



**Huasheng International Holding Limited**  
**華盛國際控股有限公司**

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

**(Stock Code: 1323)**

**Environmental,  
Social and  
Governance Report  
2021/2022**



# Environmental, Social and Governance Report

## INTRODUCTION

Huasheng International Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are pleased to present this Environmental, Social and Governance (“**ESG**”) report prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules (the “**Listing Rules**”) governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This report aims to provide a balanced representation of our major ESG policies, initiatives and performances of the Group in four main areas — employment and labour practices, operating practices, environmental protection and community participation.

The Group has been unwaveringly focusing on its ESG management with a balance to fulfil our business objectives, we aim at operating in a more responsible and sustainable manner by integrating ESG consideration into our daily operations. To ensure appropriate and effective ESG risk management practices and internal control systems are in place, the Board has assumed responsibility for the governance and oversight of the Group’s ESG issues and developments. The Board has a clear set of duties and responsibilities to oversee the ESG related initiatives of the Group.

Achieving a “zero-carbon enterprise” will require key initiatives and practical actions over the next decade. We believe that carbon neutral transition is not an “option”, but a “must”. We will maintain the momentum of implementing and developing our ESG initiatives to create a resilient and sustainable future for our shareholders.

## REPORTING PRINCIPLES

This report is prepared according to the “Comply or Explain” provisions and the four Reporting Principles as stipulated in Appendix 27 of the Listing Rules:

1. **Materiality:** we disclose all ESG issues that are sufficiently important to our investors and other stakeholders.
2. **Quantitative:** the key performance indicators (“**KPIs**”) in this report are measurable, therefore our ESG performance can be compared with peers, industry standards and our previous years.
3. **Balance:** information in this report is presented in an unbiased manner. We do not select, omit, or present information that might inappropriately influence the decisions or judgments of stakeholders.
4. **Consistency:** all KPIs’ calculations and assumptions are consistent with previous years to allow meaningful comparisons. Any changes in relevant assumptions or calculation methods are clearly disclosed.

## SCOPE OF REPORT

The Group was principally engaged in the businesses of (i) production and sales of ready-mixed commercial concrete (“**Concrete Business**”); (ii) wholesale and retail of household consumables (“**Household Consumables Business**”); and (iii) provision of money lending services (“**Money Lending Business**”) during the year ended 31 March 2022 (the “**Year**”).

The information stated in this report covers the period from 1 April 2021 to 31 March 2022 which aligns with the financial year as the 2021/2022 annual report of the Group.

The environmental and social KPIs for the Year disclosed in this report covers all business segments of the Group. For information on our corporate governance, please refer to the Corporate Governance Report in the 2021/2022 annual report of the Group.

# Environmental, Social and Governance Report

## STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

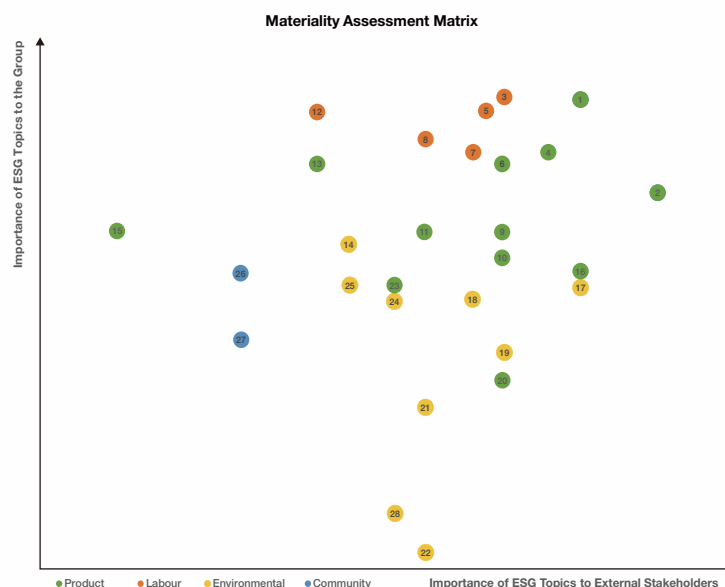
One of the major objectives of the Group is to create positive values and beliefs that are in the interest of all stakeholders. Our approach to stakeholders' engagement is designed to ensure that our stakeholders' perspectives and expectations are fully understood to help defining our current and future sustainability strategies.

The table below summarised the major stakeholders related to the Group, their expectations and our communication channels:

Major Stakeholders Engaged		Expectations and Needs	Means of Communication and Responses
Internal stakeholders	Employees	<ul style="list-style-type: none"> <li>• Protection of rights</li> <li>• Occupational health</li> <li>• Remunerations and benefits</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meeting</li> <li>• Corporate journal and intranet</li> <li>• Employee mailbox</li> <li>• Training and workshops</li> </ul>
	Shareholders and investors	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Compliant operation</li> <li>• Increase in company value</li> <li>• Transparent information and effective communications</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Announcements</li> <li>• Email, telephone communication and company website</li> <li>• Dedicated reports</li> </ul>
External stakeholders	Government and Regulators	<ul style="list-style-type: none"> <li>• Compliance with national policies, laws and regulations</li> <li>• Support for local economic growth</li> <li>• Paying taxes in full and on time</li> </ul>	<ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Dedicated reports</li> <li>• Examination and inspections</li> </ul>
	Business Partners and Suppliers	<ul style="list-style-type: none"> <li>• Operational integrity</li> <li>• Equal rivalry</li> <li>• Performance of contracts</li> <li>• Mutual benefits and win-win situation</li> </ul>	<ul style="list-style-type: none"> <li>• Review and appraisal meetings</li> <li>• Business communications</li> <li>• Exchanges and discussions</li> <li>• Engagements and cooperation</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>• Outstanding products and services</li> <li>• Health and safety</li> <li>• Performance of contracts</li> <li>• Operational integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Calling for feedback</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>• Energy saving and emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting</li> </ul>
	Community and the Public	<ul style="list-style-type: none"> <li>• Participation in charity</li> <li>• Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Announcements</li> </ul>

# Environmental, Social and Governance Report

During the Year, an independent third party consultant has been entrusted by the Group, to assist in the information collection on ESG matters. A group of stakeholders had been selected based on their dependence and impact of the Group. They were invited to share their perspectives on the materiality on each ESG topic to the Group and themselves through electronic questionnaire. Our stakeholders' engagement approach ensures that the stakeholders' expectations and perspectives on ESG are fully identified and understood, which enable us to define and further develop our strategies. A materiality assessment had been performed to analyse and summarise the response from our stakeholders:



Product	Labour	Environmental	Community
1 Customer satisfaction	3 Occupational health and safety	14 Energy use (e.g. electricity, gas, fuel)	26 Cultivation of local employment
2 Selection and monitoring of suppliers	5 Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	17 Water use	27 Community support (e.g. donation, volunteering)
4 Product health and safety	7 Preventing child and forced labour	18 Mitigation measures to protect environment and natural resources	
6 Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	8 Employee development and training	19 Air emissions	
9 Anti-corruption training provided to directors and staff	12 Diversity and equal opportunity of employees	21 Climate change	
10 Product and service labelling		22 Non-hazardous waste production	
11 Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers		24 Hazardous waste production	
13 Observing and protecting intellectual property rights		25 Use of materials (e.g. paper, packaging, raw materials)	
15 Marketing communications (e.g. advertisement)		28 Greenhouse gas emissions	
16 Customer information and privacy			
20 Anti-corruption policies and whistle-blowing procedure			
23 Environmentally preferable products and services			

# Environmental, Social and Governance Report

The ESG issues located in the top right corner are the most important areas of concern and will be prioritized for investment.

According to the feedbacks collected from the stakeholders, it indicated that both the Group and our stakeholders consider that customer satisfaction is the most crucial ESG topic. With the aspiration of contributing our effort to protect the environment and support the society, we are dedicated to lead a business driven primarily by sustainability through tides of changes. We emphasize the significance of sustainable development in our operational strategies as we believe that we must plan sustainably to act responsibly.

## Stakeholder's Feedback

The Group welcomes all stakeholders' feedback on the ESG issues in particular for the topics listed in the materiality assessment. You can share your views and suggestions through any channel listed below:

Email: [general@huashengih.com](mailto:general@huashengih.com)  
Website: <http://www.huashengih.com>  
Address: Suites 2301-03, 23/F., Far East Consortium Building,  
121 Des Voeux Road Central, Hong Kong  
General Line: (852) 2169 3699  
Fax: (852) 2169 3633

## A. ENVIRONMENTAL ASPECTS

In the Year, the Group strictly complied with relevant laws, regulations, standards and provincial, municipal and local implementation about provisions on the aspects covering air and greenhouse gas (“**GHG**”) emissions, disposal of waste and minimizing significant impacts on the environment and natural resources, which include but are not limited to:

1. Environmental Protection Law of the People's Republic of China (the “**PRC**”);
2. Atmospheric Pollution Prevention and Control Law of the PRC;
3. Water Pollution Prevention and Control Law of the PRC;
4. Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
5. Law of the PRC on the Prevention and Control from Environmental Noise;
6. Environmental Protection Tax Law of the PRC; and
7. Technical Specification of Application and Issuance of Pollutant Permit Cement Industry (HJ 847-2017).

To align with employees' practice with the Group's aspiration on continual improvement in ESG performance, we have implemented appropriate measures in the workplace. For example, employees have been instructed and encouraged to switch off electronic equipment when not in use, and set printers to energy saving mode when idle. Air conditioning and lighting systems are switched off after office hours. Measures to lower the amount of non-hazardous waste include printing of documents only if necessary and use of double-sided printing. We believe our continuous effort in reducing resources usage and generation of non-hazardous waste, we are able to provide an eco-friendly and paperless workplace, and further minimise environmental impact.

# Environmental, Social and Governance Report

The Group did not note any cases of material non-compliance in relation to air and GHG emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste during the Year. Breach of relevant laws and regulations may subject to heavy fines or suspension of business. To minimise the risk of any potential breach of regulations, designated officers are responsible to observe each and every relevant rules in each business segment of the Group.

We encourage staff to seek legal opinion should there be any doubt on the rules and regulations relevant to the business and operation. Continuous training are provided to staff to refresh their knowledge and keep abreast of latest updates and development on regulations.

## Emissions

### Air Pollution

Total emissions from vehicles for the Year has decreased by approximately 11,689 kg or 46% compared to the last corresponding year. The reduction in air pollutions emissions was due to the decrease in natural gas consumption by the concrete mixer trucks in the Concrete Business. Nevertheless, SO<sub>x</sub>'s emissions have increased modestly and remained essentially the same compared to last year. The Group is fully aware of the air pollutants generated from vehicles usage. We always prioritize the usage of a more environment-friendly fuel to reduce carbon footprints, such as electricity or other biomass sources. Other measures deployed to lessen air emission includes spraying the site for dust control and regular surveillance on environmental monitors to regulate both noise and dust pollution. Air emissions by the Group are shown in the table below:

	Year ended 31 March	
	2022 kg	2021 kg
Nitrogen oxides (NO <sub>x</sub> )	12,441	23,640
Particulate Matter (PM)*	1,220	1,707
Sulphur Oxides (SO <sub>x</sub> )	43	47
<b>Total emissions from vehicles</b>	<b>13,705</b>	<b>25,394</b>

\* Respiratory suspended particles (RSP), also known as Particulate Matter (PM)

References:

- Fleet Weighted Road Transport Emission Factor issued by National Atmospheric Emissions Inventory of the United Kingdom.
- Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited.
- Emission Factors for Greenhouse Gas Inventories and relevant guidance issued by the United States Environmental Protection Agency.

### Greenhouse Gas Emission

The Group is unanimously highly concerned about GHG emissions, reducing GHG emissions and taking active measures to address climate change. Our commitment to sustainability and environmental stewardship encompasses every aspect of our business, implementing environmental measures into every aspect of our own development as a way to reduce our impact on the environment.

The fuel consumption by vehicles used in business operations contributed significantly to the emissions of the Group. Other emission sources included electricity consumption, freshwater processing, sewage treatment, paper disposed at landfill and business air travel.

# Environmental, Social and Governance Report

In order to reduce the GHG emission, the Group carries out greening renovation in the PRC planting area and increases vegetation coverage. During the Year, the Group planted 55 trees (2021: 240 trees) which are able to reach at least 10 to 15 metres. A total of approximately 1.27 tCO<sub>2</sub>-e (2021: 5.52 tCO<sub>2</sub>-e) can be removed by these trees in a year, according to Environmental Protection Department's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong". GHG emissions by the Group are shown in the table below:

	Year ended 31 March	
	2022 tCO <sub>2</sub> -e	2021 tCO <sub>2</sub> -e
Scope 1 Direct GHG Emissions <sup>1</sup>	6,909	7,397
Scope 2 Energy Indirect GHG Emissions <sup>2</sup>	6,391	6,050
Scope 3 Other Indirect GHG Emissions <sup>3</sup>	87	88
<b>Total GHG Emissions</b>	<b>13,387</b>	<b>13,534</b>

Notes:

1. Direct emissions of the Group were from fuel combustion in vehicles using diesel oil and natural gas.
2. Energy indirect emissions of the Group were from purchased electricity.
3. Other indirect emissions of the Group included paper used and recycled, business travel by employees, and electricity used for fresh water and sewage processing by government organization.

References:

- i. Conversion Factors issued by the United Kingdom Government
- ii. Conversion Factors issued by Government of China
- iii. Conversion Factors for Greenhouse Gas Inventories and relevant guidance issued by the United States Environmental Protection Agency
- iv. Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited
- v. Conversion Factors issued by the China Light and Power Company Limited, The Hong Kong Electric Company Limited, Drainage Service Department and Water Supplies Department

During the Year, the Group produced a total of approximately 13,387 tCO<sub>2</sub>-e (2021: 13,534 tCO<sub>2</sub>-e), which mainly comprised of carbon dioxide, methane and nitrous oxide. Total GHG emissions per staff for the Year was 60.57 tCO<sub>2</sub>-e per staff (2021: 50.69 tCO<sub>2</sub>-e/staff). The GHG emissions are highly dependent on the revenue of the Group. As the revenue for the Year remained relatively the same compared to last year, the total GHG emissions therefore remained stable. The total GHG emissions per staff has increased due to the decrease in number of staff in the Group. The Group is aware of the significant emission generated from petrol consumption for vehicles used for business operations. The increased use of liquefied natural gas (LNG) powered vehicles will improve air quality and public health as well as reducing carbon dioxide emission. Through continuous efforts in reducing petrol consumption, the Group believes that it would lead to a dwindling level of GHG emission and progress towards a better stewardship in ESG management.



# Environmental, Social and Governance Report

The energy indirect (Scope 2) GHG emissions of the Group represented the emissions resulting from the generation of purchased electricity. Details of the electricity consumed by the Group and our policies can be found under section headed “Use of Resources” in this report.

For the Year, approximately 1,517 kg of paper waste (2021: 2,053 kg) was disposed at landfills, representing an emissions of approximately 7 tCO<sub>2</sub>-e (2021: 10 tCO<sub>2</sub>-e). The Group strives to minimize paper waste by reusing paper. Employees are constantly reminded to reuse single-sided used paper and adopt two-sided printing. All used papers in Money Lender Business were recycled during the Year. The Group will continue to encourage other business segments to uphold recycling concept in daily operations.

Due to the travel restriction under the current pandemic, there were only a few air travels during the Year. Therefore, indirect carbon dioxide emission due to air travel has dropped significantly to approximately 0.49 tCO<sub>2</sub>-e during the Year (2021: 1.83 tCO<sub>2</sub>-e). The Group promotes the use of electronic communications to reduce the needs of air travel. Travels were only approved should there be a genuine need of physical presence.

## *Hazardous Waste*

The Group complied with all relevant laws and regulations relating to the generation of and handling of hazardous and non-hazardous waste, including but not limited to the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Environmental Protection Law of the People’s Republic of China.

During the Year, a total of approximately 464 kg of hazardous waste (2021: 576 kg) was produced. Approximately 2.10 kg of hazardous waste was produced per staff (2021: 2.16kg/staff). The hazardous wastes generated by the Group included 4 kg of battery, light bulb and toner cartridge (2021: 26 kg) and 460 kg of machine oil waste (2021: 550 kg). The Group is aware of the health and environmental impacts of hazardous wastes and strives to reduce generation of hazardous waste whenever possible. Hazardous waste produced by Concrete Business was handled by an outsourced service provider with the corresponding licenses.

## *Non-hazardous Waste*

During the Year, a total of approximately 2,799.57 kg of non-hazardous waste (2021: 3,007 kg). Approximately 12.67 kg of non-hazardous waste was produced per staff (2021: 11.26 kg/staff). Paper wastes were the Group’s major source of non-hazardous wastes. Non-hazardous wastes produced by the Group during the Year comprised of 1,279.57 kg of domestic wastes (2021: 1,154 kg) and 1,520 kg of paper wastes (2021: 1,853 kg). Although the production of total hazardous and non-hazardous waste has shown a year-on-year reduction, the non-hazardous waste produced per staff has shown an increase of around 12.52% for the Year due to the decrease in number of staff in the Group.

Employees are reminded to reduce waste generation, reuse and recycle resources whenever possible. In order to configure, monitor and plan waste management activities, the Group developed a system to record and collect the amount of non-hazardous waste used for daily operation. We believe effective waste management can reinforce environmental conservation, improve health of the environment and to ensure compliance with relevant statutory and contractual standards and requirements.



# Environmental, Social and Governance Report

## Use of Resources

### Energy and Water Consumption

The Group strictly abides by the Water Pollution Prevention and Control Law of the PRC and other laws and regulations relating to water pollution prevention and control.

During the Year, the Group consumed approximately 2,788,737 L of fuel (2021: 3,153,385 L), 7,580 MWh of electricity (2021: 7,246 MWh) and 127,025 m<sup>3</sup> of water (2021: 122,957 m<sup>3</sup>) for daily operations. Approximately 152.94 MWh of energy was consumed per staff (2021: 125.31 MWh/staff) and approximately 575 m<sup>3</sup> of water was consumed per staff (2021: 461 m<sup>3</sup>/staff) during the Year. The increase in both energy and water consumption per staff was due to the decrease in number of staff in the Group. All the resources usage is kept on track for the purpose of exploring opportunities in conserving natural resources. Energy and water consumption by the Group are shown in the table below:

	Year ended 31 March	
	2022 MWh	2021 MWh
Non-renewable fuel consumption (e.g.: petrol, diesel, gas)	26,220	26,212
Electricity consumption	7,580	7,246
<b>Total energy consumption</b>	<b>33,800</b>	<b>33,458</b>

#### References:

- Conversion Factors issued by the United Kingdom Government
- Conversion Factors issued by Government of China
- Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited
- Conversion Factors issued by the China Light and Power Company Limited, The Hong Kong Electric Company Limited, Drainage Service Department and Water Supplies Department

Monitored by the administration department, the Group maintains best environmental practices to use energy efficiently and hence mitigate GHG emission. These measures include:

- keeping light fixtures and lamps clean to maximize efficiency, and turning off all lights and electronic appliances when not in use;
- setting the computers to automatic standby or sleeping mode when idling;
- turning off power of electronic appliances, light and air conditioners before holidays; and
- reviewing the Group's internal policies and practices regularly so as to seek opportunities for integrating environmental consideration into working procedures.

# Environmental, Social and Governance Report

The Group has implemented a number of measures to conserve water resources. All washrooms are designed with a concept to conserve water in every possible ways, including installations of dual flush toilets, infrared sensors faucets and all urinal equipments installed are rated as Grade 1 under the Water Efficiency Labelling Scheme of Water Supplies Department in Hong Kong. Furthermore, water-saving reminder labels are posted on the toilets to raise employees' awareness on water saving. While water consumption by other business segments of the Group were negligible due to their business nature, water consumed by Concrete Business represented almost entirely the water consumed by the Group for the Year. To conserve water in Concrete Business, a water recycling system was used to convert sewage into water that can be re-used in our concrete manufacturing process. This minimise the environmental impact and ensure compliance with relevant legislation. No issues in sourcing water for the Group's operations were noted during the Year.

## *Packaging Materials*

A total of 2.3 tonnes of packaging materials (2021: 2.3 tonnes) were used by the Group for the Year, which are mainly bubble wraps and paper boxes. To ensure utilization of the material are in the greatest extent, the usage is constantly evaluated to avoid overstocking and squandering.

## **The Environment and Natural Resources**

For the purpose of resource saving and environmental protection, the Group strictly adheres to the Energy Conservation Law of the PRC and other laws and regulations. To minimise environmental impact during production of concrete, we design several measures including installation of air emission detector to monitor on the environmental emission data regularly and planning greening work. To mitigate wastage, we strive to design and implement an effective waste management system focusing on the use of construction materials in a more environmentally friendly manner.

Steps have been taken to minimise the impact on the environment by the Group, such as adoption of energy saving measures mentioned in the sections headed "Emission" and "Use of Resources". The Group is aware of the fact that there are rooms for further improvement of its sustainable development. In furtherance of achieving sustainability of the environment, and reducing energy and resource consumption in our manufacturing projects, we continually review our operational procedures to evaluate the feasibility to adopt environmentally friendly measures, and sustainable construction approaches and materials.

## **Climate Change**

In recent years, business and operational impact related to climate change and extreme weather conditions has ranked amongst the highest risk factor in most companies in the world. In light of this, the Group has raised awareness of the risks and potential impacts of climate change on the Group. At the same time, the Group has also developed a set of procedures to enhance corporate resilience in the event of risks, with relevant practices as follows :

- a) Identify the problems and the root causes of the problems
- b) Assess and analyse climate risk exposures
- c) Mitigation plan on short-term and imminent impacts
- d) Prediction and evaluation on long-term impacts over time

# Environmental, Social and Governance Report

## Climate Risk Assessment

### *Physical Risk*

Severe and frequent extreme weather conditions brought about by climate change pose a risk to the Group, such as hot weather, floods, typhoons, storms, etc. For example, unstable weather during the collection of raw materials can affect the production process and logistics, resulting in increased operating costs. The Group has developed a set of contingency measures for various severe weather related events and will consider implementing additional measures in the future.

### *Reputational Risk*

Climate change is one of the defining challenges of the 21st century, in which carbon emissions, environmental impacts, pollutant emissions and energy consumption, directly or indirectly, affect stakeholders and the public perception of the industry. The Group will pay close attention to the guidelines related to environmental and carbon emissions and implement transparent disclosure, with collaboration among stakeholders to identify opportunities for risk interventions in the value chain and turn risks into opportunities through innovative means.

### *Health and Safety Risks*

Weather extremes caused by climate change pose potential safety risks to the working environment. Both Hong Kong and Hainan locate in the subtropical region and are under the impact of typhoons in summer. Frequent and heavy thunderstorms can cause severe flooding, damage on exterior temporal building structure and landslides, which pose significant threat to employees' safety and health. In addition, to mitigate the impact of the novel coronavirus on the Company's operations, the Group regularly reviews and updates its business contingency plan and observes and adopts, if appropriate, the latest guidance released by the government and medical professionals.

### *Legal and policy risks*

In October 2021, China mapped path on carbon dioxide emission peaking in 2030 and by 2060, China will be carbon neutral and have fully established a green, low-carbon and circular economy. As a result, the government continues to advance and to implement new rules and regulations on carbon emissions in various industries. The Group forecasts the regulations on the construction industry in relation to environmental protection and emission will become more stringent. We keep abreast of the new advancement and discussion in order to prepare and cope with any new regulations.

Climate change may bring a certain degree of restriction on the development of the industry and is an important factor that cannot be ignored. Therefore, we have formulated a series of precautionary measures in advance to reduce the impact of climate change on our businesses. This is in line with the continuous efforts to stop global warming and to achieve the goal of net zero carbon emissions in the long run.

# Environmental, Social and Governance Report

## B. SOCIAL ASPECTS

### Employment and Labour Practices

The Group strongly believes that employees are the most valuable asset for its sustainable development. We strictly abide by the laws and regulations regarding child labour and forced labour, including but not limited to the Prohibition of Using Child Labour (《禁止使用童工規定》), Law of the PRC on the Protection of Minors and Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), to avoid any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfil our responsibilities to employees, respects their legitimate rights and interests, promote their professional development and improve our working condition, in order to realize the common development of the Group and its employees.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strictly prohibited. The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis. All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and different types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave, jury service leave and early leaves before festive holidays.

Employee handbook of the Group includes codes and practices in workplace, staff benefits, including leave entitlement, insurance and training.

The total number of employees of the Group was 221 as at 31 March 2022 (2021: 267), in which 221 were full-time (2021: 266) and none were part-time (2021: 1). Total employee turnover was 56 (2021: 65) and the overall turnover rate was 25% (2021: 24%). The following table set forth the details of total workforce and employee turnover rate by gender, age group and geographical region:

Number of Employee of the Group	As at 31 March			
	2022 No. of employee	2022 Turnover %	2021 No. of employee	2021 Turnover %
<b>By Gender</b>				
Male	169	29	206	21
Female	52	13	61	34
<b>By Age</b>				
Below 30 years old	58	10	55	45
Between 30 to 50 years	137	31	187	20
Over 50 years old	26	31	25	12
<b>By Geographic Region</b>				
PRC	183	31	217	29
Hong Kong	29	—	42	2
United Kingdom	9	—	8	—

# Environmental, Social and Governance Report

Since its establishment, the Group implemented different measures to retain talent including formulation of a clear career path and offer competitive remuneration package. The Group provides orientation and internal training to employees in a targeted, systematic and forward-looking approach.

## Health and Safety

The Group strictly complies with national laws and regulations that have significant impacts on the Group, relating to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the Work Safety Law of the PRC, and the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The Group concerns about the health and safety of its employees and is committed to provide a safe, healthy and productive environment for all.

The Group provides every full-time employee with a comprehensive set of health insurance, including but not limited to medical insurance, surgical insurance, hospitalization insurance and employees' compensation insurance. Number of reportable injuries and number of lost working days due to injury are as follows:

	Unit	Year ended 31 March	
		2022	2021
<b>Reportable injuries</b>	Cases	1	9
<b>Lost days due to work injury</b>	Days	38	94

During the Year, no work-related fatalities were reported to the Group (2021: Nil). Health and safety of the Group's employees is of utmost importance. For Concrete Business, we provide all necessary protective gear to employees in order to secure their safety during daily operation. Besides, Concrete Business provides annual occupational checks to all employees and conduct annual environmental monitoring and workplace health surveillance, to ensure employees work in a safe environment and reduce the probability of work injury.

A health and safety policy has been adopted by Household Consumables Business for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other policies and procedures regarding fire safety, rainstorm warnings and typhoon arrangement are required to be followed by all employees to protect employees from risks adverse to health.

During the Year, as a response to the virus outbreak, the Group provides complimentary facial masks and hand sanitizers for employees. Body temperature of all employees are taken daily in order to minimise the risk of community transmission. In addition, every employee is required to take a COVID-19 rapid antigen test daily since early 2022. We re-introduced work-from-home policy and shorten office hours during the fifth wave outbreak of COVID-19 outbreak in Hong Kong. Apart from the above measures, we also elevate the standard of hygiene to create a safer environment to our employees.

# Environmental, Social and Governance Report

During the Year, the Group was not aware of any violations of any health and safety laws and regulations.

## Development and Training

The Group emphasizes the importance of employee training and development. We strive to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training. All directors of the Group receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the latest relevant statutory requirements and market development, to ensure their high level of awareness on the industry trends.

In order to prevent and minimize work injury happened in daily operation of production business, we provided various training sessions for the employees. In particular, internal forklift truck training and external first-aid course are provided for employees of Household Consumables Business. Concrete Business also arranged and conducted several in-house training sessions to the general staff covering the corporate policies and procedures, inventory security management, various safety measures and instructions on how to use the fire installations, equipment and other materials, in order to enhance the awareness of the safety concepts to our employees.

During the Year, a total of 841 hours of training were completed by 171 employees (2021: 635 hours by 189 employees), representing 77% of the total workforce has participated in our training sessions (2021: 71%) and 3.8 hours of training was completed per employee in average (2021: 2.4 hours/employee). This has shown an improvement in both number of staff and total training hours for the Year. We will continue to encourage and provide incentives to our staff to promote continuous training. The percentage of employees trained and the average training hours completed per employee by gender and employment category are as follows:

	As at 31 March			
	2022 Percentage of employee trained	2022 Average training hours completed per employee	2021 Percentage of employee trained	2021 Average training hours completed per employee
<b>By Gender</b>				
Male	84	4.2	86	2.5
Female	16	2.5	14	1.7
<b>By Employment Category</b>				
Senior management	4	6.9	4	1.8
Middle management	2	3.7	2	0.2
Frontline and other employees	94	3.6	94	2.6



# Environmental, Social and Governance Report

In addition, our employees have also participated in various training sessions with topics covering financial and accounting, occupational health and corporate governance. In particular, the Group is accredited as an authorized employer to train prospective members of the Hong Kong Institute of Certified Public Accountants. Also, the Group has invited an agent to provide training about Mandatory Provident Fund (“MPF”) investment for its employees, which includes an introduction to the overall market review and industry updates and a review on the performance on employees’ individual MPF portfolio.

## Labour Standards

The Group strictly complies with the Hong Kong Employment Ordinances, the Social Insurance Law of the PRC, Labour Law of the PRC (《中華人民共和國勞動法》) and Employment Rights Act 1996 of the United Kingdom. The Group is committed to provide a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account. Being a member of Foodservice Packaging Association (“FPA”), Household Consumables Business supports the global set of principles for corporate social responsibility set out in the United Nations Global Compact and operates with fair employment practices.

During the Year, the Group was not aware of any non-compliance with laws and regulations which have a significant impact on employment and labour practices (2021: Nil).

During the Year, the Group was not aware of any operations and/or suppliers that were considered to have significant risk for incidents of child or forced labour (2021: Nil).

## Supply Chain Management

The Group strictly goes through a supplier evaluation and assessment process in order to select the qualified suppliers. Number of suppliers by geographical region are listed as below:

Region	Year ended 31 March	
	2022	2021
United Kingdom	134	145
PRC	12	12
Hong Kong	1	—
Other countries	5	—

The Group has established processes to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. The material department of Concrete Business is responsible for the quality control and management of the raw materials to be used in the production of concrete. Before the engagement of suppliers, a series of audits would be conducted to assess their quality, environment and safety performance comprehensively, to ensure the identified environmental and social risks related to the supply chain are minimized. Periodical evaluations of its suppliers are conducted to ensure that quality is maintained and that prices paid for goods and services provided remain competitive.

# Environmental, Social and Governance Report

In selecting and evaluating suppliers, apart from pricing and stability of its supply, the Group also pays attention to their environmental compliance record as well as their commitment to social responsibility. Environmentally and socially responsible suppliers will be prioritized in the selection process.

We strive to cooperate with local suppliers whenever possible to promote local economy and strengthen the control of environmental risks related to supply chain management. In addition, the Group will give preferential consideration to an organization that is in possession of ISO 14001 certified Environmental Management System and ISO 9001 certified Quality Management System, in order to extend the Group's environmental protection vision to all levels in the supply chain.

## **Operating Practices and Product Responsibility**

### ***Monitoring on the product and service quality***

The Group has established internal policies and procedures in order to ensure the quality of product and service provided to the customers are in line with their expectations. In terms of the business nature of the Group, employees are required to perform quality control process before the delivery of products. All results have been recorded and maintained properly as trail of the quality control process.

In Concrete Business, all products are laboratory tested and designed tailor to the requirements of each construction project. Our experimental department is responsible for the concrete mix design and production quality management related work. Samples of major raw materials including cement, gravels and sand are taken to perform quality checks to ensure the quality of the concrete will not be affected. The mix proportion of raw materials used in concrete production is also monitored to ensure the required compressive strength is achieved. Concrete Business had also obtained the certification of quality management systems ISO 9001:2015 in relation to the production of ready-mixed concrete.

During the Year, no products sold or shipped subject to recalls for safety and health reasons (2021: Nil).

### ***Handling customer complaints***

The Group has established policies and procedures for handling complaints. The Group's sales department is responsible for reviewing all complaints, collecting evidence and providing advices and comments on general complaints. Specific or complex complaints will be forwarded to the responsible person for further handling. The Group provides initial response upon receipt of all complaints and follow up accordingly.

During the Year, no official complaints related to products and service were received by the Group (2021: Nil) and the Group has not been notified of any violation of law regarding product or service responsibility (2021: Nil).

### ***Protecting Intellectual Property Rights***

The Group strictly abides by the national and local laws and regulations on intellectual property right, including but not limited to the Trade Marks Ordinance of Hong Kong, the Trademark Law of the PRC, Patent Law of the PRC (《中華人民共和國專利法》) and Data Protection Act 2018 of the United Kingdom.

# Environmental, Social and Governance Report

To provide adequate protection to our business and products, all business and products material to the Group's operation have been registered in each principal business location. As of the date of this report, Concrete Business had registered 11 utility model patents in the PRC. We have also registered the Company's logo as a trademark in Hong Kong. Household Consumables Business conducts business under the "Mammoth" trademark registered in the United Kingdom. Our policy is to label our products properly in accordance with local requirements. We work to ensure that the labels and trademarks used in our products properly reflect product specifications and the quality standards.

## ***Safeguarding Privacy and Personal Information***

The nature of our business requires us to frequently and regularly collect, retain, and utilize personal data from our existing and potential customers. Therefore, we must abide by the fair information practices as stipulated in the data protection principles of the Personal Data (Privacy) Ordinance in Hong Kong. To protect personal data, the Group has well established internal control and compliance procedures developed on the basis of the Ordinance to ensure compliance with the relevant laws and regulations.

As a member of FPA, Household Consumables Business committed to the full compliance with our data protection principles and all relevant provisions of the Ordinance. We inform our customers of their rights under the Ordinance and the purpose for which their data may be used by the Group.

We ensure appropriate measures are taken to prevent misuses or disclosure of personal data and to hold such personal data solely for such collection purposes. For Money Lending Business, separate manual has been established to demonstrate and record its compliance on the provisions of the Personal Data (Privacy) Ordinance of Hong Kong under Licensing Conditions of Money Lenders Licence. We obtain and handle sensitive and private personal information on daily basis. All information collected will be limited to the intended purpose only and restricted on unauthorized dissemination unless to such parties who are authorised by law to request the information or are otherwise relevant for the intended purpose and need to receive the information. We strictly follow the rules and regulations stipulated under Money Lenders Ordinance of Hong Kong during our business operations. During the Year, the Group received no complaints regarding breaches of customer privacy (2021: Nil).

The Group strictly complies with relevant laws and regulations that have significant impacts on the Group relating to advertising, labelling and remedial measures for the products and services provided, including but not limited to the Advertising Law of the PRC, the Product Quality Law of the PRC, the Standard for Quality Control of Concrete. We strive to provide the highest quality products and services to maintain customer satisfaction and to ensure product safety. During the Year, the Group did not receive any cases that violated the aforementioned laws and regulations (2021: Nil).

# Environmental, Social and Governance Report

## Anti-Corruption & Anti-Money Laundering

The Group strictly abide by the laws and regulations regarding bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, Criminal Law of the PRC (《中華人民共和國刑法》) and Bribery Act 2010 of the United Kingdom. We stand against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to creating a culture of integrity and justice by accepting internal complaints and whistle-blowing.

An anti-bribery policy has been in place for effective prohibition on commercial bribes, kickbacks or similar payoffs or benefits paid by any suppliers or clients. Employees can report any irregularities, such as dereliction of duty, abuse of power, receiving bribes and encroachment on corporate property, to the designated personnel. Upon the receipt of such report, the Group will investigate the improper behaviours promptly and take corresponding remedial measures against the irregularities. In Money Lending Business, internal procedures for regulating and monitoring our due diligence and record-keeping procedures are implemented to ensure strict abidance of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

Household Consumables Business has put in place a whistle-blowing policy in its employee handbook. Any concerns should be reported to the director for first instance. If the whistle-blower is not satisfied with the actions taken, the matter should be raised to the appropriate official organisation or regulatory body. The Employment Rights Act 1996 provides protection for workers who 'blow the whistle' where they reasonably believe that some form of illegality, injustice or breach of health and safety has occurred or is likely to occur. The Company protects the rights and interests of whistleblowers in strict compliance with relevant national laws and regulations to ensure that whistleblowers who make truthful and appropriate reports are treated fairly and protected from unfair dismissal, persecution or improper disciplinary action.

During the Year, the Group provided internal training to directors and employees on anti-corruption and business ethics. To ensure familiarization of our staff towards the Company's policies on anti-corruption and anti-bribery, during the Year, we have designed a set of questions to test our employees understanding on relevant laws and internal standards. Prompt feedbacks were provided to employees to consolidate their memories and correct any misunderstanding. This also opens the communication channel between the management and the operating staff in discussing potential situations where conflict of interest arises during business operations. Apart from the questions, we also disseminate updates from the Hong Kong Business Ethics Development Centre of Independent Commission Against Corruption to keep our employees abreast on the latest development on upholding business ethics.

During the Year, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong, including the Anti-money laundering and terrorist financing regulations. The Group was not aware of any non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the Year (2021: Nil).

# Environmental, Social and Governance Report

## Community

We actively advocate employees to participate in charitable events, to contribute to the community and drive further participation in community services. The Group encourages and provides full support to our employees to participate in various volunteering works and charitable activities.

This Year, the Group participated in the Natural Christmas Trees Recycling Programme organised by the Environmental Protection Department of Hong Kong. Christmas tree collected would be recycled into various useful materials in order to promote recycling of yard waste in the community and reduce yard waste disposal at landfills.



The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.