STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
駿東（控股）有限公司

(incorporated in the Cayman Islands with members' limited liability)
Stock Code: 8277



Environmental, Social and Governance Report 2025



CONTENT

ABOUT STEED ORIENTAL	2
ABOUT THIS REPORT	2
Reporting Principles	2
Reporting Period and Scope	2
Data Collection	2
Report Access	2
SUSTAINABLE DEVELOPMENT GOVERNANCE	3
STAKEHOLDER ENGAGEMENT	3
Stakeholders' Feedback	3
MATERIALITY ASSESSMENT	4
ENVIRONMENTAL ASPECT	5
Emissions	5
Waste Management	6
Use of Resources	6
The Environment and Natural Resources	8
Climate Change	8
SOCIAL ASPECT	9
Employment	9
Health and Safety	12
Development and Training	13
Labour Standards	14
Supply Chain Management	15
Product Responsibility	16
Anti-corruption	17
Community Investment	17
REFERENCES TO ESG REPORTING GUIDE OF THE STOCK EXCHANGE	18

ABOUT STEED ORIENTAL

Steed Oriental (Holdings) Company Limited (the "Company"; or, together with its subsidiaries, the "Group", "we" or "us") is primarily engaged in sourcing, manufacturing and sale of wooden products to fulfil the different needs of customers. The Group currently provides a wide range of products including but not limited to structural panels, supplementary materials for construction and tailor-made wooden products, such as wooden structural components, alu-clad wooden doors and windows, customized wooden furniture and other customized products. In order to meet the demand for future business development, the Company was listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 February 2015 (stock code: 8277).

ABOUT THIS REPORT

We are pleased to present the ninth environmental, social and governance ("ESG") report (the "Report") to present the ESG policies, measures and overall performance of the Group.

Reporting Principles

The Report has been prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions of the "Environmental, Social and Governance Reporting Guide" as set out in Appendix C2 to the GEM Listing Rules of the Stock Exchange. In preparing the Report, the Group followed the following principles:

Materiality	Quantitative	Consistency
The Group collects opinions from stakeholders through different channels, and conducts internal materiality assessment to identify issues that have a significant impact on the Group and stakeholders, and prioritize disclosure of these issues in the Report.	Where reasonably feasible, the Group discloses quantitative environmental and social key performance indicators ("KPIs"), which are calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" and "Appendix 3: Reporting Guidance on Social KPIs" of "How to prepare an ESG Report" issued by the Stock Exchange.	The Group uses consistent statistical methodology to calculate KPIs for a meaningful comparison. If there are changes in the methodology used and the scope of reporting, they will be explained in the notes.

Reporting Period and Scope

The Report details the ESG performance and policies of the Group from 1 April 2024 to 31 March 2025 (the "Reporting Period").

The Report covers the current principal operations of the Group, including:

- the manufacturing base in Ningjin County of Hebei Province in the People's Republic of China (the "Mainland China"); and
- the headquarter of the Company in Hong Kong, which is responsible for compliance with the listing of the Company on the GEM of the Stock Exchange.

Data Collection

The Group has formed a designated working group consisting of personnel from different departments and subsidiaries to collect relevant information and data required for the Report. The information and data set out in the Report are derived from the official documents or statistical reports of the Group, and have been reviewed and approved by the board of the Company (the "Board").

Report Access

The Report is published in both traditional Chinese and English and has been uploaded to the website of the Stock Exchange (https://www.hkexnews.hk) and the official website of the Group (http://www.steedoriental.com.hk). In the event of any discrepancy or inconsistency between the two versions, the Chinese version shall prevail.

SUSTAINABLE DEVELOPMENT GOVERNANCE

Building a good governance structure is the top priority of the Group, which establishes an important foundation for sustainable development. We are committed to promoting sustainable development and strictly reviewing its governance level to ensure compliance with the legal standards and achieve the best practice guidelines. The Group has incorporated the factors of sustainable development into daily business decisions and has formulated corporate social responsibility policies, to proactively fulfil its social responsibilities and make meaningful contributions to the community.

The Board has overall responsibility to develop and manage the Company's ESG strategy and report, including the assessment and prioritization on the ESG issues as well as monitoring and management of related risks. The Board ensures and owns responsibility for the truthfulness, accuracy and completeness of the contents of the Report. We hold regular board meetings annually to discuss the ESG-related risks, opportunities and measures and identify the major issues related to the sustainable development.

For details on the corporate governance of the Group, please refer to the section headed "Corporate Governance Report" in the 2025 Annual Report of the Group.

STAKEHOLDER ENGAGEMENT

Adhering to the core values of integrity, safety, respect and excellence, the Group highly emphasizes the communications and relations with each stakeholders including employees, customers, suppliers, shareholders, communities and the public. Our corporate social responsibility policy covers multiple aspects including environmental protection, community contribution, market operation, supply chain management, and employment relation, and is committed to comprehensively considering and fulfilling the needs and interests of different stakeholders. We proactively communicate with key stakeholders through different channels to collect their feedback, understand their concerns, and continue to improve the Group's sustainable development strategy:



CUSTOMERS

- Business meetings
- On-site inspection
- Customer service hotline
- Website



EMPLOYEES

- Internal meetings
- Performance appraisal
- Training and staff activities



SHAREHOLDERS AND INVESTORS

- Annual general meeting
- Annual report and financial report
- Announcements and circulars



SUPPLIERS AND BUSINESS PARTNERS

- Business meetings
- On-site inspection
- Supplier review



SENIOR MANAGEMENT AND MEMBERS OF THE BOARD

- Internal meetings
- Board meetings
- Performance appraisal



THE PUBLIC

- Reports and announcements
- Website



GOVERNMENT AND REGULATORY AUTHORITIES

- Inspection and examination
- Meetings

Stakeholders' Feedback

If you have any comments on the Report and the ESG policy and performance of the Group, please share with us through the following ways:

Address: Room 1311, 13/F, Olympia Plaza, 255 King's Road, North Point, Hong Kong
Tel No.: (852) 3595 6556
Fax No.: (852) 3705 0076
Email: info@steedoriental.com.hk

MATERIALITY ASSESSMENT

The Group conducts annual materiality assessment on ESG related issues to identify and prioritize important issues. During the Reporting Period, this Report covers 20 ESG issues and the materiality of each issue as follows:

ESG Issue	Materiality
Environmental Aspect	
Emission and Waste Management Effective Use of Resources Environmental Impact in the Course of Business	Important
Combatting Climate Change	Relevant
Operating Practice	
Company Results Anti-Corruption Training Compliance Level of the Company	Most Important
Company Outlook Internal Governance Level Shareholder Interest Supply Chain Management Procurement Policy Product and Service Quality	Important
Social Aspect	
Prohibition of Child Labor and Forced Labor	Most Important
Occupational Safety and Health Promotion and Development Prospects Employee Benefits Equal Opportunities Corporate Values and Dynamics	Important
Community Support and Investment	Relevant

ENVIRONMENTAL ASPECT

Given the business nature and sources of raw materials of the Group (i.e. sourcing, manufacturing and sale of wood products), our operations are closely related to environmental protection. We understand the importance of the environment to the sustainable development of our business and consider it as one of the core values of our corporate social responsibility policy.

To achieve sustainable development, we proactively incorporate environmental protection factors into different aspects of business operations. We spare no effort from improvement of the environmental management of industrial zones to guarantee the only sales of products made from legitimate timber logging. In addition, the Group has set up an environmental protection team which is responsible for overseeing and promoting the implementation of related policies and measures, thus ensuring such policies and measures are carried out effectively and achieved expected goals.

The Group has operated our business in accordance with the standards that meet or exceed those required in relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》) and other relevant local laws and regulations enacted by the regions where the Group operates.

During the Reporting Period, the Group was not aware of any material violations of laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that have a significant impact on the Group.

Emissions

Through establishing the relevant environmental facilities and the ISO 14001 Environmental Management System, we are committed to containing our emission of "three wastes" (namely exhaust gas, wastewater, and waste residues) within the maximum limit permitted by the applicable laws and regulations. To ensure full compliance with national emission regulations, we adopt online monitoring equipment to closely monitor the emission during the manufacturing process, with which the designated officers carry out real-time inspection and monitor to ensure the levels of air and water pollution are always under control. We have also engaged third-party professional inspection companies to conduct regular tests and inspections on the "three wastes" emission level, ensuring our environmental measures attain an excellence level.

Air and Greenhouse Gas Emission

The main sources of the Group's air and greenhouse gas emissions are emissions generated by fuel consumption in production line. During the Reporting Period, the relevant emission data of exhaust gas and greenhouse gas are as follows:

	Unit	2025	2024
Exhaust gas			
Nitrogen oxides (NOx)	kg	**21.47**	27.21
Sulphur oxides (SOx)	kg	**0.00**	0.00
Particulate matter (PM)	kg	**1.37**	1.73
Greenhouse gas			
Scope 1: Direct emission	tonne of CO_2 equivalents	**2.06**	2.61
Scope 2: Energy indirect emission	tonne of CO_2 equivalents	**96.11**	130.21
Total greenhouse gas emissions	tonne of CO_2 equivalents	**98.17**	132.82
Intensity	tonne of CO_2 equivalents/million revenue (HKD)	**4.62**	2.10

As the state highly emphasizes environmental protection and governance, the Group closely monitors the updates on environmental standards, and proactively complies with the environmental standards of exhaust gas emission stipulated in relevant national and local laws. We keep abreast of the latest developments in relevant environmental technologies and are committed to implementing various emission reduction measures to reduce air and greenhouse gas emissions. For equipment and system upgrades, we have installed high-efficiency power conservation equipment, replaced low-efficiency fuel with eco-friendly natural gas for boilers and used low-NOx emission boilers. On the other hand, we are committed to improving the production process and environment by utilizing manufacturing machines in a more reasonable and efficient manner, and we have already installed precipitators and ventilation systems at the production site.

Waste Management

The Group's main business operations did not produce major hazardous waste, and non-hazardous waste was mainly from daily business process, most of which are substandard wooden products and scraps (such as sawdust and wood shavings), and domestic waste generated in staff dormitories, offices and production plants. During the Reporting Period, the relevant data of waste are as follows:

	Unit	2025	2024
Solid waste			
Non-hazardous waste	tonne	**0.48**	0.53
Intensity	tonne/million revenue (HKD)	**0.02**	0.01

To reduce the generation of solid waste, the Group has formulated and strictly implemented waste management measures to properly and effectively dispose of and recycle the waste produced in daily operations through two strategies. First, designated equipment and facilities are used to classify and recycle the wastes, and the reuse value of the wastes is assessed before recycling. In addition, we have entered into recycling agreement with suppliers to arrange dedicated persons to collect reusable waste and certain materials by schedule and based on quantity. For wastes that are not eligible for reuse or recycling, we will send them to landfill by refuse collection trucks from the industrial zone for proper disposal regularly.

In order to achieve waste reduction at source, the production and purchase volume, arrangement of transportation and logistics support are determined by orders from customers to avoid wastage of energy and resources. We actively purchase repairable computers and electronic devices with longer life span, and repair are handled by designated staff to reduce electronic solid waste. Furthermore, we also try to resell obsolete computers and electronic devices in the second-hand market.

Apart from the above, the Group also reviews and improves the current measures and operating practices, and explores other emission reduction measures with an aim to further reduce the generation of solid waste.

Use of Resources

Efficient use of resources is instrumental in environmental protection. To reduce its negative impacts on the environment, the Group has established the ISO 14001 Environmental Management System, and has been committed to conserving resources in the management of manufacturing bases and offices, so as to achieve energy saving and waste reduction in daily operations.

During the Reporting Period, the relevant data of energy consumption and consumption of packaging material are as follows:

	Unit	2025	2024
Energy			
Direct energy			
Diesel	MWh	**7.82**	9.91
Indirect energy			
Purchased electricity	MWh	**167.93**	227.64
Total energy consumption	MWh	**175.75**	237.55
Intensity	MWh/million revenue (HKD)	**8.27**	3.76
Packaging materials			
Total packaging materials	tonne	**0.02**	0.03
Intensity	kg/million revenue (HKD)	**0.94**	0.48

The Group is committed to saving energy effectively and has implemented several environmental protection measures in the manufacturing base and office. We have implemented "Green Office" policy, to actively improve our daily work procedures and practices and adopted environmental-friendly equipment and systems. First, with the promotion of "paperless office", we fully utilized instant messaging applications as means to convey corporate policies and facilitate daily work communication by creating company mailbox and WeChat working chat group. At the same time, we used electronic files at work extensively, which reduced paper consumption significantly. In addition, we implemented environmental-friendly procurement and prioritized the use of environmental-friendly office supplies. In terms of energy saving, we adopted natural lighting design or LED lighting system, and strived to maintain a suitable indoor air-conditioning temperature. To further improve water efficiency, we have installed water-saving equipment such as time-delay faucets. These measures not only improve energy efficiency, but also reduce resources waste effectively.

We have applied "7S" management policy on manufacturing base by installing energy saving and waste reduction equipment while enhancing employees' environmental awareness. LED lights have been replaced at the workshops, and research and development was conducted to improve the production techniques, including replacing the woodfired boilers by a new boiler fired by clean natural gas to minimize the pollution generated from combustion. We also focus on improving employees' environmental awareness, staff are required to switch off electricity and water tap before leaving manufacturing plants and measures are carried out to categorize and recycle the wastes to reduce the amount of the wastes we discharge.

Water Resources Management

Given the business nature, the Group only generated domestic wastewater and did not produce any industrial wastewater in the manufacturing process. During the Reporting Period, the Group did not have any issue in sourcing water that is fit for purpose and the relevant data of water consumption are as follows:

	Unit	2025	2024
Total water consumption	m^3	**36**	45
Intensity	m^3/million revenue (HKD)	**1.69**	0.71

We target to reduce water resources consumption and the negative impacts on the environment. To this end, we actively implement appropriate water saving policies and sewage discharge management measures:

- the Group holds valid sewage discharge permit and treats sewage properly in accordance with relevant laws and regulations; and
- domestic wastewater will be discharged into designated urban drainage network.

The Environment and Natural Resources

The Group recognizes that the importance of the environment to business operations and is committed to producing low consumption, green and quality products which comply with the international industry. We only sell products made from legitimate timber logging, proactively improves its operation efficiency and implements green measures. We strive to reduce our negative impacts on the environment through two major areas as stated below.

Enhancement of Employees' Environmental Awareness and Motivation

The Group continues to communicate with employees on its environmental values, principles and policies to enhance their environmental awareness, such as:

- incorporating the Company's environmental protection concepts and requirements into employee induction training for advocating the ISO 14001 Environmental Management System and "7S" management philosophy to employees;
- adopting initiatives such as introduction of environmental management knowledge, field demonstration at work site, and regular inspection; and
- establishing the reward and punishment system which determined by a series of environmental indicators to motivate employees to implement environmental protection measures in their daily operations, so as to enable the Group to achieve best environmental practices.

Operation Policy and Supervision

The Group will continue to review the impact of the operations on the environment, and will report to management where appropriate and provide necessary recommendations. We monitor the production process and review every single step from peeling, veneer drying, sorting, composing and gluing, pressing, trimming and sanding to inspection and packaging on a regular basis. These measures aim at continuously optimising manufacturing processes, reducing consumption of water, electricity, fuel and other resources, and limiting or stopping the use of supplies that are hazardous to the environment.

In addition, we constantly review our internal policy, improve our environmental initiatives and upgrade our equipment. For instance:

- in accordance with the requirements by the national environmental protection department on rectifying air polluting projects, all boilers in our manufacturing base have undergone the low-NOx upgrades to reduce environmental pollution. The national environmental standard is met upon such upgrades; and
- monitor the overall policies and measures and ensure the implementation of environmental protection measures through the establishment of an environmental protection team and weekly environmental meetings held by various departments to effectively reduce its carbon footprint.

Climate Change

The challenges brought by global warming and climate change has become increasingly severe, and the impacts are already imminent. The Group is fully aware of the risks and opportunities associated with climate change in its business, and attaches great importance to the potential threats to its business caused by climate change, including but not limited to the increased frequency and intensity of extreme weather events, such as heavy rains and flooding caused by climate change, which may threaten the safety of the Group's staff and even lead to the shutdown of our manufacturing base. The transportation time of products may be affected, resulting in order delays.

The Group strived to develop a series of workflows and measures to cope with such challenges, including back-up plans, to prevent or mitigate the impacts of climate change on the production and transportation of products. In addition, we have established extreme weather management plans in accordance with the revised "Code of Practice in times of adverse weather and "extreme conditions"" released by the Hong Kong Labour Department in April 2024, to address emergency situations under the extreme weather events to prioritize the safety of employees and customers. In the meantime, the Group has been proactively exploring more environmental-friendly production procedures and equipment with lower pollution in order to seize the opportunities arising from climate change.

The Group strives to contribute to mitigate global warming and climate change. We strived to implement environmental measures to improve energy efficiency, so as to reduce our direct and indirect greenhouse gas emissions and support the national "Dual Carbon" goal – with an aim to achieve carbon peak before 2030 and carbon neutrality by 2060.

SOCIAL ASPECT

Employment

The Group regards employees as its valuable assets and the core pillar of business operations. We strive to create and maintain a good working environment, proactively understand and respond to the needs and concerns of employees, and protect their rights and interests.

During the Reporting Period, the Group was not aware of any material violations of laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

Equal Opportunities, Diversity and Inclusion

A friendly working environment is essential to the employees. We embrace diversity and inclusion and are dedicated to creating a fair, discrimination-free working environment. The Group provides employees with fair promotion opportunities, which only factors of job performance, their working experience and expectations are considered, and are not affected by other unreasonable factors. We also protect our employees from the discrimination in relation to gender, disability, pregnancy, marital and family status, racial background, religious belief, age, sexual orientation or any other kind of discrimination, or being deprived of any benefits.

Employee Overview

As at 31 March 2025, the Group has 14 (2024: 21) employees. The employment data are as follows:

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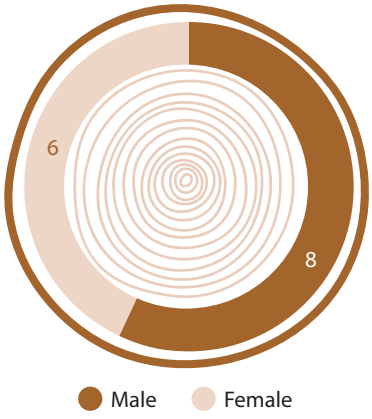
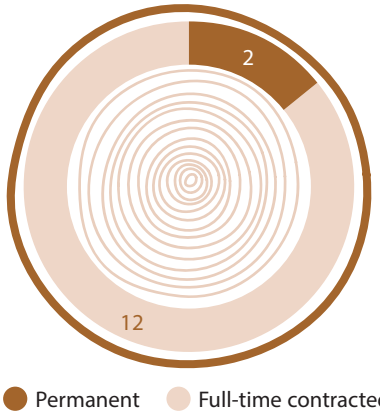
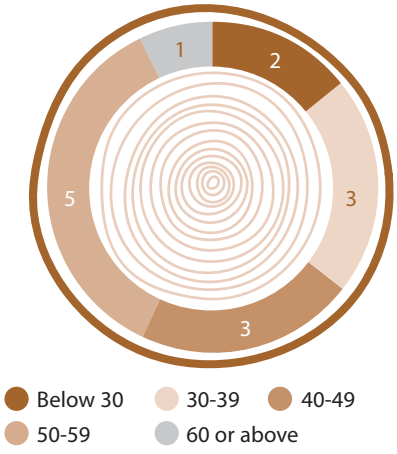
By Gender



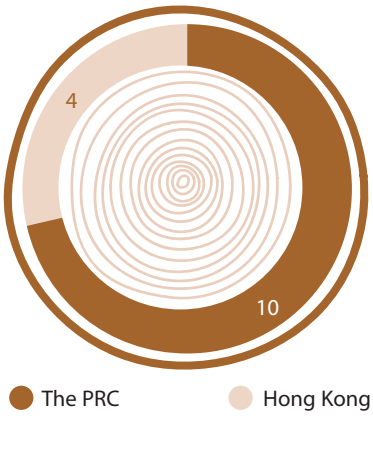
By Employment Type



By Age Group

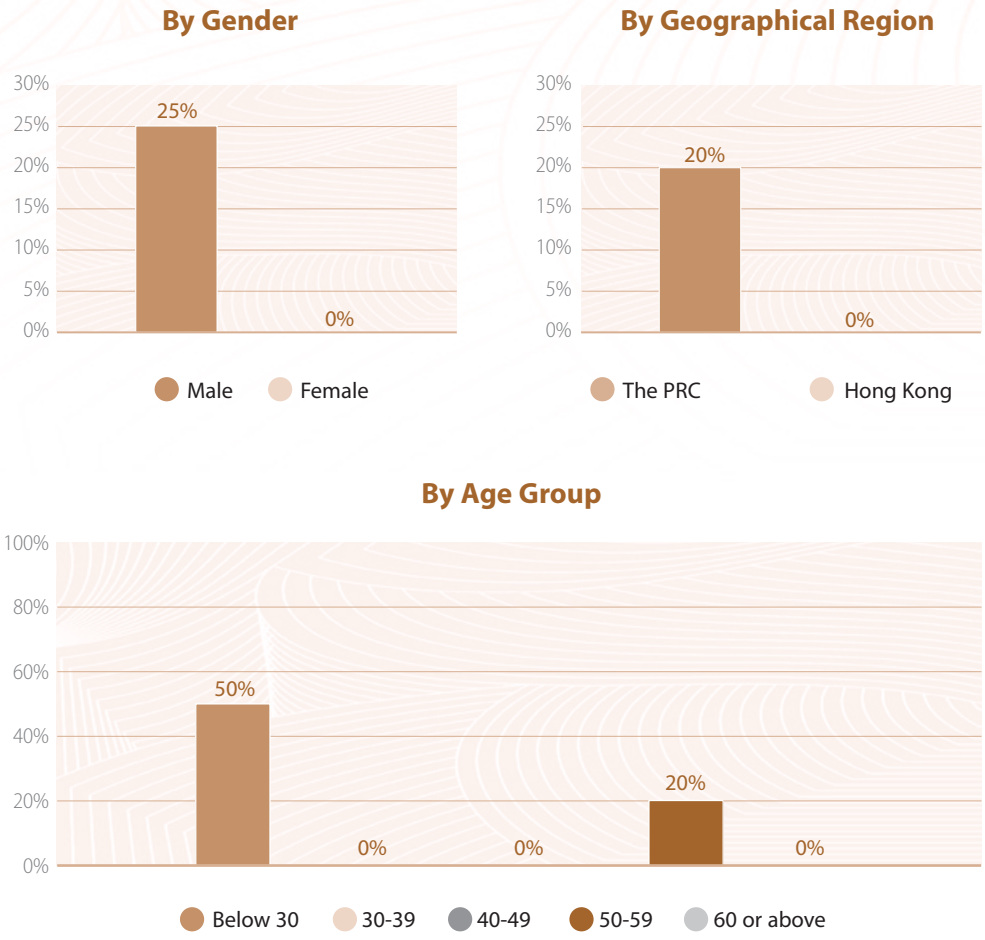


By Geographical Region



Dismissal

During the Reporting Period, the employee turnover[1] of the Group is as follows:



The terms and conditions of dismissal are clearly stated in the employment contract. In situations where an employee violates the Group's regulations or consistently performs his or her duties below an acceptable level, our administration department will, subject to the requirements of the local regulations and internal policies, terminate his or her employment contract. Reasonable and appropriate arrangement was made for all the resigning employees to avoid any labour dispute caused by dismissal. The administration department will consult our management and seek legal advices when necessary to ensure such dismissal is in compliance with relevant labour laws.

Employee Communication

The Group aspires to build a workplace culture where employees are respected and communications are valued. To improve corporate values, sense of identity and code of practice, different measures are adopted to better understand employees' needs so as to strengthen their sense of belonging. The Group advocates open communication and establishes chat group on WeChat and other instant messaging applications, and encourages employees at all levels to express their views and suggestions through various channels in order to better understand their work conditions, career development goals and the effectiveness of the development and training programme as well as their needs and difficulties in daily life for necessary improvement measures. Employees can be assigned to suitable positions to enable them to perform at their best, experience satisfaction, and grow with the Group.

[1] The employee turnover is calculated by dividing the total number of employee turnover during the Reporting Period by the total number of employee at the end of the period, and the percentage may exceed 100%.

Recruitment, Remuneration and Promotion

We recruit based upon the needs of business development and position, in order to support the long-term and stable growth of the Group. To ensure diversity and gender balance at workplace, we strive to maintain balance in staff gender ratio. Due to our business nature, male employees constitute a larger proportion of our production workers, which is aligned with industry standard. We witness a balanced gender ratio in other positions.

The Group's recruitment of new staff is based upon job content, duties, capabilities and experience required for different positions. For special positions such as electricians, furnace workers, and forklift workers, etc., candidates must hold the relevant professional qualifications in accordance with the PRC law. We have entered into employment contracts with employees in accordance with all applicable laws, such as the Employment Ordinance (Cap. 57 of the Laws of the Hong Kong) (香港法例第57章《僱傭條例》), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》).

The Group strictly abides by the labour laws and regulations relating to the minimum wage and statutory benefits, and performs an annual review of its internal remuneration and welfare policies, based on changes in economic condition, government policies and industry standard, and regularly evaluates the work performance of employees to adjust the remuneration and benefits and provides promotion opportunities for outstanding employees.

To attract, motivate and retain talents, the Group formulates market-competitive and reasonable compensation package and benefits based on the job nature, market conditions, job performance and employees' career planning, including:

- Basic salary and discretionary bonus;
- Share options to senior management and core or long-serving employees, and other monetary and non-monetary long-term incentive mechanism;
- Enrolment and handling of mandatory provident fund and social insurance for employees;
- Statutory holidays such as annual leave, sick leave, marriage leave, and maternity leave;
- Standard working hours system;
- Extra overtime wage and meals for night-shift workers; and
- Entitlement of dormitory vacancies for non-local employees.

departments to discuss safety issues on a weekly basis.

Health and Safety

Employee health and safety are the key to our business operations. Therefore, we are committed to providing employees with a safe, efficient and comfortable working environment. As massive operations of machineries are involved in the Group's manufacturing base, we attach great importance to the safe operation of machinery, and endeavour to maintain a sound safety management and strictly comply with all relevant laws, including but not limited to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), and the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》).

There were no work-related fatalities occurred in the current year (2024/25) or the year of 2022/23, but one (4.76%)[1] occurred in the year of 2023/24[2]. During the Reporting Period, there was no work injury accident or lost day due to serious work injury, and the Group was not aware of any material violations of laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Occupational Safety Measures

To ensure the health and safety of employees, the Group has implemented a series of preventive measures at the manufacturing base, including:

Air Quality

- The Group has installed precipitators and ventilation systems at manufacturing site to improve air quality.

Emergency Plans for Severe Pollution

- The "Emergency Plans for Severe Pollution" is in place to advise about coping measures to three different pollution levels, namely yellow, orange and red. Manufacturing activities will be temporarily suspended, confined or re-arranged when severe pollution alerts are issued by relevant government authorities. Employees will be informed of instructions via email and instant messaging.

Fire Safety

- The Group has equipped with sufficient first-aid tools and fire prevention equipment, and regularly arranged fire drill and carried out practice on fire safety equipment.

Production Safety

- The Group has installed safety protection devices in production equipment, and labeled yellow warning signs. In addition, we also provided annual body check for employees at special work positions.

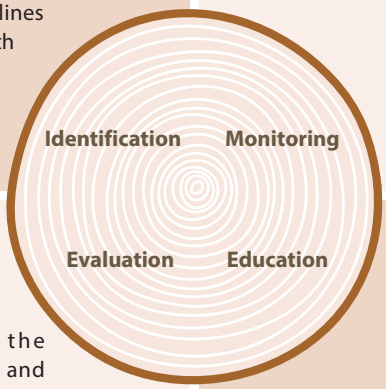
[1] Rate of work-related fatalities is calculated by dividing the total number of work-related fatalities of the year of 2023/24 reporting period by the total number of employees at the end of the year of 2023/24 period.

[2] The Group has reviewed the relevant event and restated the relevant data. The fatality was caused by unforeseen circumstances attributable to third parties. The Group has handled the matter properly in accordance with relevant labour laws and regulations, and the relevant subsidiary involved was disposed of on 28 February 2025.

While we work our best on preventive measures, we insist that all employees must be responsible for their own and colleagues' safety. Hence, we endeavour to eliminate potential occupational hazards through "Identification, Monitoring, Evaluation and Education":

- Identify potential safety risks in each step of the production and have built a comprehensive safety control system, production safety emergency and contingency measures, as well as guidelines for occupational health in accordance with industry characteristics, conventions and regulatory requirements.

- Hold meetings among various departments to discuss safety issues on a weekly basis.



- Conduct regular examination of the implementation of relevant measures and safety level at workplace, so as to protect the safety and health of our staff.

- All new employees shall undergo safety training and pass the test before officially commencing works.
- Arrange relevant trainings for and provide the information to our employees on a regular basis, including fire prevention seminar, first-aid and fire-fighting equipment manual, in order to raise their safety awareness.

In case of significant work safety risks and accidents, we will report to our management and take necessary improvement measures. During the Reporting Period, the Group did not identify any material or heightened risks regarding occupational safety and health.

Focusing on Mental Well-being

The Group believes mental well-being and work safety are equally important. We attach high importance to employees' mental wellness and actively promote management of physical and mental well-being among them to help employees to work in their best physical and mental conditions. The Group helps staff to strike a work-life balance and develop their sense of belonging to the Group through different measures:

Strengthening Communication	Building Physical Strength
Organize activities, such as seminars, regular gatherings and festivals activities for employees to strengthen the interaction and communication among them.	Build basketball, table tennis, badminton and other sports courts to encourage exercising and building physical strength, as well as relieving work-related stress.

Development and Training

Employee development and training are the core to sustainable business development of the Group. To enhance the team's market competitiveness, the Group has formulated a series of measures to provide employees with a high-quality development and growth environment. We introduce management and professional talents based on business needs and development direction to optimize the team structure. We also vigorously promote a learning culture, and enhance staff quality through diversified training programmes with an aim to support their long-term career development. We offer internal promotion opportunities to the employees with outstanding performance and development potentials in order to build a reliable leadership team which can meet management needs and face challenges in the future.

During the Reporting Period, the relevant employee training data are as follows:

	Unit	2025
Percentage of employees trained	percentage	**43**
By Gender		
Male	percentage	**38**
Female	percentage	**50**
By Employment Category		
Executives	percentage	**38**
Others	percentage	**50**
Average training hours completed per employee		
By Gender		
Male	hour(s)	**18**
Female	hour(s)	**18**
By Employment Category		
Executives	hour(s)	**14**
Others	hour(s)	**24**

The Group provides employees with different types of training according to their staff rank and job nature, including but not limited to seminars and trainings about machinery operation and professional knowledge on work environment management. Annual examinations are arranged for the employees who are required to hold certain certificates or qualifications so as to meet the requirements of professional organisations or laws. Meanwhile, to increase directors' corporate governance knowledge, the Group also arranges for them to regularly attend external seminars or through online learning platforms to stay updated on the latest listing rules and relevant laws.

Labour Standards

The Group is in strict compliance with relevant laws and regulations that firmly prohibits child labour or forced labour, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of the Hong Kong) (香港法例第57章《僱傭條例》), the Regulation on Labour Security Supervision (《勞動保障監察條例》) of the State Council of the PRC, the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). All the employment contracts have specified clearly the personal conducts for the employees, imposed strict supervision on the behaviours of all directors, senior executives and the employees of all levels, prohibit forced labour by threat of punishment or deception. In addition, we have zero tolerance to any form of workplace bullying and harassment and eliminate acts of exploiting labour interest and illegal deprivation of employees' rights. During the Reporting Period, the Group was not aware of any material violations of laws and regulations relating to preventing child and forced labour that have a significant impact on the Group.

Candidates who apply for any job positions of the Group are required to verify their identities and backgrounds. All recruitment processes and promotion activities are carried out according to the human resources management system of the Group and subject to stringent supervision in order to avoid any form of forced labour, including child labour, human trafficking, bonded and indebted labour.

We have implemented a whistle-blowing system and encourage employees to report any misconduct. In case of any non-compliance, we will promptly conduct an investigation and submit a relevant investigation report to the management to impose appropriate penalties on or dismiss the relevant employees. For more serious cases, the Group would obtain legal advices and take legal actions. To prevent recurrence of similar incident, we would also review and further improve the labour system to plug the loophole.

Supply Chain Management

As one of the important stakeholders of the Group, suppliers play an important role in our business operations. We are committed to establishing a relationship of mutual trust and reciprocity with suppliers. Our corporate social responsibility policy covers supply chain management and takes their needs and interests into account. We commit suppliers to fair and reasonable terms and never exploit the suppliers in any form.

During the Reporting Period, the Group had 14 suppliers, which are all located in the PRC.

Procurement Policy

Qualified suppliers are essential to the business operations of the Group. To evaluate the competence of suppliers, the Group has established strict procurement policy. Since the Group's manufacturing base is located in the PRC, suppliers located in the PRC are prioritized in selection process which not only helps lower transportation costs, and also reduces air emissions during transportation process. The procurement department will at the same time select several qualified suppliers to ensure stable supply of important materials. Other than taking costs, product quality, product safety and track records into account, the Group also stresses the importance of integrity of our suppliers and business partners in selection of suppliers. Based on the Group's internal guidelines and the ISO 9001 standard that specifies the requirements for a quality management system (QMS), we only select suppliers and business partners with proven business track records and no material law violation or breach of business ethics. Our procurement department is responsible for performing all background checks to ensure legitimacy of these suppliers cooperating with the Group. In addition, samples of their products are requested to make fair assessment. Quality assurance and safety inspection will be conducted by our designated department and a small quantity trial will be made in the Group's production. Suppliers with qualified samples will be listed on our "Register of Qualified Suppliers" (《合格供方目錄》) and will be ordered by our procurement department in the future.

The Group's procurement department will examine whether these suppliers have fulfilled the product responsibilities to ensure that their products meet our needs through comparison of the suppliers' quality performance, after-sales service, shipping and delivery and price. According to the results of inspection and assessment, the "Supplier Assessment Records" (《供方評價記錄》) are filled and as reference for the selection of appropriate suppliers in the future. Suppliers would be held accountable and subject to compensation and claims if defects or quality issues of their products lead to any customer complaints. During the Reporting Period, 3 major suppliers have been reviewed by the Group.

Environmental and Social Risks Management

During the selection of suppliers, the Group also attaches great importance to environmental and social risks management.

Environmental Risks Management

While we uphold environmental standards and strictly comply with all applicable laws and regulations, all related parties from the supply chain (including suppliers) are also required to understand comprehensively the Group's environmental policies to ensure our business partners share the same value. The Group maintains a close communication with its suppliers and other business partners, and site visits are arranged when the Group deems necessary to better understand and supervise their compliance level with the relevant environmental laws and implementation of environmental protection measures. Meanwhile, we are actively exploring the feasibility of prioritizing suppliers which provide environmental products or services. Environmental and social risks are also taken into consideration as much as possible during the selection of suppliers. Suppliers are assessed based on their environmental compliance, environmental-related certifications, use of environmentally friendly materials, etc.

Social Risks Management

The labour standards of the Group are also applicable to our suppliers and sub-contractors and we do not tolerate bribery and corruption. We forbid them from securing procurement contracts or partnerships through any form of transfer of interest. We will conduct site visits and staff interviews to monitor the labour standard of our suppliers and sub-contractors. Cooperation would be terminated if any suppliers and subcontractors violate our labour standards such as child and forced labour, and we will seek for cooperation with other trust-worthy suppliers and sub-contractors.

Product Responsibility

Product quality and corporate reputation are always the keys to achieving sustainable development. The Group proactively ensures product and service quality through internal control in a bid to producing high quality wooden products which are in compliance with international industry standards. We strictly comply with all applicable laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) (香港法例第486章《個人資料(私隱)條例》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》).

During the Reporting Period, the Group was not aware of any material violations of laws and regulations in relation to product health and safety, advertising, labelling and privacy matters that have a significant impact on the Group.

Product Quality

The Group always regards product quality as the essential element of our business development. We have formulated a series of strict quality control procedures and will continue to supervise and monitor our quality assurance process to ensure the supply of quality products to customers. If there is any safety and health issue involving our products, the Group will make recall and compensation (if necessary) in accordance with the contractual terms of orders. Meanwhile, we will conduct investigation on the incident concerned and make improvements in production process or procurement management in a bid to optimize and produce better products in the future.

During the Reporting Period, the Group had no products sold or shipped subject to recalls for safety and health reasons.

Customer Communication

The feedback and opinions of customers help the Group to make continuous progress. We communicate with customers through various channels to obtain their feedback and understand their needs. The Group will review the service process according to customers' feedback and promptly handle and investigate the clients' complaints to improve the customer service and product quality.

During the Reporting Period, the Group did not receive any complaints in relation to its products and services.

Data Privacy and Intellectual Property

Due to the business nature of the Group, we did not encounter issues with third-party intellectual property or patent technology in our daily operation. However, the Group does not rule out the possibilities that customers' trade secret or even personal information may come into contact in the future. Therefore, we require our employees to carefully handle customer information to protect their privacy and intellectual property from unnecessary losses.

As the Group's product involves research and development, the Group currently holds the following intellectual property rights:

- A patent in relation to a method for preserving wooden materials by using environmentally friendly organic chemicals;
- A technology for improving the quality of wooden materials which increase the durability, density and water resistance level of wooden materials;
- Modified Wood – Aluminum Composite Heat Storage Energy-saving Window;
- Energy-saving Steam Boiler Heating System; and
- Wood Steam Drying Kiln.

The Group does not tolerate any infringement behaviours of our assets and intellectual properties. We would obtain legal advices and take legal actions if such behaviours are identified.

Advertising and Labelling

The Group fully recognizes the importance of corporate reputation to branding. Adhering to its pragmatic principle, the Group firmly prohibits any misleading, inaccurate and exaggerating statement about its products and services. During the Reporting Period, the Group mainly performed marketing and promotion activities directly to existing and potential customers through its sales representatives and did not engage large-scale publicity and promotional activities. In the sale process, we ensure that any descriptions of the services and products of the Group by the sales representatives are in compliance with all applicable laws and standards enacted by the government and industry associations, including but not limited to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》).

During the Reporting Period, the Group did not receive any complaint in relation to advertising and labelling.

Anti-corruption

The Group takes "zero tolerance" approach on corruption, bribery, extortion, money-laundering and other forms of frauds, and adheres to the principles of honesty and integrity, and are committed to maintaining the highest standard of corporate governance. We strictly comply with the relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) (香港法例第201章《防止賄賂條例》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other applicable anti-corruption laws and regulations. To further enhances corporate governance, the Group has formed an audit committee and has also hired external lawyers and auditors for the compliance with the Stock Exchange's requirements for listed companies. During the Reporting Period, the Group or its employees were not involved in any concluded lawsuits regarding corrupt practices. The Group was also not aware of any material violations of laws and regulations in relation to corruption, bribery, extortion, fraud and money laundering that have a significant impact on the Group.

The Group shall always maintain strict control over its business operations ensuring that directors and all employees uphold integrity and be law abiding at both physical business and capital market operation levels. Employees are under strict supervision that they are prohibited to receive or solicit personal gain, including favours as cash and gifts, from business relationships. They are also prohibited from obstructing any potential business transaction with suppliers, business partners and clients because of personal or business relationship with their competitors.

Whistle-blowing Policies

The Group encourages employees to report misconduct such as corruption, bribery, extortion, money-laundering or frauds. We have established the whistle-blowing mechanism and would promptly carry out investigations and report to the management and government authorities upon receiving the whistleblowing message. The Group is committed that adequate confidentiality measures will be taken to protect the identities of the whistleblowers during investigations. If the case is confirmed, the employee involved will be dismissed immediately. Moreover, we will continue to review and improve the internal monitoring system and anti-corruption system to prevent corruption.

Anti-corruption Training

The Group provides clear instructions and guidelines on the applicable rules and regulations for identifying and preventing potential corruption, conflicts of interest, fraud and misconduct. We are committed to raising employees' awareness of anti-corruption, and we plan to provide regular anti-corruption training and related information to our senior management and employees in the future.

Community Investment

The Group upholds the spirit of "giving back to society" (「取諸社會，用諸社會」) and actively participates all sorts of charity events organised by the local trade unions, party committees and party organizations, with a view to proactively fulfilling its corporate social responsibilities. The Group strongly believes that not only the employees' community awareness can be enhanced by participating in community activities, but also motivating them to care and help people in need, and establishing the right value. Therefore, we encourage employees to actively support and help disadvantaged groups in society, and we also give back to the community through donations, striving to make greater contributions to the community.

In promoting community development, the Group is committed to recruiting local employees at the locations of its production facilities to boost local employment and create economic value. Looking ahead, we intend to further increase our community investment as much as possible to create a more favourable environment for our community and business development and promote long-term sustainable development in the community.

REFERENCES TO ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Section/Remarks
Governance Structure	A statement from the board containing the following elements: I. a disclosure of the board's oversight of ESG issues; II. the board's ESG management approach and strategy, including the process used to evaluate, prioritize, and manage material ESG-related issues (including risks to the issuer's businesses); and III. how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainable Development Governance
Reporting Principles	A description of, or an explanation on, the application of the reporting principles (materiality, quantitative and consistency) in the preparation of the ESG report.	About This Report – Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	About This Report – Reporting Period and Scope
"Comply or explain" Provisions		
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspect
A1.1	The types of emissions and respective emissions data.	Emissions – Air and Greenhouse Gas Emission
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Emissions – Air and Greenhouse Gas Emission
A1.3	Total hazardous waste produced and intensity.	Emissions – Waste Management
A1.4	Total non-hazardous waste produced and intensity.	Emissions – Waste Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – Air and Greenhouse Gas Emission
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs		Section/Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources
A2.2	Water consumption in total and intensity.	Use of Resources – Water Resources Management
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Resources Management
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment – Employee Overview
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Dismissal

Subject Areas, Aspects, General Disclosures and KPIs		Section/Remarks
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Safety Measures
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category.	Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Procurement Policy
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Environmental and Social Risks Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Environmental and Social Risks Management

Subject Areas, Aspects, General Disclosures and KPIs		Section/Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Communication
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Data Privacy and Intellectual Property
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Privacy and Intellectual Property
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistle-blowing Policies
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution.	Community Investment
B8.2	Resources contributed to the focus area.	Community Investment