



**Environmental,
Social & Governance
Report
2021**

LKS Holding Group Limited

樂嘉思控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1867

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

LKS Holding Group Limited and its subsidiaries (together, the “Group” or “we”) are pleased to present our Environmental, Social and Governance Report (“ESG Report”). The report presents the Group’s concern to environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable development to stakeholders. Additional information in relation to the Group’s corporate governance and financial performance can be referred to our annual report for the year ended 31 March 2021.

1.1 Scope and Reporting Boundary

The scope of the ESG Report covers the environmental and social performances of the Group’s principal operating activities of the Group spanning over the period from 1 April 2020 to 31 March 2021 (“Reporting Period”). The Group is a contractor capable of (i) interior fitting-out and renovation services; and (ii) alteration and addition (“A&A”) works for residential, industrial and commercial properties in Hong Kong.

While we seek to establish a consistent boundary for reporting ESG aspects across the Group’s structure, the reporting boundary of the ESG Report is hence established based on the criteria that all operations and entities reported are substantially owned by the Group and are under our management. As a result, we do not report entities which are outside of the Group’s structure, where we do not own the assets and do not directly engage or employ the workforce, and where we do not operate the asset under a contractual obligation. In addition, we do not report entities which were sold or acquired during the Reporting Period.

Part of the content may look back upon the performance of the Group in past years with a view to presenting the report in a more informative and comparable manner. The reporting boundary includes the operation entities in Hong Kong.

1.2 Reporting Guidelines

The “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) which is set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HKEX”) serves as the reporting guidelines of this report.

1.3 Reporting Principles

The reporting principles of this ESG Report are governed by “materiality” and “quantitative”. With respect to “materiality”, we ensure that ESG issues discussed in this report are sufficiently important and material to investors and stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. With respect to “quantitative”, Key Performance Indicators (“KPI”) required by the ESG Reporting Guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. The Group is working to create a sustainable growth for the benefit of all our stakeholders.

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1.4 Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and KPI, which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investments.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report is compliant with all the "comply or explain" provisions set out in the ESG Reporting Guide.

1.5 Data Collection

Data in this report are extracted from the Group's internal management system and statistics, and part of the data collected in previous years. Unless otherwise stated, HKD is used in this report as its functional currency.

1.6 Report Availability

In addition to inclusion in the Group's Annual Report, this report is also accessible in electronic version from <http://www.lksholding.com>

1.7 Contact

We welcome all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performance. Comments or views can be sent to info@lksholding.com.

2. MEET THE COVID-19 PANDEMIC HEAD ON

In early 2020, the outbreak of the novel coronavirus epidemic (COVID-19) has brought exceptional challenges to the world. The pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work. The effects of the COVID-19 crisis on the various industries are far-reaching and complex: the crisis has limited the operations of many businesses and has had implications for employees, supply chains, cash flows and investor return.

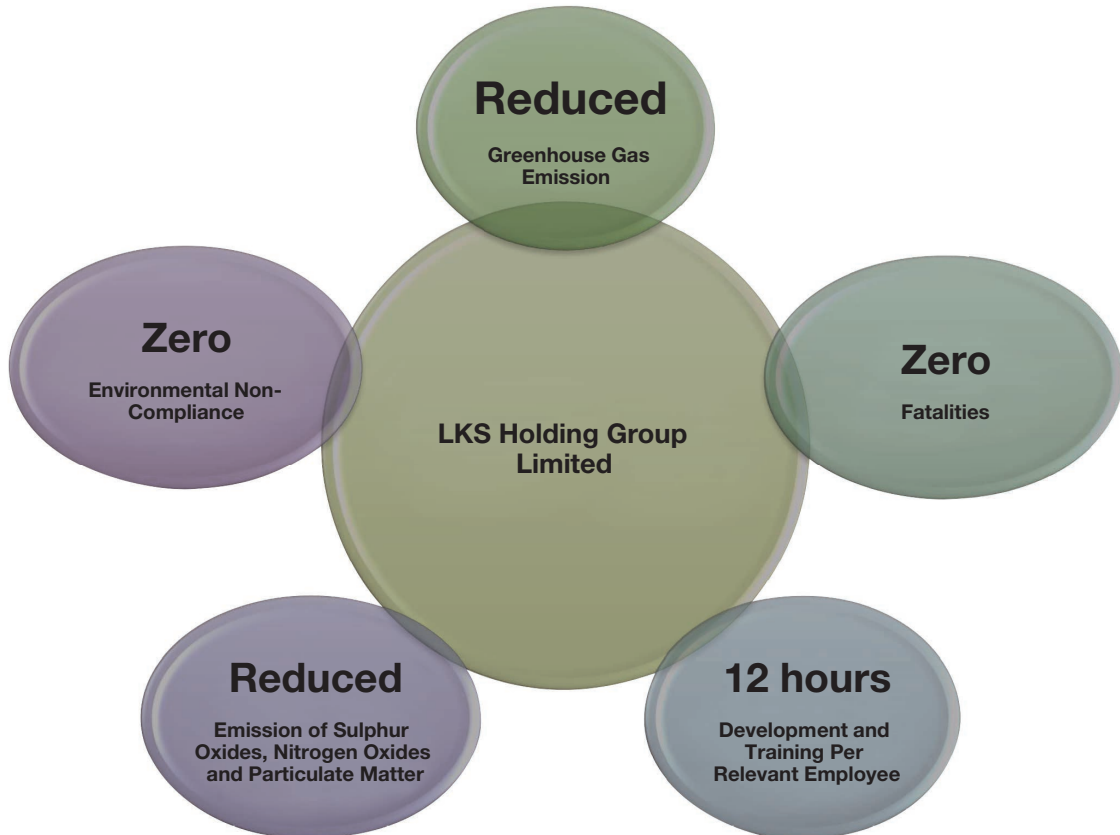
The COVID-19 has seriously and adversely affected businesses in Hong Kong, which in turn had a drastic effect on the Hong Kong economy. It was undoubtedly the challenging year of the Group. Nonetheless, the Group has successfully navigated through disturbances together with our employees, suppliers, clients, and local communities by putting people first, and contributing to communities, nation, and humanity.

The Group will continue to ensure the safety and well-being of our employees, suppliers and support our clients, stakeholders and communities in the battle to overcome the COVID-19 pandemic. In order to combat the spread of COVID-19 together with the community, the Group has been strictly following the latest health advice and regulations issued by the government and has undertaken prompt actions and adopted various preventive and hygiene measures for employees and clients since early 2020.

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3. ESG ACHIEVEMENT

The Group contemplates that ESG is integral part of our principal business and also our ability to succeed in a relentlessly competitive market. As such, the Group continuously spends remarkable efforts to address various aspects of ESG, including greenhouse gas reduction, environmental compliance, health and safe work environment for employees, development and training opportunities for employees.



4. ENVIRONMENTAL PERFORMANCE

4.1 Environmental Management Policy

With growing concerns of climate change and environmental degradation, sustainable environment protection has become a strategic priority for various industries globally. The Group is committed to upholding the high environmental standards to fulfil relevant requirements throughout our operation, and will continue to devote human and financial resources for environmental conservation, reduction of carbon footprint and environmental compliance as required under applicable laws and ordinances.

The Group is committed to conducting business in an environmentally friendly manner. For example, our environmental management system has been certified with the ISO 14001:2004 in 2012, reflecting our commitment to preventing pollution, reducing waste, and satisfying applicable legal and environmental requirements. In response to the growing demand of green building certification across the construction industry, the Group continues to raise the bar for its environmental management policy to cope with the latest green building requirements by using energy efficient technologies and products such as LEED and BEAM for some of our projects. Together with its employees and subcontractors and suppliers, the Group is able to manage its emission and waste generation at a satisfactory level.

The Group formulated relevant rules and regulations for a sound and effective management of energy consumption, Greenhouse Gas (“GHG”) emission, as well as discharge of waste, sewage and other pollutants , highlighted as below.

- Actively promote a culture of environmental sustainability among customers, workforce, and supplier, encouraging their participation in green initiatives;
- Comply with applicable environmental protection laws and regulations;
- Define appropriate goals, objectives and targets on a regular basis for our ESG management approach;
- Continuously improve the ESG management system and maintain rigorous standards; and
- Communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

During the Reporting Period, the Group complied with environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

Given the Group’s business by nature, we do not generate a significant amount of exhaust gas and GHG directly throughout our operation. However, our daily operation and office administration inevitably involve consumption of fossil fuel directly or indirectly, which releases Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Carbon Dioxide (CO₂) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment and minimize our impact on the environment.

To seek long-term sustainability, the Group is committed to protecting the environment by proactively raising the environmental awareness of its employees and managing its operations at all levels in a sustainable manner.

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4.2 Our Environmental Commitment

The Group has been awarded with various international certifications which demonstrates our commitment in developing the sustainability together with the community development. During the Reporting Period, the Group complied strictly with all relevant environmental laws and regulations of Hong Kong.

Table 1 – The Group’s International Certifications

International Certifications	Environmental related Laws and Regulations
ISO9001	– Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
ISO14001	– Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong)
OHSAS18001	– Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) – Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) – Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) – Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) – Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

4.3 Exhaust Gas and GHG Emissions

Our Group’s business inevitably involves consumption of fossil fuel, which directly or indirectly, releases Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x), and Carbon Dioxide (CO₂) into the air. In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Emissions” during the Reporting Period is tabulated below.

Table 2 – Emissions

	Unit	FY2021	FY2021 Intensity
GHG Emissions	CO ₂ e (kg)	54,642.9	910.7
Nitrogen Oxides	g	6,622.1	110.4
Sulphur Oxides	g	76.7	1.3
Particulate Matter	g	487.6	8.1

4.4 Waste Management

Waste Management Policy

Waste reduction is the focus of our emission control efforts. Our principal waste management policy endeavours to achieve a green and paperless operation with a minimal generation of waste throughout our operation wherever possible and practical. Through the ‘4-R Principles – Reduce, Reuse, Replace and Recycle, the Group strives to achieve the target of reducing waste generation at source. Our waste management practice is compliant with laws and regulations relating to environmental protection in the region where we operate.

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Hazardous and Non-hazardous Waste

Waste generated by construction and demolition activities are the most significant source of waste generated throughout the Group's operations. In general, wastes such as packaging materials, flooring (vinyl or wood), drywall such as wall board, gypsum or plastic board, concrete waste, carpeting materials are difficult to recycle as they are generally not separated at source and are disposed directly at of landfill. However, the Group endeavours to control, record, and monitor overall waste generation and disposal in a proper and systematic manner. During the Reporting Period, there were over 1,047.2 tonnes of waste transferred to the government waste disposal facilities. The following table summarised the amount and destination of various types of waste.

Table 3 – Construction Waste

Government waste disposal facilities	Types of construction waste	FY2021
Public fill reception facilities	Consisting entirely of inert construction waste (*)	297.4
Sorting facilities	Containing more than 50% by weight of inert construction waste (*)	223.3
Landfills	Containing not more than 50% by weight of inert construction waste (*)	526.5

* Inert construction waste refers to rock, rubble, boulder, earth, soil, sand, concrete, asphalt, brick, tile, masonry or used bentonite

The Group's operation, by nature, does not produce any hazardous waste. Paper and printed matters were another non-hazardous waste generated from office administration. The GHG emissions constituted by paper waste was 10.23 tCO₂-e. Paper waste was collected by the property management for recycling and disposal.

Table 4 – Waste Discharge

	Unit	FY2021
Domestic Waste	kg	14.6

Wastewater Discharge

The Group's operation does not consume a significant amount of water. Our main use of water is for sanitary purpose. Similarly, most of the wastewater discharged from our facilities is sanitary wastewater. The Group ensures all domestic sewage is properly discharged into the urban sewage pipe network for subsequent sewage treatment.

4.5 Use of Resources

As natural resources are depleted, sustainability becomes essential throughout the entire process of business, so we are working to optimize and reduce the overall amount of natural resources we consume. As such, the Group initiated polices to raise the awareness of electricity conservation and taken energy saving measures throughout our daily operation as elaborated in the section of "Exhaust Gas and GHG Emissions".

Water Consumption

We strive to engage all employees to develop a habit of conserving water consciously. Pantry is posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. The Group also seeks to reduce water usage, reuse water and improve the quality of wastewater discharged from our working stations wherever possible.

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Packaging Material

Given our business nature, the Group does not have manufacturing facilities and does not consume significant amount of packaging materials by our operation. However, we encourage our suppliers to use less packaging material.

Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Energy and Resources Use” during the Reporting Period are tabulated below.

Table 5 – Energy and Resources Use

	Unit	FY2021	FY2021 Intensity
Electricity	kWh	84,310.0	1,405.2
Purchased Gas	Kg	n/a	n/a
Unleaded Petrol	L	5,214.6	86.9
Diesel	L	n/a	n/a
Paper	kg	1,934.1	32.2
Water	m ³	73.8	1.2

5. PEOPLE

5.1 Recruitment and Promotion

Considering that every employee has unique talents, competencies and the potential to become a driving force for our corporate development and long-term growth, the Group supports the development of competencies of our employees while proactively managing our talent pipeline and career development for them. The Group is determined to uphold an open, fair, just and reasonable recruitment and human resource policies, with respect to equal opportunities, diversity and anti-discrimination. We are committed to nurturing skills and capabilities in order to unlock the best in our employees, and therefore drive creativity and innovation that will contribute to our long-term sustainable growth.

To promote a happy and high-quality workforce, the Group provides equal opportunities for employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. Employees' remuneration is designed to attract, retain, and recognise employees for maintaining a fair, productive, and sustainable workforce. The objective of the Group's employee performance management is to reward and recognise employees by reviewing their salaries and wages through the performance appraisal system based on employees' job performance, skills, and achievement.

The Group's employee handbook is structured to communicate important ground rules and regulations surrounding employment and labour standard, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety. It is an essential tool to define the expectations of the management and to protect employees from unfair or inconsistent treatment and discrimination.

During the Reporting Period, we strictly observed the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

5.2 Employment

Human resource has always been one of the key elements to the Group's future development and success. As such, the Group values and cares for its employees by continuing to foster a sense of belonging among the employees at work and by building a stimulating yet harmonious work environment. Employees are motivated to personally interact with each other in a fun and relaxed workplace.

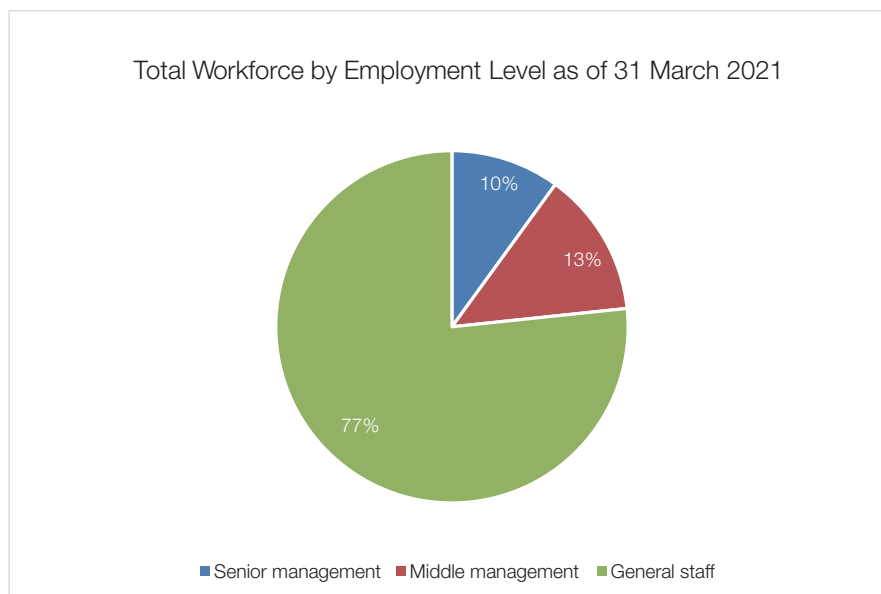
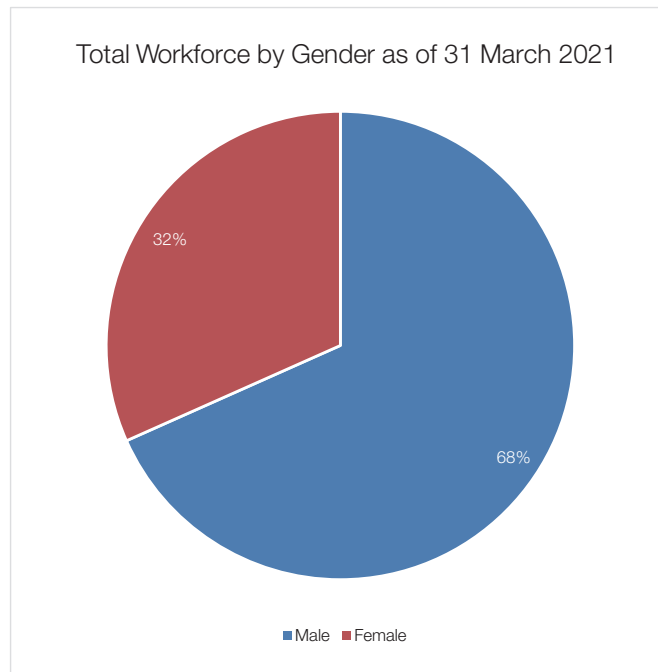
As at 31 March 2021, the Group had 60 full-time employees, of which 100% was based in Hong Kong. The Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations throughout the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance, Employment Ordinance and Employees' Compensation Ordinance by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources. We strictly prohibit discrimination, harassment and bullying at all workplaces. In accordance with the ESG Reporting Guide set out by the HKEX, details of the Group's workforce during the Reporting Period are tabulated as well as presented in charts below.

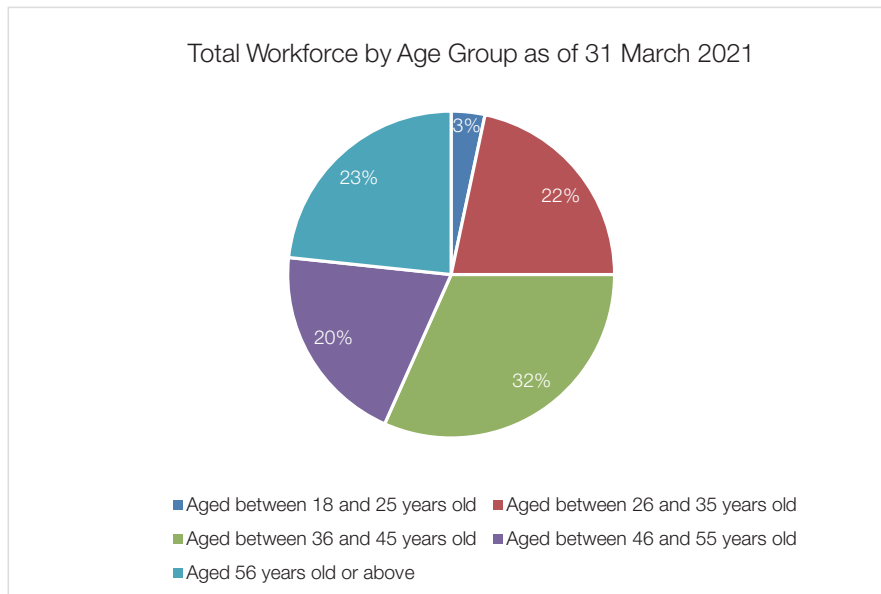
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Table 6 – Our Workforce

	FY2021
Total Number of Full-Time Employees	60
Turnover Rate	0%



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5.3 Occupational Health and Safety

Ensuring the health and wellbeing of employees is an important material aspect of the Group as human resource is one of the Group's most valuable assets. The Group's Safety Management Committee is responsible to review the health and safety policy annually whereas the Safety Officer being responsible for the overall coordination and implementation of the policy. Health and safety related suggestions and comments are gathered from employees. Safety audits are conducted in project sites to monitor safety performance in accordance with statutory and industry requirements.

In compliance with the relevant occupational health and safety regulations, and to maintain a healthy and safe work environment; trainings and briefings are conducted, and safety guidelines are communicated to employees periodically. Employees on site are provided with personal protective equipment such as helmets, eye and ear protectors, gloves, and face masks. During the Reporting Period, the Group did not violate any related health and safety regulations and ordinance.

Table 7 – Health and Safety

Occupational Health and Safety Data	FY2021
No. of Work-Related Fatalities	0
Rate of Work-Related Fatalities	0
No. of Injuries at Work	6
Lost Days due to Injury at Work	1,087

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5.4 Development and Training

The Group understands that knowledge, experience, and skills of employees are important and critical to our continued success and growth. To support employees' personal development and to encourage lifelong learning, the Group provides educational grant for them to develop professionally and to progress on their career paths. On-the-job training are provided to nurture and support employees to improve their skills and expertise at work. The Group also encourages the culture of knowledge and experience sharing to foster a positive and supportive relationship among employees.

The following table listed the average training hours of employees during the Reporting Period:

Table 8 – Employee Training

	Unit	FY2021
Average hours of training received per employee	hours	2.2
Average hours of training per employee by ranking		
Senior management	hours	2.0
Middle management	hours	7.5
General staff	hours	1.3
Average hours of training per employee by gender		
Male	hours	2.3
Female	hours	1.9
Percentage of employees trained by employment level		
Senior management	%	16.7
Middle management	%	62.5
General staff	%	10.9
Percentage of employees trained by gender		
Male	%	19.5
Female	%	15.8

5.5 Labour Standards

The Group complies with the applicable laws and regulations on employment, child and forced labour practices. Recruitment of employees is strictly abided by the guidelines and procedures as set out by the Group's Human Resource Management so that suitable talents are recruited in accordance to the job requirement, relevant laws, and candidates' expectation for a fair, positive and happy workforce.

During the Reporting Period, the Group strictly complied with the relevant laws and regulations, including the Labour Law and the Employment Ordinance of Hong Kong. No material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

6. OPERATING RESPONSIBLY

In order to achieve our goal to be a responsible corporate in Hong Kong, we realize that we must operate in a sustainable fashion with a comprehensive ESG management approach and dissemination of pursuing sustainability into our core business. It is additionally essential for us to encourage all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

6.1 Supply Chain Management

The quality and safety of the final project works are one of the top priorities of the Group. To ensure product safety and service quality, various suppliers of products and materials as well as subcontractors are engaged for goods and services. To make sure goods and services are procured in a honest, competitive, fair, and transparent manner that delivers the highest cost performance, suppliers and subcontractors are selected based upon rational and clear criteria.

During the Reporting Period, there were a total of 386 suppliers (including materials suppliers and subcontractors) on the approved suppliers' list as renovation projects involve a wide range of supplies and products to cope with customers' specifications. The Group's procurement and project management team would regularly review the list and provide updates to its employees. The team also monitors, audits, and manages processes regarding materials selection, quality management system, and work performance to ensure its supply chain is effective and efficient that guarantees the quality and standard of its projects.

6.2 Product Responsibility and Quality Assurance Process

To be a successful business, we are committed to the highest standards of services we deliver, maintaining continuous communication with our clients to ensure that we understand and fulfill their needs and expectations. Furthermore, we keep track of emerging trends and continue to develop and optimize services that offer the best plans to our clients. By partnering with suppliers and subcontractors to ensure product quality and service stability, the Group regularly monitors the overall performance of suppliers and subcontractors by conducting on-site audit with documented report for continuous improvement and on-going cooperation.

The procurement and project management team evaluates, oversees and manages the quality of work performed by the Group's employees and subcontractors in terms of their regulatory requirement compliance, quality management system, time management, work standard, quality performance and workmanship, safety standard and performance, proper equipment usage and maintenance to ensure projects are completed timely with the required standard. During the Reporting Period, there was no significant complaint in service quality and delivery.

6.3 Intellectual Property Rights Protection

The Group registered its company logo and domain names as they are important to its brand and corporate image. The Group complies with the intellectual property (the "IP") rights regulations. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

6.4 Data Protection and Privacy Policy

The Group complies with the Personal Data (Privacy) Ordinance, all personal data collected from the stakeholders are kept confidential. The Group's computers and servers are protected by highly encrypted access passwords. As stipulated in the Group's employee handbook on confidentiality, employees are obliged to ensure the safekeeping of all personal data, trade secrets and proprietary information they have accessed to or collected from employees, customers, suppliers, and business partners.

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6.5 Anti-Corruption

The Group makes every effort to uphold a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. The Group has developed a series of policies and compiled code-of-conduct with respect to anti-fraud and anti-bribery, which apply to all staff-members. In general, we require our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers, organizing seminars in relation to anti-corruption and avoidance of conflict of interest for our employees. We also encourage our business-related parties, including suppliers to observe those principles of the policies and to proactively report any suspected misconduct issues to the Group.

During the Reporting Period, the Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the “Prevention of Bribery Ordinance of Hong Kong”. No case of anti-corruption was concluded and the Audit Committee of the Group (the “Audit Committee”) identified no complaint from employees during the Reporting Period.

6.6 Conflict of Interest Policy

The Group requires its directors and employees to avoid the conflict between personal or financial interest and their official duties to act in the best interest of the Group. A situation in which directors or employees exercise authority, influence decisions and actions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited. Directors and employees are required to declare potential conflict of interest by completing the disclosure form on an annual basis.

6.7 Preventive Measures and Whistle-blowing Procedures

The Group encourages whistleblowing whereas an employee or a third party could report any concern about suspected misconduct, malpractice or irregularities, and conflict of interest to the senior management in strict confidence.

In case of any misconduct or malpractice, investigation procedures would be taken place. The Designated Officers would manage the whistle-blowing report and evaluate every report received to decide if a full investigation is necessary. If an investigation is warranted, an investigator (with suitable seniority and without previous involvement in the matter) from the Finance and Administration Department would be appointed to look into the matter. Where the report discloses a possible criminal offence, the Group would refer the matter to the Audit Committee. The Audit Committee, in consultation with our legal advisers, would decide if the matter should be referred to the authorities for further action.

Employees were aware of the ethical standard of the Group. During the Reporting Period, the Group was not aware of any non-compliance with the Group’s whistle-blowing policy.

7. CONTRIBUTING TO OUR COMMUNITY

The Group encourages and supports employees to volunteer their time to help those who are less fortunate and advantaged in the community. All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the community.

Going forward, the Group will continue to foster the culture of active participation in community services, encouraging our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.