

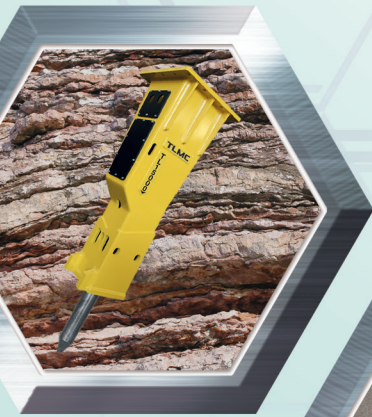


# TLMC

**TAK LEE MACHINERY HOLDINGS LIMITED**  
**德利機械控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 8142



ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# 2017

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## About This Report

Tak Lee Machinery Holdings Limited (the “Company”) with its subsidiaries (together, the “Group”) issues its first Environmental, Social and Governance report (the “ESG report”) for the year ended 31 July 2017 (the “Reporting Period”), unless specified otherwise. This ESG report aims to discuss the Group’s policies, measures, commitments and performance in its protecting the environment, enhancing employment relations and labour standard, and serving the community.

The Group is an earthmoving equipment sales and leasing service provider in Hong Kong with over 15 years of experience in the industry. The Group is principally engaged in (i) the sale of new and used earthmoving equipment and spare parts, (ii) the leasing of earthmoving equipment, and (iii) the provision of maintenance and ancillary services for earthmoving equipment users. The Group also offers some heavy equipment other than earthmoving equipment for sales and for leasing.

This ESG report is prepared in accordance with the ESG Reporting Guide of Appendix 20 to the Rules Governing the Listing Securities (the “GEM Listing Rules”) on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) including certain recommended disclosures. The Group will continue to strengthen and expand on the Group’s database and scope for the Group’s future ESG reports.

In addition to following the framework in the ESG Reporting Guide of Appendix 20 to the GEM Listing Rules, the products, services and company management of the Group are in accordance with the following Hong Kong and international standards:

- standard set by the Environmental Protection Department
- standard set by the Labour Department
- International Organization for Standardization, ISO 9001

The Group value your feedback and comments about this ESG report and on how the Group can continue to improve and maintain sustainable practices in the Group’s business. Please contact us through the following platforms:

- Company address: Lot No. 117, D.D.111, Sheung Che Village, Pat Heung, Yuen Long, N.T., Hong Kong
- Postal address: P.O. Box No. 351, Shek Wu Hui Post Office, Sheung Shui, N.T., Hong Kong
- Email: [tlmc@netvigator.com](mailto:tlmc@netvigator.com)
- Tel: +852 24 888-888

Report prepared by CKP Sustainability Consultants Limited.

## About Our Group

We have been serving customers from Hong Kong and Macao and international customers by providing quality earthmoving equipment, such as excavators, bulldozers, soil compactors, wheel loaders, vibratory rollers, crawler drills, crawler loaders, articulated dump trucks and hydraulic breakers. We also provide other types of heavy equipment including high reach equipment such as aerial platforms, crawler cranes and forklifts, and power and energy equipment such as air compressors and diesel generators. In addition, we provide after sales and maintenance services, including on-site service for customers in Hong Kong.

We take pride in being:

The authorized dealer of Hitachi brand heavy equipment in Hong Kong and Macao

The exclusive distributor of various earthmoving attachment and spare parts of LaBounty (U.S. brand) in Hong Kong and Macao

The exclusive distributor of various earthmoving attachment and spare parts of Ramfos (Korean brand) in Hong Kong and Macao

The exclusive dealer of heavy vehicles of Ammann (Swiss brand) in Hong Kong and Macao

The supplier of the its own "TLMC" brand of various earthmoving attachment and spare parts which are manufactured in Italy



Our holistic "one-stop shop" business model includes:

- sales and leasing of new and used heavy equipment.
- the provision of maintenance and ancillary services for earthmoving equipment users.





## Awards and Accreditations

We have introduced a comprehensive operating and quality control system that complies with the requirement of ISO 9001 to maintain professional management of operations and training, environmental controls, as well as health and safety within working environments.

Year	Award / Accreditation (in the last 5 years)
2013	Accredited ISO 9001:2008 <ul style="list-style-type: none"><li>• Services in supply, installation and maintenance of excavators and supply of hydraulic hammers from 2013 to 2017</li></ul>
2015	Awarded the title of “Caring Company” by the Hong Kong Council of Social Service
2017	Accredited ISO 9001:2015 <ul style="list-style-type: none"><li>• Services in supply, rental, installation and maintenance of excavators, breakers and generators</li></ul>

## Our Core Values

### Enhancing Our Quality

- Implementation of quality management system to monitor and enhance product and service quality.

### Safeguarding Our People

- Provision of necessary safety measures in all operations and transportation processes.
- Protection of the health and safety of all employees, customers and suppliers, the general public, and any others who may be involved in our operations.

### Protecting Our Environment

- Dedication to improve our environmental performance and to reduce environmental impacts from our operations, products and services.
- Commitment to waste reduction and proper waste disposal to minimise pollution and harm to the environment.

### Serving Our Community

- Integration of social responsibility into our corporate culture and acknowledgement of the importance of a sustainable community.
- Support of charities and non-profit organizations through sponsorship and participation.



## Stakeholder Engagement

Stakeholder engagement provides important information for the business operations. All stakeholders are invited and encouraged to communicate with us their concerns and feedback.

The table below lists out our communication platforms available to our stakeholder groups:

Stakeholder Groups	Engagement Platforms
Shareholders	<ul style="list-style-type: none"> <li><input type="checkbox"/> Press releases / announcements and circulars</li> <li><input type="checkbox"/> Annual / interim / quarterly reports</li> <li><input type="checkbox"/> Company website</li> <li><input type="checkbox"/> Meetings and correspondences</li> </ul>
Board and Management	<ul style="list-style-type: none"> <li><input type="checkbox"/> Meetings and correspondences</li> <li><input type="checkbox"/> Briefings</li> </ul>
Employees	<ul style="list-style-type: none"> <li><input type="checkbox"/> Business meetings / conferences</li> <li><input type="checkbox"/> Employee performance evaluation</li> <li><input type="checkbox"/> New hire orientation programs</li> <li><input type="checkbox"/> Company events</li> </ul>
Customers	<ul style="list-style-type: none"> <li><input type="checkbox"/> Company website</li> <li><input type="checkbox"/> Customer assessment forms</li> <li><input type="checkbox"/> Satisfaction surveys</li> <li><input type="checkbox"/> Meetings / site visits</li> <li><input type="checkbox"/> Email / postal / telephone</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li><input type="checkbox"/> Procurement tender meetings</li> <li><input type="checkbox"/> Supplier assessment forms</li> <li><input type="checkbox"/> Satisfaction surveys</li> <li><input type="checkbox"/> Meetings / site visits</li> <li><input type="checkbox"/> Email / postal / telephone</li> </ul>
Community and General Public	<ul style="list-style-type: none"> <li><input type="checkbox"/> Charity activities</li> <li><input type="checkbox"/> Activities organised by industry association</li> </ul>
Media	<ul style="list-style-type: none"> <li><input type="checkbox"/> Meetings and correspondences</li> <li><input type="checkbox"/> Interviews</li> <li><input type="checkbox"/> Press releases / newsletters</li> </ul>
Government Bodies	<ul style="list-style-type: none"> <li><input type="checkbox"/> Meetings / site visits</li> <li><input type="checkbox"/> Compliance / non-compliance reports</li> <li><input type="checkbox"/> Forms / licensing</li> </ul>

## Corporate Governance

We believe that corporate governance is essential to the efficient and effective operation of our operations and smooth implementation of business strategy. Through maintaining corporate governance, we can plan and implement sustainable policies to improve our business operations and maximize investment returns.

We have adopted measures to secure the ongoing compliance with applicable laws and regulations, and to ensure that management and employees at all levels understand and perform according to the code provision (the “Code Provision(s)”) set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 15 to the GEM Listing Rules of the Stock Exchange. These measures include (but are not limited to):

- holding full Board meetings for at least four times a year to review the Group’s performance in all aspects
- engagement of an internal control consultant to review the Group’s internal control systems and procedures
- establishment of the Audit Committee to formally apply financial reporting and internal control principles to ensure compliance with all relevant laws and regulations
- appointment of the compliance adviser to advise the Group on matters relating to the GEM Listing Rules

We aim to maintain a transparent corporate governance model by promoting effective communications between the board of directors (the “Board”) and all of our other stakeholders. In particular, interests of shareholders are a significant factor contributing to the Board’s decision-making process which monitors and implements operational and financial practices. We view the involvement of the stakeholders of the Group as key to the enhancement of our capability to improve our sustainability management system and to take concrete steps to realize sustainability.

Save for the deviation from Code Provision A.2.1 of the CG Code as disclosed in the annual report for the year ended 31 July 2017, we have complied with all applicable Code Provisions as set out in the CG Code during the Reporting Period.

### **Anti-Corruption**

To maintain a culture of good faith, high ethical standards and professionalism, it is essential for us to establish and adhere to a strict set of policies, including the Anti-Fraud and Whistle-blowing Policy and Procedure, as part of the corporate governance of the Group. Not only does fraud increase the risk of existing and potential financial loss, it also compromises our integrity and reputation.



We define fraudulent behaviors to include misstatement on one's expenses, kickback with undue gifts or cash accepted, offering and accepting bribery, unauthorized pricing, fictitious suppliers, embezzlement of our assets in one's position, and fraudulent financial statements. Fraud relating to occupation is defined as an act of abusing or misusing the employer's resources or assets to line one's own pocket by taking advantage of one's duty.

## Fraud Risk Factors

In the present economic environment, fraud is more prone to occur due to advancement of science and technology, increasing complexity of organization setup, increasing number of temporary workers, and economic recessions. Our fraud risk factors mainly concern the following areas:

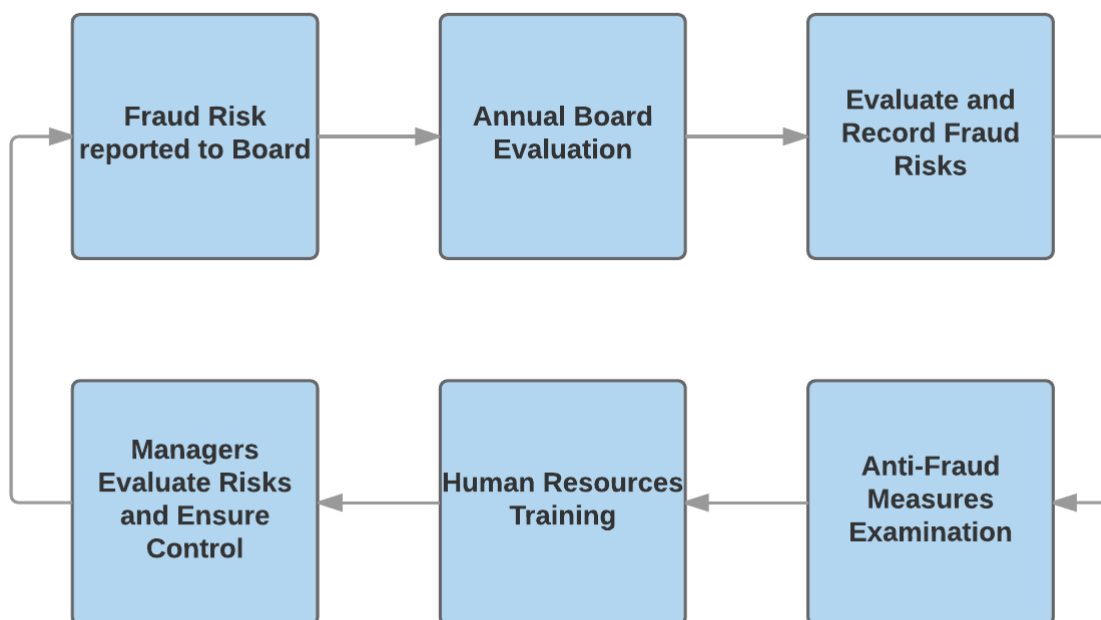
Employees	<ul style="list-style-type: none"> <li>• Turnover of senior management or staff</li> <li>• Improper screening of candidates</li> <li>• Management and staff overstressed by performance targets</li> </ul>
Internal Control	<ul style="list-style-type: none"> <li>• Inadequate or ineffective internal control</li> <li>• Absence of timely and correct transaction records</li> <li>• Significant, exceptional and/or complex transactions</li> </ul>
Assets	<ul style="list-style-type: none"> <li>• Slack physical control of fixed assets, cash and cash equivalents</li> <li>• Inadequate monitoring of travel, entertainment and gift expenses</li> <li>• Improper asset records</li> </ul>
IT	<ul style="list-style-type: none"> <li>• Absence of access control for the IT system, the human resources system and the financial reporting system</li> <li>• Improper authorization system and transaction approval</li> <li>• Misconduct of the employees due to vulnerable security of the IT system</li> </ul>

## Anti-Fraud Measures

We have developed anti-fraud measures to combat the risk factors aforementioned. Detailed guiding philosophy is drawn up by our senior management to establish and communicate the importance of anti-fraud management within the Group. Measures described below are then implemented throughout our operations:

- Develop good leadership and promote rotation of staff
- Implement background check of new recruits
- Ensure compliance with a code of conduct
- Assess employees against ethical and compliance standards
- Conduct ethics training

We also seek to improve the detection process by adhering to a set of code of conduct with the following procedures:



### **Whistle-Blowing Policy**

Our Whistle-Blowing Policy is a set of policies that allow employees to report any abnormality, including suspected misconduct, within the Group through filing a written report directly to the Audit Committee and the Board as a whistleblower under confidentiality. The Audit Committee, whose members are independent non-executive directors, will then review, conduct investigations and provide a fair conclusion without any bias and report to the Board. Under the confidentiality agreement, the whistleblower will not be fired or suffer any consequences and their identities will be kept confidential unless the complaint is filed regarding personal interests.

The Board would conduct investigations against any suspicious behaviour which are related to corruption, bribery, extortion, blackmail, fraud and money-laundering to protect the interests of the Group and its stakeholders.

During the Reporting Period, there were no confirmed cases of corruption or non-compliance with any rules and regulation of the Group with regards to anti-corruption such as the Prevention of Bribery Ordinance.

## Enhancing Our Quality

### Quality Management System

Product and service quality management is our top priority of as the satisfaction of our suppliers and customers is the key to our continuous success.

Starting from January 2013, we have implemented a quality management system. With the implementation of such system, we have complied with the requirements of ISO 9001:2008 and subsequently the ISO 9001:2015 standard and hence was accredited in May 2013 and February 2017 respectively. Our management has found no failed service and received no external complaint in the latest audit performed in April 2017 and the overall result has been satisfactory.

The Control of Records and Documents provides guidelines to the procedures for document publications and to maintain external confidential records and documents. It also ensures that the quality control system follows the international standard of ISO 9001:2015. Records are stored and categorized to ensure that quality control is in line with specific standards and goals, and to reflect the efficiency of the quality management system. Responsible personnel are required to evaluate necessary documentations, including but not limited to sales and leasing contracts, maintenance services records, product management scheme, quality performance and management assessment. Any change in the system is required to be reported to and approved by management.

### Quality Assurance

As we predominantly provide sale and leasing services of heavy earthmoving equipment, we rely on the quality of services to maintain excellent relationships with our customers and suppliers. Therefore, in addition to our accredited ISO 9001 requirements, we also ensure compliance with various Hong Kong and international regulations and standards including the obtaining of licenses.

During the Reporting Period, we had a technical team that comprises 15 technicians possessing the following professional qualifications and licenses in earthmoving equipment:

- Construction Workers Registration Card
- Green Card
- Certificate for Operation of Counter-balanced Type Forklift Truck

These technicians are arranged to regularly attend training courses organised by our suppliers to ensure safe and effective operations of all equipment, to fully reduce the risk of work-related injuries and to guarantee efficient services to our customers.

For new equipment, warranties are provided which cover all manufacturing defects and are examined by our licensed technicians to ensure smooth operations. In the event that any new equipment is found defective, we will recover payment for the replacement from our manufacturers under the relevant dealership or distributorship agreements. We do not provide any warranty for our used earthmoving equipment. Nonetheless, our technicians will conduct detailed examinations and component checks based on product manuals and terms of the purchase orders.

For leasing products, we perform detailed and comprehensive component checks prior to delivery, as well as providing experienced operators and on-site training for hirers if required. We produce condition reports for each equipment when they are received and removed from the warehouse. If the equipment requires disassembling during transportation process, our technicians will conduct checks again upon being assembled on site. They are also responsible to carry out repair and maintenance work when the leased equipment is returned to the warehouse to ensure its satisfactory and usable condition for the next hirer.

We ensure that all goods provided in the course of trade are properly labelled with description or information in accordance with existing conditions and specifications without false or misleading misstatements.

We typically do not allow product return or refunds after delivery unless such defect of the equipment is attributable to us in which case we shall repair the defective parts free of charge. During the Reporting Period, we have not encountered any recall or return of products or warranty claims, nor have we experienced any material disputes with the quality of our products.

### **Supply Chain Management and Customer Management**

We consider our strong and stable supply network of heavy equipment central to our comprehensive services. Hence, we form stable relationships with our suppliers and diversify our supplier base to manage potential environmental and social risks in our supply chain.

Our main suppliers for new earthmoving equipment are third-party manufacturers based in Japan, Korea, the United States and within the European Union. We also source used equipment through auctions in Japan, Australia and New Zealand, and from trading companies, brokers, overseas earthmoving equipment dealers and equipment owners. For the year ended 31 July 2017, we have purchased heavy equipment and spare parts from over 100 suppliers.

To monitor customer and supplier satisfaction rates, our management distributes satisfaction surveys to promote communication and to forecast expectations. Results have shown that the satisfaction rate exceeds 90%, achieving our quality management target. The distributed surveys include the following criteria:

- Appropriateness, efficiency and accuracy of services and communications
- Staff's willingness to help and service attitude
- Ability to meet the agreed timelines and expectations

Our management monitors our overall performances and takes constructive opinions seriously with follow-ups to maintain and improve our service quality. We have achieved a goal of not receiving more than three official complaints on one job during the Reporting Period and the Board believes we have maintained good relationships with our customers.

For better supply chain and customer management, we also conduct assessments on all our customers and suppliers. The assessments evaluate, among others, the following aspects:

Suppliers	Customers
<ul style="list-style-type: none"> <li>● Business natures and company backgrounds</li> <li>● Price and quality of products and services</li> <li>● Responsiveness to quotations and orders</li> <li>● Accuracy and attitude of services</li> <li>● Ability to fulfil the standard of law and contracts</li> <li>● Insurance policies for equipment and workers</li> <li>● Knowledge and regulations on safety and environment</li> </ul>	<ul style="list-style-type: none"> <li>● Business natures and company backgrounds</li> </ul>

We will confirm any contract or agreement after such supplier or customer achieves satisfactory score in the assessment.

### Intellectual Property

We have two registered trademarks of “TLMC” in Hong Kong and are the owner of one domain name. These intellectual properties are important to our success in developing our own brand of heavy equipment. We will continue to protect our intellectual property rights by filing proper registration on a timely manner.

We also respect the intellectual property rights of third parties. We seek necessary authorisation if intellectual property of third parties will be used and currently we are authorised to use our suppliers’ brand names, logos, trademarks and other forms of branding for marketing of products under the relevant dealership and distributorship agreements.

### Customer Data Privacy

Customer data is treated confidential within the Group. As highlighted within the Confidentiality section in the Staff Handbook, our staff members must not reveal or misuse any information relating to the company’s transactions or operations, business trade secrets or other confidential information relating to our suppliers, subcontractors or customers, for their own benefits. All confidential information and items must be kept and properly maintained by authorized personnel only.



## **Safeguarding Our People**

The Group recognises that our success depends on our skilled, motivated and stable workforce. We value the well-being of all of our employees and strives to progress and develop together. Hence, it is imperative for the Group to create an engaging and safe work environment, as well as to encourage professional development as our business involves and requires specialised knowledge and skill.

### **Workforce**

The Group aims to attract and retain high-calibre talents by offering competitive remuneration and benefits. We generally recruit experienced candidates to enhance our range of expertise.

We strive to cultivate an inclusive culture and endeavours to treat all employees fairly regardless of their ethnic or social origin, age, religion, disability, gender or sexual orientation. We review our employees' performance through annual performance appraisals, a framework through which we evaluate, reward and promote our staff members.

To ensure employees can perform their jobs productively and safely, we maintain a detailed record of employee background, insurance details, past work-related injuries and compensation package history. Our staff are covered by insurance policies in cases of occupational injuries.

Our human resources policies are structured to adhere to the Employment Ordinance, Employees' Compensation Ordinance and relevant regulations in Hong Kong. The management has confirmed our admission to the Mandatory Provident Fund ("MPF") Scheme for full time staff and Industry Scheme for temporary job-based workers.

We also hope to support our staff's well-being and work-life balance, and enhance the sense of belongings and team spirits, by providing recreational activities and reasonable rest period and leave entitlements. This year, our Group has joined the Médecins Sans Frontières (MSF) Orienteering Competition – On Tract to Save, where several staff members and their family members participated. Through participating in the orienteering game, participants helped raised funds for MSF's worldwide medical relief work.

### **Labour Standard**

The Group strictly complies with the Employment Ordinance and the Employment of Young Persons (Industry) Regulations and prohibits any employment of persons under 18 years of age by conducting identification and background checks.

Overtime working hours are generally not required for our office-based staff members. However, on-site technicians and machine operators may sometimes be asked to work overtime, which they are entitled to decide and which we fully compensate according to our contractual agreement. We confirm that there are no cases of child or forced labour.

We have not experienced any strike, labour dispute or other labour disturbances which would have interrupted our operations during the Reporting Period. The management believes that the relationship with our employees has been and will continue to be positive.

### **Training and Development**

Trainings are integral to employees' personal and professional growth and development. In addition, trainings help our employees to maintain industry expertise, increase our market competitiveness, and guarantee employees and business partners' safe operations of our machineries.

As such, we provide relevant training for our employees including orientation training which lay out the requirement of our quality management system in their respective departments. We also provide ongoing training for our technicians to ensure competence, and to our on-site equipment operators to make sure they possess the latest technological knowledge. Training records for all personnel are kept and maintained for quality control and audit purposes. We also offer internal and external programmes from time to time to promote the advancement of job related skills.

### **Occupational Health and Safety**

In addition to training programs, our suppliers have provided safety guidelines and operating manuals, setting out safety measures for our equipment that cover the proper equipment operations and usage, as well as accident reporting procedures. Each leasing equipment also has its own operation manual which all staff are required to follow. We organize safety trainings for the responsible on-site operators to guarantee safe operations and emergency procedures.

We identify potential hazards and injuries and provide safety gears to our employees and ensure their successful completion on machine operation training before commencement of their tasks. We ensure all of our appliances are of good mechanical conditions, properly maintained and free from patent defects based on routine inspections. Our operations fully comply with applicable laws and regulations including the following ordinance and regulations:

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation

Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations

Code of Practice for Safe Use of Excavators

Occupational Safety and Health Ordinance

As a large facility is required to store our heavy earthmoving equipment, we make sure the setting of our warehouses is in compliance with the Factories and Industrial Undertaking Ordinance. This ensures our setting does not put our employees in any form of danger by having prevention of falls design and provision of emergency exits and first-aid facilities. Our management also makes appropriate arrangements within our premises regarding the use, handling, storage and transportation, as well as to provide all necessary information, instructions, training and supervision to responsible personnel. During the Reporting Period, we have not encountered any incidents or complaints that would affect our operations.

We also obtain a range of insurance coverages for our operations that is customary for the earthmoving equipment service industry, including:

- Fire insurance
- Public Liability Insurance
- Motor Insurance
- Medical Insurance
- Employee Compensation Insurance
- Theft Insurance

Furthermore, we require our customers to provide relevant insurance such as Plant All Risk Insurance or Contractor's All Risk Insurance that covers our leased equipment, operators and technicians on site. In case our leased equipment or operators sustain any damage or injury, we will claim directly against the insurers of our customers for any liabilities, compensations and losses. During the Reporting Period, the Group has not experienced any significant loss or damage to its assets and no cases of work injuries have been recorded.

## Protecting Our Environment

The Earth, our precious planet, is the most valuable asset to us. We are held accountable to protect this planet and to build a sustainable future for our generations and their generations. Therefore, we are committed to upholding high environmental standards, not only to fulfil relevant requirements under applicable laws and ordinances, but also to become a sustainable leader within our industry.

### Emissions

As we principally engage in the sales and leasing of heavy equipment, it is acknowledged that emission does not only result from our operation, but also results from the products sold and leased to our customers.

We have taken the initiative to provide new, notably quieter, more environmentally-friendly and efficient equipment in the heavy equipment industry, which directly benefits the surrounding environment in which our customers operate. Our customers have been receptive to our environmentally-friendly products, and we will continuously improve our product mix to allow for a more environmentally conscious and balance mix.

#### Air emissions

In Hong Kong, the Air Pollution Control (Non-road Mobile Machinery (“NRMM”)) (Emission) Regulation (“Regulation”) came into operation in 2015. Under the Regulation, NRMMs (except those exempted) are required to comply with the prescribed emission standards.

Our operation in sales, leasing, and maintenance and repair of earthmoving equipment is subject to the Regulation:

Regulation	<p>Only approved or exempted NRMMs with a proper label are allowed to be used in specified activities and locations including construction sites, container terminals, back up facilities and designated waste disposal facilities.</p> <p>We have obtained approval or exemption for all our machines that are subject to the Regulation.</p>
Current situation	<p>The number of NRMM exempted equipment owned by us has been reduced from 127 in 2015 to 24 during the Reporting Period, and the number of approved NRMMs owned by us have increased to 305.</p>
Goal	<p>We intend to gradually phase out all exempted NRMMs through sales and will mainly purchase approved NRMMs for our new products.</p>

Moreover, we aim to minimize greenhouse gas emissions in our operations and practices. Going forward, we are determined to be more committed to environmental protection. We engaged an independent sustainability consultancy firm in 2017 to develop and manage a comprehensive environmental database. We hope to track and monitor our direct and indirect greenhouse gas emissions and non-hazardous waste production in the following years and will ensure the data will be included in the next ESG reports to provide transparency for our stakeholders.

<b>Noise Pollution</b>	
The use of heavy equipment inevitably creates noise pollution, and hence is subject to the Noise Control Ordinance.	
Noise Control Ordinance	Our contractors and customers are required to comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works in which our equipment are used.
Quality Powered Mechanical Equipment (“QPME”) Label	<p>Most of our suppliers (mostly from Japan, Europe and the USA) have obtained noise pollution level approval documents from their local governments prior to the transportation of our purchased equipment to Hong Kong. We then apply for the QPME labels in Hong Kong to monitor and track the noise pollution levels our machines generate.</p> <p>Approximately 72.7% of our new equipment have obtained the QPME label as of January 31, 2017, and such QPME labels will remain effective until May 2023.</p>
Goal	We aim to gradually increase the number of our equipment with QPME labels.



## Resource Consumption

Our operation relies heavily on two main sources of energy, fuel and electricity. We constantly monitor our consumption of these resources and seek to improve our usage efficiency.

Our fuel consumption attributes mostly to heavy equipment operation and transportation of equipment. Our earthmoving equipment relies solely on fuel to operate at our customers' sites. Other means of fuel usage include generators, our vehicles and road machinery to deliver and collect our sold and leased equipment to and from our customers.

We mainly rely on two fuel suppliers to provide 13 different types of fuels to operate our machines and vehicles. We also maintain detailed records of our fuel usage so as to monitor and implement future fuel-saving initiatives and actions.

Electricity consumption is a major source of our indirect greenhouse gas emission. We enhance our employees' awareness on energy savings through "Reducing Carbon Footprint" activities within our office premises:

- Maintain indoor temperature at an optimal level for comfort
- Encourage employees to turn off computers and monitors when not in use
- Set office machines such as copiers and TV monitors to turn off automatically after office hours
- Encourage employees are encouraged to make the best use of telecommunication system to avoid unnecessary travel arrangements
- Put up signages that emphasize on the importance of energy saving

Comparatively, water consumption is less significant for our operations. Nonetheless we have maintained detailed records of water usage, in order to monitor proper use of resources. Since manufacturing process is not included in our operations, domestic use of water is our main source of water consumption in our office, warehouse and the freezer container from our storage facilities. According to our records, we have not consumed any significantly large amount of water for our operations.

## Hazardous and Non-Hazardous Waste Management

The major chemical wastes we produce are diesel discharge, waste synthetic oil and wasted oil filters. We recognize the potential risk of chemical waste in causing damages to the environment. To safely and effectively handle our chemical waste, we have implemented the following measures that fulfil the requirements of the Environmental Protection Department:

Registered as a Chemical Waste Producer since 2012 under the Waste Disposal Ordinance, Waste Disposal (Chemical Waste) (General) Regulation, and was assigned a Waste Producer Number (WPN)

Built a Chemical Spilling Control platform with strong material to prevent leakage of chemical in the storage areas in accordance with the Code of Practice on the Packaging, Labelling and Storage of Chemical Wastes under the Waste Disposal Ordinance

In addition to managing our hazardous waste, we also employ various sustainable measures to reduce and properly disposal non-hazardous wastes. We have placed different collection bins for general and metal wastes and appointed recycling companies to collect upon notification. Battery, waste oil, and printer cartilage are also collected by respective certified waste collectors.

We encourage our employees to fully utilize materials to avoid producing unnecessary waste and to reduce paper usage through electronic means as part of our environmental protection campaigns.

## Serving Our Community

We understand our social responsibility and consider the serving of our community an integral part of our corporate culture. We believe in the importance of building a sustainable community. Therefore, we actively support charities and non-profit organizations through sponsorship and participation and we consider all our efforts worthy.

We have been supporting the “7.7 MSF Day Campaign”, a campaign of Médecins Sans Frontières Hong Kong since 2014 as the key sponsor to encourage the general public to donate one day's worth of their salary as an equivalent to a full day's worth of volunteering.



In addition to corporate philanthropy, we also seek to understand the impact our operations may have on the neighbouring communities and to ensure that our operations take into consideration their interests. Not only do our operations, products and services comply with relevant laws and regulations, but our Group also holds ourselves accountable through adhering to internationally-accredited quality management system, which guarantees that our operations, products and services are of consistently high quality. We also joined numerous industry associations to further enhance industry standards, to create better value for our clients, and to understand and reduce impact our operations may have in the communities we operate within.

## Appendix: ESG Reporting Guide Index

Aspects, General Disclosures and KPIs	Description	Relevant chapter, reference page(s), or other references / explanation
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting Our Environment, P.15-17
KPI A1.1	The types of air emissions and respective emissions data.	-
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity.	-
KPI A1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity.	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity.	-
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Protecting Our Environment, P.15-17
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Protecting Our Environment, P.18
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Protecting Our Environment, P.17
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity.	-
KPI A2.2	Water consumption in total and intensity.	-
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Protecting Our Environment, P.17
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	-
KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Not applicable due to business nature
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Protecting Our Environment, P.15-17
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting Our Environment, P.15-17

Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Safeguarding Our People, P.12
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.	-
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safeguarding Our People, P.13
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.	Safeguarding Our People, P.13-14
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Safeguarding Our People, P.13
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	-
KPI B3.2	The average training hours completed per employee by gender and employee category.	-
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Safeguarding Our People, P.12
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding Our People, P.12
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Our People, P.12



Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Enhancing Our Quality, P.10-11
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.	Enhancing Our Quality, P.10-11
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Enhancing Our Quality, P.9-11
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Enhancing Our Quality, P.10
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Enhancing Our Quality, P.10
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Enhancing Our Quality, P.11
KPI B6.4	Description of quality assurance process and recall procedures.	Enhancing Our Quality, P.9-10
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Enhancing Our Quality, P.11
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance P.6-8
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	-
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance P.6-8
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Serving Our Community, P.19
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	-
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Serving Our Community, P.19