

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

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CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR'S MESSAGE

Dear Stakeholders,

Wai Hung Group Holdings Limited and its subsidiaries (the “**Group**”) are proud to present the Group’s Environmental, Social and Governance (“**ESG**”) Report for the year ended 31 December 2019. This report provides information about the economic, environmental and social topics and performance of the Group.

As a responsible corporate citizen, the Group is committed to upholding ethical standards and continuing to introduce and implement sustainable innovations in the Group’s business operations. The Group adopts a comprehensive approach in managing the environmental impacts of the Group’s construction activities and has adequate environmental policies in place to achieve sustainable operations.

The Group has been actively promoting and practising green and gracious policies to provide a pleasant environment for all residents in the vicinity of the Group’s works and members of the public. The Group has implemented social and community engagement policies to ensure that the social impacts of the Group’s construction activities are minimised.

The Group deeply values the Group’s employees. As an employer, the Group is committed to protecting the health and safety of the Group’s employees. The Group has comprehensive safety policies and measures to safeguard their well-being. The Group endeavour to develop the Group’s people to their fullest potential and nurture them to support the Group’s growth and steer the Group ahead.

I would like to extend my appreciation to all stakeholders for your contributions and supports towards the Group’s success all these years.

Li Kam Hung

Chairman, Chief Executive Officer and Executive Director

Wai Hung Group Holdings Limited

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ABOUT US

The Group is a contractor providing fitting-out services and repair and maintenance services in Macau. The Group's fitting-out services primarily cover refitting works for existing buildings and extend to casinos, retail areas, hotels, restaurants, commercial properties and residential properties. The Group primarily focuses on providing fitting-out services for the commercial segment, in particular facilities located within integrated resorts in Macau.

The Group undertook projects as both main contractor and subcontractor. The majority of its revenue was derived from projects in which the Group was engaged as main contractor by major licensed casino gaming operators in Macau. To a lesser extent, the Group was also engaged as subcontractor by other fitting-out contractors in Macau.

The Group has established business relationship with major licensed casino gaming operators in Macau. Majority of the customers are group companies of the six licensed casino gaming operators in Macau, and the shares of their respective holding companies are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group believes that (i) its experienced management team with profound industry knowledge; (ii) its capability to maintaining long-term business relationships with its major customers; and (iii) a stable pool of suppliers and subcontractors have contributed to its success.

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ETHICS AND INTEGRITY

Corruption, Bribery and Extortion

The Group strictly prohibits all forms of corruption, bribery and extortion. The Group is fully committed to conducting business with integrity and consistent with the highest ethical standards, and in compliance with all applicable laws and regulatory requirements for the prevention of corruption, bribery and extortion.

Corrupt practices may subject the Group and individual employees to potential criminal and civil liabilities. Corrupt practices may also adversely affect the reputation of the Group as well as the confidence held by stakeholders, including the Group's customers and business partners in the Group's commitment to act professionally, fairly and with integrity in the Group's business dealings and relationships.

In line with the Group's commitment to maintain high ethical standards which are integral to the Group's corporate identity and the Group's business, it is the Group's policy to adopt a 'zero-tolerance' approach against all forms of corruption, bribery and extortion.

In FY2019, there were no legal cases brought against the Group or its employees regarding corrupt practices.

Fraud

The Group endeavours to operate in compliance with local regulations regarding fraudulent activities. The Group has established a corporate fraud policy to facilitate the development of controls that will aid in the detection and prevention of fraud against the Group. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the chief executive officer, who will coordinate internal and external investigations with the audit committee of the Company (the "**Audit Committee**") and other implicated departments.

Anti-Money Laundering ("AML")

The Group recognises the importance of AML and therefore complies with international and domestic laws and implement appropriate policies. The Group will stipulate the roles and internal controls within the group companies.

Given that directors of the Company (the "**Directors**") are responsible for directing a company's business effectively, they are obligated to ensure compliance with all relevant AML laws. A Director with reasonable care, skill and diligence would need to comply with relevant AML laws and address the AML risks. One of the Directors or proper senior company personnel should be appointed and acted as the central reference point for suspicious transaction reporting.

The Group implements and maintains appropriate measures to conduct customer due diligence. The Group trains employees in matters related to AML so that employees can implement immediate and appropriate measures for customer due Diligence.

The Group also implements and maintain measures for handling suspicious transactions, and will report suspicious transactions to relevant authorities immediately.

The Group regularly reviews and improves the AML policy and internal controls based on the effectiveness of the measures.

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Whistle-Blowing

The Group is committed to achieving and maintaining the highest standards of openness, integrity and accountability. The Group's whistle-blowing policy serves to increase the Group's awareness of maintaining internal corporate justice and it encourages all employees to report serious concerns about any suspected misconduct, malpractice or irregularity. Employees with legitimate concerns can raise the matter directly to the Chairman of the Audit Committee. The Chairman of the Audit Committee will review the complaint and decide how the investigation should proceed.

The Audit Committee has the overall responsibility for the implementation, monitoring and periodic review of the whistle-blowing policy of the Group.

GOVERNANCE AND STATEMENT OF THE BOARD

The Group's board of Directors (the "**Board**") and senior management have assessed sustainability issues as part of the strategic formulation of the company. The Board has determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

The Board acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge this report addresses all relevant material issues and fairly presents the ESG performance of the organisation and its impacts. The Board confirms that it has reviewed and approved this report.

Please refer to the corporate governance report in the Group's annual report for the year ended 31 December 2019 ("**2019 Annual Report**") for more information on corporate governance practices, precautionary measures and risk management structure.

STAKEHOLDER ENGAGEMENT

The Group has set up policies on stakeholder engagement to understand the needs of stakeholders and to ensure its activities take into consideration of the stakeholders' interests. Continuous communication with stakeholders allows the Group to identify matters in relation to the environmental, social and governance issues, and it serves as a method to understand stakeholders' expectation as well as assess the materiality on various aspects as set out in this report which are relevant to the Group.

REPORTING PRACTICE

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**ESG Reporting Guide**").

This ESG Report incorporates the general standard disclosures and Key Performance Indicators ("**KPIs**") as set out by the "Comply or Explain" provisions of the ESG Reporting Guide. This ESG Report primarily highlights the Group's major initiatives and activities implemented from 1 January 2019 to 31 December 2019. The management and employees who are responsible for the key functions of the Group have participated (i) in preparing the ESG Report; (ii) in reviewing its operation; (iii) identifying key environmental, social and governance issues; and (iv) assessing the importance of these issues to the Group's businesses and stakeholders. The Group compiled a questionnaire with reference to the identified material environmental, social and governance issues to collect the information from relevant departments and business units of the Group.

Supplementing the Group's 2019 Annual Report, which discloses the progress on environmental, social and governance issues from 1 January 2019 to 31 December 2019. For the governance section, details of which were set out in the 2019 Annual Report. The Group has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

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The following table summarises the Group's significant environmental, social and governance issues as set out in this report:

The ESG Reporting Guide	Material ESG aspects of the Group
Environment	
A1. Emissions	Emissions Management
	Dust Management
	Exhaust Management
	Greenhouse Gas ("GHG") Management
	Waste Management
A2. Use of Resources	Energy Consumption
	Water Consumption
	Use of Packaging materials (not applicable)
A3. The Environment and Natural Resources	Environmental Impact Management
Social	
B1. Employment	Employee Benefits and Equal Opportunities Policies
B2. Health and Safety	Occupational Health and Safety
B3. Development and Training	Staff Development and Training
B4. Labour Standards	Labour Standards Compliance
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain
B6. Product Responsibility	Quality and Safety of Products and Services
	Intellectual Property Management
B7. Anti-Corruption	Prevention of Corruption and Fraud
B8. Community Investment	Contributions to Society

During the year ended 31 December 2019, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues were in place and confirmed the information disclosed in this report meets the ESG Reporting Guide.

CORPORATE ENVIRONMENTAL POLICY AND COMPLIANCE

The Group admits the importance of maintaining environmental sustainability in its daily operations and strives to operate its business activities in compliance with all applicable national and regional rules and regulations from time to time. All the existing policies set up for staff to control the usage of paper, toner cartridge, petrol, electricity and water consumption and procedures formed by the Group on any emissions and wastes treatment are in full compliance with all applicable national and regional environment protection rules and regulations. The Group's site managers are responsible for implementing these policies to ensure the Group's sites are able to comply with the environmental related rules applicable to their locations. The following lists are some major rules and regulations which had been complied with by the Group:

- (i) Environmental Law of Macau; and
- (ii) the Law of Prevention of Ambient Noise in Macau.

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ENVIRONMENT

A1. Emissions

Global warming and climate change have become major environmental issues to the world. The Group aims to minimise energy consumption and carbon emissions and has been exploring ways of adopting operational model which incurs less adverse impact on the environment. From the reporting perspective, the Group mainly focused on the environmental impact of the Group's offices and relevant measures to be taken during the daily operation and have formulated policies and procedures relating to the environmental management to govern the limited greenhouse gas emissions and non-hazardous waste generated from the Group's operation. At the same time, the Group fully considers environmental elements in each of the business process, including design and planning, material procurement, and project execution. The Group cherishes and makes good use of the Earth's resources to promote the harmony between human beings and the natural environment.

Emissions Management

Chemical substances are likely to be used for construction operations, of which air pollutants such as dust and exhaustive gas will be released from machinery and mechanical plants. In order to protect the Group's workers and surrounding occupants from air pollution and air-borne diseases, the Group controls dust, fumes and air pollutants generated at the Group's construction sites at a sustainable level. Contractors and workers are adequately trained to understand the consequences of air pollution on human health and the environment, and they are given simple instructions on operation and maintenance of equipment to ensure the preservation of air quality on-site.

Dust Management

All activities involving excavation or disturbance of soils must explore preventive controls and implement physical controls to minimise the generation of dust and reduce its release into the atmosphere.

Exhaust Management

All operations of plants and equipment must comply with local regulations, and maintenance and servicing must be performed regularly in accordance with manufacturing guidelines to ensure that any exhaust or other emissions generated are within standard specifications. Maintenance of diesel-powered mechanical plants is critical as the exhaust fumes will pollute the environment. The Group's exhaust emissions are mainly released from the vehicle usage. Company vehicles undergo regular maintenance which ensures fuel efficiency, thereby reducing emissions.

During the year ended 31 December 2019, the Group's exhaust emissions of Sulphur Oxides ("SOx"), Nitrogen Oxides ("NOx"), and Particulate Matter ("PM") released from vehicle exhaust were recorded. The Group's total exhaust emissions amounted to approximately 5.77 kilograms ("kg") and the total exhaust emission per employee was 0.056 kg. The total exhaust emission per employee is 0.003 kg lower as compared with last year. The detailed summary of the exhaust emission is shown below:

Exhaust Performance Summary				
Exhaust emission	kg		Intensity – kg per employee	
	2019	2018	2019	2018
SOx	5.29	4.23	0.051	0.053
NOx	0.18	0.12	0.002	0.002
PM	0.30	0.29	0.003	0.004
Total exhaust emission	5.77	4.64	0.056	0.059

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GHG Management

The consumption of electricity at the offices, petrol, paper and water consumption are the largest sources of (direct and indirect) greenhouse gas emissions of the Group. During the year ended 31 December 2019, the Group's total GHG emissions amounted to approximately 111.74 tonnes and the total GHG emission per employee was 1.07 tonnes. The total GHG emission per employee is 0.06 tonnes lower as compared with last year. The detailed summary of the GHG emission is shown below:

GHG Performance Summary				
GHG Scope¹	Tonnes		Intensity – Tonnes per employee	
	2019	2018	2019	2018
Direct GHG emission (Scope 1) – petrol consumption (Motor vehicle)	4.52	3.43	0.04	0.04
Direct GHG emission (Scope 1) – petrol consumption (Gas for dorm)	0.93	0.60	0.01	0.01
Indirect GHG emission (Scope 2) – electricity consumption	96.85	78.32	0.93	0.98
Other indirect GHG emission (Scope 3) – paper and water consumption	9.44	8.30	0.09	0.10
Total GHG emission	111.74	90.65	1.07	1.13

Note:

1. GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the world Business Council for Sustainable Development.

The Group has implemented a number of measures to mitigate energy consumption such as turning off the air-conditioning system at night or when leaving office, keeping the office temperature at 25°C in summer and using LED lights or energy-saving lights in office; the Group issues environmental-related memorandum to its staff to raise their awareness of environmental preservation. Notices and posters relating to the environmental information have been placed in the offices to promote the best practice of the environmental management.

As the Group's emissions were substantially caused by the usage of equipment and self-owned vehicles, the Group's mitigation strategy is significantly dependent on these sources. The measures begin at the procurement process by selecting equipment with low emission, and using of low-sulphur fuel. In addition, regular inspection checks of the Group's equipment are conducted at the commencement of each construction project to ensure that they are in good condition without excessive emission.

During the reporting year, the Group did not encounter any non-compliance issue about emission that would have a significant impact on the environment.

In addition to complying with the general disclosure requirement of Aspect A1, the Group has complied with the KPI requirement which is summarised in content index.

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Waste Management

The Group adheres to waste management principle and strives to properly manage and dispose wastes produced by the Group's business activities. The Group's waste management practice has complied with relevant laws and regulations relating to environmental protection. No hazardous waste was generated by the Group during the year ended 31 December 2019. The non-hazardous wastes generated by the Group's operations mainly consist of paper and toner cartridges. The intensity of unit per employee from paper waste is lowered by 0.0056 tonnes and intensity of unit per employee from toner cartridge waste is lowered by 0.1120 pieces when compared to last year. During the year ended 31 December 2019, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	Quantity		Unit	Intensity – Unit per employee	
	2019	2018		2019	2018
Paper	6.38	5.35	Tonnes	0.0613	0.0669
Toner cartridge	174	143	Pieces	1.6755	1.7875

The Group regularly monitor the consumption volume of paper, toner cartridges and ink cartridges and have implemented a number of reduction measures. The Group's office has also provided suitable facilities and encouraged the Group's staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

A2. Use of Resources

Energy Consumption

The Group understands that the building materials used by the Group will directly affect the quality of the building and its surrounding environment, so a number of environmental procurement measures have been taken. The Group purchases and selects environmental friendly indoor and outdoor building materials, which can provide a comfortable environment and save natural resources at the same time. Also, the Group selects local material at a higher priority and considers recycling to reduce the carbon emission and construction waste generated from transportation.

The volume of energy consumption, electricity consumption and water consumption of the Group are considered as relatively low. As mentioned in the Aspect A1 section, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and petrol consumption account for a substantial part of the carbon emission for the Group.

The intensity of unit per employee from petrol consumption is lowered by 0.52 liters, intensity of unit per employee from electricity consumption is lowered by 17.76 Kilowatt per hour ("kWh") and intensity of unit per employee from water consumption is lowered by 0.19 cubic meters ("m³"). During the year ended 31 December 2019, the Group's consumption in petrol, electricity and water were:

Energy Type	Quantity		Unit	Intensity – Unit per employee	
	2019	2018		2019	2018
Petrol	1,654.00	1,313.66	Liter	15.90	16.42
Electricity	157,791.00	124,318.00	kWh	1,517.22	1,534.98
Water	402.00	325.00	m ³	3.87	4.06

On top of the measures of mitigating the energy consumption mentioned in previous section, the Group strives to utilise telephone or video conference to minimise face-to-face meeting in order to reduce petrol consumption in traveling and unnecessary business trips. The Group encourages resources saving in daily office operation and proactively fosters a low-carbon corporate culture, which further increases the employees' awareness in energy conservation of the Group.

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Water Consumption

During the year ended 31 December 2019, the Group consumed 402 m³ of water and the water consumption per employee was 3.87 m³. As compared to the limited amount of water consumption generated from office operations, the Group's main water consumption from construction sites include muddy water, wastewater from rinsing the cement system, cooling water of machineries and wastewater from rinsing of ground surface. No issue in sourcing water is noted for the year ended 31 December 2019.

To reduce the use of water, the Group has implemented preventive measures and monitored the water consumption in construction sites by regular frequency. The intensity of unit per employee from water consumption was lowered by 0.19 m³ as compared to last year.

Use of Packaging Materials (not applicable)

Due to the nature of business, the Group did not have physical products for sale and therefore did not involve any use of packaging materials. Therefore, this disclosure is not applicable to the Group.

On top of complying with the general disclosure requirement of Aspect A2, the Group has complied with the KPI requirement which is summarised on content index.

A3. Environment and Natural Resources

Environmental Impact Management

The Group pursues the best practices in the environment protection and focuses on the impact of the Group's businesses to the environment and natural resources, such as emissions of greenhouse gases, solid wastes and use of resources. Though the Group is not in a pollution intensive industry, the Group pays high attention to the impacts of the Group's working process to the environment, such as emissions of dust, exhaust, GHG, wastes and use of resources, and adopt measures that would reduce generation of pollutants, properly handle residual materials and lower the consumption of resources. In addition to complying with relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability. The Group strives to promote environmental protection and make effective use of resources. The Group carries out continuous monitoring if the business operations incur any potential impact to the environment, and minimises such impact to the environment through promoting green office and operating environment by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, the Group adopts green purchasing strategies and the most practical technologies to protect the Group's natural resources.

The Group understands that effective project management would ensure efficient use of resources. Therefore, many environmental-friendly construction measures have been taken. The Group strictly implements the building energy conservation regulations promulgated by the government, and continuously improves project management to minimize unnecessary energy and water consumption in the project.

The Group supports waste management and waste reduction, and adopts a hierarchical system, namely, to avoid waste generation first, and to reuse resources and recycle the resources as much as possible before considering waste disposal. For construction waste, timely treatment is the basic requirement of clean environment. The group has formulated disposal plan of mud and waste residue, which requires the subcontractor to collect the construction waste in a simple classification and centralised external transportation, and promptly clean up the construction waste. The mud must be processed by the qualified transportation unit after drying in the field, so as to prevent the random dumping of construction waste in the environment.

The Group regularly reviews its environmental protection policies and has adopted necessary precautionary measures and actions to reduce significant impact on the environment and natural resources, and ensure that the Group complies with relevant laws and regulations.

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During the year ended 31 December 2019, the Group has not found any non-compliance with laws and regulations in respect of the environment and natural resources.

On top of complying with the general disclosure requirement of Aspect A3, the Group has complied with the KPI requirement which is summarised on content index.

SOCIAL

B1. Employment

Employee Benefits and Equal Opportunities Policies

Employees are regarded as the Group's largest and most valuable assets and the core competitive advantage. They provide the driving force for continuous innovation to the Group. The Group has established clear policies and guidelines to attract and retain talent, and delivered a fair and safe working environment for employees to support their career advancement and also foster their personal development.

The Group is committed to maintaining a diverse workforce that includes age, gender, family status, sexual orientation, disability, ethnicity, religion and equal opportunities. At present, the construction industry is still largely male-dominated; the Group will continue to strive for gender diversity and increase the female-to-male ratio in the Group's workforce.

The Group's employees by gender	Number of staff	
	2019	2018
Female staff	37	26
Male staff	67	54
Total staff of the Group	104	80

The Group's staff handbook contains policies in regards to recruitment, promotion, discipline, equal opportunity, diversity, anti-discrimination, other benefits and welfare, working hours and leave. Recruitment policy outlines the Company's preferred hiring practices. Promotion policy mainly depends on the employee's performance. Discipline policy identifies the standard procedures for disciplining employees for specific incidents that go against the Company's policies. In diversity, equal opportunity and anti-discrimination policies, the Group is committed to promoting diversity and equal opportunities employment, and to eliminate any form of discrimination or harassment against staff and other persons who have dealings with the Group. Everyone, irrespective of their race, color, sex, language, religion, political or other opinions, national or social origin, has the right to be respected and be treated fairly. Other benefits and welfare policy outlines the types of benefits and welfare offered by the Group and the requirement for employee to be entitled to such benefits and welfare. Working hour and leave policy outlines the number of working hours and leaves for different positions of employee. These policies have been implemented by the human resources department in a fair way to all staff. The human resources department has been responsible for ensuring all employees have fully understood the contents of the handbook.

The management regularly reviews the Group's remuneration and benefits policies with reference to the market standards and is committed to safeguarding the rights and interests of the staff which resulted in a minimal employment turnover rate. Remuneration and benefits have been adjusted on an annual basis in accordance with the employees' individual performance, contribution and market conditions. During the year ended 31 December 2019, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

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B2. Health and Safety

Occupational Health and Safety

The Group has always placed emphasis on occupational safety and has set up an occupational health and safety management system to provide a safe working environment for office employees. The Group strictly abides by the relevant laws and regulations of Macau under certain health and safety regulations. The Group is committed to ensuring that the Group's employees and subcontractors work in a safe and healthy environment, and we regard occupational health and safety as the primary task of maintaining the Group's reputation.

The Group has implemented various measures, including those as stated in the Emission section of the ESG Report, to protect its employees from injury and occupational hazards. The Group has established occupational health and safety manuals which provide guidance on the essential procedures before entering into construction site and during the course of construction. The Group has established and maintained a safety management system in Macau according to the OHSAS 18001 international standard. The Group's system takes a preventive approach and focuses on crisis management and risk assessment. The Group conducts regular internal risk assessments and reviews every six months. It aims to provide information, training and supervision through the screening of risk and crisis control risk levels of different types of work, to enhance risk awareness and to better prepare for emergencies. The Group sets up and maintains a safety management system for the Group's Macau operation, and properly manage any violation of the system and to take remedial measures after the record and review so as to ensure site safety and health management are properly implemented in all the construction sites the Group managed and the Group complies with applicable laws and regulations.

Occupational safety and health data	2019	2018
Total staff of the Group	104	80
Number of lost working days caused by accidents and diseases (occupational) related to work	–	–

During the year ended 31 December 2019, the Group was not aware of any non-compliance with the health and safety laws and regulations.

B3. Development and Training

Staff Development and Training

Employees are regarded as the Group's largest and most valuable assets and an essential part of maintaining a competitive advantage. The Group provides its staff with training courses for upgrading skills and development as needed. The Group arranges tailor-made training courses on a variety of topics such as technical workshops, customer service, environmental protection and occupational health and safety.

The Group adheres to the "people-oriented" management concept. The Group builds a multi-level, all-round and three-dimensional team. This provides powerful talent support for sustainable development. The Group focuses on employees' knowledge accumulation, professional skills development, and career planning. The Group provides a good working environment as well as practical training and also for the Group to build an energetic and positive working atmosphere. The Group established a good mechanism of cultivating and utilizing talents.

The Group regularly monitors the training and development activities, and reviews the Group's support framework to continually improve the Group's training and development policies. The Group's training policy is inclusive and equal for both genders.

The Group's employees trained by gender	Percentage of staff	
	2019	2018
Female staff	68%	65%
Male staff	76%	75%

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The Group encourages and supports the participation of employees in personal and professional training. The Group also encourages the culture of sharing of experience by organizing various forms of training from time to time to help employees for their career planning and improve their job performance.

B4. Labour Standards

Labour Standards Compliance

The Group strictly complies with all labour and socioeconomic regulations. The Group does not discriminate on the basis of gender, ethnicity, nationality, age, religious belief, disability or marital status.

To ensure strict compliance with local employment laws, the Group implement access controls at the Group's sites and offices to prevent illegal workers from entering or working at the Group's sites and offices. The Group also monitors the presence of illegal workers on sites by conducting random checks. The Group ensures that all employees have the necessary visas, work permits, specific registrations, licenses and qualifications before they perform the duties assigned to them.

During the year ended 31 December 2019, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices. There was no incident of child and forced labour in FY2019.

B5. Supply Chain Management

Environmental and Social Risk Management of Supply Chain

The Group maintains an approved list of suppliers from Macau. In selecting suppliers for a project, the Group evaluates them based on their scale of operation, the Group's past cooperation with them, their capability to comply with the specified project requirements, price quotation, and time required by them to provide the required materials. The Group also reviews and updates such list on a continuous basis. Based on these factors, the Group's procurement department will coordinate with the Group's project managers to select suppliers from the approved list of suppliers to further negotiate purchase terms, and the Group's executive Directors will review and approve the proposed supplier purchase order forms before execution. The Group's quantity surveyors will also examine the quantity and quality of materials ordered and the timing of delivery to ensure that the delivery meets the Group's project schedules.

The Group's procurement department is also responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

B6. Product Responsibility

Quality and Safety of Products and Services

The Group pays high attention to the quality and safety of its services. The Group has established relevant quality and safety inspection policies for different projects, communicates with the Group's customers and confirms their project expectation and direction prior launching any project, and actively coordinates projects with customers in the process of providing services. At the same time, the Group will continuously improve the customer service and complaint handling mechanism so as to protect the rights and interests of consumers, and provide customers with comfortable services.

The Group has established a system for the selection and management of subcontractors, including maintaining a list of approved subcontractors and regular inspection on the quality and progress performed by the Group's project managers. In addition, the Group's subcontractors must comply with the relevant laws and regulations relating to the safety and illegal labour of the site. The Group requires the subcontractors to comply with and adopt all safety, building and structure measures and procedures specified in the Group's safety management plan.

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The Group extremely emphasizes the quality control of the property construction, including the purchase of building materials, external decoration, interior decoration and interior decoration materials and the machinery used on of construction projects, to maintain high quality standards. The Group focuses on project monitoring to ensure that all projects comply with the Group's quality standards and the relevant legislation and regulations.

Intellectual Property Management

The Group is concerned about the protection of intellectual property rights, and ensures that no infringement of intellectual property rights of other enterprises or individuals during the entire product life cycle starting from the project design. When the Group engages with its customers or suppliers, protection of intellectual property is included in the contractual terms as appropriate. The Group's legal department will review all the contracts in operation and ensure that the contractual terms protect both parties' intellectual property rights. The Group also requires technical professionals to sign strict confidentiality agreements. Confidential information of the Group's customers is only accessible to employees who are responsible for the corresponding project.

During the year ended 31 December 2019, the Group complied with relevant laws governing the confidentiality of data and intellectual property, including but not limited to Macau Intellectual Property Law.

B7. Anti-Corruption

Prevention of Corruption and Fraud

The Group upholds high standards in its market practices, with all employees required to maintain a high level of business ethics. The Group's code of conduct as explained in its Employee Handbook and conflict of interest policy require employees to declare gifts received from clients, and to comply with applicable requirements relating to the privacy and the confidentiality of information received in the course of business.

In addition, corruption, bribery or fraud in any form is strictly prohibited. Whistleblowing policy was established to allow employees to report any misconduct or malpractice events observed on a confidential platform to the Audit Committee.

During the year ended 31 December 2019, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

B8. Community Investment

Contributions to Society

As a responsible company, the Group actively strives to become a positive force in the community and maintains close communication and interaction with the community to contribute to community development.

The Group also actively encourages employees to contribute their time and skills to community volunteer works to benefit local communities by giving them opportunities to learn more about social and environmental issues and enhance the corporate value of the Group.

The Group will consider from time to time to make donations to charities when the Group records after-tax profits and has sufficient funds.

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CONTENT INDEX

Aspect A1: Emissions		Section Reference
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.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions

Aspect A2: Use of Resources		Section Reference
General Disclosure	Information on: Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type and intensity.	Use of Resources
KPI A2.2	Water consumption in total and intensity.	Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
KPI A2.5	Total packaging material used for finished products.	Not applicable to the Group's business

Aspect A3: The Environment and Natural Resources		Section Reference
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

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Aspect B1: Employment		Section Reference
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.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Aspect B2: Health and Safety		Section Reference
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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

Aspect B3: Development and Training		Section Reference
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

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Aspect B4: Labour Standards		Section Reference
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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	Labour Standards

Aspect B5: Supply Chain Management		Section Reference
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Not applicable to the Group's business
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Aspect B6: Product Responsibility		Section Reference
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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Not applicable to the Group's business

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Aspect B7: Anti-corruption		Section Reference
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.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption

Aspect B8: Community Investment		Section Reference
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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment