

# 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

**2019**

# Contents

<b>About this Report</b>	1
<b>About Tak Lee</b>	2
<b>Sustainability at Tak Lee</b>	3
The Approach	3
<b>Engaging Stakeholders</b>	4
<b>Corporate Governance</b>	5
Business Ethics	5
Respect to Data Privacy	6
Protection of Intellectual Property	6
<b>Product and Service Quality</b>	7
Product Quality Assurance	7
Customer-Oriented Services	8
Supply Chain Management	9
<b>Employee Wellbeing</b>	10
Employment and Labour Practices	10
Occupational Health and Safety	11
Training and Development	12
<b>Community Engagement</b>	13
<b>Environmental Management</b>	14
Environmental Compliance	14
Environmental-Friendly Solutions	14
Environmental Impact and Resource Usage	15
Waste	15
Air and GHG Emissions	15
Energy Usage	16
Water Usage and Pollution	17
<b>ESG Performance Table</b>	18
<b>ESG Guide Content Index</b>	19

## About this Report

Tak Lee Machinery Holdings Limited (the “Company”), and together with its subsidiaries (hereinafter referred to as “Tak Lee” or the “Group”) are pleased to present the management approach, performance and achievements of its key operations in environmental, social and governance (the “ESG”) aspects in this report (the “ESG Report”). This ESG Report is prepared in accordance with the “comply or explain” provisions of the ESG Reporting Guide contained in Appendix 20 to the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The purpose of this ESG Report is to report on the Group’s visions, policies, initiatives, performances and plans relating to material social and environmental issues. All disclosed information is compiled based on existing policies or practices, and official documents or reports in an accurate and transparent manner. This ESG Report is endorsed by the board of directors of the Company (the “Board”), who is responsible for formulating strategies and managing ESG matters of the Group and is dedicated to monitoring the sustainability performances of the Group through publishing ESG Report on an annual basis.

Unless otherwise specified, the content of this ESG Report covers the period from 1 August 2018 to 31 July 2019 (the “Reporting Period”). The data presented in this ESG Report has been collected over the Reporting Period and covers all of the operations of the Group.

Your feedback on this ESG Report and the sustainability performance is highly valued. Please feel free to share your comment(s) by:

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For more details regarding the Group’s corporate governance and financial performance, please refer to the 2019 Annual Report.

## **About Tak Lee**

As one of the leading earthmoving equipment sales and leasing service providers in Hong Kong with over 18 years of presence in the industry, Tak Lee has been serving customers from Hong Kong and Macao, as well as customers from around the world.

The Group is principally engaged in (i) the sales 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 earthmoving equipment offered by the Group includes excavators, articulated dump trucks, compactors, wheel loaders, and bulldozers. The Group also offers other heavy equipment for sales and for leasing, including lifting cranes and diesel energy generators.

The Group has dedicated its focus in building up expertise and reputation within the earthmoving equipment services industry. To further enhance its services, the Group also offers value-added services including the provision of equipment planning and execution advice, sourcing and sales of heavy equipment other than earthmoving equipment, and the provision of qualified operators and technicians to manoeuvre or recondition leased earthmoving equipment on work sites, upon specific customer requests.

## Sustainability at Tak Lee

### The Approach

As the Group sells and leases earthmoving equipment, it undertakes to operate in a sustainable and responsible manner in terms of business integrity, product quality, labour and community, as well as environmental sustainability. The Group seeks to strike a balance between economic prosperity and the impact to the environment as well as society.

The Board acknowledges its responsibility to oversee the Group’s ESG strategies and is committed to incorporating sustainability into its business development. The Board regularly evaluates, identifies and manages sustainability risks, as well as uncovers potential opportunities through complying with regulatory requirements and observing industry practices. The Board will continuously review the ESG-related policies and communicate the annual sustainability performance of the Group in an accountable manner to ensure environmental and social impact are reviewed and minimised.

This Report is structured to follow the three core pillars of sustainability - economy, society and environment. The strategies and practices that cater to key topics under the three core pillars would help the Group visualise corporate sustainability.

Three Pillars of Sustainability	Focus	Key Topics
Economy	Corporate Governance	<ul style="list-style-type: none"> <li>● Business Ethics</li> <li>● Respect to Data Privacy</li> <li>● Protection of Intellectual Property</li> </ul>
	Product and Service Quality	<ul style="list-style-type: none"> <li>● Product Quality Assurance</li> <li>● Customer-Oriented Services</li> <li>● Supply Chain Management</li> </ul>
Society	Employee Wellbeing	<ul style="list-style-type: none"> <li>● Employment and Labour Practices</li> <li>● Occupational Health and Safety</li> <li>● Training and Development</li> </ul>
	Community Engagement	<ul style="list-style-type: none"> <li>● Community Engagement</li> </ul>
Environment	Environmental Management	<ul style="list-style-type: none"> <li>● Environmental Compliance</li> <li>● Environmental-Friendly Solutions</li> <li>● Environmental Impact and Resource Usage</li> </ul>

## Engaging Stakeholders

To operate sustainably requires the collective effort and support from all stakeholders of the Group. Their interests, expectations and concerns intertwine with the Group's performance. Thus, it is the goal of the Group to create a sustainable environment that favours both corporate growth and the wellbeing of its stakeholders.

During the Reporting Period, the stakeholders of the Group consist of shareholders and investors, employees, customers, suppliers, community, media, as well as regulatory bodies. In establishing positive and stable relationships, various communication channels have been employed to maintain open and ongoing dialogue with these stakeholders. Through engaging its stakeholders, the Group strives to identify, evaluate and manage ESG-related risks, and at the same time ensures that an effective internal control system is in place to handle risks when discovered.

Stakeholder Groups	Engagement Channels
Shareholders and Investors	<ul style="list-style-type: none"> <li>● Press release/ newsletters</li> <li>● Annual reports</li> <li>● Company webpage</li> <li>● Circulars</li> <li>● Meetings and correspondences</li> </ul>
Employees	<ul style="list-style-type: none"> <li>● Business meetings and conferences</li> <li>● Employee performance evaluation</li> <li>● Training programmes</li> <li>● Company events</li> </ul>
Customers	<ul style="list-style-type: none"> <li>● Company webpage</li> <li>● Customer assessment forms</li> <li>● Satisfaction surveys</li> <li>● Meetings and correspondences</li> <li>● Site visits</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>● Procurement tender meetings</li> <li>● Supplier assessment forms</li> <li>● Satisfaction surveys</li> <li>● Meetings and correspondences</li> </ul>
Community	<ul style="list-style-type: none"> <li>● Charity events</li> </ul>
Media	<ul style="list-style-type: none"> <li>● Press release/ newsletters</li> <li>● Meetings and correspondences</li> </ul>
Regulatory Bodies	<ul style="list-style-type: none"> <li>● Compliance/ non-compliance reports</li> <li>● Forms/ licensing</li> <li>● Meetings/ site visits</li> </ul>

## Corporate Governance

In realising corporate growth and forging trustworthy relationships with its business partners, the Group is committed to operating with integrity and ethics. The Group upholds a transparent and open governance structure in the planning and implementation of sustainable policies within its business operations.

The Group operates under the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules. The Group adopted various measures to ensure strict compliance. These measures include regular meetings held by the Board and the Audit Committee members, conduct of review on the internal control systems and procedures, as well as the appointment of the Compliance Adviser. For more details on the corporate governance structure and performance of the Group, please refer to the Corporate Governance Report of the 2019 Annual Report.

### Business Ethics

The Group strictly adheres to the code of conduct by upholding ethical standards and values in operating its businesses. All staff members undergo induction training and are expected to understand their responsibilities and obligations relevant to their work roles, such as accountability in financial reporting and prohibition of insider trading and other misconducts.

In monitoring business developments, the Group is aware of the continuous disclosure obligation to announce the information whenever necessary and practicable. The Group has in place the Notifiable and Connected Transaction Disclosure Procedures to ensure compliance under the GEM Listing Rules and inside information provisions under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Group's Anti-fraud and Whistleblowing Policy and Procedure provides a transparent and confidential process for its staff in raising concerns about possible improprieties and malpractices without fear of reprisals. The Group prohibits any occupational fraudulent behaviour by anyone who takes advantage of one's duty and abuses or misuses the Group's resources or assets to line his/her own pocket, including but not limited to acceptance of gifts, loans or bribery.

Allegations or concerns shall be reported to the Compliance Officer and tabled as necessary to the Audit Committee. Under the Supervisory Policy, all allegation records are preserved by the Audit Committee for further investigation. Findings that require the Board's attention and approval shall be reported upon investigation. The Board would conduct investigations against any suspicious behaviour that are related to corruption, bribery, extortion, blackmail, fraud and money-laundering. Appropriate disciplinary actions may be taken against any violators of corroborated allegations.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

### **Respect to Data Privacy**

Tak Lee acknowledges the importance of confidentiality and is committed to protecting company and personal privacy, including trade secrets and customer information. The Group adheres to the statutory requirements in the handling, storing and filing of confidential information with due care.

The Group also updated the section on Personal Data (Privacy) Policy set out in the Human Resources Manual regularly to reinforce the principles, guidelines, and company policies towards personal data and confidentiality. The Group also implemented the Policy for Disclosure of Information, such that the customers and business partners of the Group are bound by contractual agreement to avoid using any confidential information without prior consent. Any unauthorised disclosure of such information may lead to subsequent disciplinary or legal action.

During the Reporting Period, the Group is not aware of any material non-compliance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and other relevant laws and regulations relating to personal or data privacy that have a significant impact on the Group. There were no reported non-compliance cases regarding leakage of confidential information.

### **Protection of Intellectual Property**

The Group preserves the intellectual property rights in the development of heavy equipment. Currently, Tak Lee possesses two registered trademarks of “TLMC” in Hong Kong and is the owner of a domain name. The creation of the mind, including copyrights, patents and trademarks are highly preserved within the operation and the Group shall continue to protect the intellectual property rights by filing proper registration in a timely manner.

The Group also respect the intellectual property rights of third parties. The Group seeks necessary authorisation before using intellectual property of third parties and currently the Group is authorised to use the suppliers’ brand names, logos, trademarks and other forms of branding for marketing purposes, under relevant dealership and distributorship agreements.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations relating to intellectual property rights that have a significant impact on the Group.



## **Product and Service Quality**

Operating in the heavy equipment industry, the Group is committed to optimising the efficiency and performance of its equipment while minimising the cost to the society and environment at large. To earn customer loyalty, the Group places importance on product quality assurance, provision of excellent customer service, and the accountability of suppliers.

Delivering services in a professional and responsible manner while satisfying requirements of safety, quality, purpose fitness, value for money and material efficiency remains the Group's focus. The Group is guided by the ISO 9001:2015 Quality Management System (the "QMS") in the supply, rental, installation and maintenance of heavy equipment, such as excavators, breakers and generators. The Group also strives to maintain close relationships with its customers and suppliers by the reliable supply of heavy equipment and related services to all.

### **Product Quality Assurance**

The Group is experienced in providing (i) sales; (ii) leasing; and (iii) maintenance and ancillary service to meet the customised needs and schedule of its customers. The Group provides tailor-made trainings for selective new and existing products to equip all employees with updated knowledge and technical skills in operating and maintaining such equipment, as well as resolving customer inquiries.

All new equipment is examined by the licensed technicians of the Group and is covered by the warranty. Customised service plans for regular recondition, refurbishment and service can be chosen. In the event of a manufacturing defect, the Group will recover payment for the replacement from the manufacturer according to the dealership and distributorship agreements.

For leased equipment, detailed and comprehensive component checks are performed prior to delivery. The Group also provides experienced operators and on-site training for hirers, whenever necessary. The Group also generates condition report for heavy equipment upon receipt of the equipment and removal from the warehouse. The technicians are responsible for conducting checks on the equipment upon being assembled on site, as well as carrying out repair and maintenance work when the equipment is returned.

Guided by the QMS, the Group observes and complies with the procedures and requirements of its internal Quality Manual, including but not limited to:

- Providing adequate, effective and sufficient resources to efficiently provide high quality and reliable services to its customers;
- Identifying and controlling business risks and opportunities;
- Ensuring that the operations are customer-driven, and that customers' requirements and expectations are met as planned;
- Maintaining effective internal and external communications, and actively monitoring, observing and understanding customers' needs;
- Complying with all applicable requirements, including standards, statutory requirements, guidelines and codes, under all circumstances;
- Being responsible for the continuous development, analysis, improvement and enhancement of product or service quality, as well as operational efficiency and effectiveness to reduce operating costs, and;
- Monitoring and continuously improving the effectiveness of the QMS through regular internal audits, data analysis and management reviews.

To ensure the performance of the QMS, the Group follows the Operation Procedures - Internal Audit by internally reviewing the performance of the quality management system, reporting relevant findings from the assessment and conducting follow-up procedure. The Group also appoints external auditors to perform Management System Certification Audit to inspect the supply, rental, installation and maintenance service of excavators, breakers and generators.

### **Customer-Oriented Services**

The Group is guided by the terms and conditions under the Sales Policy in the ordering and acceptance of equipment quotations. The Group also follows the Technical Procedures - Tender Review and Project Initiation under the QMS in the preparation, review, approval and post-contract processing of quotations to ensure the Group meets with customers' expectations and requirements.

Given the terrain and scope of infrastructure projects may present technical complexities that require customised solutions, the Group takes initiatives to come up with ideal solutions that best suit the needs of its customers.

As the Group strives to deliver quality service to its customers, the Group highly values the customers' opinions. The Group follows the Operation Procedures - Customer Satisfaction under the QMS and distributes satisfaction surveys on an annual basis. The survey assesses appropriateness, efficiency and accuracy of services and communications, staff willingness to assist and service attitude, as well as the ability to meet agreed timelines and expectations. Constructive feedback is evaluated to improve the quality of the products and services. Albeit its rare occurrence, all formal and informal complaints are handled with due care and in a timely manner.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising and labelling matters concerning the products that have a significant impact on the Group. The Group also did not receive any material complaints relating to product or service quality.

### **Supply Chain Management**

To ensure the development of a sustainable product supply, the Group improves its management process and work closely with its business partners in the supply chain. The Group employs multiple procedures in controlling the quality of products and supplier services, as well as requiring its suppliers to meet relevant specified requirements.

Guided by the QMS, the Group issues the Technical Procedures - Selection and Appointment of Suppliers and identify and select suppliers based on the given guidelines. All potential suppliers have to be evaluated under the New Suppliers Assessment. The Group looks into the value of the procured products or services, customers' requirements and quotation, as well as their past performance, years of experience and reputation, when selecting new suppliers.

In order to continuously enhance product quality, the Group maintains a list of approved suppliers and conducts supplier review annually. The existing suppliers are assessed based on their ability to produce quality products, deliver satisfactory services, as well as to meet contractual obligations.

During the Reporting Period, the Group has acquired and rented more land for, among other purposes, the storage of its products. With a higher level of inventory, the risk of disruption of supply is lowered, which enhances the overall operational flexibility of the Group.

## **Employee Wellbeing**

The Group aspires to build a supportive working environment for the people who form the core of the Group's business. The Group strives to uphold labour standards, and desires to retain talents by providing attractive employment incentives, constructing a healthy and safe workplace that is free from discrimination and harassment, as well as assisting the staff to develop their career by offering various training opportunities.

### **Employment and Labour Practices**

The Group is dedicated to ruling out discrimination in all aspects of employment, including recruitment and promotion. The Group complies with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and ensures all employees and candidates are entitled to equal opportunities, regardless of their nationality, race, gender, sexual orientation, age, marital status and religious beliefs. The Group strictly adheres to all applicable employment laws, such as the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong).

As set out in the Staff Handbook, all employees are entitled to compensation and remuneration, including basic salary, performance-related discretionary bonus, retirement benefits and overtime allowance. They may also refer to the Staff Handbook regarding their entitlement to rest periods and leave, such as statutory holidays, annual leave, sick leave, and maternity leave.

The Group upholds basic human rights and therefore, is committed to avoiding child or forced labour by operating under the Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong) and the Employment of Young Persons (Industry) Regulations (Cap. 57C of the Laws of Hong Kong). Identity and background checks are conducted prior to hiring of all personnel within the Group.

The workforce is mainly comprised of full-time management and office staff, as well as technical and operational staff. The number of staff increased from 55 for the year ended 31 July 2018 to 117 for the year ended 31 July 2019. The Group believes the expansion in technical workforce will further assist in facilitating the Group's business operation.

During the Reporting Period, the Group did not experience any labour disputes and is not aware of any material non-compliance with relevant laws and regulations relating to employment, such as in the aspects of compensation and dismissal, recruitment and promotion, working hours and rest periods, equal opportunities, diversity, anti-discrimination, that have a significant impact on the Group. The Group is also not aware of any material non-compliance with relevant laws and regulations in relation to labour standards, including the use of child, forced or illegal labour, that have a significant impact on the Group.

### **Occupational Health and Safety**

Occupational health and safety concerns primarily stem from the use, handling, storage, transportation and maintenance of the equipment within the premises and in the customers' job sites. Tak Lee is committed to constructing a hazard-free working environment by monitoring and addressing potential health and safety risks. The Group also acts on the reports from its staff to senior management in relation to any potential health and safety hazards they are exposed to, or any injuries and illnesses they have experienced.

The Group's operation fully complies with applicable laws and regulations in relation to workplace and product health and safety, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Code of Practice on Safe Use of Excavators published by the Labour Department of Hong Kong;
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Motor Vehicles (First Registration Tax) Ordinance (Cap. 330 of the Laws of Hong Kong)
- Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E of the Laws of Hong Kong)
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong)
- Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Cap. 59AG of the Laws of Hong Kong); and
- Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Cap. 59J of the Laws of Hong Kong).

The Group follows the Operation Procedures Infrastructure and Working Environment under the QSM and ensures an occupational-friendly environment that facilitates productivity among staff. The Group issued the Smoke-free Working Policy in protecting the wellbeing of the staff and maintaining the quality of indoor air. The Group has also implemented the Insurance Policy and Procedures to ensure public safety and health, minimise environmental impact, and secure asset integrity and adequate insurance. Some of the preventive measures in place to ensure occupational health and safety are as follows:

- Assigning responsible persons to attend risk assessment training, and identifying any actual and potential hazards and risks;
- Working towards a safe and hygienic working environment for employees by reducing, eliminating and controlling hazards;
- Monitoring and reviewing the safety management system and performing regular audit on safety and health performance;
- Maintaining a complete set of emergency procedures and ensuring that the procedures are being tested, drilled and updated systematically as required by law; and
- Organising safety and health programs periodically to equip employees with the knowledge and skills to perform their duties in a safe manner.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations relating to occupational health and safety that have a significant impact on the Group.

### **Training and Development**

It is essential for the Group's development that its staff are well-trained and equipped with skills and competencies in performing their duties. The Group follows the Operation Procedures - Training in organising in-service training and development programmes with the aim to strengthen employees' job skills and knowledge, improve operational efficiency and productivity, and develop employees' potential. The Group also encourages its staff to further their technical and professional standards by sponsoring them to attend external training programs and to undertake relevant public examination.

The Group organises training programmes for directors on corporate governance as well as the latest update of the Stock Exchange. For staff members, all new recruits are required to attend induction training and Staff Orientation Program to better understand the Group's mission, objectives, organisation structure, relevant policies, as well as code of conduct.

Technical staff are further provided with specific trainings for selected new and existing products. Some of these product trainings are directly held by the suppliers, which ensures the technical team is equipped with the latest knowledge and skills to effectively operate and properly maintain the equipment. These skill sets are also highly beneficial in promptly resolving customer inquiries.

During the Reporting Period, the total number of training hours provided to its staff have increased from 168 as of 31 July 2018 to 560 hours as of 31 July 2019.

## Community Engagement

As a responsible corporate citizen, Tak Lee is committed to integrating social responsibility into the Group's corporate culture and values. The Group aspires to build a sustainable community by developing a positive relationship with the community in which the Group operates in.

The Group actively supports charitable and non-profit organisations in the community. This includes sponsorship of charitable causes that the Group deems worthy. Since 2014, the Group has been supporting Médecins Sans Frontières Hong Kong's "7.7 MSF Day Campaign". The Group holds MSF in high regard for its dedication in providing medical aid to the populations in danger. The "7.7 MSF Day Campaign" encourages the general public to donate one day's worth of their income as an equivalent to a full day's worth of volunteering.

The Group also supports Reading Dreams, a charity fund dedicated to the promotion of the important message of reading education to help the growth of disadvantaged rural children, and to nurture children to become high-quality citizens through a campus culture of love and care. During the Reporting Period, a total of HK\$30,000 was donated to the organisation.

This year, the Group is also delighted to be the Caring Partner of Orbis' "Corporate Partner Program 2018-19". The Group believes that its support, together with others, would help build the skills and resources needed to deliver quality eye care globally and to end avoidable blindness throughout the world.

In addition to corporate philanthropy, the Group also seeks to understand the impact the operations may have on neighbouring communities and to ensure that the operations take into consideration their interests and concerns. The Group ensures that its operations, products and services comply with relevant laws and regulations. The Group also holds itself accountable through adhering to internationally accredited quality management system, which ensures that its operations, products and services are of a consistently high quality. The Group also joined certain industry associations to further enhance industry standards, to create better value for its customers, and to understand and reduce the impact its operations may have in the communities the Group operates within.

## **Environmental Management**

The Group respects and cherishes the natural environment and appreciates the available natural resources that allow its business to thrive. The Group is also concerned with the need to collaborate with different stakeholders and seek solutions to minimise environmental impacts arising from its operations.

As the Group primarily engages in the sales, leasing and maintenance of heavy equipment, the environmental impact in terms of operations is minimal. Nevertheless, the Group strives for efficient environmental management via compliance with relevant laws and regulations, provision of environmental-friendly solutions as well as mindful usage of resources in its operation.

### **Environmental Compliance**

The operation is subject to the Air Pollution Control (Non-road Mobile Machinery) (the “NRMM”) (Emission) Regulation (Cap. 311Z of the Laws of Hong Kong), which requires the compliance with prescribed emission standards. The Group has obtained approval or exemption labels for all applicable machineries.

The heavy equipment is also subject to the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) and their noise pollution levels are indicated by the Quality Powered Mechanical Equipment (“QPME”) Labels. The Group’s suppliers are mostly located in Japan, Europe and the United States, and have obtained relevant noise pollution level approval documents from local governments prior to the Group’s purchase and transportation to Hong Kong. The QPME labels are applied to monitor and track the noise pollution levels the machines generate.

The Group encourages employees to fully utilise all materials to avoid producing unnecessary waste and to reduce paper usage through electronic means. The Group also seeks innovative ways to maximise material usage and reduce all types of waste generated through its operations. For Group-owned vehicles, regular maintenance is conducted to ensure optimal fuel efficiency performance.

### **Environmental-Friendly Solutions**

The Group undertakes to offer one-stop solutions to resolve its customers’ environmental concerns while taking product quality and operation cost into consideration. In the provision of environmental-friendly solutions to product mix, the Group collaborates closely with its customers as well as customise to their different needs.

By seeking low environmental impact solutions, the Group aspires to minimise the ecological impact imposed on the surrounding environment in which its customers operate. During the Reporting Period, the Group’s customers have been receptive to its solutions, and the Group shall continue to enhance its product mix in an environmental-conscious manner.



## **Environmental Impact and Resource Usage**

As the Group's operations focus on sales, leasing and maintenance of equipment, the environmental impact and resource use is minimal. The Group continuously searches for innovative ways to minimise its impact and reduce the amount of resource use.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions and discharges into water and land that have a significant impact on the Group. The Group also did not receive any complaints of non-compliance incidents.

### *Waste*

One of the major direct environmental impacts from the Group's operations is the generation of hazardous and non-hazardous waste. Waste is generated from multiple sources of the operations and the Group is dedicated to reducing the amount of waste the Group produces and diverting these useful resources from landfills to recycling or repurposing. During the Reporting Period, the Group's operations generate 3 types of waste, namely, scrap metal, waste oil and other chemical waste, as well as other non-hazardous waste.

Scrap metals are sorted, organised, and stored on site at the Group's facility. Once a certain amount is collected, the Group would commission a metal recycler to collect and recycle the scrap metal waste. During the Reporting Period, the Group has recycled 10,850 kilogram of scrap metal.

The Group is a registered Chemical Waste Producer under the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Group handles all hazardous chemical waste with due care, including diesel discharge, waste synthetic oil and wasted oil filters. In accordance with the Code of Practice on the Packaging, Labelling and Storage of Chemical Wastes under the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong), an area is designated for storing and a Chemical Spilling Control platform has been built to prevent leakage.

For other non-hazardous waste, including packaging material from the suppliers, domestic household and office waste, a designated area for general waste is used for the collection by appointed and certified recycling companies. During the Reporting Period, the collection of non-hazardous waste is not measured due to immaterial amount and the absence of a precise accounting mechanism.

### *Air and GHG Emissions*

The Group owns and operates vehicles to support its daily business. As mentioned in the previous chapter, the Group aspires to take precautionary measures to minimise air emissions, including greenhouse gas ("GHG") emissions and other air pollutants, such as nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM").

As of 31 July 2019, the Group owns and maintains a total fleet of 11 vehicles. During the Reporting Period, the total distance travelled of vehicles with available data is 238,202.7 km<sup>1</sup>, and have calculated to have emitted 404.67 kg of NOx, 0.56 kg of SOx, as well as 33.51 kg of PM.

	NOx (kg)	SOx (kg)	PM (kg)
Direct Air Emissions <sup>2</sup>	404.67	0.56	33.51

This year, the Group continues to track and monitor its direct and indirect GHG emissions. The quantification methodology is based on the emission factor, referenced in the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong, as well as the latest emission factors, published by relevant power companies when available.

GHG Emissions <sup>3</sup>	Unit	Amount
Scope 1 — Direct Emissions	Tonnes CO2-e	99.59
Scope 2 — Energy Indirect Emissions	Tonnes CO2-e	44.04

### *Energy Usage*

Maximising energy efficiency improves environmental performance and operational excellence in general and the Group places priority in responsible energy consumption. During the Reporting Period, fuel and electricity are the two major sources of energy that support the Group's operation.

Fuel consumption attributes to the operation and transportation of heavy equipment during the delivery and collection of sold and leased equipment to and from the Group's customers. The Group's vehicles also involve the consumption of fuel, and respective usage are recorded in details.

Electricity consumption mainly stems from office use, which is also the only source of the Group's indirect GHG emissions. The Group is dedicated to continuously enhancing employees' awareness in responsible energy use by implementing energy saving initiatives at office, including:

<sup>1</sup> Total distance travelled by the company vehicles is derived from official monitoring record. One company vehicle is excluded from the calculations due to lack of official monitoring record. We plan on improving our data management system to include all vehicles in the near future.

<sup>2</sup> The direct air emission figures have been rounded up to 2 decimal places.

<sup>3</sup> The GHG emission figures have been rounded up to 2 decimal places.

- Maintaining indoor temperature at an optimal level for comfort;
- Encouraging employees to turn off computers and monitors when not in use;
- Setting timers and other sensors to automatically turn off office machines, such as copiers and TV monitors, after office hours;
- Setting timers to automatically turn off air-conditioners at canteen after lunch hours;
- Encouraging employees to make the best use of telecommunication system to avoid unnecessary travel arrangements; and
- Putting up signages that emphasise the importance of energy saving.

Energy Usage <sup>4</sup>	Unit	Consumption
Diesel	L	32,953.76
Petroleum	L	3,805.37
Electricity	kWh	86,348.81
Overall Energy Consumption	MJ	1,710,655.18

#### *Water Usage and Pollution*

Water is mainly used for washing equipment and domestic use. During the Reporting Period, the Group operates under the license issued by the Environmental Protection Department of Hong Kong pursuant to the Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) and sets up a new water sedimentation tank as the first layer of wastewater treatment. The tank allows suspended particles to settle out of the water as it flows into the public stream. The accumulated solids, or sludge, are formed at the bottom of the tank and is periodically removed by professional licensed waste collector. During the Reporting Period, the Group has consumed a total of 1,526.53 cubic meter of water.

<sup>4</sup> The energy usage figures have been rounded up to 2 decimal places.

## ESG Performance Table

Key Performance Indicators	Unit	FY 2018/19	FY 2017/18
<b>Environmental</b>			
NOx Emissions	kg	404.67	206.19
SOx Emissions	kg	0.56	0.35
PM Emissions	kg	33.51	14.83
GHG Emission - Scope 1	tCO <sub>2</sub> e-	99.59	127.85
GHG Emission - Scope 2	tCO <sub>2</sub> e-	44.04	36.43
GHG Emissions (Scope 1 & 2)	tCO <sub>2</sub> e-	143.63	164.28
GHG Emission Intensity by Revenue	tCO <sub>2</sub> e- / HKD'000	0.00	0.00
GHG Emission Intensity by Full-time Employee (FTE)	tCO <sub>2</sub> e- / Person	1.23	2.99
Energy Usage	MJ	1,710,655.18	2,082,239.66
Energy Usage Intensity by Revenue	MJ / HKD'000	2.99	3.47
Energy Usage Intensity by FTE	MJ / Person	14,620.98	37,858.90
Electricity Usage	kWh	86,348.81	71,436.64
Petroleum Usage	Litre	3,805.37	5,091.45
Diesel Usage	Litre	32,953.76	42,852.25
Water Usage	m <sup>3</sup>	1,526.53	1,493.31
Water Usage Intensity by Revenue	m <sup>3</sup> / HKD'000	0.00	0.00
Water Usage Intensity by FTE	m <sup>3</sup> / Person	13.05	27.15
Scrap Metals Recycled	kg	10,850	11,350
<b>Social</b>			
Total Workforce	Person	117	55
<i>By Position</i>			
- Management and Office Staff	Person	27	21
- Technical Staff and Operators	Person	90	34

## ESG Guide Content Index

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>	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.	Environmental Management - Environmental Compliance, Environmental-Friendly Solutions, Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<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)	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	Environmental Management - Environmental Compliance, Environmental-Friendly

		Solutions, Environmental Impact and Resource Usage
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management - Environmental Impact and Resource Usage
<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.	Environmental Management - Environmental Compliance, Environmental-Friendly Solutions, Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A2.1</b>	Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Management - Environmental Impact and Resource Usage, and ESG Performance Table
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved.	Environmental Management - Environmental Impact and Resource Usage
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management - Environmental Impact and Resource Usage
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A

<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental Management - Environmental Compliance, Environmental-Friendly Solutions, Environmental Impact and Resource Usage
<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.	Environmental Management - Environmental Compliance, Environmental-Friendly Solutions, Environmental Impact and Resource Usage
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>	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.	Employee Wellbeing - Employment and Labour Practices
<b>KPI B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	Employee Wellbeing - Employment and Labour Practices and ESG Performance Table
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employee Wellbeing - Employment and Labour Practices and ESG Performance Table

<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>	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.	Employee Wellbeing - Occupational Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities.	Employee Wellbeing - Occupational Health and Safety
<b>KPI B2.2</b>	Lost days due to work injury.	Employee Wellbeing - Occupational Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Wellbeing - Occupational Health and Safety
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Wellbeing - Training and Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Wellbeing - Training and Development
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category	Employee Wellbeing - Training and Development
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure</b>	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.	Employee Wellbeing - Employment and Labour Practices
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Employee Wellbeing - Employment and Labour Practices
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Employee Wellbeing - Employment and Labour Practices



<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Product and Service Quality - Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Product and Service Quality - Supply Chain Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Product and Service Quality - Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
<b>General Disclosure</b>	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.	Corporate Governance - Respect to Data Privacy and Protection of Intellectual Property; Product and Service Quality - Product Quality Assurance, Customer-Oriented Services
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Quality - Customer-Oriented Services
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Product and Service Quality - Customer-Oriented Services
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance - Protection of Intellectual Property
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Product and Service Quality - Product Quality Assurance, Customer-Oriented Services
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product and Service Quality - Product Quality Assurance, Customer-Oriented Services

<b>Aspect B7: Anti-corruption</b>		
<b>General Disclosure</b>	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 - Business Ethics
<b>KPI B7.1</b>	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.	Corporate Governance - Business Ethics
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance - Business Ethics
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Engagement