



青建國際控股有限公司

CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240

Environmental, Social and
Governance Report

2018





CONTENTS

2	ABOUT THIS REPORT
3	INTRODUCTION
4	STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT
6	A. ENVIRONMENTAL ASPECT
6	A1. EMISSIONS
10	A2. USE OF RESOURCES
11	A3. THE ENVIRONMENT AND NATURAL RESOURCES
13	B. SOCIAL ASPECT
13	EMPLOYMENT AND LABOUR PRACTICES
13	B1. EMPLOYMENT
14	B2. HEALTH AND SAFETY
16	B3. DEVELOPMENT AND TRAINING
16	B4. LABOUR STANDARDS
17	OPERATING PRACTICES
17	B5. SUPPLY CHAIN MANAGEMENT
17	B6. PRODUCT RESPONSIBILITY
20	B7. ANTI-CORRUPTION
20	COMMUNITY
20	B8. COMMUNITY INVESTMENT
21	ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX



ABOUT THIS REPORT

CNQC International Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is pleased to present this Environmental, Social and Governance Report (the “**Report**”) to provide an overview of our commitment in achieving environmental, social and governance goals through our sustainability pillars.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) —“Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility in 2018, covering its operating activities which are considered as material by the Group – (i) foundation and construction in Hong Kong and Macau; (ii) construction in Singapore and Southeast Asia; (iii) property development in Singapore and Southeast Asia and (iv) property development in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2018 to 31 December 2018.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to info@cnqc.com.hk.

INTRODUCTION

The Group is principally engaged in the property development, foundation and construction business in Singapore and Southeast Asia, Hong Kong and Macau with dedication to provide construction services with the highest quality. The foundation and construction segment mainly represents the provision of foundation and construction work to property developers, loaning of labour and rental of machinery in Hong Kong and Macau. The property development segment represents the sales of completed property units in Singapore, Southeast Asia and Hong Kong. The construction segment mainly represents the provision of construction work to property developers, sales of goods, loaning of labour and rental of machinery in Singapore and Southeast Asia. Meanwhile, the Group is actively exploring opportunities in construction and property development business in the South-East Asia markets from the opportunities arising from "One Belt, One Road" Initiative including Indonesia, Vietnam, Malaysia and Cambodia, etc.

During the reporting period, the Company won numerous industry awards, including the "Best Developer" in Singapore award from PropertyGuru for the first time which is a strong recognition as a local mainstream developer. Achieving more value for our shareholders is one of our priorities, we also endeavour to operate in an environmentally and socially responsible manner to achieve sustainable outcomes for the Group, the environment and the community as a whole. The Group is committed to sound corporate governance practices and robust enterprise risk management processes. It actively builds a safety culture to achieve a zero-harm workplace and strives to be an employer of choice to nurture a competent workforce for sustainable growth. The Group has established a comprehensive operation control procedure to manage the environmental, social and governance ("ESG") issues. Details of the management approaches have been illustrated in this Report.



Qingjian Realty

Smart building developer Qingjian Realty takes home the coveted Best Developer title, in addition to seven other golden statuettes and four commendations.

"Qingjian Realty has truly exceeded the expectations of its loyal customers as well as the judging panel for launching and producing well thought-out and carefully designed developments that combine smart, eco-friendly, universally accessible features, and outstanding customer care policies," the judges say.

In the past year, the company has boosted its community engagements through volunteer programmes, cementing its reputation as one of Singapore's finest developers.

"Qingjian Realty takes customer service a notch higher with its Smart Community Platform App and lifestyle platform hiLife, both of which provide real-time and seamless communication between the company and end-users. Qingjian Realty has proven to be a consumer-centric firm," the judges note.

Artist's impression

2021

2020

2021

2020

2019

2018

2017

2016

2015

2014

The Facts

Name: Le Quest by Qingjian Realty (BBR) Pte Ltd
 Availability: 2021
 Total land area: 158,195 sq ft
 Retail leasable area: 64,585 sq ft
 Size of units: 920 sq ft (avg)
 Residential units: 516
 X-Factor: Mixed development with retail at doorstep
 Where is it? Bukit Batok Street 41
 Highly Commended:
 • Best Smart Building Development
 • Best Universal Design Development

Judges say: "Le Quest comprises a residential condo with the convenience of commercial retail mall, supermarket, food court and childcare centre below. The planning and architecture are rigorously resolved for each function and cohesive as a whole. Combined with smart technology, Le Quest offers the residents the luxury of condo living with amenities and the convenience of shared services at the press of a button."

Name: JadeScape by Qingjian Realty (Marymount) Pte Ltd
 Availability: 2023
 Total land area: 396,114 sq ft
 Size: 955 sq ft (avg)
 Units: 1,236
 X-Factor: Asian Garden Themed Landscape and Pavilions
 Where is it? Shuang Road
 Highly Commended:
 • Best Private Condo Development
 • Best Private Condo Landscape Architectural Design

Judges say: "Qingjian Realty continues to innovate with their star project JadeScape, in particular with 'Gold Standard', which are special units intended for elderly living with sleep monitoring, design details, improved accessibility and security, defining above and beyond statutory standards. The cutting-edge smart building technology employed in the condo project will have some of the most comprehensive smart-home features in any development in Singapore, such as hiLife. Qingjian's lifestyle platform especially designed for condominium residents."

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the key stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Expectations	Engagement channels
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • Proper tax payment • Promotion of regional economic development and employment 	<ul style="list-style-type: none"> • On-site inspections and check • Research and discussion through work conferences, work reports preparation and submission for approval • Annual reports, interim report and announcements • Company website
Shareholders and investors	<ul style="list-style-type: none"> • Business performance • Corporate governance • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • General meeting and other shareholder meetings • Annual reports, interim report and announcements • Meeting with investors and analysts • Company website
Employees	<ul style="list-style-type: none"> • Safeguarding rights and interests of employees • Good working environment • Career development opportunities • Self-actualisation • Health and safety • Staff remuneration, benefits and well-being 	<ul style="list-style-type: none"> • Conferences • Training, seminars, briefing sessions • Cultural and sport activities • Newsletters • Intranet and emails
Customers	<ul style="list-style-type: none"> • Safe and high-quality products • Stable relationship • Information transparency • Integrity • Business ethics 	<ul style="list-style-type: none"> • Website, brochures, video, annual and interim reports • Email and customer service hotline • Feedback forms • Regular meeting • Company website

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Suppliers/Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair and openness • Information resources sharing • Risk reduction 	<ul style="list-style-type: none"> • Business meetings, supplier conferences, phone calls, interviews • Regular meeting • Review and assessment • Tendering process
Peer/Industry associations	<ul style="list-style-type: none"> • Experience sharing • Cooperation • Fair competition 	<ul style="list-style-type: none"> • Industry conference • Site visit
Public and communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social investments • Annual reports, interim report and announcements • Company website

Through general communication with key stakeholders, the Group understands the expectations and concerns from key stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to the recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the GRI Guidelines.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG areas was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG area identified above to ensure that all the key aspects are covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2018, those important ESG areas to the Group were discussed in this Report.



ENVIRONMENTAL ASPECT

A. ENVIRONMENTAL ASPECT

As a leading property developer in Singapore, the Group recognizes that it has an obligation to reduce the impact of our operations on the environment and is accountable for the resources and materials that are used in our daily operations through the best construction practices. We strive to meet the customers' demands in environmental protection and the communities' expectation for a healthy living environment to ensure sustainable growth of our business in return.

In order to achieve these objectives, the Group pledges to uphold quality environmental management system in our construction operations that were certified to ISO 14001 international standards. Based on ISO 14001, the Group has implemented a set of internal policies and procedures for conserving resources, managing the wastes and minimising the pollution. The Group also allocates resources to update our environment management system and maintain our ISO 14001 certification in order to reduce our risks related to environmental issues.

Moreover, the Group requires our subcontractors to comply with our environmental protection policies and encourages our employees to contribute towards sustainability by planning their works efficiently to minimise wastes and emissions to the maximum extent possible for reducing any adverse impacts on the environment.



Throughout the year, we fully complied with all relevant environmental laws and regulations in Singapore and Southeast Asia, Hong Kong and Macau such as the Environmental Protection and Management Act in Singapore and the Air Pollution Control Ordinance (Cap. 311) in Hong Kong. Besides, no concluded cases regarding environmental issues were brought against the Group during the year. As our Group continues to develop, we are committed to continuously improve the environmental sustainability of our business. Besides, we ensure that environmental considerations remain one of the top priorities in our daily business operations and that we fulfil our obligations to both the environment and the community.

A1. EMISSIONS

As a property developer, the Group recognizes that it has duties to reduce emissions. Given that most of our operations is construction based, the Group implements environmental management system and procedures to lower their emission levels. In the meantime, the Group fully complies with all the relevant environmental laws and regulations in the regions where it operates. These include the Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) and the Road Traffic Ordinance (Cap. 374) in Hong Kong, the Environmental Protection and Management (Air Impurities) Regulations and the Environmental Protection and Management (Off-Road Diesel Engine Emissions) Regulations 2012 in Singapore as well as other relevant regulations. Besides, no concluded case regarding emissions brought against the Group or its employees during the year.

Air Pollutant Emission

Air pollutant emission control is vital to both environmental protection and the health of employees. The Group understands that its manufacturing process involves the use of different fuels which cause various air pollutant emissions, including nitrogen oxides (NO_x), sulphur dioxide (SO₂), and particulate matter (PM). The Group strives to improve the air quality. During the year, the Group's implemented "Air Pollution Control" operational procedure to control air pollutant emissions of dust, fumes, smokes, obnoxious gases and other airborne particulates within the legal limits and tolerable limits of the affected persons.

ENVIRONMENTAL ASPECT

To minimise the air pollutant emissions, the Group is committed to the following emission control measures in all construction sites:

- All dust generating materials such as concrete waste materials are covered during storage and transport to reduce dust emission.
- Self-made plastic water tanks are attached to fork lift vehicles for dust control in construction sites.
- All vehicles are sprayed by recycled water prior to leaving the construction sites.
- Electricity power supply from power utilities is used whenever practicable to replace the use of generators.
- Machines and equipment are switched off when idling and reminder notices are placed near the switches.
- Cleaner fuel such as ultra-low sulphur diesel is used in the machines to reduce sulphur dioxide emission.
- Machines and equipment used in the construction sites are complied with the emission standards of Stage IIA of the European Union.
- Proper disposal and removal of unwanted air-conditioner to reduce the emission of fumes and obnoxious gas.

The Group's air pollutant emissions are classified into two sources – machinery and motor vehicles. The decrease in air pollutant emissions in 2018 was mainly attributable to the decrease in the provision of foundation work to customers in Hong Kong during the year. The air pollutant emissions of the Group during the reporting period were as follows:

Air Pollutants	Unit	2018	2017
Nitrogen oxides (NO _x)	kg	153,227	200,676
Sulphur dioxide (SO ₂)	kg	95	125
Particulate matter (PM)	kg	9,767	12,909

Greenhouse Gas ("GHG") Emission

GHG is considered as one of the major contributors to the climate change and global warming. The Group recognises that climate change is gradually concerned by the community as it affects our daily life and poses a risk to its business. Hence the Group is committed to mitigating the effects of climate change and protecting the health of employees. The Group advocates green construction sites by planting green-leaf plants to increase oxygen content.

Regarding the GHG emissions of the Group, direct emissions (scope 1) and indirect emissions (scope 2) are mainly resulted from combustion of fuels in machinery and purchased electricity respectively. Giving the majority of the GHG emissions of the Group come from energy consumption in construction activities, the Group tackles the carbon footprint by lowering the energy consumption in our business operations. Policies and procedures as described in the section "Use of Resources" to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. The decrease in total GHG emission in 2018 was mainly attributable to the decrease in the provision of foundation work to customers in Hong Kong as well as the effective implementation of energy-saving measures during the year. The GHG emissions of the Group during the reporting period were as follows:



ENVIRONMENTAL ASPECT

GHG Emission ¹	Unit	2018	2017
Scope 1 ²	tonnes of CO ₂ -e	12,939	20,317
Scope 2 ³	tonnes of CO ₂ -e	1,589	1,789
Total GHG emission	tonnes of CO ₂ -e	14,528	22,106
GHG intensity	tonnes of CO ₂ -e/HK\$ million of project turnover	1.94	5.49

Hazardous and Non-hazardous Wastes

The Group recognizes the importance of waste reduction. In order to lower the impact on the environment, the Group has introduced and implemented waste management measures to manage construction waste for minimization of the amount of waste generated and maximization of the amount of waste recycled.

During construction work, the Group has implemented “Construction Waste Management” procedure which manages construction wastes so as to ensure proper waste disposal, maximise material reuse and recycling. The Group also requires its contractors to sort, classify and recycle (if applicable) the construction and demolition waste produced. Construction and demolition waste that cannot be recycled is delivered to landfills by qualified wastes management companies and recyclable waste is processed by recycling companies. The Group has a range of procedures concerning the handling of hazardous wastes, which were generated from designated area in the project sites, with proper labelling, packaging, storage and disposal of the chemical wastes. Responsible staff was appointed to monitor and manage the waste amount. Local licensed hazardous wastes handling companies were engaged to deliver, process and dispose the hazardous wastes. In this year, the Group did not generate any hazardous waste.

For non-hazardous waste, the waste is mainly generated from soil disposal from construction sites operation. Our construction projects mainly consist of foundation, excavation and lateral support works, which may involve large amount of soil disposal. Therefore, the Group has implemented the practice of 3Rs, namely “recycle, reuse and reduce” of the wastes in the construction activities and site offices to reduce the impact. For example, inert and non-inert wastes are identified and sorted properly before disposal. Construction materials are recycled for making equipment used in the construction work. Use of recycled paper is encouraged and recycling bins are set up in the site office. Apart from 3Rs practice, the Group also makes use of technologically innovative measures to reduce the use of paper by using biometric attendance system, proposing a mobile app lodge report system and an e-permit to work system. In 2018, construction waste was the major source of non-hazardous waste. The decrease in amount of non-hazardous waste in 2018 was mainly attributable to the decrease in the provision of foundation work to customers in Hong Kong as well as the Group’s effort on implementing waste-reducing strategies during the year. The wastes generated by the Group during the reporting period were as follows:

¹ The calculation of the GHG emission is based on the “Corporate Accounting and Reporting Standard” from GHG protocol.

² Scope 1: Direct emissions from sources that are owned or controlled by the Group.

³ Scope 2: Indirect emissions from purchased electricity and town gas consumed by the Group.

ENVIRONMENTAL ASPECT

Wastes	Unit	2018	2017
Hazardous wastes generated	tonnes	—	2
Hazardous wastes intensity	tonnes/HK\$ million of project turnover	—	0.02
Non-hazardous wastes generated	tonnes	49,620	244,528
Non-hazardous wastes intensity	tonnes/HK\$ million of project turnover	6.61	60.70

Wastewater

The Group has established “Water Pollution Control” procedure to prevent pollution of surface water, public sewers and public drains. Bunding is provided to prevent runoff of wastewater from the sites. Water treatment facilities with regular maintenance are provided in each of our construction sites to ensure that the removal of water from the sites does not have detrimental effect on the adjacent properties. To ensure the quality of the effluent discharged complies with the local laws and regulations, regular monitoring of water quality is carried out.

Noise

When carrying out construction work, noise and vibration are inevitably generated through the use of machines. We strive to minimise disturbances to nearby residents and establish a communication channel to address their concerns. For example, we control the noise generated from piling by adopting non-percussive piling techniques such as pre-bore, vibratory hammers or hydraulic hammer for driving piles. We use coring method to remove reinforced concrete wall due to design change instead of traditional hacking method. We also take other measures like using low-noise equipment and setting up noise barrier to reduce adverse noise impact. We strictly adhere to the restricted hours of operations stipulated in the construction noise permit. However, we may still receive complaints from nearby residents regarding disturbances caused by our running machines. Under such circumstances, we work with the relevant authorities and the person making complaint with the aim to take immediate responsive actions to mitigate the disturbances caused.





ENVIRONMENTAL ASPECT

A2. USE OF RESOURCES

The Group considers environmental protection as an essential component of a sustainable and responsible business. We have an in-depth understanding of the importance of safeguarding sustainable development of the environment and efficient utilization of resources by introducing various measures in our operations. We continuously improve our “Resource Conservation Procedure” to identify opportunities to use energy more efficiently and conserve resources by setting up different programmes in construction sites. With our effort, the Group has obtained ISO 50001:2011 Energy Management System certification.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. With aims of resource saving and implementation of energy saving measures, the Group actively promotes the concept of energy saving and emission reduction into the entire process of its business development and operation. For construction work, energy consumption often increases the project cost. The Group attaches great importance to the efficient utilisation of energy by introducing various measures as follows:

- Use of energy-saving equipment, lightings and energy-efficient air conditioning system.
- Use of solar panels to power equipment such as noise meter and CCTV system.
- Motion control lighting at staircase.
- Stickers at socket outlets and light switches to remind employees to switch off all the electric appliances when leaving.
- Efficient design of site office/work place, such as adjustable sun-screens installed on windows and positioning site office facing the north-south direction.

The Group’s energy consumption is classified into three types – (i) purchased electricity, (ii) petrol and diesel oil, and (iii) town gas. The decrease in total energy consumption in 2018 was mainly attributable to the decrease in the provision of foundation work to customers in Hong Kong during the year. The energy consumption of the Group during the reporting period was as follows:

Energy consumption	Unit	2018	2017
Purchased electricity	MWh	3,549.1	3,828.9
Petrol	MWh	505.6	548.6
Diesel	MWh	56,645.0	74,287.8
Towngas	MWh	0.8	0.4
Total energy consumption	MWh	60,700.5	78,665.7
Energy intensity	MWh/HK\$ million of project turnover	8.08	19.53

ENVIRONMENTAL ASPECT

Water

Water is another important resource used for the daily construction operation. In the construction sites, the Group also implemented internal policies to minimize water consumption. To conserve the use of water, we have implemented the following water-saving initiatives:

- Automatic wheel washers are used to increase productivity and reduce water usage.
- Water treatment facilities are used to recycle the sewage.
- Recycled water from water treatment facilities is used to wet roads, water plant, wash floors and vehicles.
- Pumps and running hoses should be switched off when not in use.
- Water-saving equipment and devices, such as dual flush water closet and self-closing water tap are installed.

Moreover, there is monthly monitoring of the usage of water. If the consumption is unexpectedly high, the case should be investigated to find out the root cause and preventive measures can be taken. In 2018, the decrease in water consumption was mainly attributable to decrease in the provision of foundation work to customers in Hong Kong during the year. The water consumption of the Group during the reporting period was as follows:

Water	Unit	2018	2017
Water consumption	m ³	404,328	503,682
Water intensity	m ³ /HK\$ million of project turnover	53.85	125.02

A3. THE ENVIRONMENT AND NATURAL RESOURCES

In order to mitigate the impacts on the environment and natural resources, the Group has established the “Site Environmental Control Programme” to outline a procedure on the planning and execution of environmental control programme on site. The procedure focuses mainly on six areas — environmental noise, earth movement, prevention of soil erosion, water pollution and siltation, refuse disposal, and personal hygiene.

Construction activities cause various pollutions to the environment. With technological advancement, the Group can make use of different models and systems to help reduce the environmental impacts. For example, BIM model is used for automated clash detection to reduce errors at early stage of design. This helps to reduce re-work and wastages in materials. Prefabricated Prefinished Volumetric Construction (“PPVC”) technology is used to improve productivity and quality of construction work. Environmental impacts can be minimised as more activities are carried out off-site. Besides, the Group made achievements in sustainable development in the industry during the reporting period as below:





STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Singapore Green Building Council (SGBC)

SGBC is an organization to advocate green building design, practices and technologies and drive environmental sustainability in the building and construction industry. To support building and construction industry towards environmental sustainability, the Group was engaged in SGBC as a founding member. It helps the Group to foster innovative industry solutions across the entire building and construction value chain.

Green and Gracious Builder Scheme (GGBS)

GGBS were launched by Building and Construction Authority ("**BCA**") which is an agency under the Ministry of National Development, championing the development of an excellent built environment for Singapore. The aim of GGBS is to promote environment protection and gracious practices during the construction phase of projects. The Group has obtained the following awards that shows the Group has a great environmental consciousness and a professionalism of builder, especially for award in the category "Star" which is the highest category. Here is the list of certified companies:

- Star — Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
- Excellent — CNQC Engineering & Construction Pte. Ltd.
- Excellent — Welltech Construction Pte. Ltd.

This shows that the Group has good performance in adopting the best practices in construction site management to minimise the impacts on the environment and natural resources.

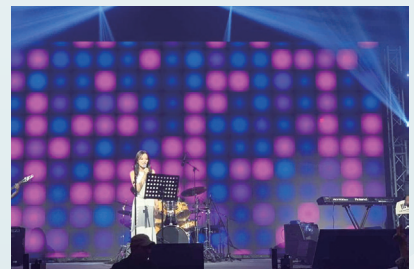
B. SOCIAL ASPECT

EMPLOYMENT AND LABOUR PRACTICES

B1. EMPLOYMENT

The Group believes that people are its important assets, which is the foundation for success and development of the Group. The Group's employee handbook sets out the standard of staff recruitment, promotion guidelines, remuneration scale, working hours, rest breaks, holidays, termination of employment and compensation matters. The principle of equal opportunities is applied in the recruitment policy. The Group promotes fair competition. All candidates have equal opportunity for vacancies regardless of gender, age, marital status, religion, race, nationality, disability or any status protected by law. In order to encourage diversity in the company, both external talents and internal employees are welcome to apply for positions in the Group.

The Group advocates harmonious and work-life balance culture through a diversified choice of activities, including annual dinner, employee gatherings, basketball tournament and sports day. Those activities can enable employees to relax and enhance the communications among employees. To recognise the contributions of employees, the Group presents outstanding staff award and safety award to employees annually.



The adoption of these human resources policies and procedures ensures the Group's compliance with the relevant local labour laws and regulations, including the Employment Ordinance in Hong Kong and the Employment Act in Singapore. During the reporting period, there was no non-compliance or breach of legislation related to applicable employment laws and regulations. As at 31 December 2018, the Group had 1,846 employees in Hong Kong, Macau, Singapore and Southeast Asia.



B2. HEALTH AND SAFETY

The Group upholds a belief that if safety is not managed properly, it can be extremely costly not only in human terms, but also in monetary terms as well. Therefore, safety is treated as the highest priority during the delivery of our services. We therefore strictly comply with relevant laws and regulations in Hong Kong, Macau, Singapore and Southeast Asia such as the Occupational Safety and Health Ordinance in Hong Kong, the Convention Concerning Safety and Health in Construction in Macau, and the Workplace Safety and Health Act in Singapore.

Besides, we are committed to providing a safe and healthy working environment for the benefit of our staff, subcontractors and the general public. Our corporate image as a quality foundation contractor could be enhanced through continuous improvement in safety performance. We have established a safety and health management and audit system in accordance with the requirements of OHSAS 18001. The Group's "Quality, Environmental, Health and Safety ("QEHS") Manual" is established to control the related matters. In addition, the Group has been certified to OHSAS 18001:2007 certification. In addition, Sunley has been registered as a Green Cross Group Member of Occupational Safety and Health Council in Hong Kong.



Our safety system is documented in written procedures and supplemented with oral instructions, training and demonstration. For example, "Occupational Health Programme Procedure" is established to provide guidelines for implementing occupational health programmes for hearing conservation, medical surveillance and respiratory protection. We require strict implementation of our safety system with supervision by our Group's or the subcontractors' management staff. In addition, we have employed qualified safety officers approved by the Labour Department in Hong Kong to monitor and implement our safety system.

The Group hires a consulting company for conducting safety risk assessment, performing safety inspection, providing safety training, preparing safety plan for the Group and underground utility detection report for construction sites. We will continue to put adequate resources and effort to uphold and improve our safety management system in order to reduce our risks related to safety issues.

The Group continues to enhance the health and safety performance. In Singapore, seven of our construction projects obtained the Gold Award from The Royal Society of the Prevention of Accidents in 2018.

The details are as follows:



iNz Residence EC —
Qingjian International
(South Pacific) Group
Development Co., Pte. Ltd.



Le Quest Condominium —
Qingjian International



Bedok N4C9 Project —
Welltech Construction
Private Limited - Housing
Development Board

SOCIAL ASPECT



Housing Development Board Ang Mo Kio N2C31 Project — Welltech Construction Pte. Ltd.



Ministry of Education Wellington Primary School Project — Welltech Construction Pte. Ltd.



Housing Development Board Clementi N4C12 Project — Welltech Construction Pte. Ltd.

This shows that the projects have achieved a very high level of performance, demonstrated well-developed occupational health and safety management systems and culture, appropriate control of risk and low level of harm on human health and safety.

In Hong Kong, the Group has joined different occupational health and safety campaigns and has been awarded with certificates during the reporting period. This recognised our efforts to promote a safety and health culture at work and reduce the work-related incidents. The detail is as follow:

Construction Safety Week

Safety Video Competition 2018

- Outstanding — Sunley Engineering & Construction Company Limited



B3. DEVELOPMENT AND TRAINING

The Group believes that fostering employees with knowledge and skills is a core part of ensuring sustainable development and strengthening its competitiveness. The Group regards staff as a strategic partner and provides support for their career development and personal value enhancement with systematic training programmes. As stipulated in “Resource Management Procedure”, different trainings are provided based on the employee categories. The Group has also launched a new online study system to enrich optimise employees’ professional and personal knowledge.

New employees have to participate in an orientation organized by various department heads to ensure that they are familiar with QEHS management system of the Group. The topics of orientation include Workplace Safety and Health (“**WSH**”) consequences of their work activities, importance of conforming to the QEHS manual and potential consequences due to deviation from specific procedures. The new employees are provided with on-the-job training under the guidance of senior staff for a period decided by the respective department heads.

Furthermore, in order to cater for the actual needs of different departments and individuals, we provide different forms of training, not only internal training, but also external special courses to equip staff with professional skills and abilities. Internal training includes safety induction course, risk assessment and safe work procedure briefing. External courses include occupational first aid, safety and health management and equipment operation courses, etc. Course contents include ISO 14001, ISO 9001 trainings, construction laws and good industry practices, etc. Trainings are delivered by external organisations, such as Building Construction Authority, Society of Construction Law (Singapore) and Eduquest International Institute.

B4. LABOUR STANDARDS

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with the relevant laws and regulations, such as the Employment Ordinance in Hong Kong and the Employment Act in Singapore. The Group prohibits the use of child labour and forced labour as stipulated in the “No Child Labour Policy” in the Group’s Employee Handbook. Employment contracts and other records, documenting all relevant details of the employees, are properly maintained and open for verification by any authorised personnel or relevant statutory bodies. All units need to provide an annual report to the functional head on any incidents of child or forced labour. Periodic assessment is conducted and random checks of records are undertaken by the human resources department annually. During the reporting period, the Group did not have any non-compliance related to child labour or forced labour.

OPERATING PRACTICES

B5. SUPPLY CHAIN MANAGEMENT

The Group relies on subcontractors and suppliers for subcontract services, supply of materials and rental machines used in construction activities. The Group works closely with its subcontractors and suppliers who are committed to high quality, environmental, health and safety standards as stipulated in the “Purchasing and Supplier Management Procedure”. It is established to ensure that the suppliers and subcontractors conform to the quality, environmental, occupational health and safety requirements of the company. In controlling the purchasing system, quantity surveyors or purchasers identify potential suppliers and subcontractors who can meet the qualification requirement to supply goods and services. The suppliers or subcontractors should at least have a certified quality or Environmental, Health and Safety (“EHS”) system (e.g. bizSAFE⁴ Level 3, ISO 9001, ISO 14001, or OHSAS 18001). Qualified suppliers are maintained in an approved supplier list. The performance of contractors and suppliers is assessed annually by the Group.



B6. PRODUCT RESPONSIBILITY

The Group is committed to achieving and maintaining the highest quality standard for construction projects. The Group has established “QEHS Management System”, which documents and controls all the applicable procedures in construction activities for effective operation in accordance with the requirements by local authorities and customers. This system is reviewed by top management at least once a year to assess its continuing suitability, adequacy and effectiveness, and also to look into ways for further improvement. The Group is in strict compliance with all the applicable laws and regulations relating to product responsibility, including Building Control (Environmental Sustainability) Regulations 2008 of Building Control Act Part IIIB in Singapore.

Quality Management

To pursue quality construction work, the Group has established “Quality Management System”, including “Process Control Procedure” in accordance with the requirements of ISO 9001, OHSAS 18001 and ISO 14001. The Group strives to develop a sustainable performance-oriented culture with an emphasis on pursuing continuous improvement rather than adopting a short-term and project-based approach.



During 2018, the Group was awarded different construction awards in recognition of our demonstration to the high standards of project management, construction quality, public relations and innovation for the construction projects. The details are as follows:

Building and Construction Authority (“BCA”) of Singapore

BCA Construction Excellence Award 2018

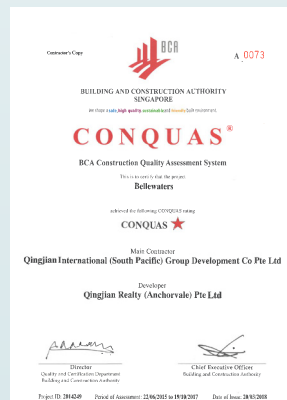
- Sengkang N2 C43A (Compassvale Cape) — Qingjian International (South Pacific) Group Development Co., Pte. Ltd.



Housing and Development Board (“HDB”) of Singapore

HDB Award was known as the “Oscars of the Construction Industry” that the aim of it is to inspire construction consulting companies and contractors who have achieved outstanding results and innovations in the public housing. The Group was honored to win two valuable awards in Singapore construction market for sixth time and fourth time respectively.

- 2018 HDB Construction Award for the Toa Payoh Crest government public housing project constructed by Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
- 2018 HDB Certificate of Merit-Construction for the Yishun Park Grove government public housing project, constructed by Welltech Construction Pte. Ltd.



4 bizSAFE is a 5-step programme that assists companies to build up their WSH capabilities. bizSAFE level 3 certificate is the minimum level required for any contracts and tenders with bizSAFE Partners, main construction firms, government sectors, etc.

These awards are our driving force to achieve a higher construction quality. We place strong emphasis on quality control as we believe completing works that meet or exceed our customers' requirements is crucial not only for building safety, but also for job reference and future business opportunities. To ensure our works meet the required standards, we assign a foreman on a full-time basis at each of the construction sites as the first line of monitoring of the quality of works done by our employees and subcontractors. The project manager carries out daily visits to construction sites to monitor the quality and progress of works so as to ensure the works are completed according to schedule. Furthermore, our project team holds weekly meetings with our management so that our management can monitor the progress of each of the projects and discuss identified issues. This can ensure our construction works meet the customers' requirements, are completed according to schedule and budget, and fully comply with all relevant laws and regulations.

The performance and quality of the construction work is monitored under the "Performance Monitoring and Measurement Procedure". Key characteristics are identified, monitored, measured and evaluated. For example, for construction activities such as piling, remedies for defective piling works are often impossible once construction works for the superstructure have commenced. To reduce defects and ensure the quality of work, we conduct thorough testing of the piles before certification of foundation works completion and commencement of construction works of the superstructure.

With regards to raw materials, they are procured from our approved suppliers who have satisfactory past business relationships with us. To ensure a consistent quality in the raw materials used which meets the required standards, we may from time to time engage third party laboratories to conduct sample tests on raw materials, including steel and concrete.

Customer Satisfaction Management and Complaint Handling

Understanding the customers' opinions on our construction services is crucial for the continuous improvement of construction quality. The Group has established a comprehensive "Customer Satisfaction Monitoring Mechanism" for handling complaints and monitoring customers' satisfaction. Customer satisfaction survey is carried out once every year or upon project completion.

Building Service Centre ("BSC") is responsible for providing customer service to new residents and handling the complaints. The BSC is managed by experienced customer relation officer. All residents' feedbacks or complaints on property defects have to be followed up and rectified within 14 days.

Customer Data and Information Protection

The Group takes privacy issues very seriously. The Group fully complies with all relevant laws and regulations and ensure appropriate technical measures are in place to protect the personal data against unauthorised use or access. In addition, the Group's "Control of Document Procedure" outlines the process for the control of documented information to address distribution, access, retrieval, use and changes. Customers' personal data is securely kept and processed only for the purpose for which it has been collected. Staff are provided with adequate training on the applicable laws on data privacy protection to help them understand their responsibilities when handling data.



B7. ANTI-CORRUPTION

We believe that the integrity of business is a foundation of corporate social responsibility, as well as a fundamental element of a business's competitive advantage and sustainability. For these reasons, we have systematically incorporated anti-corruption management principles into our operations, promoted a fair and just commercial competition to achieve win-win situation with external partners, and adhered to transparent and open mechanisms for internal management as stipulated in the Group's "Code of Conduct". The Group has been in strict compliance with relevant laws and regulations, such as Prevention of Bribery Ordinance in Hong Kong and Prevention of Corruption Act in Singapore. The Group engages internal and external stakeholders to strengthen our anti-corruption procedures. In order to specify the whistle-blowing procedures and ensure the legal rights and interests of individuals reporting problems, we have formulated the "Whistle-blowing Policy". All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

COMMUNITY

B8. COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. We communicate with the communities around the sites where we operate by various means to take care of their needs. For example, we visit the neighbouring residents and sent letters to them, establish communication hotline, record and handle feedbacks from the public, etc.

According to the Group's "Community Investment Policy", the Group aims to develop long-term relationship with our stakeholders based on mutual trust, respect and integrity. Moreover, we seek to make contributions to programmes that have a positive impact on community development. The Group focuses on contributing in youth development to nurture future leaders and environmental protection.

During the reporting period, the Group was engaged in a community event called "Lunar New Year Lunch" for the elderly, organized by Lions Clubs of Singapore, to show appreciation to our elderly. Besides, the Group also cares about the influence of the construction sites to the community. The Group has implemented adequate measures to mitigate the nuisance to the residents and schools near the construction sites. For example, stringent mosquito control and preventative measures are in place in the construction sites. All the sites are surrounded by safety fence to safeguard the safety of the public. Heavy-duty safety nettings are installed at nearby schools to prevent dust from entering the schools. Netting is provided instead of zinc sheet hoarding in one of the sites — Punggol Reservoir to preserve the good ventilation and beautiful view of the Reservoir for the public. During the reporting period, the Group had received appreciation letter from the Hong Kong Housing Authority to recognise our effort to implement different measures to reduce construction work impact on the community.

The Group will continue its contributions to the sustainable development of the community in future by building a healthy and dynamic community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
A.Environmental			
A1: Emissions			
General Disclosure		"Environmental Aspects"	6
KPI A1.1	The types of emissions and respective emissions data	"Emissions - Air Pollutant Emission"	6
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	"Emissions - Greenhouse Gas Emission"	7
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	"Emissions - Hazardous and Non-hazardous Wastes"	8
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	"Emissions - Hazardous and Non-hazardous Wastes"	8
KPI A1.5	Description of measures to mitigate emissions and results achieved	"Emissions - Air Pollutant Emission"	7
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	"Emissions - Hazardous and Non-hazardous Wastes"	8
A2: Use of Resources			
General Disclosure		"Use of Resources"	10
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	"Use of Resources - Energy"	10
KPI A2.2	Water consumption in total and intensity	"Use of Resources - Water"	11
KPI A2.3	Description of energy use efficiency initiatives and results achieved	"Use of Resources - Energy"	10
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"Use of Resources - Water"	11
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	This is not applicable to the Group's business.	N/A
A3: The Environment and Natural Resources			
General Disclosure		"The Environment and Natural Resources"	11
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"	11



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
B.Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		"Employment"	13
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	—	—
KPI B1.2	Employee turnover rate by gender, age group and geographical region	—	—
B2: Health and safety			
General Disclosure		"Health and Safety"	14
KPI B2.1	Number and rate of work-related fatalities	—	—
KPI B2.2	Lost days due to work injury	—	—
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	"Health and Safety"	14
B3: Development and Training			
General Disclosure		"Development and Training"	16
KPI B3.1	The percentage of employee trained and employee category	—	—
KPI B3.2	The average training hours completed per employee by gender and employee category	—	—
B4: Labour Standards			
General Disclosure		"Labour Standards"	16
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	16
KPI B4.2	Description of steps taken to eliminate such practices when discovered	—	—
Operating Practices			
B5: Supply Chain Management			
General Disclosure		"Supply Chain Management"	17
KPI B5.1	Number of suppliers by geographical region	—	—
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	—	—

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	17
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	—	—
KPI B6.2	Number of products and service related complaints received and how they are dealt with	"Product Responsibility - Customer Satisfaction Management and Complaint Handling"	19
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	—	—
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility - Quality Management"	17
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility - Customer Data and Information Protection"	19
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	20
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 case	No concluded legal case was observed during the reporting period.	20
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	20
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	20
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	20
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	"Community Investment"	20





青建國際控股有限公司

CNQC International Holdings Limited