

**CHINA SUPPLY CHAIN HOLDINGS LIMITED**

**中國供應鏈產業集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708

**2023**

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THIS REPORT

### 1.1. Reporting scope and period

China Supply Chain Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is delighted to publish the Environmental, Social and Governance Report (the “**ESG Report**”) to summarize the Group’s policies, measures and performance on the key environmental, social and governance issues.

The reporting boundary and scope of this ESG Report is the same as prior year (“**FY2022**”), it covers the Group’s core operations involving provision of building maintenance and renovation services and head office in Hong Kong. It covers the ESG-related activities from 1 July 2022 to 30 June 2023 (the “**Reporting Period**” or “**FY2023**”).

### 1.2. Reporting standard

This ESG Report has been prepared in accordance with the ESG Reporting Guide (“**ESG Guide**”) under Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and complies with all provisions of “Comply or Explain”. Information regarding corporate governance is included in the section of corporate governance report in the annual report of the Company according to Appendix 14 of the Listing Rules.

The Group strictly adheres to the principles of materiality, quantitative, balance and consistency to report on the relevant measures and performances during the Reporting Period.

| Principles   | Definitions   | The Group’s Response   |
|--------------|---|--|
| Materiality  | The issues covered in this ESG Report shall reflect the Group’s significant ESG impacts and report on the significance of such significant issues to investors or other stakeholders. | Materiality assessment was conducted to identify key issues that are significant to the Group’s long-term sustainability. Please refer to “Materiality Assessment” for more details. |
| Quantitative | This ESG Report shall adopt a measurable way to disclose the data or comparative data of the Group’s historical key performance indicators and calculate the relevant data.           | All key environmental and social performance indicators of this ESG Report are disclosed quantitatively where feasible in accordance with the ESG Guide.                             |

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| Principles  | Definitions   | The Group's Response  |
|-------------|---|---|
| Balance     | The ESG report should provide an unbiased picture of the Group's performance.                                       | The overall ESG performance of this ESG Report has been presented in an objective and unbiased way to provide stakeholders with a balanced overview of the Group. |
| Consistency | The Group shall use consistent methodologies to allow meaningful comparisons with the reports of the upcoming years | Methodologies adopted for preparing this ESG Report are consistent with last year, unless otherwise stated.   |

### 1.3. Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views via any of the following channels:

Address: 12th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong

Email: [info@chsc.com.hk](mailto:info@chsc.com.hk)

### 1.4. Board Statement

The board of directors of the Company (the "**Board**") of the Company understands its responsibility and is committed to lead and steward the Group with the aim to achieve long-term returns and generate a positive impact on the society and the environment. The Board is committed to running its operations in a sustainable manner and conserving the environment. The Board has incorporated ESG issues into the Group's business strategy. The Board is responsible for providing direction and maintaining oversight of ESG-related risk and performance. The Board has a key responsibility to formulate and prioritize the ESG targets, policies and strategies for sustainable development according to the materiality assessment in identifying significant ESG issues towards the Group's business and relevant stakeholders.

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### 1.5. Communication with stakeholders

Involving our stakeholders in sustainability efforts is a valuable process that helps us achieve our initiatives more successfully. Our key stakeholders include our customers, subcontractors, suppliers, employees, regulatory authorities, shareholders and community. We value all insights and feedback from our stakeholders, and through engagement we are able to formulate greater sustainability strategies as well as identify material ESG aspects we should focus on in our reporting process. The following table shows our key stakeholders together with the key communication channels and their expectations:

| Stakeholders                 | Key communication channels  | Expectations and concerns   |
|------------------------------|---|---|
| Customers                    | <ul style="list-style-type: none"> <li>• Site visits</li> <li>• Complaint and feedback channels</li> <li>• Continuous direct communication</li> </ul>   | <ul style="list-style-type: none"> <li>• Quality of work</li> <li>• Delivery our job on time</li> <li>• Reasonable prices</li> <li>• Labour protection and work safety</li> </ul>                         |
| Subcontractors/<br>Suppliers | <ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Industrial channels' communications and activities</li> <li>• Continuous direct communication</li> </ul>                              | <ul style="list-style-type: none"> <li>• Long term and sustainable business</li> <li>• Fair contract term</li> </ul>  |
| Employees                    | <ul style="list-style-type: none"> <li>• Orientations, trainings, and meetings</li> <li>• Performance appraisals</li> <li>• Internal memos</li> <li>• Emails and other electronic communications</li> </ul> | <ul style="list-style-type: none"> <li>• Workplace safety</li> <li>• Rights and benefits, employee compensation</li> <li>• Training and development</li> <li>• Work hours and work environment</li> </ul> |
| Regulatory authorities       | <ul style="list-style-type: none"> <li>• Statutory filings and notification</li> <li>• Site visits</li> <li>• Ad-hoc enquiries</li> </ul>   | <ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Prevention of tax evasion</li> <li>• Protection of social welfare</li> </ul>                                     |
| Shareholders and investors   | <ul style="list-style-type: none"> <li>• Corporate website</li> <li>• General meeting</li> <li>• Regular corporate publications including financial reports and results announcements</li> </ul>            | <ul style="list-style-type: none"> <li>• Corporate governance system</li> <li>• Business strategies and performance</li> <li>• Investment returns</li> </ul>  |
| Community                    | <ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Regular corporate publications including financial reports and results announcements</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Environmental responsibilities</li> <li>• Community environment, development support</li> </ul>                                |

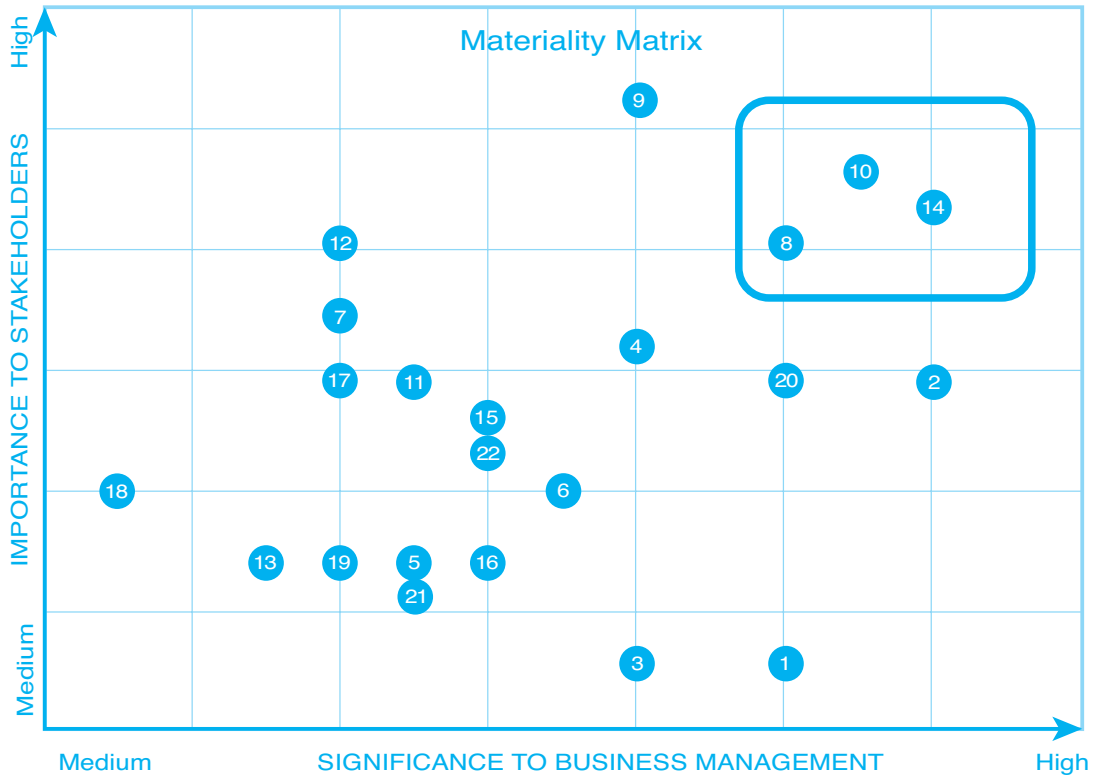
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## 1.6. Materiality Assessment

To understand the ESG issues that are important to our stakeholders and our business, we have conducted materiality assessment with online survey. The assessment process involves identification, prioritization and validation of issues. The procedures of the assessment process are shown as follows:

|   |  |  |
|---|--|--|
| <p><b>Step 1: Identification</b></p> <p>A total of 22 ESG issues relevant to the Group were identified by reviewing daily operations. A pool of possible material issues was created.</p> | <p><b>Step 2: Prioritization</b></p> <p>Invite different stakeholder group to rank the materiality of various ESG issues through online survey and prioritized their feedback with internal management's view.</p> | <p><b>Step 3: Evaluation and validation</b></p> <p>The management of the Group reviews and verifies the materiality of the issues and confirmed the 3 ESG issues as its material issues of 2023.</p> |
|---|--|--|

The Group has mapped out and prioritized the ESG issues with the following materiality matrix.



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| Environment                                       |                                       | Economics and Society   |   |  |
|---|---------------------------------------|---|---|--|
| 1. Air Emissions                                  | 6. Green Procurement                  | 8. Employee Welfare   | 13. Social Risk in Supply Chain             | 18. Anti-Corruption                    |
| 2. Treatment of Hazardous and Non-hazardous Waste | 7. Environmental Risk in Supply Chain | 9. Equal Opportunity, Diversification and Anti-Discrimination | 14. Quality Control                         | 19. Community Investment               |
| 3. Greenhouse Gas Emission and Energy Consumption |                                       | 10. Occupational Health and Safety                            | 15. Customer Services                       | 20. Data Protection and Cyber Security |
| 4. Use and Conservation of Water Resources        |                                       | 11. Staff Development and Training                            | 16. Intellectual Property Rights Management | 21. Economic Performance               |
| 5. Climate Change Risk Management                 |                                       | 12. Employment Compliance                                     | 17. Marketing and Advertising               | 22. Business Expansion                 |

The materiality assessment and prioritization take two dimensions into account. It includes the importance of issues to stakeholders and the business. Three issues that fall within the top right-hand corner have relatively higher significance to both stakeholders and the Group's business, they are, occupational health and safety, quality control and employee welfare. Those material topics are further elaborated in the subsequent sections of this ESG Report.

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### 2. ENVIRONMENTAL PERFORMANCE

The Group's principal operating subsidiary is engaged in building maintenance, refurbishment and renovation service solutions. In response to the growing demand in environmental sustainability in the construction industry, the Group is committed to enforce its environmental management policy by using environmentally sustainable materials, energy efficient technologies and products in preventing pollution, reducing waste, and complying legal requirements. Our target is to reduce greenhouse gas emissions, increase energy use efficiency and reduce unnecessary waste disposal in our daily business operations.

#### 2.1. Emissions Policies and Compliance

The Group recognises that environmental protection is one of the most critical issues in recent decades. Apart from taking practicable actions to ensure strict compliance with relevant statutory and contractual requirements, the Group has adopted principles and clause requirements of the International Standard: ISO 14001 Environmental Management System to conscientiously promote and implement all reasonably practicable environmental protection measures to prevent possible pollution and other adverse environmental impacts which may be caused by the Group's operations. The Group has developed an environmental management plan, established Environmental Policy Statement, provided periodically evaluation in order to maintain an effective environmental management system that align with the ISO 14001 standard requirements and keep monitoring and measuring onsite project performance.

The Group does not aware of significant non-compliance with the Environmental Protection Law of Hong Kong, include, but are not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) for the Reporting Period.



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### 2.2. Carbon Footprint — Greenhouse Gas Emissions

The Group has made great efforts in controlling its emissions as well as its consumption of resources. The Group has been upholding the concept of green office and encourages our employees to save water and electricity in their daily office activities to improve the efficiency of resource usage. Its energy conservation practices include deploying energy saving lightings, switching off idle lightings, computers and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport and using telephone or video conferencing as an alternative to business travel.

The following table highlights the carbon footprint and its intensity of the Group:

| Scope | Sources of GHG Emissions               | 2023                                | 2022                                | 2023   | 2022   |
|-------|--|-------------------------------------|-------------------------------------|--|--|
|       |  | GHG Emissions (tCO <sub>2</sub> -e) | GHG Emissions (tCO <sub>2</sub> -e) | Intensity <sup>1</sup> (tCO <sub>2</sub> -e/m <sup>2</sup> ) | Intensity <sup>1</sup> (tCO <sub>2</sub> -e/m <sup>2</sup> ) |
| 1     | Mobile Combustion — Unleaded Petrol    | <b>50.47</b>                        | 28.26                               | <b>0.198</b>   | 0.111  |
| 2     | Purchased Electricity                  | <b>13.83</b>                        | 13.64                               | <b>0.028</b>   | 0.053  |
| 3     | Disposal of Paper Waste                | <b>8.19</b>                         | 7.92                                | <b>0.016</b>   | 0.031  |
|       | Freshwater Processing                  | <b>0.04</b>                         | 0.04                                | <b>Negligible</b>  | Negligible   |
|       | Sewage Processing                      | <b>0.02</b>                         | 0.02                                | <b>Negligible</b>  | Negligible   |
|       | <b>Total GHG Emissions<sup>2</sup></b> | <b>72.55</b>                        | 49.88                               | <b>0.144</b>   | 0.195  |

### 2.3. Air Emission

Construction activities must adhere to the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation. During renovation and demolition processes, dust generated from various activities could make a significant contribution to local air pollution. High levels of dust, combined with other outdoor air pollutants, can cause respiratory diseases to the employees at work and the general public.

In addition, the Group's projects are mainly conducted indoor, noxious odor and volatile organic compound ("VOC") are the major molecules emitted or vaporized from the organic materials (e.g.: solvent, paint or other organic materials) that are used for construction related works; thus, the indoor air quality and the health of the employees on-site are being adversely affected.

The Group is committed to meet the requirements for indoor air quality of the construction site and premises. Stated in the Group's environmental management policy, the project manager is responsible for effective implementation and monitoring of preventive measures, including the provision of personal protection equipment ("PPE") to employees, using sprinklers for dust suppression, and the adoption of pollution mitigation procedures to control dust and potential VOC sources, in the project sites to minimize the negative impact aroused by air pollutants.

1 GHG emission is divided by the office gross floor area of the major subsidiary to calculate the intensity of GHG emission.

2 The GHG emission is calculated according to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited.



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Employee transportation using motor vehicles powered by unleaded petrol was another contributor to air emissions. Combustion of unleaded petrol produces a high temperature environment which favors the oxidation of atmospheric nitrogen into nitrogen oxides. The incomplete combustion of unleaded petrol also generates carbon monoxide and soot particles. Since vehicles emit a considerable amount of air pollutants into the environment, the Group will continue to encourage its employees to take public transportation when possible.

The following table depicts the air emission of the Group:

| Types of Air Pollutants            | 2023          | 2022 |
|------------------------------------|---------------|------|
|                                    | Emission (kg) |      |
| Nitrogen Oxides (NO <sub>x</sub> ) | <b>14.39</b>  | 6.82 |
| Sulphur Oxides (SO <sub>x</sub> )  | <b>0.28</b>   | 0.16 |
| Particulate Matter (PM)            | <b>1.06</b>   | 0.50 |

### 2.4. Hazardous and Non-hazardous Waste Disposal

The environmental impact from the waste generated by construction and demolition is the most significant issue throughout the Group's operations. Waste including packaging materials of raw materials, flooring (vinyl or wood), drywall such as wall board, gypsum or plastic board, concrete waste and carpeting materials are difficult to be recycled as they are generally collected without source separation and eventually being disposed of at landfill. However, the Group would seek for a more sustainable waste management plan to control, record and monitor the overall waste generation and disposal. The Group also encourages the subcontractors to reuse scrap steel and wood to reduce the waste disposal. The non-hazardous construction waste would be transferred to the government waste disposal facilities. The following tables summarize the quantity and destination of the waste:

| Reuse & Recycling of Construction Waste | 2023            | 2022   |
|---|-----------------|--------|
|   | Weight (tonnes) |        |
| Reuse                                   | <b>58.90</b>    | 52.30  |
| Recycling                               | <b>124.30</b>   | 217.60 |

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| Government waste disposal facilities | Types of construction waste   | 2022<br>Weight (tonnes) | 2021     |
|--------------------------------------|---|-------------------------|----------|
| Landfills                            | Containing not more than 50% by weight of inert construction waste <sup>3</sup> | <b>605.50</b>           | 652.20   |
| Sorting facilities                   | Containing more than 50% by weight of inert construction waste <sup>3</sup>     | <b>6.60</b>             | –        |
| Public fill reception facilities     | Containing entirely of inert construction waste <sup>3</sup>                    | <b>2,196.10</b>         | 1,893.60 |
|                                      | <b>Total</b>  | <b>2,808.20</b>         | 2,545.80 |

Licensed chemical waste collectors would be used to collect hazardous waste such as waste paint to designated facilities, where it undergoes treatment and reprocessing. In the case of non-hazardous waste generated from office administration, such as paper and printed materials, property management takes charge of collecting paper waste and toner cartridges for recycling and proper disposal.

The following table concludes the production amount and intensity of the non-hazardous and hazardous waste:

| Waste Production                          | Unit                  | 2023            | 2022           |
|---|-----------------------|-----------------|----------------|
| Construction waste                        | tonnes                | <b>2,991.40</b> | 2,815.70       |
| Paper                                     | tonnes                | <b>1.71</b>     | 1.65           |
| Total non-hazardous waste                 | tonnes                | <b>2,993.11</b> | 2,817.35       |
| Non-hazardous waste intensity             | tonnes/m <sup>2</sup> | <b>5.95</b>     | 11.03          |
| Total hazardous waste (i.e.: waste paint) | kg                    | <b>630.00</b>   | – <sup>4</sup> |
| Hazardous waste intensity                 | kg/m <sup>2</sup>     | <b>2.47</b>     | – <sup>4</sup> |

<sup>3</sup> Inert construction waste refers to rock, rubble, boulder, earth, soil, sand, concrete, asphalt, brick, tile, masonry or used bentonite.

<sup>4</sup> No hazardous waste was produced in FY2022, as the hazardous waste is scheduled to be treated in FY2023.

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### 2.5. Use of Resources

During the Reporting Period, the primary resources consumed by the Group are unleaded petrol, electricity, water and paper, no packaging materials of finished products are used or needed for its business.

The following table demonstrates the energy, paper and water consumption and its intensity during the Reporting Period:

| Energy and Resources                      |                 | Unit                           | 2023              | 2022       |
|---|-----------------|--------------------------------|-------------------|------------|
| Energy                                    | Unleaded Petrol | kWh                            | <b>172,792.19</b> | 96,761.54  |
|   | Electricity     | kWh                            | <b>33,214.56</b>  | 34,984.40  |
|   | <b>Total</b>    | kWh                            | <b>206,006.75</b> | 131,745.94 |
| Energy Consumption Intensity <sup>5</sup> |                 | kWh/m <sup>2</sup>             | <b>409.51</b>     | 515.67     |
| Paper                                     |                 | kg                             | <b>1,706.65</b>   | 1,649.42   |
| Water                                     |                 | m <sup>3</sup>                 | <b>92.68</b>      | 89.59      |
| Water Consumption Intensity <sup>6</sup>  |                 | m <sup>3</sup> /m <sup>2</sup> | <b>0.36</b>       | 0.35       |

It is noteworthy that the overall electricity and water consumption of the Group cannot represent its total carbon footprint, as the electricity and water supply in project sites were provided by the property owners, thus, they were not available for energy and water consumption, and GHG emission calculation. Instead, the available office data controlled by the Group was included in the calculation.

#### Fossil Fuel Consumption — Unleaded Petrol

The air emission of motor vehicles may affect the health of the general public and neighboring communities through its environmental impact. Regular maintenance on vehicles was conducted to ensure optimal performance and enhance the combustion efficiency of unleaded petrol to mitigate air and GHG emissions.

#### Energy Consumption — Electricity

The Group has participated in the “Electrical Equipment Upgrade Scheme” launched by CLP Power Hong Kong Limited this year. It successfully receives the subsidies to replace the fluorescent lamps with 167 LED tubes with a higher energy efficiency to reduce the electricity consumption. Besides, the Group saves electricity consumption through the use of window blinds in the offices for insulation to reduce indoor temperature hence the use of air conditioners during summer.

<sup>5</sup> Energy consumption is divided by the office gross floor area of the companies that having energy consumption to calculate the intensity of energy consumption.

<sup>6</sup> Water consumption is divided by the office gross floor area of the companies that having water consumption to calculate the intensity of water consumption.

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### Water Consumption

The Group did not encounter any issues in sourcing water for its business during the Reporting Period. The water supply in the project sites was entirely provided by the property owners, thus, it was not available for water consumption. The Group will continue to commit in water conservation as water is one of the most precious natural resources on the Earth. Labels of water conservation are placed near the source of tap water supply such as basins in pantry and washroom to remind employees preserving freshwater.

### Paper Consumption

Paper and printed matters are used for administration and report publication purposes during the Reporting Period. The Group will continue to monitor its paper reuse and recycling efficiency to reduce paper consumption and disposal.

## 2.6. *The Environment and Natural Resources*

To seek long-term environmental sustainability, the Group has made great efforts in complying with the relevant environmental laws and regulations, controlling its emissions, as well as documenting its waste and consumption of resources in its daily operations. The environmental impact is mainly caused by outdoor building maintenance, indoor refurbishment and renovation work in considering the Group's major business.

### Noise Control

The Group and subcontractors pay a great effort to control and mitigate noise production and impacts towards environment and residents through the adoption of quiet equipment qualified with quality powered mechanical equipment ("QPME") label and maintenance methods, application of sound reduction installations, for examples, mufflers and acoustic shields, and scheduling of construction work at permitted hours during refurbishment and renovation work process to satisfy for the requirement of a construction noise permit and comply with Noise Control Ordinance.

### Site Hygiene

The Group follows the guidelines and instructions of Hong Kong Housing Authority and Food and Environmental Hygiene Department for rodent, mosquito and pest prevention and control. The sub-contractors spray larvicide at dumping area weekly to prevent the breeding of mosquitos. Site agent of the Group inspects the cleansing weekly with a checklist to ensure a promising hygienic environment.

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### Protection of Existing Trees and Shrubs

Temporary fencing protects existing trees and shrubs in the surroundings of the site area within 2m by preventing the encroachments of equipment and materials, and contamination of surrounding ground by oil and deleterious substances. No access is allowed within protective fence of tree protection zones.

### 2.7. Climate Change

In view of the increasing frequency of extreme climate events around the globe, we understand that climate change risks would have a direct and indirect impact on its business. Accordingly, the Group has incorporated climate risk into its own risk management system to identify and mitigate the risks that may affect the Group. The significant climate change issues impacted the Group, and its counter measures are as follows:

| Climate Change Risks   | Counter Measures   |
|--|--|
| <p><b>Physical risk</b></p> <p>Risks arising from more frequent extreme weather or changes in climate patterns. For example, extreme weather brings typhoon, high temperature and rainstorm, which may lead to the temporary closure of the office and site, spillage of chemicals, and blockage of drainage</p> | <ul style="list-style-type: none"> <li>• When the government departments issue relevant extreme weather, the Group will implement measures to ensure the safety of employees according to the situation, such as leaving work early and work from home.</li> <li>• Regularly review the Group's environmental protection initiatives and strive to ensure their effectiveness.</li> <li>• The foreman inspects the site for potential environmental risk conditions (e.g.: spillage of chemical storage and blockage of drainage) before the occurrence of extreme weather events, and safety officer enacts the environmental emergency plan to mitigate any environmental hazards owing to typhoon and flooding.</li> <li>• Strengthen its emergency preparedness and various operation practices to prevent losses and incidents, including the effect of more frequent and intense hot weather.</li> </ul> |
| <p><b>Transition risk</b></p> <p>Risk resulting from changes in policies, laws, technologies and market needs during the transition to low-carbon economy</p>  | <ul style="list-style-type: none"> <li>• Closely monitor the regulatory environment to ensure that the Group meets the expectations of regulatory authority and complied with the environmental-related law and regulations.</li> </ul>  |

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### 3. EMPLOYMENT AND LABOUR PRACTICES

#### 3.1. *Employment Policies and Compliance*

The Group's business development and growth rely on the skills, passion and commitment of its employees and we see our employees as our most asset. By employing and developing dedicated and talented people, the Group can provide reliable, and high-quality services to its customers. The Group looks for suitable job candidates according to its business development plans and human resources required. Employment contract with standard terms and conditions in compliance with relevant labor laws and regulations is signed between the Group and all employees before such individuals officially commence employment.

| <b>Employment Indicators</b>     | <b>2023</b> | <b>2022</b> |
|----------------------------------|-------------|-------------|
| <b>Total number of employees</b> | <b>120</b>  | 115         |
| <b>By gender</b>                 |             |             |
| Male                             | <b>71</b>   | 68          |
| Female                           | <b>49</b>   | 47          |
| <b>By age group</b>              |             |             |
| 25 or below                      | <b>4</b>    | 3           |
| 26–35                            | <b>26</b>   | 31          |
| 36–45                            | <b>31</b>   | 33          |
| 46–55                            | <b>27</b>   | 20          |
| 56 or above                      | <b>32</b>   | 28          |
| <b>By employment type</b>        |             |             |
| Full-time                        | <b>120</b>  | 115         |
| <b>By employee category</b>      |             |             |
| Senior management                | <b>3</b>    | 2           |
| Middle management                | <b>6</b>    | 6           |
| General staffs                   | <b>111</b>  | 107         |
| <b>By geographical region</b>    |             |             |
| Hong Kong                        | <b>120</b>  | 115         |

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| Employment Structure                | 2023          | 2022    |
|-------------------------------------|---------------|---------|
| <b>Total employee turnover rate</b> | <b>30.83%</b> | 20.00%  |
| <b>By gender</b>                    |               |         |
| Male                                | <b>28.17%</b> | 19.12%  |
| Female                              | <b>34.69%</b> | 21.28%  |
| <b>By age group</b>                 |               |         |
| 25 or below                         | <b>25.00%</b> | 133.33% |
| 26-35                               | <b>34.62%</b> | 12.90%  |
| 36-45                               | <b>45.16%</b> | 24.24%  |
| 46-55                               | <b>11.11%</b> | 20.00%  |
| 56 or above                         | <b>31.25%</b> | 10.71%  |
| <b>By geographical region</b>       |               |         |
| Hong Kong                           | <b>30.83%</b> | 20.00%  |

The Group commits to providing equal opportunities to all employees in recruitment, promotion, compensation and benefits, and to establishing a happy, harmonious, safe and healthy working environment for all employees. The decision of recruitment, promotion and remuneration is fairly made based on relevant factors such as job requirement, work experience, qualifications and work performance, regardless of gender, nationality, race, religion, disability, marital status, or pregnancy of the candidates to ensure equal opportunities in employment. No form of discrimination would be tolerated in the workplace, the Group welcomes whistleblowers to report about any discrimination cases against the employees.

The Group does not aware of significant non-compliance with the Employment Ordinance (Cap. 54 of the Laws of Hong Kong), the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong).

To retain employees and maintain stability in the Group, the Group provides competitive remuneration based on the prevailing market practices and their individual performances to its employees. The remuneration package includes discretionary bonus, annual leave, sick leave, maternity leave, medical scheme, mandatory provident fund and fringe benefits. Apart from these, performance appraisal is conducted annually based on the employees' job performance, skills, and achievement to reward the efforts of employees devoted to the Group.

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Employees must submit their resignation letters to their immediate managerial supervisors and allow a certain notice period. Resigning employees are invited to have an exit interview to understand his/her reason(s) for departure, the findings of which are used to advance the Group's operation where possible.

The employee handbook is structured to communicate important ground rules and regulations, surrounding employment and labor standard, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety. It is an essential tool to define the expectations of the management over the rights and responsibilities of the employees and to ensure employees are being treated with fairness and consistency.

### **3.2. Health and Safety**

Employees are the Group's most important asset, and we put the safety and health of our employees as our top priority. It is also our concern not to put our employees and the public in hazards. In case of accidents, employees are required to notify their superiors immediately without delay. Appropriate remedial measures and compensation actions including any necessary reporting in accordance with the local or national laws are handled promptly.

To create a safe working environment for employees, the Group adopts the safety management system to the standard of ISO 45001:2018 Occupational Health and Safety Management Systems. We implemented the following key measures to ensure workplace safety:

- Safety committee has been formed in which safety committee meeting is held on a monthly basis for the purpose of setting strategic guidelines for our safety department to (i) manage occupational health and safety measures relating to our operation; and (ii) monitor the implementation of safety management for the Group.
- Safety sub-committee at site level has been formed to monitor the implementation of on-site safety management with the participation of the subcontractors' representatives on project basis.
- Appoint safety supervisors to regularly inspect the construction sites in monitoring the safety issues and ensure the safety manuals are well implemented.
- Safety officer conducts safety risk assessment on a half-yearly basis.
- Provision of adequate safety training for all levels of personnel (including the subcontractors' employees) to increase the safety awareness.
- Personal protective equipment such as helmets, gowns, gloves, eyewear, ear protectors and face masks are provided.
- Site agent submits the accident report within 24 hours to notify office management and safety officer for accident and injury investigation to avoid the recurrence of similar accidents.
- Emergency evacuation drills are scheduled throughout the year to ensure the readiness of the employees in responding to any type of crisis.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- First-aid box is provided to every site office for immediate rescue and contingency.

The Group does not aware of significant non-compliance with the laws and regulation about occupational health and safety, including but not limited to Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other applicable relevant laws and regulations.

| Health and Safety Performance   | 2023 | 2022 |
|---|------|------|
| Number of work injury cases   | 1    | –    |
| Lost days due to work injury  | 128  | –    |
| Number and rate of work-related fatalities of the past three years including the reporting year | –    | –    |

### **3.3. Development and Training**

Knowledge, experience, skills and performance of employees are critical to the Group's continuous success and growth. To encourage and support employees in developing their potentials, the Group regularly reviews the learning and development needs of the employees and provides internal training programs, on-the-job trainings and development opportunities for them to improve their knowledge and expertise at work.

Our safety manager and safety officer organize various safety training to promote workers' and subcontractors' safety awareness and compliance on site. The Group also sponsors employees to pursue external training programs, for example, certificates for construction safety supervisors from Hong Kong Institute of Construction, and applications for professional memberships that will enhance the job performance and support the career aspirations of its staff.

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The Group has a total 71 (2022: 48) training hours for the Reporting Period. The training breakdown is shown as below:

| <b>Employee Training</b>                             | <b>2023</b>   | <b>2022</b> |
|--|---------------|-------------|
| <b>Percentage of trained employees</b>               |               |             |
| <b>By gender</b>                                     |               |             |
| – Male   | <b>52.94%</b> | 68.75%      |
| – Female   | <b>47.06%</b> | 31.25%      |
| <b>By employee category</b>                          |               |             |
| – Senior management                                  | <b>5.88%</b>  | –           |
| – Middle management                                  | <b>5.88%</b>  | –           |
| – General staff                                      | <b>88.24%</b> | 100.00%     |
| <b>Overall</b>                                       | <b>14.17%</b> | 13.91%      |
| <b>Average number of training hours per employee</b> |               |             |
| <b>By gender</b>                                     |               |             |
| – Male   | <b>0.66</b>   | 0.49        |
| – Female   | <b>0.49</b>   | 0.32        |
| <b>By employee category</b>                          |               |             |
| – Senior management                                  | <b>2.33</b>   | –           |
| – Middle management                                  | <b>1.17</b>   | –           |
| – General staff                                      | <b>0.51</b>   | 0.45        |
| <b>Overall</b>                                       | <b>0.59</b>   | 0.42        |

### 3.4. Labor Standards

The Group upholds the rights of its employees and maintains strict compliance with relevant employment laws and regulations. This includes, but is not limited to, the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employment of Children Regulation (Chapter 57B of the Laws of Hong Kong) and the Employment of Young Persons (Industry) Regulation (Chapter 57C of the Laws of Hong Kong). These measures are in place to prevent any form of child labor or forced labor.

As part of our recruitment process, documents authenticating the applicants' identity and eligibility to work are obtained and verified, to ensure no person below the age of eighteen has been hired. Any act of violence, with the purpose of deliberately causing discomfort, threats and/or bodily harm, as well as forcing employees to work, is strictly prohibited by the Group. If any child labour or forced labour is found, the relevant employee will be dismissed immediately and the human resources personnel is responsible for conducting an investigation and implementing new measures to prevent re-occurrence. During the Reporting Period, no incident about child and forced labour was identified.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4. OPERATING PRACTICES

#### 4.1. *Supply Chain Management*

The Group expects that all subcontractors or suppliers adhere to fair and equitable employment practices and reject any form of discrimination or unethical labor practices. In addition, all our suppliers are strongly encouraged to not only include but also promote green practices and considerations in their production. To make sure goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the highest cost performance, suppliers and subcontractors are assessed based on their health and safety, environmental performance, and product and service quality and are selected based upon rational and clear criteria. The Group purchases the raw materials for district maintenance and estate refurbishment from the suppliers subject to the requirement and standards listed in a tender booklet of which considers the factors and impacts of environment, health, safety and durability written by Hong Kong Housing Authority.

The Group has a total of 17 (2022: 28) suppliers and subcontractors, in which all of them were located in Hong Kong.

#### 4.2. *Suppliers' and Subcontractors' Engagement*

As a main contractor, the Group maintains a long-term relationship with its subcontractors to ensure service stability. Selection, assessment and appointment of subcontractors are based on ISO 9001 standard. The Group adopts the following measures to monitor environmental and social risks, subcontractors' quality of work and compliance of occupational health, safety, environmental rules and regulations:

- (a) Clear management structure between project management team and subcontractors;
- (b) Prevention of unauthorized multi-level subcontracting;
- (c) Constant monitoring and inspection;
- (d) Monthly review on subcontractors' work progress;
- (e) Performance assessment of subcontractors.

The Group's operation and supplier management plan is designed for the supervision and monitoring of tender preparation, projects execution, suppliers and subcontractor's selection, appointment and management, procurement of supplies, materials and equipment. As the estate refurbishment and renovation projects involve a wide range of products supplied from various vendors to cope with diverse specifications of the customers, the project management team regularly monitors and reviews the approved list of raw material suppliers and subcontractors with the latest updates to its employees. The team also monitors, audits, and manages the processes regarding materials selection, quality management system and work performance for guaranteed quality and standards of its project deliverables from an effective and efficient supply chain.

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### 4.3. *Quality Assurance*

The Group recognises the long-term importance of the quality of its work and strives to monitor contractors' performance and procure sustainable resources to fulfil customers' expectation in terms of cost, timeliness and quality. We have obtained ISO 9001:2015 certification for quality management system.

Our quality assurance measures have enabled us to provide a quality service that meets both contractual and statutory requirements and we are able to utilise our resources in a planned, systematic, efficient, safe and cost-effective manner. We closely monitor and regularly inspect the quality of purchased materials and our subcontractors' workmanship standard. We offer customer services to our customers to handle and resolve complaints and non-conformities and consider corrective and preventive actions. We constantly seek to improve our quality management system through annual evaluation and assessment by our management.

The Group did not receive any significant complaints from customers regarding quality of our work during the Reporting Period (2022: Nil). In our ongoing effort to enhance the quality of our services, we provide customer support throughout project execution. This includes addressing and resolving customer complaints and non-conformities promptly. Furthermore, we proactively consider preventive measures to avoid the recurrence of similar incidents in the future. In handling customers' complaints and feedback, our customer service department follows our "4R" procedures (i.e.: receiving, recording, responding to and reviewing complaints in a timely manner).

We have a telephone hotline on site manned by our public relations representatives from 9 a.m. to 6 p.m. and from Monday to Saturday (excluding public holidays) to handle and receive complaints from public that may arise in the course of our project execution. Complaints can also be lodged by way of email, complaint card or written complaint form. We endeavor to respond to such complaints and enquiries within 24 hours and in case of emergency, within an hour. Such complaints and enquiries are reported to our project/construction manager and quality manager who then coordinate with our safety officers to consider appropriate corrective and preventive actions to be taken.

### 4.4. *Data Protection and Privacy Policy*

The Group takes measures to effectively manage and protect the data collected from its business partners, customers, employees, and suppliers, ensuring the confidentiality and privacy of such information. The Group complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), all proprietary data collected are neatly organized and stored in computers and servers which are protected from access passwords. As stipulated in the Group's ethical guidelines, employees are obliged to follow the confidentiality clause regarding access to information and ensure the safekeeping of all personal and business data, trade secrets and proprietary information.

Since the services provided by the Group did not involve a significant concern over the aspects of advertising and labelling, the related policies would not be disclosed in this ESG Report for the Reporting Period. Moreover, the Group was not aware of any violation of related laws and regulations in relation to health and safety, advertising and labelling of the services and products and methods of redress that have a material impact on the Group's business performance during the Reporting Period.

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### **4.5. Anti-corruption**

The Group is aware of the importance of honesty, integrity and fairness to its operation. Procurement and tendering processes are conducted impartially to prevent price fixing, bid-rigging, bribery, corruption, and fraudulent practices for fair competition. As outlined in the Group's ethical guidelines and covered in the induction training for new employees, all staff members are obligated to uphold ethical standards and comply with the anti-corruption clause while conducting business activities on behalf of the Group. The Group does not tolerate any corruption, frauds and all other behaviors violating work ethics.

During the Reporting Period, there were no confirmed cases of corruption brought against the Group or its employees and non-compliance with any rules and regulation of the Group as regards anti-corruption such as Competition Ordinance (Chapter 619 of the Laws of Hong Kong), Prevention of Bribery Ordinance (Cap. 201), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). Anti-money laundering training materials are yearly circulated among the directors of the Group to raise the vigilance over the corruptive behavior.

The Group has adopted whistleblowing policy, which allows any related members of the Group to report concerns about any suspected or actual improprieties relating to the Group. The whistleblower can confidentially and anonymously report the incident through email to the chairman of audit committee for independent investigation. All the proven fraudulent activities after investigation will be reported to respective law enforcement authorities for disciplinary actions and litigation.

## **5. COMMUNITY INVESTMENT**

The Group has yet to place resources as community contribution for the Reporting Period. Nevertheless, as a responsible corporate, the Group is always concerned about the well-being of the community by encouraging our employees to participate in community investment programmes such as volunteer services, donations and fund-raising activities. The Group will also explore opportunities in the future in supporting local charitable organisation to play a part in making a difference and strengthening the society.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### APPENDIX I: STOCK EXCHANGE ESG GUIDE CONTENT INDEX

| Subject Areas, Aspects, General Disclosures and KPIs   | Section/Statement   |
|--|---|
| <b>A. Environmental</b>  |   |
| <b>Aspect A1: Emissions</b>  |   |
| <p><b>General Disclosure</b> Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> | <p>Emissions Policies and Compliance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission, Hazardous and Non-hazardous Waste Disposal</p> |
| <p><b>KPI A1.1</b> The types of emissions and respective emissions data.</p>   | <p>Air Emission</p>   |
| <p><b>KPI A1.2</b> Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g.: per unit of production volume, per facility).</p>  | <p>Carbon Footprint — Greenhouse Gas Emissions</p>  |
| <p><b>KPI A1.3</b> Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g.: per unit of production volume, per facility).</p>   | <p>Hazardous and Non-hazardous Waste Disposal</p>   |
| <p><b>KPI A1.4</b> Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. : per unit of production volume, per facility).</p>  | <p>Hazardous and Non-hazardous Waste Disposal</p>   |
| <p><b>KPI A1.5</b> Description of emission target(s) set and steps taken to achieve them.</p>  | <p>Environmental Performance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission</p>   |
| <p><b>KPI A1.6</b> Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>  | <p>Hazardous and Non-hazardous Waste Disposal</p>   |

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| Subject Areas, Aspects, General Disclosures and KPIs    |   | Section/Statement   |
|---|---|---|
| <b>Aspect A2: Use of Resources</b>                      |   |   |
| <b>General Disclosure</b>                               | Policies on the efficient use of resources, including energy, water and other raw materials.  | Use of Resources  |
| <b>KPI A2.1</b>   | Direct and/or indirect energy (e.g.: electricity, gas or oil) consumption by type in total (in thousand kWh) and intensity (e.g.: per unit of production volume, per facility). | Use of Resources  |
| <b>KPI A2.2</b>   | Water consumption in total and intensity (e.g.: per unit of production volume, per facility).   | Use of Resources  |
| <b>KPI A2.3</b>   | Description of energy use efficiency target(s) set and steps taken to achieve them.   | Use of Resources  |
| <b>KPI A2.4</b>   | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.                            | Use of Resources  |
| <b>KPIA2.5</b>  | Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.  | No packaging materials of finished products were used or needed for the Group's business. |
| <b>Aspect A3: The Environment and Natural Resources</b> |   |   |
| <b>General Disclosure</b>                               | Policies on minimising the issuer's significant impacts on the environment and natural resources.   | The Environment and Natural Resources   |
| <b>KPI A3.1</b>   | 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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| Subject Areas, Aspects, General Disclosures and KPIs   | Section/Statement                  |
|--|------------------------------------|
| <b>Aspect A4: Climate Change</b>   |                                    |
| <b>General Disclosure</b> Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.   | Climate Change                     |
| <b>KPI A4.1</b> Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.   | Climate Change                     |
| <b>B. Social</b>   |                                    |
| <b>Aspect B1: Employment</b>   |                                    |
| <b>General Disclosure</b> Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul> | Employment Policies and Compliance |
| <b>KPI B1.1</b> Total workforce by gender, employment type (e.g.: full-time or part-time), age group and geographical region.  | Employment Policies and Compliance |
| <b>KPI B1.2</b> Employee turnover rate by gender, age group and geographical region.   | Employment Policies and Compliance |



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| Subject Areas, Aspects, General Disclosures and KPIs   | Section/Statement        |
|--|--------------------------|
| <b>Aspect B2: Health and Safety</b>  |                          |
| <p><b>General Disclosure</b> Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> | Health and Safety        |
| <p><b>KPI B2.1</b> Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p>   | Health and Safety        |
| <p><b>KPI B2.2</b> Lost days due to work injury.</p>   | Health and Safety        |
| <p><b>KPI B2.3</b> Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>   | Health and Safety        |
| <b>Aspect B3: Development and Training</b>   |                          |
| <p><b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>   | Development and Training |
| <p><b>KPI B3.1</b> The percentage of employees trained by gender and employee category (e.g.: senior management, middle management).</p>   | Development and Training |
| <p><b>KPI B3.2</b> The average training hours completed per employee by gender and employee category.</p>  | Development and Training |

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| Subject Areas, Aspects, General Disclosures and KPIs  | Section/Statement       |
|---|-------------------------|
| <b>Aspect B4: Labour Standards</b>  |                         |
| <p><b>General Disclosure</b> Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p> | Labor Standards         |
| <p><b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour.</p>   | Labor Standards         |
| <p><b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered.</p>  | Labor Standards         |
| <b>Operating Practices</b>  |                         |
| <b>Aspect B5: Supply Chain Management</b>   |                         |
| <p><b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain.</p>   | Supply Chain Management |
| <p><b>KPI B5.1</b> Number of suppliers by geographical region.</p>  | Supply Chain Management |
| <p><b>KPI B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p>  | Supply Chain Management |
| <p><b>KPI B5.3</b> Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p>   | Supply Chain Management |
| <p><b>KPI B5.4</b> Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>  | Supply Chain Management |

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| Subject Areas, Aspects, General Disclosures and KPIs   | Section/Statement   |
|--|---|
| <b>Aspect B6: Product Responsibility</b>   |   |
| <b>General Disclosure</b> Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul> | Data Protection and Privacy Policy  |
| <b>KPIB6.1</b> Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Not disclosed since this is not a material issue to the Group's business. |
| <b>KPIB6.2</b> Number of products and service-related complaints received and how they are dealt with.   | Quality Assurance   |
| <b>KPIB6.3</b> Description of practices relating to observing and protecting intellectual property rights.   | Not disclosed since this is not a material issue to the Group's business. |
| <b>KPIB6.4</b> Description of quality assurance process and recall procedures.   | Quality Assurance   |
| <b>KPIB6.5</b> Description of consumer data protection and privacy policies, and how they are implemented and monitored.   | Data Protection and Privacy Policy  |

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| Subject Areas, Aspects, General Disclosures and KPIs | Section/Statement  |
|--|--|
| <b>Aspect B7: Anti-corruption</b>                    |  |
| <b>General Disclosure</b>                            | <p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul> |
| <b>KPI B7.1</b>                                      | <p>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.</p>  |
| <b>KPI B7.2</b>                                      | <p>Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.</p>   |
| <b>KPI B7.3</b>                                      | <p>Description of anti-corruption training provided to directors and staff.</p>  |
| <b>Aspect B8: Community Investment</b>               |  |
| <b>General Disclosure</b>                            | <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests.</p>   |
| <b>KPIB8.1</b>                                       | <p>Focus areas of contribution (e.g.: education, environmental matters, labour needs, health, culture, sport).</p>   |
| <b>KPIB8.2</b>                                       | <p>Resources contributed to the focus areas (e.g.: money or time).</p>   |