

# QUANTONG HOLDINGS LIMITED

## 全通控股有限公司

(formerly known as Pak Wing Group (Holdings) Limited)  
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8316

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# 2021

An abstract graphic design featuring several overlapping, multi-colored geometric shapes, primarily squares and diamonds, arranged in a dynamic, non-linear pattern. The colors include various shades of blue, green, yellow, orange, and purple. The shapes have a 3D effect, with some appearing to be layered on top of others. The background is a light blue gradient.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

Quantong Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, “Quantong”, or “we”) is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the financial year from 1 April 2020 to 31 March 2021 (the “Reporting Year” or “2020/21”). This ESG Report summarizes the Group’s environmental, social and governance (“ESG”) initiatives, plans, and performance transparently and demonstrates our ongoing commitment towards sustainable development. We believe it is a good platform to communicate with our stakeholders on the Group’s sustainability performance through this ESG Report.

## ABOUT QUANTONG

### Our Business

Quantong was listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in 2015 with the stock code of 8316. The Group is principally engaged in the foundation business in Hong Kong, for which the principal operating activities involve lateral support works (“LS Works”), mini piling, H-piling, earth stabilization, and pile extraction, etc. We believe our success lies heavily on the competitive strengths of having a good reputation in the foundation industry, being strategically positioned as a subcontractor in the foundation industry, having a capable team of well-trained operations staff and workers lead by an experienced team of executive management, and possessing a broad range of machinery suited to carry out various types of projects.

### Our Vision

To be a professional construction service provider in the foundation market in Hong Kong, enhancing effectiveness and efficiency in our operations, and providing excellent project outputs to our customers.

### Board of Directors (the “Board”)

As at the date of this ESG Report, the Board consists of:

Executive Directors	Independent Non-executive Directors	Non-executive Director
Mr. Xing Yuan ( <i>Chairman</i> )	Mr. Wong Chun Hung	Mr. Xing Lei
Mr. Ji Zhendong	Mr. Kung Wai Chiu Marco	
Mr. Lai Yanjun	Ms. Wong Chi Yan	
Ms. Xu Zhi		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## SUSTAINABILITY APPROACH

Quantong is committed to providing excellent construction services as a foundation subcontractor in Hong Kong while integrating sustainability into our business strategy. Various factors including business-related challenges, work ethics, global trends, applicable laws, and regulations, etc., are taken into account by the Group to continually promote business growth and achieve long-term sustainability. The Group constantly seeks opportunities to grow our businesses that will not only be beneficial to our stakeholders, but also to the environment in which we operate.

We constantly monitor the risks and explore potential opportunities within the Group. To strike a balance among business needs, social demands, and environmental impacts, we are committed to continuously monitoring the risks and opportunities that exist in our daily operations and embracing transparent corporate culture to ensure our sustainability strategies are well communicated to our stakeholders.

To implement sustainability strategies at all levels of the Group, a top-down approach is adopted for the following sustainability strategies:

- To achieve environmental sustainability
- To respect human rights and social culture
- To engage with stakeholders
- To support our employees
- To sustain local communities

## The ESG Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The Board supports the Group's commitments to fulfilling its ESG responsibilities, sets the overall direction of the Group's ESG strategies, and ensures the effectiveness of ESG risks control and internal monitoring mechanisms.

The Group has assigned designated personnel from various departments to systematically manage ESG issues. The designated personnel are responsible for collecting relevant information on ESG aspects for the preparation of the ESG Report. It periodically reports to the Board, assists in identifying and assessing the Group's ESG risks, and evaluates the implementation and effectiveness of the internal control mechanism. It also examines and evaluates the performance in different aspects such as environment, labour practices, and other ESG performance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## ABOUT THIS REPORT

### Reporting Scope

This ESG Report generally covers the Group's business activities in Hong Kong. The ESG key performance indicator ("KPI") data are gathered only from the operations under the Group's direct operational control. During the Reporting Year, the Group did not operate as the main contractor for any projects. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

### Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report on P. 21 to P. 38 of the 2021 annual report.

### Reporting Period

This ESG Report specifies the ESG activities, challenges, and measures being taken during the financial year ended 31 March 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## STAKEHOLDER ENGAGEMENT

We recognise the responsibility and accountability to all our stakeholders. To understand and address the key concerns of different stakeholders, we have been maintaining close communication with them. We will continue to increase the involvement of stakeholders via constructive conversation to achieve long term prosperity. Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communications channels as shown below:

Stakeholders	Possible issues of concern	Communication channels
Stock Exchange	<ul style="list-style-type: none"> <li>• Compliance with listing rules</li> <li>• Timely and accurate announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training</li> <li>• Roadshows</li> <li>• Workshops</li> <li>• Programs</li> <li>• Website updates</li> <li>• Announcements</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Corporate governance system</li> <li>• Business strategies and performance</li> <li>• Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Financial reports</li> <li>• Operation reports</li> <li>• Announcements and circulars</li> <li>• Company website and email</li> <li>• Seminars</li> <li>• Interviews</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Delivery times</li> <li>• Reasonable process</li> <li>• Service value</li> <li>• Labour protection</li> <li>• Work safety</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• After-sales services</li> <li>• Meetings</li> <li>• Phone and email communications</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Rights and benefits</li> <li>• Remuneration and compensation</li> <li>• Training and development</li> <li>• Working hours</li> <li>• Career development</li> <li>• Health and safety</li> <li>• Working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Union activities</li> <li>• Training</li> <li>• Interviews for employees</li> <li>• Employee handbook</li> <li>• Internal memos</li> <li>• Employee suggestion boxes</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

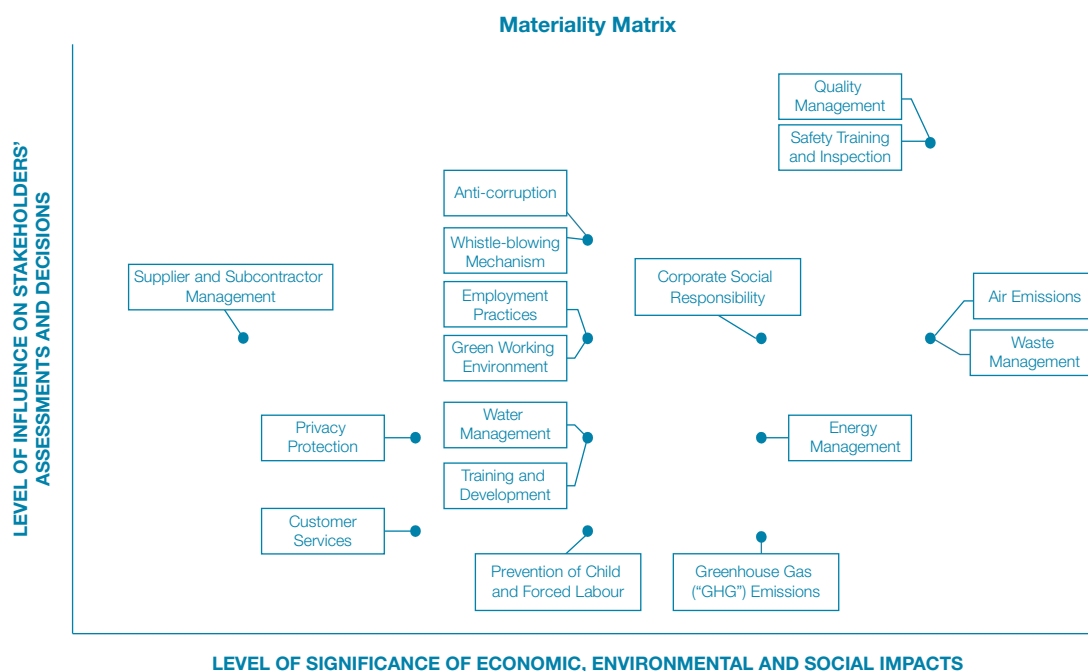
Stakeholders	Possible issues of concern	Communication channels
Suppliers	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Stable demand</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits</li> </ul>
Regulatory bodies and government authorities	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Prevention of tax evasion</li> <li>• Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction and visits</li> <li>• Government inspections</li> <li>• Tax returns</li> </ul>
Media and Public	<ul style="list-style-type: none"> <li>• Corporate governance system</li> <li>• Environmental protection</li> <li>• Human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Issue of newsletters on the Company's website</li> <li>• ESG Reports</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community environment</li> <li>• Employment and community development</li> <li>• Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Employee voluntary activities</li> <li>• Community welfare subsidies</li> <li>• Charitable donations</li> </ul>

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report. They have assisted the Group to review its operations, identified key ESG issues, and assessed the importance of those relevant matters to our business and stakeholders. The Group regularly conduct a materiality survey in accordance with the identified material ESG issues to collect information from relevant departments, business units, and stakeholders of the Group. During the Reporting Year, there was no significant change in the material ESG issues as there was no significant change in the Group's business scope, therefore, the materiality matrix is the same as that for the financial year ended 31 March 2020 ("2019/20"). The Group's materiality matrix for the Reporting Year is as follows:



During the Reporting Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

## CONTACT US

For details of our ESG performance, corporate governance as well as financial performance, please visit our website at <https://www.quantongholdings.com/en/> and our annual reports. We treasure your feedback and comments on our sustainability performance. Please send your feedback and inquiries by email to [info@quantongholdings.com](mailto:info@quantongholdings.com).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## A. ENVIRONMENTAL

### A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. Rooted in the foundation industry in Hong Kong, we strive to integrate environmental sustainability into our business operations and are committed to reducing our environmental footprint.

Apart from implementing a set of environmental management system in accordance with ISO 14001, the Group has also formulated related environmental policies and initiatives to promote sustainability within our business. We constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures that promote energy efficiency, wastes reduction, and other green initiatives. The Group is also committed to educating our employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continually look for opportunities to pursue environmentally friendly initiatives, enhance our environmental performance by reducing energy consumption and the use of other resources.

During the Reporting Year, the Group was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance, Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation, the Noise Control Ordinance, and the Waste Disposal Ordinance of Hong Kong.

#### *Air Emissions*

The principal sources emissions arising out of the Group's operation were petrol and diesel consumed by vehicles and machinery in construction sites. Due to our business nature and industry limitations, the use of vehicles and machinery is inevitable, therefore we have adopted a series of preventive and corrective measures to control air emissions from such sources. For the sake of dust control, facilities such as hand-held hoses, dust screens, and wheel washing bay have been taken in place in construction sites, low-dust techniques and equipment are also used. Monthly checking is performed to monitor air pollution emissions. We have also encouraged our employees to utilise the capacity of vehicles and other machinery to reduce unnecessary usage and wastage.

Summary of exhaust gas emissions performance:

Types of exhaust gas	Unit	2020/21	2019/20
Nitrogen oxides (NOx)	kg	<b>518.20</b>	484.62
Sulphur oxides (SOx)	kg	<b>0.84</b>	0.80
Respiratory suspended particles (RSP)	kg	<b>42.24</b>	40.02

Looking ahead, we endeavour to improve the overall air quality by adopting appropriate dust controlling measures and effective emissions control measures in our construction sites.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## GHG Emissions

The principal sources of the Group's GHG emissions were generated from petrol and diesel consumption by vehicles and machinery at construction sites (Scope 1), purchased electricity (Scope 2), as well as disposal of paper waste (Scope 3). To reduce GHG emissions, we embrace in driving green practices in our day-to-day operations and have adopted the following measures in our operations:

1. Actively adopt environmental protection, energy conservation, and water conservation measures, which are described in the sections headed "Energy Management" and "Water Management" under aspect A2; and
2. Actively adopt paper-saving measures in office, which are described in the section headed "Waste Management" under this aspect.

Besides, the Group also propagates environmental protection messages to employees by posting notices and posters of green information in office areas to promote best practices of environmental management. Though these emission mitigation measures, the employees' awareness on emission mitigation was enhanced.

During the Reporting Year, the total GHG emissions intensity has increased by about 98% from approximately 13.85 tCO<sub>2</sub>e per million revenue in 2019/20 to approximately 27.36 tCO<sub>2</sub>e per million revenue in 2020/21. This significant increase was mainly attributable by the increase in use of large-sized machinery, which lead to the increase in use of fuel. The Group will make a continuous effort in reducing GHG emissions in the forthcoming year.

Summary of GHG emissions performance:

Indicators <sup>1</sup>	Unit	2020/21	2019/20
Scope 1 — Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO <sub>2</sub> e	<b>2,852.73</b>	1,371.32
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO <sub>2</sub> e	<b>8.22</b>	10.08
Scope 3 — Other indirect GHG emissions			
• Paper waste disposal	tCO <sub>2</sub> e	<b>1.12</b>	1.12
Total GHG emissions	tCO <sub>2</sub> e	<b>2,862.07</b>	1,382.52
Total GHG emissions intensity <sup>2</sup>	tCO <sub>2</sub> e/million revenue	<b>27.36</b>	13.85

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released emission factors of China's regional power grid basis, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the CLP 2020 Sustainability Report, and the HK Electric Investments Sustainability Report 2020.
2. For the Reporting Year, the Group recorded a revenue of approximately HK\$104,601,000 (2019/20: HK\$99,833,000). The data are also used for calculating other intensity data.

## **Wastewater Discharge**

Due to the Group's business nature, wastewater will be generated and discharged at construction sites. To fully utilise water resources, wastewater is collected and preceded for reuse, such as reusing for dust control measures. A sewage treatment system is also installed in every construction site to filter the wastewater before discharging to public sewers. More water-saving initiatives will be described in the section headed "Water Management" under aspect A2.

## **Waste Management**

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practices have complied with relevant laws and regulations relating to environmental protection.

### *Hazardous Waste*

The Group's business operations may produce chemical wastes during construction work. However, the amount of chemical waste produced cannot be estimated accurately due to the limitation of the data collection system. Yet, all chemical waste was filtered and passed to a qualified chemical waste collector to lawfully handle and dispose. The Group aims to continuously reduce its adverse impact due to the production of hazardous waste.

### *Non-hazardous Waste*

Non-hazardous waste generated was principally construction waste and paper waste. We uphold the 5Rs principle, namely reduce, renew, reuse, recycle, and replace for waste management and strive for resource utilization. To minimise the environmental impacts from non-hazardous wastes generated from our business operation, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives in different working areas.

For each construction site, solid waste is segregated into general waste and construction waste before transporting to landfills. 3-color recycling bins are placed in site areas to collect any recyclable waste. Moreover, an on-site waste sorting area is made available for storing segregated waste material temporary for the reuse of such material in other sites to avoid wastage.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

In offices, the Group promotes the reduction of paper and stationery usage by adopting the following initiatives and assumes the responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-side printed paper and computer accessories for reuse;
- Recycle rechargeable batteries and double-side-printing paper;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

Though these waste reduction measures, our employees' awareness on waste reduction was enhanced. Given that the Group did not operate as the main contractor for any projects during the Reporting Year, therefore the construction waste was passed to the main contractors for handling. As a result, there were no records of construction waste disposed. Since there is no material change in the business operation, the total non-hazardous waste (i.e. paper) does not change significantly compared with 2019/20.

Summary of waste disposal performance:

Types of non-hazardous waste	Unit	2020/21	2019/20
Paper waste	tonnes	<b>0.23</b>	0.23
Total non-hazardous wastes	tonnes	<b>0.23</b>	0.23
Total non-hazardous wastes intensity	tonnes/million revenue	<b>0.002</b>	0.002

## A2. Use of Resources

Quantong is committed to becoming a resource-saving and environmentally friendly enterprise to promote environmental protection. The Group has established relevant policies and procedures governing the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Energy Management

The Group aims to minimise the environmental impacts that resulted from our operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment to energy efficiency. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Maintain room temperature at 25.5 degree Celsius;
- Encourage the use of products with energy efficiency labels;
- Switch off all idle appliances and unnecessary lightings upon leaving the office;
- Post reminders near switches and electrical appliances to remind employees to reduce electricity consumption; and
- Purchase equipment and machinery with high energy efficiency on the replacement of old equipment.

Besides, the Group's Administrative Officer performs daily checking over the air-conditioning system, lighting, and other appliances in offices to ensure energy consumption performance. Unexpected high consumption of energy will be investigated to find out the root cause and corresponding preventative measures will be taken. Though these energy reduction measures, our employees' awareness on energy reduction was increased.

During the Reporting Year, the Group's total energy consumption had increased significantly due to the increased consumption of diesel from the large-sized machinery on construction sites. When comparing purchased electricity which is only used for the office operation, electricity consumption has decreased by about 7% compared to 2019/20. Indeed, energy consumption by the Group depends greatly on the nature and number of construction projects, therefore the fluctuation of energy consumption can be out of the Group's control to a certain extent. Regardless, the Group strives to reduce unnecessary energy consumption in the forthcoming years.

Summary of energy consumption performance:

Types of energy	Unit	2020/21	2019/20
<b>Direct energy consumption</b>	<b>MWh</b>	<b>11,641.32</b>	<b>5,582.13</b>
Diesel	MWh	11,450.17	5,394.13
Petrol	MWh	191.15	188.00
<b>Indirect energy consumption</b>	<b>MWh</b>	<b>11.58</b>	<b>12.44</b>
Purchased electricity	MWh	11.58	12.44
Total energy consumption	MWh	11,652.90	5,594.57
Total energy consumption intensity	MWh/million revenue	111.40	56.04

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Water Management

Water was mainly used in offices and construction sites. The Group actively promotes the importance of water conservation to its employees. Apart from posting reminders next to water taps, the Group also regularly inspects water taps to prevent leakage. Though these water-saving measures, our employees' awareness was enhanced. The Group will continue to save water resources through different measures in the forthcoming year.

Summary of water consumption performance:

Indicator	Unit	2020/21	2019/20
Water consumption <sup>3</sup>	m <sup>3</sup>	<b>13.51</b>	–
Water consumption intensity	m <sup>3</sup> /million revenue	<b>0.13</b>	–

Note:

- Since the Group did not operate as the main contractor for any construction projects during the Reporting Year, the information on water consumption data regarding construction projects was therefore not available. The water consumption in this table only accounts for the water consumption in the office.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

## Packaging Material

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG issue of the Group.

## A3: The Environment and Natural Resources

Quantong believes that corporate development should not come at the expense of the environment and natural resources, therefore the Group recognises the responsibility in minimizing the negative environmental impacts of our business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## ***Green Working Environment***

The Group considers that providing a pleasant and safe working environment to its employees is of paramount importance. Air quality is therefore regularly monitored and measured. In offices, air purifying equipment is placed and the ventilation system is cleaned periodically. At construction sites, monthly checking will be performed to monitor air pollution emissions.

In addition to air quality, noise is regularly monitored and measured at the construction sites. The Group has implemented different measures to reduce noise level and ensured that workers and the surrounding neighbourhood will not be disturbed. Such measures include the installation of acoustic barriers, inspect and maintain all equipment before use to ensure compliance of permitted noise level, and only undertake construction works during permitted hours and days.

## **B. SOCIAL**

### **B1. Employment**

As an enterprise with social responsibility, we are not only responsible for our consumers, but also responsible for our employees. The Group attaches great importance to its employees' contribution and dedication to sustainable business development. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity, and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness among the industry.

During the Reporting Year, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance, and the Minimum Wage Ordinance of Hong Kong that would have a significant impact on the Group.

#### ***Employment Practices***

##### *Recruitment, Promotion, and Dismissal*

The Group adheres to the principles of openness and fairness to adopt a robust recruitment process based on merit selection against the job criteria applied. Job applicants are assessed based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

We offer promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' potential. Performance reviews are conducted annually and employees are provided with the opportunity to openly discuss with their supervisors on their performance and career development. During the performance review, employees will normally be assessed on the objectives set for the previous year by Directors. The results of performance reviews are used for employees' salary review and promotion consideration.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds. Exit interviews will also be conducted with leaving employees to help us better understand the needs of our employees and to improve the overall working environment.

### *Work-life Balance*

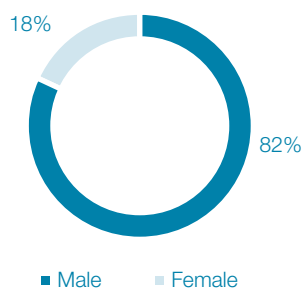
The Group strives to create a work-life balanced lifestyle for its employees and has formulated policies in regulating the working hours and rest periods for employees following local employment laws. A 6-day work week with 6 to 8 working hours is applied for employees of the Group. Overtime compensation is paid for employees who work overtime voluntarily.

### *Diversity, Equal Opportunities, and Anti-discrimination*

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. We are dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation.

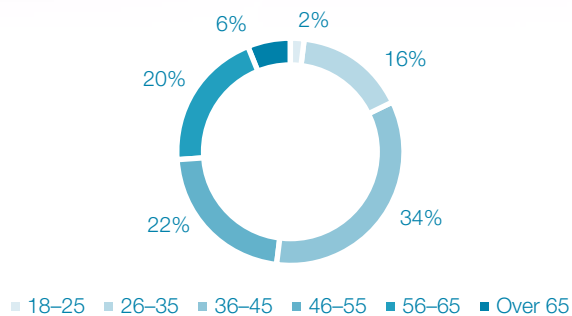
As at 31 March 2021, the Group had a total of 50 employees. The distribution of employees according to age group, gender, employment type, and years of serving are as follows:

#### **Employees by Gender**

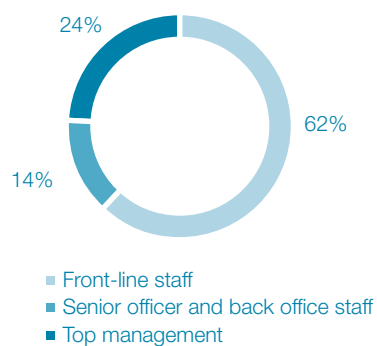


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

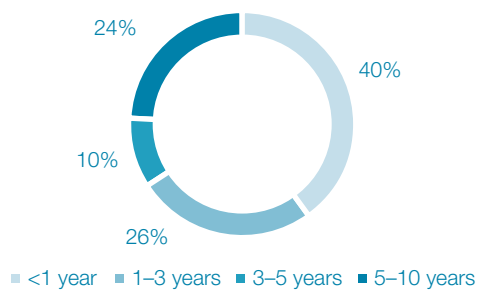
**Employees by Age Group**



**By Employment Type**



**By Years of Serving the Group**





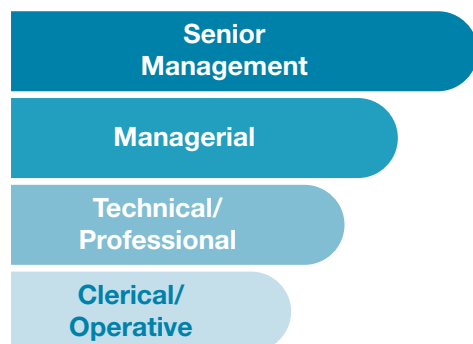
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## *Remuneration and Benefits*

The Group understands that a competitive remuneration package together with good benefits and welfare encourage retention and foster a sense of belonging. The Group offers a comprehensive remuneration package for all its employees, and employees are remunerated fairly according to their contributions with reference to the market practice. A remuneration committee is established for making appropriate updates on the Group's remuneration standards annually.

Remuneration packages of the Group include basic salary, leaves as stipulated by relevant laws and regulations, as well as discretionary bonuses. The Group also provides a variety of leaves to cater to the needs of its employee, such as marriage leave, funeral leave, etc. Employees' salaries are reviewed annually based on many factors, such as the Group's performance, individual performance, job responsibilities, and market conditions; while discretionary bonuses are granted in respect of the Group's and individual employee's performance in the previous year. Besides, we contribute to the Mandatory Provident Fund and employees' compensation insurance with reference to related local laws and regulations.

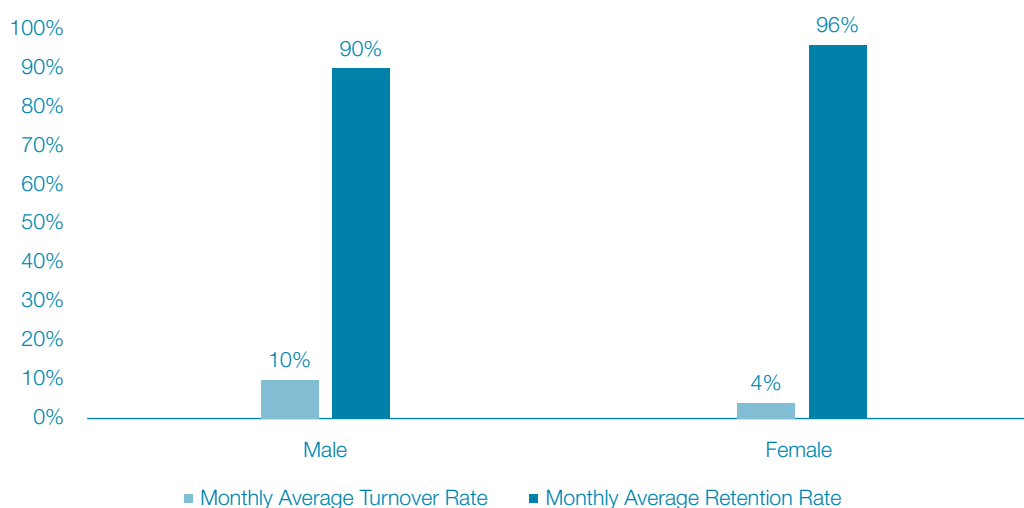
To standardize pay and benefits as well as provide clear promotion and advancement path, the Group has set out a clear structure to classify employees into 4 categories, which are shown as follows:



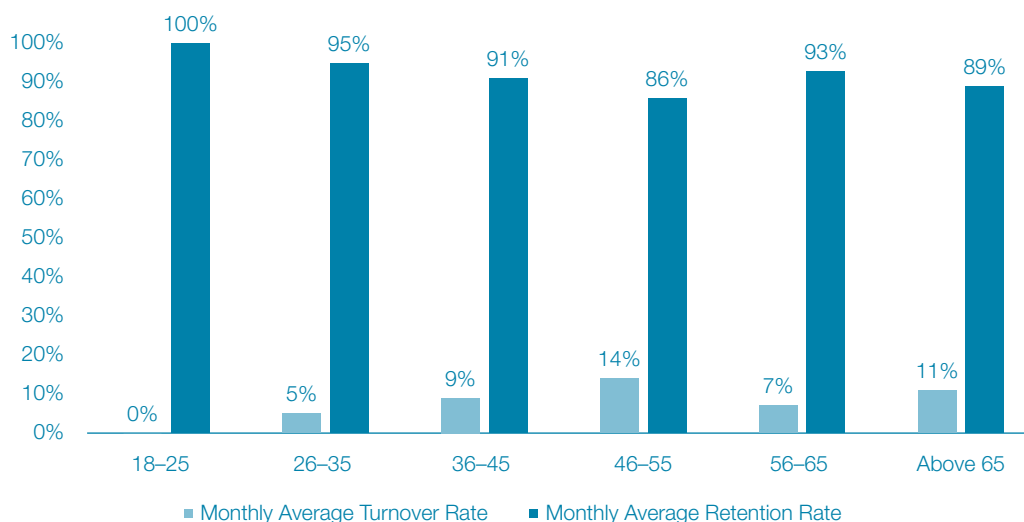
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

With the above benefits and welfare, Quantong successfully achieved a 91% retention rate during the Reporting Year. The employee turnover and retention rate by gender and age group are as follows:

**Monthly Average Turnover and Retention Rate by Gender**



**Monthly Average Turnover and Retention Rate by Age Group**



### *Employees Communication*

The Group strives to create an open environment in which employees can speak up with ideas and issues. Employees are welcome to provide comments and feedback directly to their supervisors or the next upper-level managers in the first instance. In case of any complaint received from employees, an independent investigation and the appropriate follow-up actions would be taken, if necessary. Through both top-down and bottom-up communication approach, the Group is confident that a harmonious relationship with its employees is achieved.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## B2. Health and Safety

Quantong places a high priority on providing employees with a safe and healthy working environment and is committed to complying with all applicable health and safety laws and regulations. An Occupational Safety and Health Guideline has been established and circulated for creating a safe working environment and protecting employees from occupational hazards. The Group has also implemented the health and safety management system in accordance with ISO 14001 and reviews it annually. A safety committee has been established to identify, recommend, and review measures to improve workers' health and safety. Besides, the Group has acquired staff medical insurance which reimburses employees from any unexpected medical costs. The insurance plan is closely monitored and adjusted according to the headcounts of the year.

The Group was also not aware of any material non-compliance with health and safety- related laws and regulations, including but not limited to the Factories and Industrial Undertakings Ordinance, the Occupational Safety and Health Ordinance, and the Employees' Compensation Ordinance of Hong Kong that would have a significant impact on the Group.

### ***Safety Training And Inspection***

The Group actively strengthens the occupational safety awareness of employees by providing regular in-house safety training. We encourage employees to attend external safety training revalidation courses and we ensure employees who are required to work onsite have obtained a valid Construction Industry Safety Training Certificate (also known as the green card) as well as relevant certificates for operating cranes and other machinery.

Concerning health and safety at construction sites, warnings will be displayed on facilities, machines which are dangerous or prone to accidents. A first-aid cabinet has been placed in every construction site in case of any accidents. The safety officer on duty is responsible for monitoring the safety environment in construction sites and preparing safety reports. In case of any potential safety hazards, the safety officer is responsible for providing aids immediately. An incident investigation report will be prepared by the safety officer, recording the causes and findings regarding the incident. Recommendations for further improvement to avoid relevant injuries will also be included in the incident investigation report.

In response to the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures in both our offices and construction sites to ensure the health of our employees and workers. Apart from increasing the frequency of office cleaning and sterilization in office areas, employees are also required to wear surgical face masks at the office as well as construction sites and check their body temperature prior to work every day. Besides, the Group has issued memorandums to its employees to remind them of the importance of maintaining personal hygiene. The Group has strictly followed guidelines and announcements made by the Centre for Health Protection in regards to epidemic prevention, and we strive to provide a healthy and safe working environment for which employees are comfortable to work at.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## B3. Development and Training

Training and continuous development are indispensable to the Group's employees to keep abreast of the everchanging trend of the industry and also to satisfy its customers' evolving needs. The Group holds a firm belief that the provision of training opportunities and continuous career development to its employees, which strengthens the professional capabilities and growth of the employees and retains high-calibre talent, provides a solid foundation for the Group's continuing success. At the same time, it also supports the sustainable growth of business and maintenance of the Group's competitive edge in the industry.

### *Training and Development*

The Group provides a wide range of training to its employees to equip themselves with work-related skills. Induction training is provided to all newly recruited employees, while regular on-job training is provided to all employees of the Group. The Group also encourages its employees to attend external vocational training and enrich themselves through acquiring higher professional skills and qualifications. Training subsidies are provided to employees who attend training courses relating to top topics such as construction safety, environmental management, professional skills operation training, and emergency awareness.

## B4. Labour Standards

### *Prevention of Child and Forced Labour*

The employment of child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's human resources department is responsible to monitor and ensure compliance of the latest and relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of child labour, underage workers, and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates and to verify candidates' identity. The human resources department also ensures identity documents are carefully checked. If violations are involved, they will be dealt with in the light of circumstances.

During the Reporting Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## B5. Supply Chain Management

The Group recognises the importance of good supply chain management practices in mitigating environmental and social risks. In view of green supply chain management, the Group strives to engage suppliers and subcontractors who incorporate the consideration of environmental and social risks into their supply chain management.

### ***Supplier and Subcontractor Management***

To ensure supplier and subcontractors have met our requirements regarding quality, environmental, and safety standards, the Group has formulated stringent procedures and standards in selecting subcontractors. The Group has established and maintained a list of approved suppliers and subcontractors with certain service quality. Factors such as financial and operational background (including recognised qualifications and licenses) of suppliers, price, respective terms, and conditions are all taken into consideration when annually reviewing the list. Besides, safety performance evaluation will be conducted to subcontractors on the approved list to ensure subcontractors are well-aware of safety issues and have complied with the Group's safety standards. Subcontractors who fail to pass the safety performance evaluation maybe suspended or removed from the approved list.

Apart from the above, suppliers are encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics with respect to workplace operations, marketing activities, social contacts, and environmental responsibilities.

## B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of utmost importance for the sustainable growth of the Group. The Group believes completing works that meet or exceed our client's requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the process of each project to ensure that it delivers high-quality services and sustainable projects.

During the Reporting Year, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress, including but not limited to the Personal Data (Privacy) Ordinance that would have a significant impact on the Group. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

### ***Quality Management***

The Group is committed to providing services with high standards of quality and reliability. A detailed SWOT analysis is conducted annually to analyse the Group's strengths, weaknesses, opportunities, and threats, and the Group will prepare relevant remediate or follow-up actions when deemed necessary.

To ensure the quality of the supplied materials and products, the Group requires suppliers and subcontractors to provide a product quality certification regularly.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## ***Privacy Protection***

The Group recognises the protection of confidential information is the key to its success, therefore protecting confidential data and customers' privacy always remains the priority of the Group. All confidential data relating to the Group's business and customers' information are securely protected and only use for internal purposes. Employees who have access to the tender and quotation information are required to sign a confidential agreement to better protect customers' privacy. Any leakage of confidential information to third parties is strictly prohibited.

## ***Customer Services***

Being a subcontractor in the foundation industry, customers of the Group are primarily main contractors and property developers. To understand our customers' needs and provide services that meet their expectations and standards, customer satisfaction questionnaires are distributed to ensure that any dissatisfying product quality can be found and follow-up actions can be taken on a timely basis. Besides, the Group maintains on-going communication with them through regular meetings as well as phone and email communications. During the Reporting Year, no products and service-related complaints were received .

## ***Advertising and Labelling***

As the Group's operational process does not involve advertising and labelling practices, the disclosure on information relating to advertising and labelling is not applicable to the Group.

## **B7. Anti-corruption**

The Group strives to maintain a high level of ethical corporate culture and we strictly prohibit all forms of bribery and corruption. The Group has formulated an internal control code to ensure that every employee complies with the rules of the Group in daily operation to prevent violation of the law. A section 'Business Conduct, Integrity, Ethics, and Discipline' has been formally documented in the Employee Handbook to ensure every employee understands and is well-aware of the Group's ethical expectations and standards.

During the Reporting Year, there were no conclude legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering , including but not limited to the Prevention of Bribery Ordinance of Hong Kong that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## ***Anti-Corruption***

The Group believes in fairness and honesty in business dealings. Without the prior consent of the management, employees are prohibited to accept any advantage for themselves, either directly or indirectly, any commission, rebate, spotter's fee, gratuity, loan, gift or favour, monetary or otherwise from any person, firm, company, or organization which has dealings with the Group. Acceptance of or solicitation for any such benefits will result in disciplinary action by the Group or reported to relevant judiciary regulators.

Employees are also required to refrain from dealing in the Group's securities when they are in possession of material, non-public, or inside information about the Group. Moreover, employees are prohibited from directly or indirectly engage in any personal activities or transactions with customers, principals, suppliers, or third parties which would create conflict with their commitment to their jobs and the interests of the Group.

## ***Whistle-Blowing Mechanism***

A Whistle-blowing Policy is set up to encourage and allow employees to raise concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity. If any employee believes reasonably and in good faith that malpractice exists in the workplace, he/she should report immediately to the supervisor, department head, or Compliance Officer. All reports are treated confidentially and every effort is made not to reveal the employee's identity. The Compliance Officer or the responsible management is responsible to look into the issue and take necessary actions. Where appropriate, the matters raised may be referred to the regulatory bodies.

## **B8. Community Investment**

### ***Corporate Social Responsibility***

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. The Group strives to nurture corporate culture and practice corporate citizenship in daily work life. To fulfil our corporate social responsibility, the Group focuses on inspiring our employees' sense of social responsibility by encouraging them to participate in charitable activities during their work and spare time. The Group also believes participating in activities that repay the society can increase our employees' civic awareness while establishing correct values. The Group embraces the human capital into social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## PERFORMANCE SUMMARY TABLE

### Environmental Performance

	Unit	2020/21	2019/20
<b>AIR EMISSIONS</b>			
Nitrogen oxides (NOx)	kg	<b>518.20</b>	484.62
Sulphur oxides (SOx)	kg	<b>0.84</b>	0.80
Respiratory suspended particles (RSP)	kg	<b>42.24</b>	40.02
<b>GREENHOUSE GAS EMISSIONS</b>			
Total GHG emissions	tCO <sub>2</sub> e	<b>2,862.07</b>	1,382.52
Total GHG emissions intensity	tCO <sub>2</sub> e/million revenue	<b>27.36</b>	13.85
Scope 1 — Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO <sub>2</sub> e	<b>2,852.73</b>	1,371.32
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO <sub>2</sub> e	<b>8.22</b>	10.08
Scope 3 — Other indirect GHG emissions			
• Paper waste disposal	tCO <sub>2</sub> e	<b>1.12</b>	1.12
<b>WASTE MANAGEMENT</b>			
Total non-hazardous waste	tonnes	<b>0.23</b>	0.23
Total non-hazardous waste intensity	tonnes/million revenue	<b>0.002</b>	0.002
Paper waste	tonnes	<b>0.23</b>	0.23
<b>ENERGY CONSUMPTION</b>			
Total energy consumption	MWh	<b>11,652.90</b>	5,594.57
Total energy consumption intensity	MWh/million revenue	<b>111.40</b>	56.04
Direct energy consumption	MWh	<b>11,641.32</b>	5,582.13
Petrol	MWh	<b>191.15</b>	188.00
Diesel	MWh	<b>11,450.17</b>	5,394.13
Indirect energy consumption	MWh	<b>11.58</b>	12.44
Purchased electricity	MWh	<b>11.58</b>	12.44
<b>WATER CONSUMPTION</b>			
Water consumption	m <sup>3</sup>	<b>13.51</b>	—
Water consumption intensity	m <sup>3</sup> /million revenue	<b>0.13</b>	—



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social Performance

	Unit	2020/21	2019/20
<b>EMPLOYMENT</b>			
<b>By Gender</b>			
Male	%	82	88
Female	%	18	12
<b>By Age Group</b>			
18–25	%	2	2
26–35	%	16	22
36–45	%	34	35
46–55	%	22	23
56–65	%	20	15
Over 65	%	6	3
<b>By Years of Serving</b>			
Less than 1 year	%	40	33
1 to 3 years	%	26	30
3 to 5 years	%	10	14
5 to 10 years	%	24	23
<b>By Employment Category</b>			
Top Management	%	24	13
Senior officer and back office staff	%	14	17
Front-line staff	%	62	70
<b>TURNOVER</b>			
Total turnover rate	%	9	4
<b>By Gender</b>			
Male	%	10	3
Female	%	4	8
<b>By Age Group</b>			
18–25	%	0	8
26–35	%	5	4
36–45	%	9	4
46–55	%	14	5
56–65	%	7	5
Over 65	%	11	0
<b>PRODUCT RESPONSIBILITY</b>			
Number of products and service-related complaints	number	–	–
Number of products recalls	number	N/A	N/A
<b>ANTI-CORRUPTION</b>			
Number of concluded legal cases	case	–	–

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<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 exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions — Air Emissions
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Not applicable — Explained
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Management
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable — Explained

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Green Working Environment
<b>Aspect B1: Employment</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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1 ("Recommended Disclosure")	Total workforce by gender, employment type, age group and geographical region.	Employment — Diversity, Equal Opportunities, and Anti-Discrimination
KPI B1.2 ("Recommended Disclosure")	Employee turnover rate by gender, age group and geographical region.	Employment — Remuneration and Benefits
<b>Aspect B2: Health and Safety</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 providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.2 ("Recommended Disclosure")	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Safety Training and Inspection
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B4: Labour Standards</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 preventing child and forced labour.	Labour Standards
KPI B4.1 ("Recommended Disclosure")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
KPI B4.2 ("Recommended Disclosure")	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.2 ("Recommended Disclosure")	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management — Supplier and Subcontractor Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B6: Product Responsibility</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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 ("Recommended Disclosure")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — Explained
KPI B6.2 ("Recommended Disclosure")	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Services
KPI B6.4 ("Recommended Disclosure")	Description of quality assurance process and recall procedures.	Product Responsibility — Quality Management
KPI B6.5 ("Recommended Disclosure")	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Privacy Protection
<b>Aspect B7: Anti-corruption</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 bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 ("Recommended Disclosure")	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption — Anti-corruption
KPI B7.2 ("Recommended Disclosure")	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Whistle-blowing Mechanism
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment