key measures we have taken:

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.

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.



Develop Our People

Training plays an important role in building the skills that we need to prepare for the future challenges. Enhancing the skills of our people enable them to realise their potentials and in turn make our business successful.

Skills and expertise of our employees are the foundation of our business development. We promote the culture of continuous training and development and encourage them to enhance their professional knowledge and job skill.

We strive to provide our employees 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 formulate the annual training plan for our employees 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 employees to enhance their professional knowledge. We also arrange course for our employees to foster their understanding of corporate culture and carry forward our entrepreneurial spirit.

<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"> • Training on professional knowledge of attached lifting scaffold (附着式升降腳手架專業知識培訓) • Training on management of the erection and dismantling for tower crane (塔式起重機安裝與拆卸管理)
<p>External Training Programmes</p>	<ul style="list-style-type: none"> • Knowledge of the use of main sections and different parts of tower crane (塔吊塔節知識介紹) • Demonstration on safe management system of tower crane (安全管理系統演示) • Basic knowledge and safe check of crane equipment (起重設備基礎知識及安全檢查講解) • Knowledge on acceptance test, inspection and examination of large machinery and equipment (大型機械驗收、檢查、檢驗等相關知識的講解) • Demonstration of tower crane attachment schemes (塔吊附着方案論證)

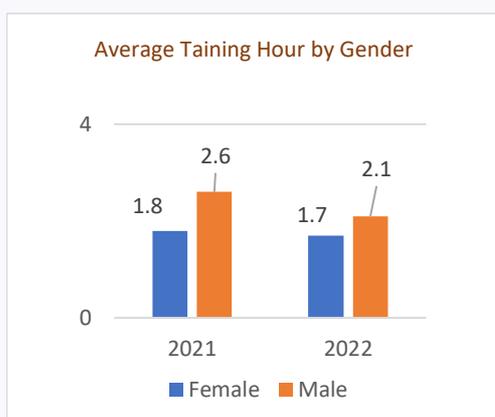
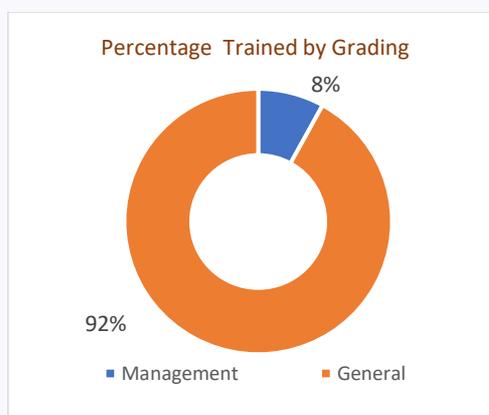
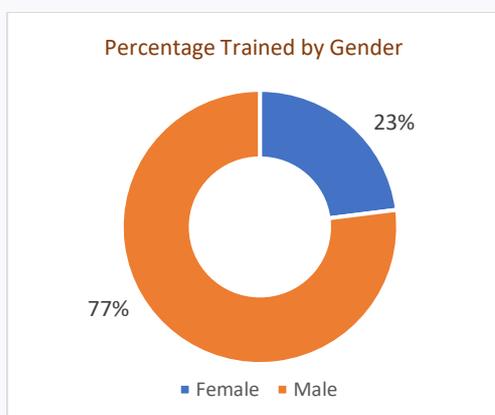
We also support our employees to further their professional education and training at their spare time. Depending on the circumstances, we grant full or partial subsidy of tuition fees to our employees for their professional or personal development education and training courses offered by external organisations.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

During the Reporting Year, we provided various internal and external trainings, including induction programmes for new employees and safety training on operations of various machineries in construction sites. The number of employees trained was 116 and it represented 45% of the total employees, with total training time of 504 hours.

Percentage of Employees Trained			
		2022	2021
Percentage of total employees trained		45%	35%
Percentage of employees trained by gender	Female	23%	37%
	Male	77%	63%
Percentage of employees trained by grading	Management	8%	8%
	General staff	92%	92%

Number of Training Hours			
		2022 hours	2021 hours
Total no. of training hours		504	1,101
Average training hours per employee		2.0	2.3
Average training hours by gender	Female	1.7	1.8
	Male	2.1	2.6
Average training hours by grading	Management	4.1	6.4
	General staff	1.8	2.0

2022 Training Percentage and Hours



Community Investment

We are a socially responsible company and endeavour to make philanthropic efforts for the communities where we operate.

As a member of a society, we realise our responsibility to help others and improve the state of community that we operate. We believe that our communities and the people we serve will reap the greatest reward when our core values align with our initiatives.

We support and give back our community by creating employment for the local community and by utilising our resources to help the underprivileged. Furthermore, we encourage our employees to participate in the local community activities and to volunteer their time for helping people in need.

During the Reporting Year, our group faced enormous challenges in the weakened economy and construction market. As a result, we were reluctant but had to conserve our resources and minimise donations. However, we are still dedicated to continuing our purpose and giving back to the society where possible and investing in causes that we believe in.



Responsible Governance

High Ethical Standards

Uncompromised Work Quality and Safety

Responsible Supply Chain Management



Ethics and Compliance

Integrity is one of our core values that drives us to success and we are committed to maintain the highest ethics standards.

Management Approach

We have to maintain our business ethics and integrity to keep our business sustainable. We recognise that corruption poses a significant risk to the sustainability of our business and the communities in which we operate. We must gain the trust from our customers, business partners, shareholders, and the public at large.

We expect our staff, subcontractors, and suppliers to adhere to our ethical values and take personal responsibility for their own behaviours. To foster employees' awareness on anti-corruption and anti-money laundering, 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 the whistle-blowing policy in place to allow 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.

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.

Fair Trade - Anti-competition

Fair business competition is a fundamental element to a healthy marketplace. Healthy competition increases efficiencies, improves quality and services, and promotes innovations. We promote fair trade and anti-competition and strictly prohibits bid rigging. 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.
- 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

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》

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 three sub-groups:

1. *Anti-money laundering leading group* which provides strategy and drives initiatives for anti-money laundering measures.
2. *Anti-money laundering execution group* which ensures the anti-money laundering measures are properly executed.
3. *Anti-money laundering audit group* which ensures the effectiveness of the anti-money laundering measures and compliances of relevant laws and regulations.

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.

Respect Intellectual Property Rights

We attach great importance to the use of intellectual property (“IP”) 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》

We respect the legal rights of IP owners, and our employees are required to obtain permission or appropriate licences from the owners 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 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 staffs and third parties.

Quality and Reliability

We take environmental, quality assurance, safety and reliability into account at every stage of our construction and service cycle to mitigate adverse effects.

Commitment to Customers

Jianzhong's commitment to quality and reliability is encapsulated within our core business values. With this in mind, we are dedicated to providing our works and services that build on customer satisfaction.

Our persistence on standards of quality is an integral part of our organisational culture that has 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.

In every stage of our operating cycle, including project planning, project delivery and after sale service, our staff will not forget to improve our processes and bring safer and more reliable products, works, and services to our clients.

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.

We are also responsible for our clients for the machineries they hired from us. We only supply high quality machineries made by well-known manufacturers with our professional services including repair, maintenance, installation, and technical support to ensure our customers are satisfied. 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.

Product Safety – Enhanced by Innovation

We invest substantially on research and development to improve economic efficiencies, environmental conservation, and above all, to enhance safety. We are committed 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.

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.

Quality Assurance

At every stage of our business cycle, from project planning to research and development, sourcing, construction work, and after-sales service, our people are dedicated to work as a team, and they have the same attitude to collaborate to deliver our products and projects with high quality and reliability.

We are capable to deliver quality and safe project works to our clients. We have obtained the highest qualifications and relevant licences in foundation works and main contractor businesses:

Relevant Qualifications and Licenses

- 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)
- Second class license of main contractor in general construction works (建築工程施工總承包二級牌照)

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 control measures enable us to deliver uncompromised safe and quality services and products for the benefit of our clients and the society, and they are critical to the sustainability of our business. The following is a summary of key quality assurance measures:

General

- **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.

Construction Work Projects

- **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

- **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.

Responsible Sourcing

Doing business with suppliers and subcontractors who share our values limits our risks across our value chain and enhances our commitments to environmental and social sustainability.

Our Responsibility and Management Approach

We concern the reliability, safety, and social responsibilities of our project works very much. Our suppliers and subcontractors serve as an extension of our team and are integral to how we drive sustainability across our business. We strive to ensure as far as possible that they 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.

We have firmed policy and procedures on selection of subcontractors and suppliers, and it is subject to the following practices and procedures:

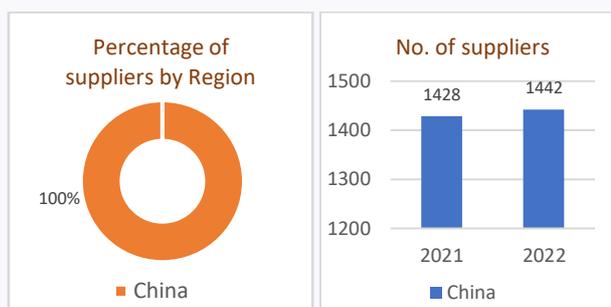
Practices on selecting and monitoring suppliers

- 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 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.

Analysis of Supplier Base



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 1442 suppliers and subcontractors on the approved list, a net increase of 14 over the previous year. They are all located in the PRC.

HKSE ESG Reporting Guide Index

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.	7-8
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.	3,9-10
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.	3

HKSE ESG Reporting Guide Index (cont'd)

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, 17-23
KPI A1.1	The types of emissions and respective emissions data.	19-20
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	19
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.	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.	17-18, 23
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	18
KPI A2.2	Water consumption in total and intensity.	23
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
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.	15-16
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.	16

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

HKSE ESG Reporting Guide Index (cont'd)

ASPECTS	DESCRIPTION	PAGE REF
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	39
KPI B5.1	Number of suppliers by geographical region.	39
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.	39
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	39
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	39
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.	37-38
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	38
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	38
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	36
KPI B6.4	Description of quality assurance process and recall procedures.	37-38
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	36
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.	34
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.	34
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	34
KPI B7.3	Description of anti-corruption training provided to directors and staff.	34

HKSE ESG Reporting Guide Index (cont'd)

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.	32
KPI B8.1	Focus areas of contribution.	32
KPI B8.2	Resources contributed to the focus area.	32

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.