



御佳控股有限公司

Royal Deluxe Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3789

Environmental, Social and Governance Report

2023

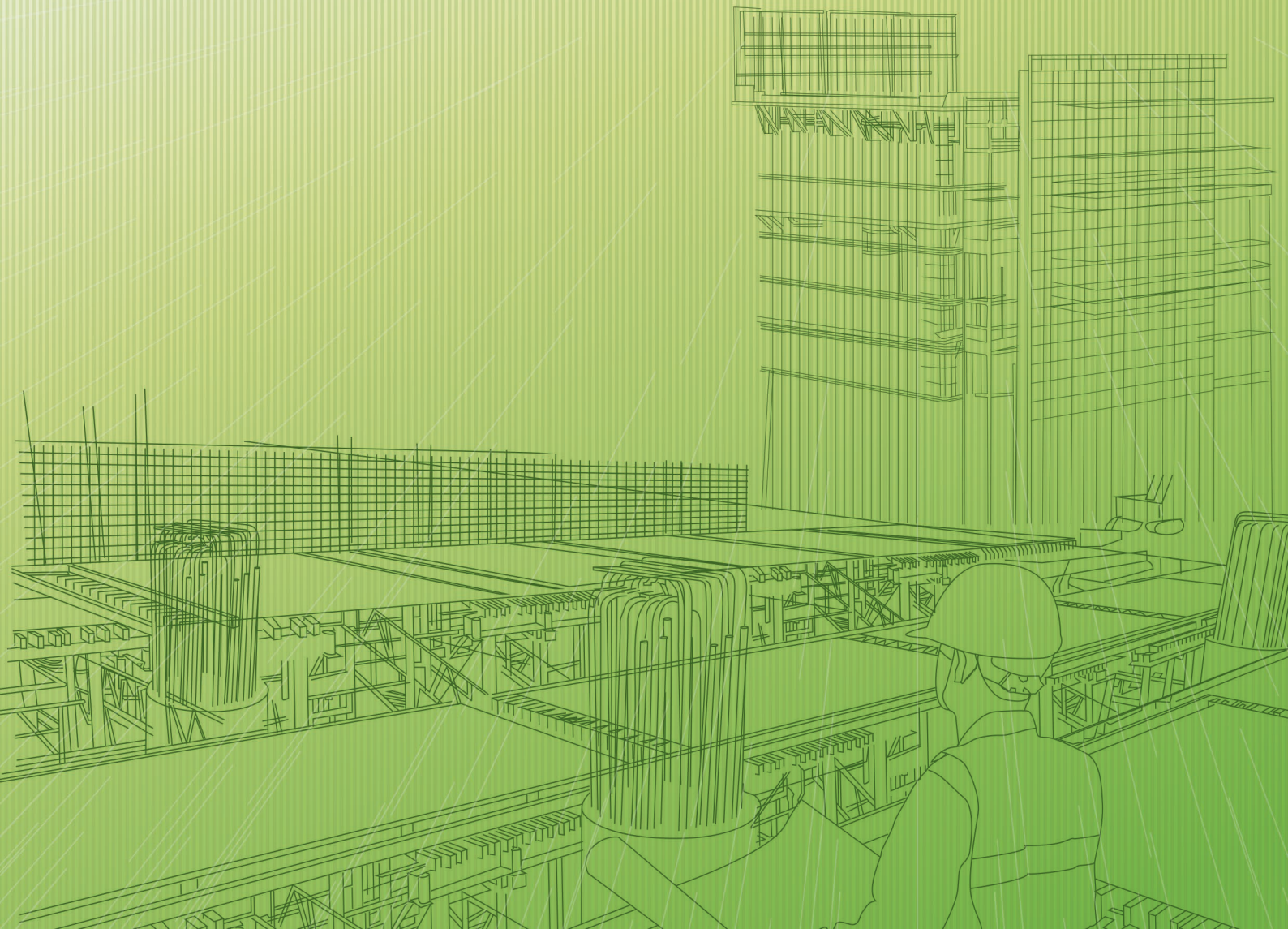


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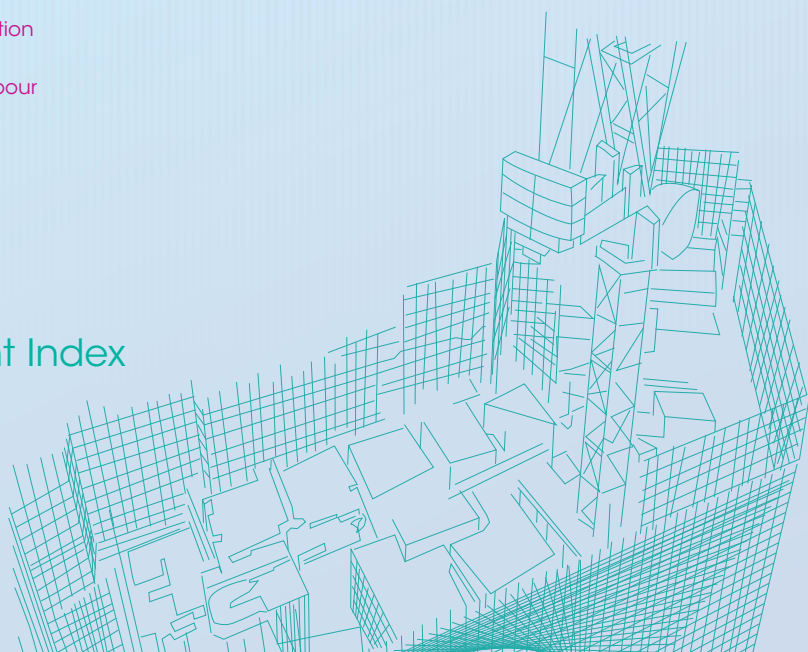
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ABOUT THIS REPORT

Royal Deluxe Holdings Limited (Stock code: 3789) (hereinafter referred to as “**Royal Deluxe**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present its annual independent Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). This Report represents the Group’s commitments, policies, and performance relating to its identified material ESG issues. In doing so, it helps our valued stakeholders to better understand our progress and overall direction towards sustainability.

For further details on the Group’s business and financial performance, please refer to our Annual Report 2023.



REPORTING SCOPE

The scope of the Report focuses on the ESG performance and sustainable development of Royal Deluxe. Its core businesses include the provision of formwork erection and ancillary services for the construction of reinforced concrete structure in large scale building construction and civil engineering projects in Hong Kong. The scope of the Report mainly focuses on the offices in Hong Kong, as well as one warehouse and a temporary warehouse for the storage of documents, henceforth it has changed from the previous reporting period.



REPORTING PERIOD

Unless otherwise specified, this Report presents an overview of the Group’s ESG performance during the period of 1 April 2022 to 31 March 2023 (the “**Reporting Period**”).



REPORTING FRAMEWORK

The preparation of this Report complies with the requirements of the ESG Reporting Guide (the “**Reporting Guide**”) contained in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As the Group intends to adopt the Global Reporting Initiative Sustainability Reporting Standards (the “**GRI Standards**”) issued by the Global Sustainability Standards Board in the near future, certain disclosures were made based on the requirements of this framework. Moving forward, we aim to progressively align our disclosures with the GRI Standards in order to embrace global best practices and ensure transparency within our ESG reporting approach. Moreover, the relevant contents in relation to climate change are prepared with reference to the disclosure framework of the Task Force on Climate-related Financial Disclosures (the “**TCFD**”).



REPORTING PRINCIPLES

Materiality

The structure of the Report is based on the stakeholder-assessed materiality of each of the Group’s environmental and social issues. Following the findings of an ESG-focused stakeholder engagement exercise and a materiality assessment, this Report is organised by the following sections: “**Business**”, “**Value Chain**”, “**People**” and “**Environment**”. For more information, please refer to subsections “**Stakeholder Engagement**” and “**Materiality Assessment**” of this Report.





Quantitative

The Report discloses relevant Key Performance Indicators (“KPIs”) and quantitative information related to the offices as well as a warehouse and a temporary warehouse for the storage of documents in Hong Kong. Such information is accompanied by a relevant description where appropriate.



Balance

The Report provides an unbiased overview of the Group’s policies, performance, and areas of improvement.



Consistency

The Report adopts methodologies that are consistent with previous years, which allows for meaningful comparisons of ESG data over time. Additional KPIs are added this year to ensure relevance to our business strategy. For further details of the quantification methodology, please refer to the “Environment” section.



REPORTING APPROACH

All information published in the Report is compiled based on existing policies, practices, and official documents or reports. The Report is also endorsed and approved by the Board of Directors (the “Board”), who is responsible for strategising and managing ESG matters of the Group. The Group is committed to continuously improving information and data collection systems and presenting the Group’s ESG performance in a transparent manner. Please refer to the Corporate Governance Report under pages 21 to 36 in the Annual Report 2023.



INFORMATION CLARIFICATION

Information for the year of 2023 quoted in the Report shall be the final statistical information. For financial information, please refer to the Annual Report 2023 of Royal Deluxe issued by the Group. All monetary amounts mentioned in this Report are denominated in Hong Kong Dollars (HKD) unless otherwise specified.



HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 22/F, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong



OPINIONS AND FEEDBACK

We continuously strive to refine our sustainability practices, performances, and disclosures. You are welcome to provide advice and suggestions on this Report. Please contact us as follows:

Address: Unit A, 22/F, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong

Email: ESG@royal-deluxe.com



ACCESS TO REPORT

You can download the electronic version of this Report from the official website of Royal Deluxe Holdings Limited (<http://www.royal-deluxe.com/en/esg.aspx>) or scan the QR code for the mobile version.



CHIEF EXECUTIVE OFFICER'S MESSAGE

On behalf of the Board of Royal Deluxe, I am pleased to present the third standalone annual ESG Report, which covers our sustainability initiatives and performance for the Financial Year ended 31 March 2023.

During the Reporting Period, the COVID-19 pandemic has finally been under control after three years of disruption to businesses and societies across the world. The reopening of the border indicates the Hong Kong economy is recovering strongly with post-COVID normalisation of economic activity, and the overall business environment for the construction industry will regain its momentum. However, economic challenges have broadened to labour markets with a large decline in the labour force over the past few years, which reflects the combined impacts of structural factors, such as an ageing population, and a scarce labour market in the construction industry. Nevertheless, we are confident that by persevering with our values of Safety, Integrity, Excellence and Innovation, and the Group's steadfast approach towards delivering professional and quality formwork engineering services in Hong Kong, we can play our vital role in contributing to the reopening of Hong Kong as a vibrant and competitive city.

Our focus for sustainability this year is on enhancing our sustainability reporting to enable transparency and accountability of our ESG performance. In order to support global efforts to combat climate change, we have referenced the recommendations of the Task Force on Climate-Related Financial Disclosures for disclosing clear, comparable and consistent information about the risks and opportunities posed by climate change. Through this approach, we hope to drive progress in decarbonisation within our Group and across the industry to support local and global climate goals.

Building on our strong performance over the previous years, we have received a number of awards and gained local recognition, particularly in the areas of ESG and health and safety. The CarbonCare ESG Label Level 3 Achievement and the CarbonCare Star Label, which were given in recognition of our ESG and sustainability efforts, have been the most notable of these successes. These accomplishments are a testimony of the Group's tireless efforts to enhance its own operations and to build a better and more sustainable future for all in Hong Kong.

Royal Deluxe's ethos has always been to engage with the communities where it operates. As always, we continue to actively care for the needs of the communities and commit personnel and resources to provide monetary and in-kind donations to those in need, including volunteering and mobilising our staff to participate in charity fundraising activities. We will continue to deepen our ties with these communities and expand the Group's positive impact to achieve a sustainable society.

This year, we attended our first in-person exhibition since the pandemic began – the Construction Innovation Expo 2022 held by the Construction Industry Council (“CIC”). We showcased our patented aluminium formwork and its digital coding system which allows engineers, users and operators to efficiently identify the appropriate destination of each of the parts, thereby minimising human errors during installation and assembly. This technology demonstrates Royal Deluxe’s forward-looking vision to inspire its peers within the construction industry as well as its commitment to drive innovation for a safe, smart and green construction industry. We will continue to engage with our partners, suppliers and contractors throughout the value chain to promote technological innovation as a method of improving sustainability and enhancing our competitive edge in the market.

Once again, I would like to thank all our employees and management team for their dedication and devotion. Their contribution and commitment have been crucial in advancing the Group’s sustainable development progress in the realisation of its sustainability goals. With our vision and mission at the forefront of our minds, we at Royal Deluxe will continue to strive to build a sustainable future with our professionalism and area of expertise.

Chao Lai Heng

Chief Executive Officer

26 July 2023

ABOUT ROYAL DELUXE

The Group is an industry-leading sub-contractor of formwork erection as well as related ancillary services in Hong Kong. The Group started its formwork business in 1994, and its core expertise lies in traditional timber formwork, metallic (usually steel and aluminium) formworks as well as engineered formwork systems for every type of construction project.

The major subsidiaries of the Group have been registered as Group 2 Registered Specialist Trade Contractors (the “**RSTCs**”) under various categories including: “S02-Concreting Formwork” and, “S07-Scaffolding”.

With over 28 years of experience, the Group actively undertakes large-scale formwork erection projects for building construction and civil engineering works. Our past and ongoing projects include M+ Museum, Lyric Theatre Complex and Extended Basement, Fullerton Ocean Park Hotel, Skycity, MTR Exhibition Station and Western Approach Tunnel, the Express Rail Link West Kowloon Terminus Station South and the Hong Kong International Airport Third-runway System concourse as well as Apron formwork works.

In recent years, the Group has developed several technological innovations, most notably patenting the Smart Formwork Aluminium Tableform System (the “**Ming Tai Tableform**”), which was subsequently approved as an Advanced Technological Solution by the Construction Innovation and Technology Fund in 2019. Other patents approved during the Reporting Period include flexible support formwork, enhanced support formwork and aluminium-wood connector. These new technologies have been most recently applied to the Group’s major formwork building projects.



Corporate Value

Safety, Integrity,
Excellence, Innovation



Vision

Becoming one of the most environmentally conscious and influential formworks services providers in Hong Kong.



Mission

Provide comprehensive and one-stop professional formwork services and engineering solutions; Maximise customer value while sustaining a safer, more environmentally friendly and cost-effective construction environment; Establish long-term relationships with customers, employees, and suppliers.

AWARDS AND RECOGNITIONS HIGHLIGHTS

During the Reporting Period, the Group has been awarded the “CarbonCare ESG Label Level 3 – Best Practice in ESG Reporting” by CarbonCare InnoLab, in recognition of Royal Deluxe’s excellent performance in ESG reporting and continuous disclosure of corporate ESG information. The Group was also awarded the “CarbonCare Star Label” as a special recognition by having obtained the “CarbonCare ESG Label” for three consecutive years. This commendation fully demonstrates the Group’s outstanding performance in fulfilling board accountability, conducting materiality assessments, disclosing social KPIs and climate action.

Furthermore, the Hong Kong Institute of Construction has recognised our industrial achievements. We have obtained the silver award at “the Employers Appreciation Ceremony and the 3rd Outstanding Alumni Award Presentation Ceremony and the Pledging Ceremony of WorldSkills Competition 2022” in recognition of our determination and contribution in training new blood in the industry. Three of our employees have also been awarded the “Monthly Safety Award” by Gammon Construction Limited.

The Group believes that the award of a credible and recognisable label from an independent non-profit organisation is an affirmation of its hard work and practice. It also helps the Group understand the direction of ESG improvement. In the future, the construction industry will have to face the climate risks related to the management of business activities, as well as challenges from design, supply chain, construction and other business functions. Hence, mastering the application and analysis of ESG data will effectively maintain our competitive advantage in the industry.

CarbonCare InnoLab

CarbonCare ESG Label Level 3 and CarbonCare Star Label



Gammon Construction Limited

WINNER OF MONTHLY SAFETY HERO AWARD (October 2022) – Malik Mohammad Khan, Su Bingwen



Gammon Construction Limited

WINNER OF MONTHLY SAFETY HERO AWARD (November 2022) – Cheung Wing Chi



**The Construction Industry Council/
The Hong Kong Institute of Construction**

The Employers Appreciation Ceremony 2022 and the 3rd Outstanding Alumni Award Presentation Ceremony – Silver Award



Construction Industry Sports and Volunteering Programme

Caring Organisation



ICAC, Development Bureau and CIC

Construction Industry Integrity Charter



APPROACH TO SUSTAINABILITY

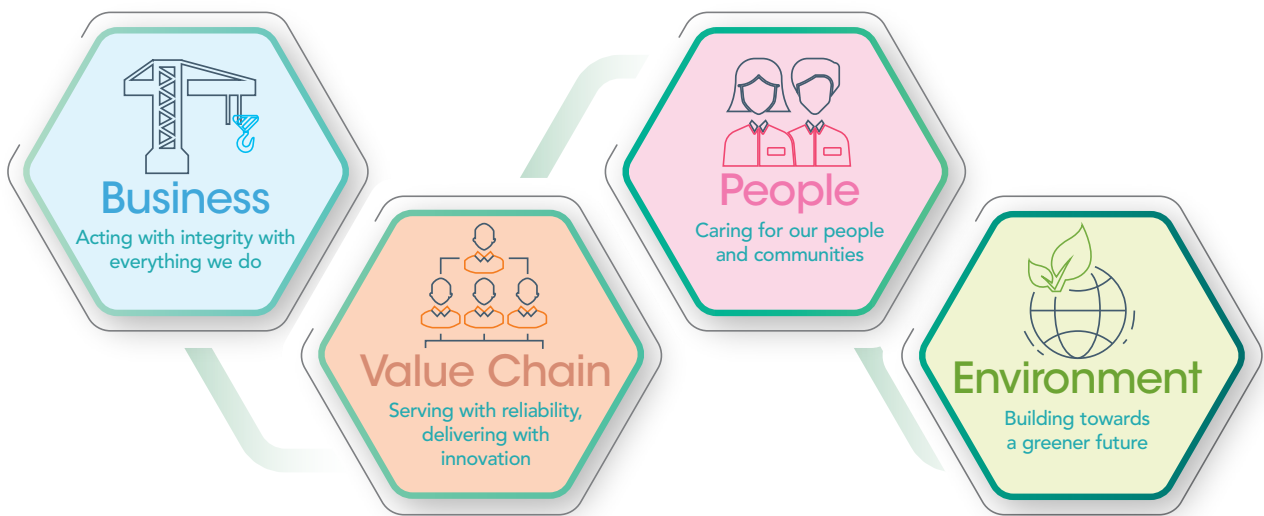
Sustainability is a core part of business at Royal Deluxe. The Group strives to integrate sustainability principles into its operations with the aim to foster business longevity and growth. We do this by being mindful of business ethics, supplier and subcontractor engagement, occupational health and safety, employee development and sustainable construction. We are committed to minimising environmental impacts, promoting a green and resilient future, and improving the quality of the communities where we operate while providing a reasonable return to our investors.

We have formulated a Sustainability Policy, which governs the sustainable development of the Group. As part of the policy, we strive to:

- Engage our stakeholders on our sustainability performance and gather feedback for improvement;
- Minimise the potential environmental impacts of our operation and ensure product quality and responsibility;
- Influence our value chain to share our belief and practices with regard to sustainability;
- Strengthen our governance of sustainability performance through monitoring and reporting;
- Provide a safe and caring working environment for our employees and support their ongoing learning and development;
- Promote a sustainable community and create positive impact among our employees and within the community; and
- Comply with statutory requirements in relation to sustainability issues and apply innovation to improve the environment and the society.

VISION FOR SUSTAINABLE DEVELOPMENT



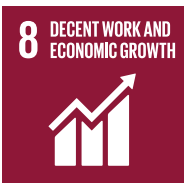


To build a more sustainable future, we are guided by the ethos of “Strengthening our Landscapes”. By embracing this mindset, we prioritise the wellbeing of our environment and community as we strive to continuously grow and improve every facet of our business to deliver long-term benefits to our stakeholders. Our approach is structured on four strategic pillars: Business, Value Chain, People, and Environment. With reference to the United Nations (“UN”) Sustainable Development Goals (“SDGs”), these interconnected pillars steer how we work and deliver our products and services in a way that best guides our business towards a sustainable future.







Alignment with the United Nations SDGs

The UNSDGs were adopted by all UN Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. To demonstrate its support and commitment to global cooperation in addressing worldwide challenges, the Group has aligned its sustainability strategy with the SDGs.

Upon a thorough examination of our business operations and impacts, the Group identified opportunities to align its operations with 9 of the 17 SDGs. Although we support all 17 SDGs, prioritising specific goals has enabled us to focus our efforts on areas in which we can deliver the greatest impact. Moving forward, the Group shall consider integrating specific SDGs targets into its operations and reviewing their applicability to the Group on a regular basis.

SDGs	IMPLICATIONS	ASSOCIATED STRATEGIC PILLARS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>In the context of the global COVID-19 pandemic, the promotion of good health and wellbeing has never been more important to the Group. With this in mind, our policies have been designed and implemented to ensure that our people, and the communities that we serve, are protected as we strive to achieve our sustainability goals.</p>	<p>People</p>
 <p>4 QUALITY EDUCATION</p>	<p>We strongly believe in the promotion of inclusive and equitable education and training as a way of strengthening both our workforce and the community at large. The Group provides exciting opportunities for the next generation to learn and develop, while our training programmes enhance enrichment to those wishing to develop their skills.</p>	<p>People</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Group's commitment to sustained, inclusive and sustainable economic growth is directly reflected in its policies. We seek to push the boundaries of what is possible in our industry for the benefit of society at large while providing full and productive employment opportunities.</p>	<p>Business</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Innovation has long been a staple to how we work at Royal Deluxe. The list of patents filed under the Group's name is ever expanding, which shows devotion to the promotion of inclusive and sustainable industrialisation, with the ultimate goal of providing resilient infrastructure to Hong Kong.</p>	<p>Value Chain</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Equal opportunities and equal treatment are central to the philosophy of the Group. Through our internal policies and community programmes and schemes, we seek to create a harmonious ecosystem not only within the company, but in the communities we serve.</p>	<p>People</p>

SDGs	IMPLICATIONS	ASSOCIATED STRATEGIC PILLARS
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>The Group has made the promotion of sustainable cities through its construction practices central to its operations. Hong Kong's unique ecosystem presents numerous challenges that Royal Deluxe meets through the sourcing of sustainable resources and the provision of innovative and ground-breaking solutions that minimise our ecological footprint within our operations.</p>	<p>People and Environment</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>The construction industry requires the consumption of a vast quantity of resources which, if left unchecked, can lead to the creation of chemical and non-chemical waste. The Group has maintained a long-term approach to sustainable consumption underpinned by its green procurement strategies and commitment to reusing resources.</p>	<p>Value Chain and Environment</p>
 <p>13 CLIMATE ACTION</p>	<p>The ongoing climate change crisis is an immediate threat to all, impacting the livelihoods of every society on the planet. In an effort to mitigate and prevent this threat, we are committed to measuring, reporting and reducing our carbon emissions, being a leader in our community and industry, and adhering to national and global environmental expectations and standards. This is reflected in our commitment to undertaking a climate risk assessment of our Group's operations.</p>	<p>Value Chain and Environment</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>A central focus to any good system of governance is the promotion of human rights. We ensure that our workforce and community are aware of and have access to their fundamental rights as well as a clear and defined access to justice and suitable remedies in the event any such rights are abused. We are committed to conducting business through adoption of an effective, accountable, and inclusive approach.</p>	<p>Business and People</p>

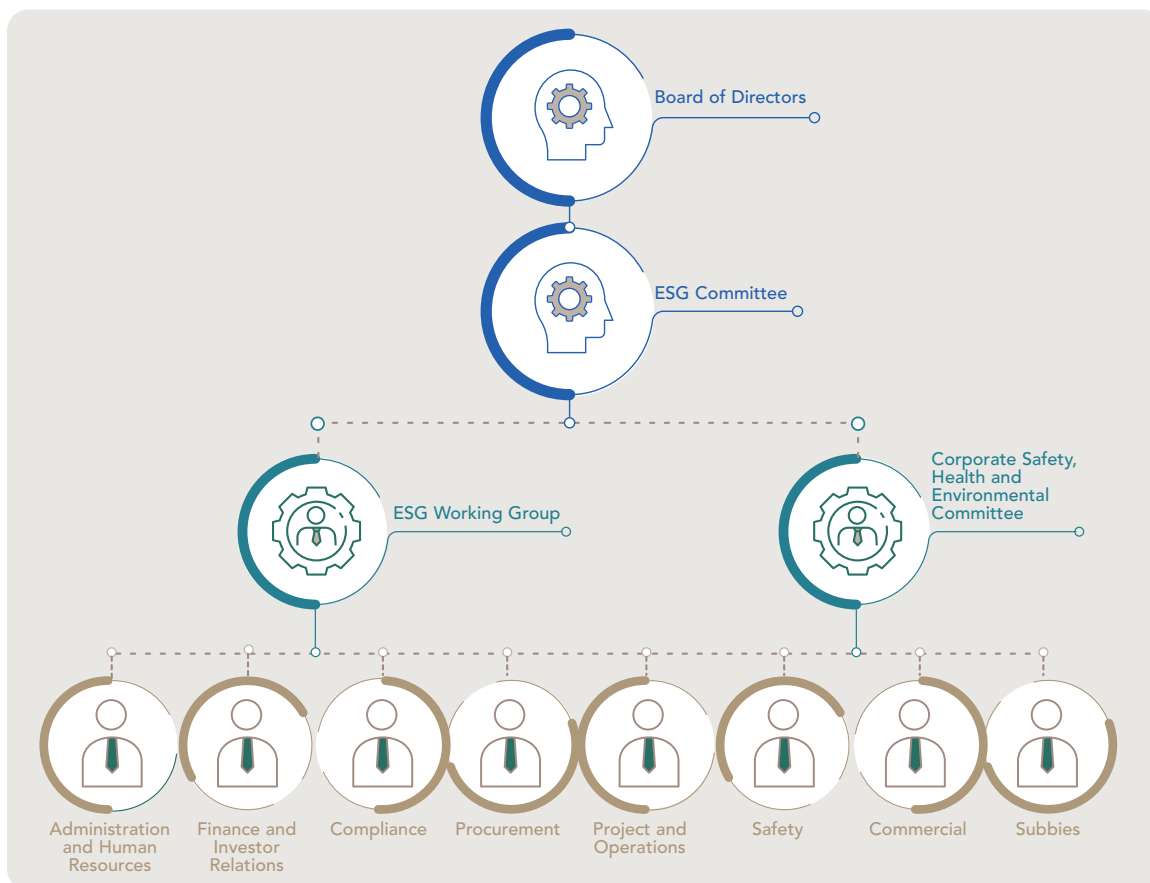
SUSTAINABILITY GOVERNANCE

Good sustainability governance promotes accountability, transparency and efficiency. At Royal Deluxe, sustainability starts with the highest decision-making body, the Board. The Board oversees the long-term success of the Group through setting the overall strategy, setting and tracking ESG-related goals and targets, supervising executive management, and ensuring that our corporate governance practices meet the highest standards of integrity and ethics and are effectively implemented throughout the Group. The Board is accountable for ensuring the relevance and effectiveness of our strategic approach to the Group's sustainable development.

During the Reporting Period, the Board has tracked the Group's progress made against its environmental targets, and reviewed the latest risk management update provided by the Risk Committee to enhance governance of ESG-related risks, while strengthening relations with external stakeholders and ensuring overall accountability.

The ESG Committee (the “**ESG Committee**”) was established on 31 March 2020, which is led by the Board of the Company and comprises two Executive Directors (“**ED**”) and three Independent Non-executive Directors (“**INED**”). All Board members are involved with the ESG Committee, where it provides oversight on matters to the Board relating to ESG. The ESG Committee is supported by senior management from the operations and professional teams, who meet at least once per annum to discuss ESG matters. Mr. Kwong Ping Man, an INED, was appointed by the Board as the chairman of the ESG Committee.

The ESG Committee is responsible for reviewing ESG policies and practices, reviewing climate risk assessment, and monitoring ESG-related performances of the Group. In addition to formulating strategies and plans, the ESG Committee is also responsible for steering the Group’s sustainability vision and direction. The ESG Committee is supported by the ESG Working Group (the “**ESGWG**”) and the Corporate Safety, Health and Environmental Committee (the “**CSHEC**”), in order to provide additional oversight and direction. The ESGWG is responsible for identifying ESG risks, monitoring material ESG aspects and formulating ESG management goals and work plans. Meanwhile, CSHEC leads the management of occupational health and safety risks, including identifying occupational health and safety risks, conducting safety assessments and ensuring compliance with health and safety laws and regulations across our operations.



RISK MANAGEMENT

Risk management is integral to our sustainability management as it strengthens the Group's decision-making process and facilitates long-term value creation. The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control system on an ongoing basis.

The Risk Committee was established on 23 March 2022, which is chaired by Mr. Lai Ah Ming Leon, an INED. It comprises one ED and three INEDs. The Risk Committee is responsible for monitoring and overseeing the Group's risk policies and strategies. This includes:

- Overseeing risk appetite and risk tolerance appropriate to each business area, taking into account the Company's values and public interest purpose, as well as the current and prospective regulatory, macroeconomic, technological, environmental and social developments and trends;
- Overseeing the current risk exposures of the Company;
- Ensuring that there are adequate enterprise wide processes and systems for identifying and reporting risks and deficiencies, including emerging risks;
- Overseeing compliance with the stated risk appetite and policies and procedures related to risk management governance and risk controls framework;
- Monitoring the alignment of the risk framework to the Group's growth strategy, supporting a culture of risk taking within sound risk governance; and
- Having an overview of the key risk issues identified across the organisation and the wider network.

ESG risks such as those relating to climate change have become fundamental and critical to the Group's long-term value creation. Addressing transition risks associated with climate change are increasingly important and urgent, which may entail extensive risks relating to compliance, regulatory interventions, technological changes, customer behaviour and so on. As part of its responsibility, the Risk Committee shall support the Board in overseeing the management of climate risks and providing directions to address the impact of climate change and consider climate-related risks and opportunities in a holistic manner. During the Reporting Period, we have evaluated our climate risk analysis and established a climate management framework with reference to the TCFD recommendations. For more information on our climate management framework, please refer to the "Climate Change and GHG Emissions" subsection of this Report.

Workplace health and safety and wellbeing are our utmost priority. The Group's health and safety risks are effectively managed and mitigated with its in-house safety systems and policies across its operations and subsidiaries. During the Reporting Period, our Site Safety Assessment Plan and Company Safety Plan ("**Safety Plan**") were updated.

Moreover, integrity risks in relation to procurement and staff administration are conducted and detailed under an Integrity Risk Management Plan. Through our mitigation and control measures, we believe that all associated risks can be mitigated or prevented, resulting in the low-medium risk level for all indicators.

In terms of regulatory risk, the Group has maintained a Compliance Register, which details all laws and regulations in relation to listing and financial regulations, labour, health and safety, environmental protection, levy, construction and business, anti-corruption, and anti-discrimination. The Group is highly committed to complying with laws and regulations that govern its businesses and will obtain a regular review from its legal counsel to ensure the register is up to date. For more information on relevant laws and regulations, please refer to the "Laws and Regulations" section of this Report.

For more information on our corporate governance, risk management and internal control, please refer to the "Biographical Details of Directors and Senior Management" and "Corporate Governance Report" sections under pages 17 to 36 of the Annual Report 2023.



MANAGEMENT OF WORK-RELATED ACCIDENTS

We foster a safety-driven culture and maintain a safe work environment to address the inherent health and safety risks in our industry. To this end, the Group has continued to conduct regular safety risk assessments and to provide effective safety training and supervision, such as on-site daily safety training during the morning briefing sessions, formal safety training conducted by the safety officers and foremen, as well as Silver Card safety training courses in order to ensure our workers are consistently aware of best practices within occupational health and safety. For more information, please see the "Safety Management at Construction Site" subsection and "Protecting our Health and Safety" section of this Report.



SUSTAINABLE LABOUR SUPPLY

According to the CIC Manpower Forecast published in February 2023, the construction industry will face a notable manpower shortage at the levels of skilled and semi-skilled workers, technicians, site supervisory personnel ("**SSP**") and professionals in the coming years. However, the Group has implemented a multi-pronged strategy to cope with the issues of manpower shortage, including:

- Participating in apprenticeship training schemes, and enhancing training and recruitment;
- Promoting the adoption of innovative technologies – use of Tableform formwork system to reduce the need for skilled labour;
- Promoting the application of the Building Information Modelling (the "**BIM**") at the early stage of formwork design and planning to enable better manpower planning; and
- Conducting corporate management level meetings regularly to discuss workforce demand forecast as well as conducting comprehensive evaluation and impact measurement concerning the Labour Importation Scheme for the Construction Sector (the "**Scheme**") for admitting technicians, SSP and skilled and semi-skilled workers.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is integral for the continuous improvement of our ESG approach and sustainable development of our business. We believe that maintaining communication with our stakeholders allows us to better understand their priorities, expectations, and perceptions of our sustainability performance, as well as to identify material issues and assess the effectiveness of our sustainability measures. Accordingly, the Group has established various communication channels with various groups of stakeholders to solicit their opinions. Stakeholders include employees, customers, the community, investors and shareholders, suppliers and business partners, government and regulators.

Community

- Charity donation
- Community participation
- Corporate website
- Press releases/news



Customers

- Corporate website
- Comments and complaint channels
- Press releases/news
- Industrial communication channels and activities
- Service meetings



Employees

- Orientations, trainings, meetings and team briefings
- Performance appraisals
- Notices and circulars
- Emails and other electronic communications



Government and Regulators

- Annual reports, ESG reports, announcements, and circulars
- Corporate website
- Press releases/news



Investors and Shareholders

- Annual general meeting and notices
- Annual reports, ESG reports, announcements and circulars
- Corporate website
- Investor briefings
- Press releases/news



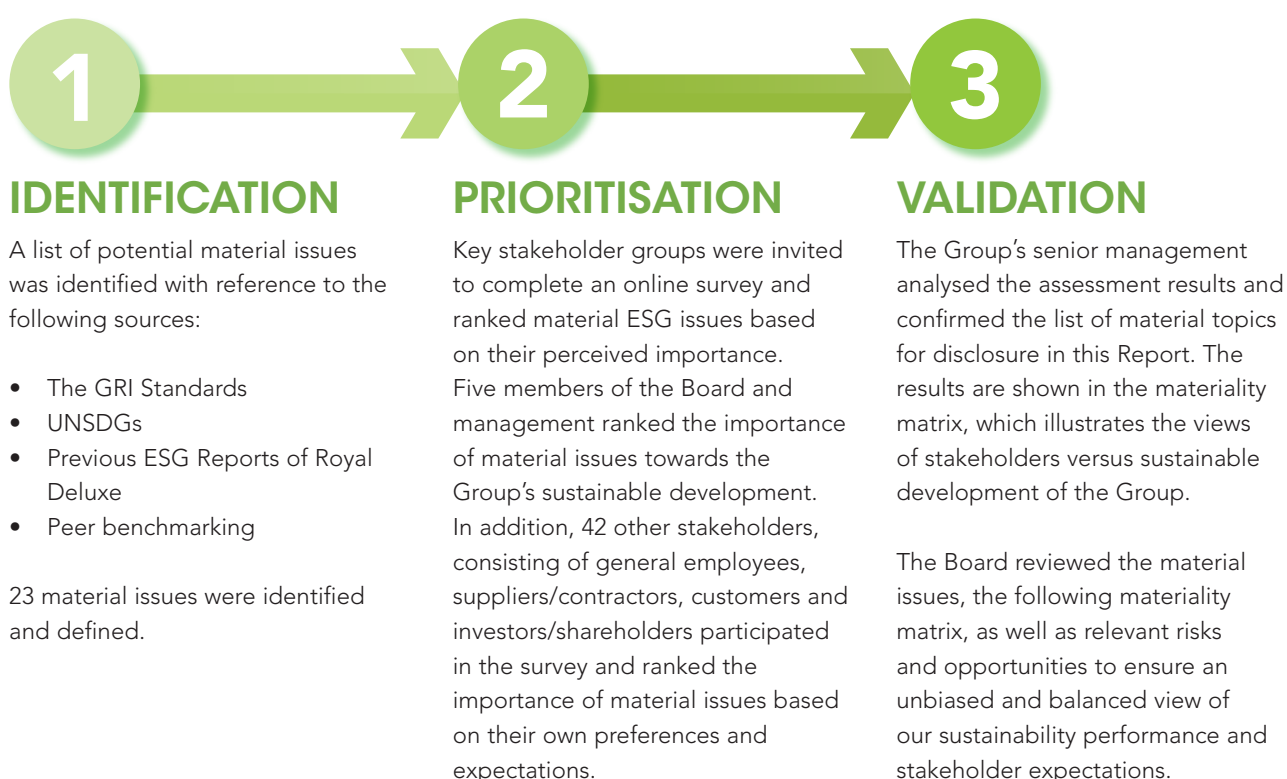
Suppliers and Business Partners

- Business meetings, supplier conferences and interviews
- Contracts and agreements
- Industrial communication channels and activities
- Quotations and tendering

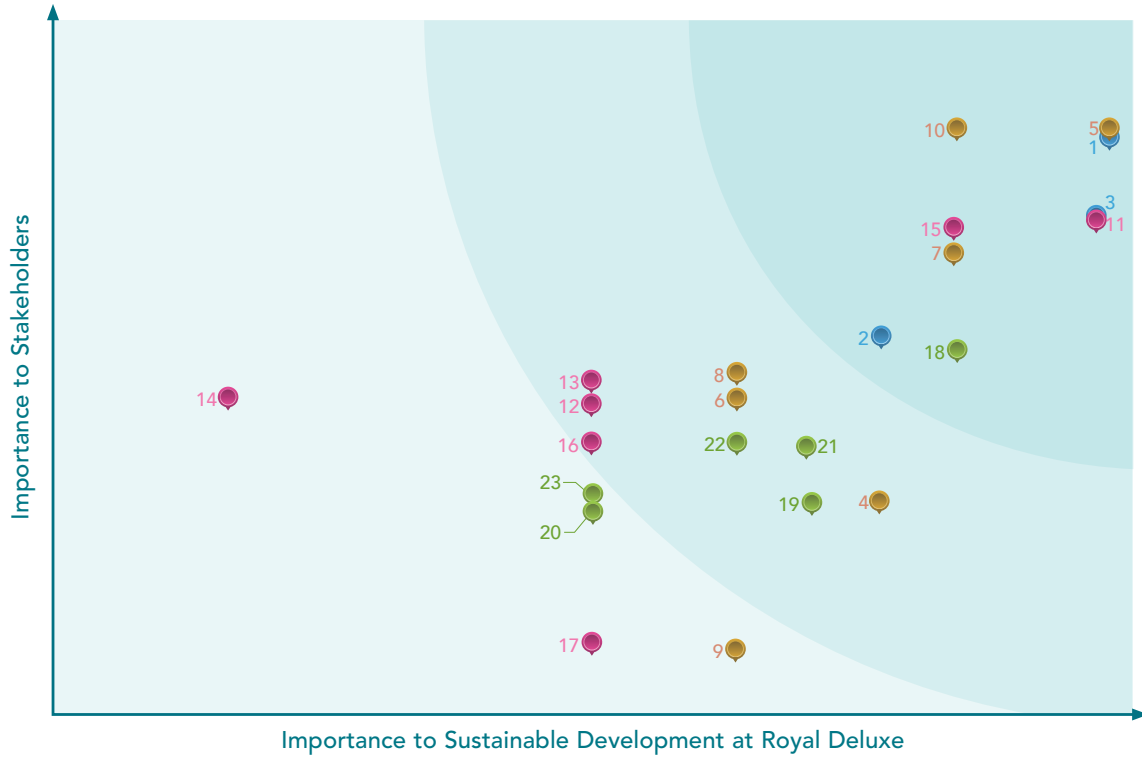


MATERIALITY ASSESSMENT

Communication and engagement with stakeholders are vital for enhancing our strategic approach to sustainability. We have adopted a two-year approach for engagement with an extensive group of stakeholders to review the materiality of ESG topics. To ensure that our sustainability priorities, strategies, and policies align with the views of our stakeholders, an independent sustainability consultant was appointed by the Group to conduct a three-stage stakeholder engagement and materiality assessment exercise during the previous reporting period. The exercise helped identify and evaluate sustainability issues that are most material to the Group and its stakeholders, as well as determine the coverage and structure of the Report. We shall carry out this exercise every two years, with the aim to maintain ongoing and consistent communication with our internal and external stakeholders.



This year, an internal review was conducted to evaluate the impact of the external environment on the Group and to assess the validity of the identified material ESG issues. Since there were no major changes in the strategic direction of the Group during the Reporting Period, the Board has decided to focus on the materiality assessment results of previous reporting period, as shown in the following matrix and table. The content of this Report is structured according to the overall materiality, which is determined by the aggregated score assigned by our survey respondents. Looking ahead, we will update the list of material topics in accordance with the latest GRI Standards, as well as continue to conduct materiality assessments to maintain ongoing and consistent communication with our stakeholders. The Group's next in-depth engagement is planned to take place in 2024.



TIER 1 ISSUES

(Most important material issues)

- 1 Ethical Business Behaviour
- 2 Legal Compliance
- 3 Intellectual Property Rights and Customer Privacy
- 5 Safety Management at Site
- 7 Client Satisfaction
- 10 Product Quality Management
- 11 Occupational Health and Safety
- 15 Child and Forced Labour
- 18 Construction Materials

TIER 2 ISSUES

(Important material issues)

- 4 Technological Innovation
- 6 Market Influence
- 8 Supplier and Sub-contractor engagement
- 12 Labour Shortage
- 13 Human Capital Development and Training
- 16 Diversity and Equal Opportunities
- 19 Air Emissions and Green house Gas Emissions
- 21 Waste Reduction
- 22 Climate Change

TIER 3 ISSUES

(Moderately important material issues)

- 9 Green Procurement
- 14 Human Rights
- 17 Community Investment and Participation
- 20 Energy Management
- 23 Sustainable Impact on Local Community



BUSINESS



Acting with integrity in everything we do

We believe in growing our business with integrity and professionalism to deliver operational excellence and sustainable development. We achieve this by preventing bribery and corruption, protecting intellectual property rights, upholding data privacy, as well as ensuring compliance within our operations and through our suppliers and subcontractors.



ETHICAL BUSINESS BEHAVIOUR

Anti-Corruption

The Group is committed to fostering a culture of compliance, ethical behaviour and good corporate governance. We believe that fairness, honesty and integrity are important business assets and, as such, all our employees must ensure the Group is not impaired by fraud, disloyalty or corruption.

The Group's Code of Conduct on Business Ethics ("**CCBE**") sets out these requirements, stating that all forms of bribery, corruption, conflicts of interest and extortion are strictly prohibited and requires staff to refrain from requesting or accepting any advantages and benefits as employees of the Group when performing their duties. The CCBE also expects and encourages employees and anyone in contact with the Group (such as customers, contractors, suppliers, creditors, debtors and other stakeholders among others) to report any misconduct, fraud and violations that occur within the Group to the Head of the Administrative and Human Resource Department.

In addition, the Group's Code of Prevention of Bribery Conduct sets out the basic standards of conduct expected of all directors and staff on the acceptance of advantages and handling of conflicts of interest.

We also follow the Corruption Prevention Guide for Listed Companies developed by the Independent Commission Against Corruption (the "**ICAC**") to guide our internal control measures and keep us informed of the latest anti-corruption reporting requirements. Any case that is found non-compliant with the CCBE is subject to disciplinary action, which may include termination of employment where appropriate. The CCBE is reviewed and revised periodically to ensure that the Group keeps abreast of new laws amidst an evolving regulatory environment.

During the Reporting Period, one Board member and one senior management member attended the anti-corruption and integrity management training programme, 'Ethics Legacy – Ethical and Governance Roles of Directors and Senior Management of Public Listed Companies' held by the ICAC. With two hours of training time in total, this form of training aids in building an environment of ethics and compliance within the Group.

Furthermore, the Group continued its practice of regularly circulating important updates regarding external and internal anti-fraud policies and procedures to employees, management and Board members. We also made available ICAC publications and online videos that explained the roles and responsibilities of employees in preventing bribery and corruption within our business. There were no reported cases of non-compliance with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) during the Reporting Period. Besides, there were no concluded legal cases or incidents regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Finally, two of the Group's main subsidiaries, namely Ming Tai Construction Engineering Company Limited and Ming Tai Civil Engineering Company Limited, have committed to the newly established Integrity Charter launched in September 2021 by the Development Bureau, the ICAC, and the CIC. This commitment demonstrates our commitment to good governance and internal control in our business process. The Integrity Policy governs the company rules, guidelines and code of conduct of all directors and staff members, including but not limited to observing relevant integrity-related laws in Hong Kong, denying solicitation or acceptance of any advantages, prohibiting the disclosure of classified information and others. In line with our Integrity Policy, we also commit to arranging at least one senior management member to receive at least one-hour of integrity training per year.

Conflict of Interest

The CCBE contains a detailed provision outlining the Group's Conflict of Interest Policy. It clearly outlines that all directors and employees should not engage in any business, investments or activities that might conflict with the interests of the Group. The policy requires employees to report to the executive director if any potential conflict of interest involving themselves or any individual close to themselves arises. There were no substantiated incidents regarding breaches of a conflict of interest reported during the Reporting Period.

Anti-Competition

The basis of any strong and thriving economy is the spirit of competition. A market underpinned by this ethos is constantly evolving and innovating in order to meet consumer demand and expectations. Hong Kong's growth as an economic hub reflects this competitive spirit. At the Group, competition is a key driving force that fosters the development of our exemplary products while balancing cost, quality, and sustainability. In order to gain a competitive edge, the Group is devoted to developing its range of products and services by continuously improving design and sustainability.

The Group prohibits any kind of anti-competitive practices, where all staff members are reminded to comply with competition laws and regulations and to recognise sensitive situations and behaviour that may be considered as anti-competitive. There were neither reported cases of non-compliance with the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) nor legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation faced by the Group during the Reporting Period.

Whistleblowing

The Group's various stakeholders, including its employees, consultants, contractors and suppliers are encouraged to raise concerns of any misconduct that fall short of the high standards demanded by the Group. Our Whistleblowing Policy sets out the processes and actions taken to report suspected improprieties, conflicts of interest, malpractice or breaches of compliance without fear of reprisal. Complainants are free to discuss any concern or queries with colleagues from all levels of the Group, from supervisors and human resources ("**HR**") managers to the Chief Executive Officer (the "**CEO**") and Chairman of the Board. Any complaints not made in person can be submitted via post or email using the Group's official whistleblowing declaration form. Individuals who lodge a complaint are reassured by the Group that they will not be discriminated against or face reprisal and may request for special protection measures to safeguard their identity if deemed necessary.

All allegations are investigated with fair and impartial due diligence by the Audit Committee, and if the potential case involves criminal activity, an external investigator may be appointed to review the situation.

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

Intellectual Property Rights

As an innovator the Group possesses a significant amount of intellectual property (“IP”) in Hong Kong and the People’s Republic of China (“PRC”) including several trademarks, patents, and domain names. The Group is fully compliant with relevant and applicable IP laws and provides employees with the proper guidance needed to safeguard its various IPs. We also obtain the necessary authorisation before using any third parties’ IP. In order to safeguard our interests, the Group has established several internal control measures, including registration and renewal of our patents and trademarks in the development of our formwork systems and corporate brand. Furthermore, our employees are bound by the Group’s Code of Conduct to maintain confidentiality of trade secrets and protect its proprietary IPs.

Three new patents were successfully registered in PRC and Hong Kong during the Reporting Period, which are all related to the supportive systems and formworks.

During the Reporting Period, there was no material infringement of IP rights or the IP rights of third parties, and the Group maintained 54 (2022: 53) patents and 7 trademarks (2022: 7). Further information on our patents can be found in the subsection “Innovation Technologies” of this Report.

Data Protection and Customer Privacy

Royal Deluxe strictly complies with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided. The Group respects and protects the privacy of its customers, employees, subcontractors, and suppliers. To safeguard customer privacy, the Employee Handbook stipulates that all employees are forbidden to disclose any confidential or private information about the Group and its customers under any circumstances. This includes secrets and information relating to strategy, development plans, IP business contracts, customer information, terms of business, terms of employment, budgets, accounts, and other financial information of any kind whatsoever.

To ensure that information is protected, confidential information is only accessible by authorised employees and shall be returned to the Group upon the termination of employment. The Group’s Privacy Policy informs its employees of the usage, processing, storage and transfer of personal data throughout their employment. Personal data is only collected for necessary purposes by lawful and fair means in line with the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong).

Guidance on data storage and handling is stipulated in the Information Technology End User Policy to ensure proper management of data as well as safeguard sensitive information, including backup procedures, user account management, software and network access controlling mechanisms. Our standards on information security and confidentiality have been applied to all employees and service providers. Multiple facets of protection, including administrative, physical, and technical measures, have been implemented to safeguard collected customer data and personal data as well as prevent unauthorised access.

There were no substantiated incidents regarding breaches of customer data and personal data privacy recorded during the Reporting Period.

VALUE CHAIN



Serving with reliability, delivering with innovation

At Royal Deluxe, we seek to continually innovate and prioritise sustainability and energy efficiency in our value chain. This includes cost and time-effective load capacity formwork solutions that minimise the impact on the community. Furthermore, we are devoted to cementing good corporate governance and business ethics at every level of the Group's value chain. This approach has ensured the Group maintains an excellent reputation and develops strong strategic relationships with its suppliers and subcontractors, facilitating the delivery of safe, reliable and top-notch quality products to its customers. Central to this process is the Group's Green Procurement Policy ensuring that goods are sourced in a sustainable, competitive, and fair manner. As a result, we can deliver the highest quality in a cost-effective manner while minimising any negative impact on the environment.



TECHNICAL EXCELLENCE AND INNOVATION

Innovative Technologies

The construction industry in Hong Kong is constantly innovating. The Group keeps actively investing in innovation and technology so as to improve work efficiency, strengthen management and remain competitive. Examples include the Construction Aluminium Tableform System (the “**Tableform**”) (Patent no.: HK1230011) and Coding Process System of Architectural Aluminium Template System (the “**Formwork Coding System**”) (Patent no: HK1203295) and Design for Manufacturing Assembly (the “**DFMA**”) technology. These technologies and processes optimise our workforce efficiency, safety, material use and waste management as well as facilitate further progress towards sustainability.

Our innovative strategies include the provision of “High-Quality Work and Flexible Solutions” so as to deliver “Construction Technical Innovation and Optimised-Customer Design”. By continuing to identify and evaluate issues observed at construction sites and beyond, we are constantly on the look out for technologies that boost productivity, enhance building quality, and safeguard the safety of our workers.

TABLEFORM WITH DFMA TO INCREASE WORKFORCE EFFICIENCY AND REDUCE MATERIAL WASTE

3rd Runway Concourse Foundation and Substructure include wing concourse Formwork and concourse work with Tableform

3rd Runway Concourse was a challenging project with a floor height of over 8 metres on average and a large construction ceiling area within a short construction period. DFMA helped increase the precision of selecting construction processes and materials input, suggesting the best design concept of Tableform assembly with minimum labour costs. With the use of Tableform and DFMA, potential problems were identified and resolved prior to construction, optimising the reuse of Tableform components on-site as well as highly reducing construction wastage and fuel consumption of transportation.



FIRST MODULAR INTEGRATED CONSTRUCTION (“MiC”)

A 30-Classroom Primary Schedule at Tsuen Wan West Station (“TW7”) Development

In recent years, the Government has proactively adopted MiC in various public engineering projects. MiC adopts the concept of “factory assembly followed by on-site installation”. It not only minimises the duration of works on site, but also enhances productivity, site safety, environmental performance and cost-effectiveness. TW7 is the Group’s first MiC project for the Architectural Services Department (the “ArchSD”). It is hoped that by piloting the MiC technology, the Group can possess more comprehensive sustainable construction technologies.



We are privileged to be one of the exhibitors at the Construction Innovation Expo 2022 held at the Hong Kong Convention and Exhibition Centre. We showcased our patented Tableform, together with the Formwork Coding System, successfully demonstrating the Group’s forward-looking vision for construction modernisation as well as our corporate values. In addition, we also participated in the “Leadership Summit 2022 - Ignite Innovative Skills” which focuses on the technological transformation of HR and integrating technology with specialist skills to demonstrate modern construction techniques in order to capitalise on future opportunities. We are pleased that our industry peers are able to learn more about our advanced system formworks and the newly developed concrete skip that improve construction efficiency, quality, safety and sustainability.



In recent years, we have launched our BIM based digital formwork design coordination processes, a DFMA application. It is a process that involves the generation and management of digital representations of physical and functional characteristics of places. It is designed to enhance project communication, process optimisation and documentation in each phase of the project, ensuring the planning, design, manufacturing, and construction of buildings to be highly efficient and collaborative among architects, engineers, suppliers, developers, contractors, and other construction professionals. Its implementation in our projects has resulted in improved safety and operational efficiency, while enhancing more effective design of building models. Within the Reporting Period, 4 projects have benefitted from the use of the DFMA process.

We are dedicated to continuing to innovate in order to unlock solutions that help improve society and maintain the competitive edge of the Group.

SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain

The Group builds strategic relationships with its supply chain partners including its construction material suppliers, as well as subcontractors responsible for the site supervision and employees working at the construction site. The Group has maintained an approved list of suppliers, and the selection and performance of its suppliers are assessed by a product quality management mechanism.

The Group has also formulated and implemented the Sustainable Procurement Policy, which not only recognises the impact of its procurement activities on the environment, society and economy, but also endeavours to incorporate ESG considerations into its corporate procurement decisions, with the aim to enhance the overall sustainability and resilience of its supply chain. The commitments under the policy include:

- Reducing environmental footprint
- Responsible and ethical sourcing
- Integrating sustainability into new supplier selection
- Integrating sustainability into supplier management
- Enabling continuous improvement in sustainable procurement
- Supporting local movements and guidelines on sustainable procurement

Supplier and Subcontractor Engagement

We actively integrate responsible corporate practices into our supply chain management to achieve long-term performance improvement and mitigate supply chain risks. We expect our suppliers and subcontractors to comply with all requirements related to the Group's sustainability principles, including labour practices, health and safety standards, environmental protection, and bribery. We are dedicated to conducting fair and open transparent procurement practices to maintain mutually beneficial relationships.

Our list of approved suppliers and contractors ensures that the Group works with suppliers that demonstrate a long-term commitment to sustainable development thereby reducing social and environmental risks. As part of the Sustainable Procurement Policy, new supplier selection would give preference to suppliers who have demonstrated a commitment to sustainable development, complied with all applicable ESG-related laws and regulations, developed a sustainability policy and their own supplier code of conduct/sustainable procurement policy, and adopted recognised ESG management systems.

Our Approved Suppliers Contractors Form includes a Supplier Code of Conduct, which outlines our environmental and social commitment requirements for suppliers and subcontractors. The Supplier Code of Conduct encourages sound sustainability practices and promotes a culture of integrity across the value chain.

During the Reporting Period, we engaged with 64 suppliers from Hong Kong and one from PRC, of whom 25 suppliers have signed or been made aware of the Supplier Code of Conduct.

Supplier Code of Conduct Commitments



Ethical
Conduct



Health
and Safety



Human
Rights



Environmental
Impacts



Laws and
Regulations

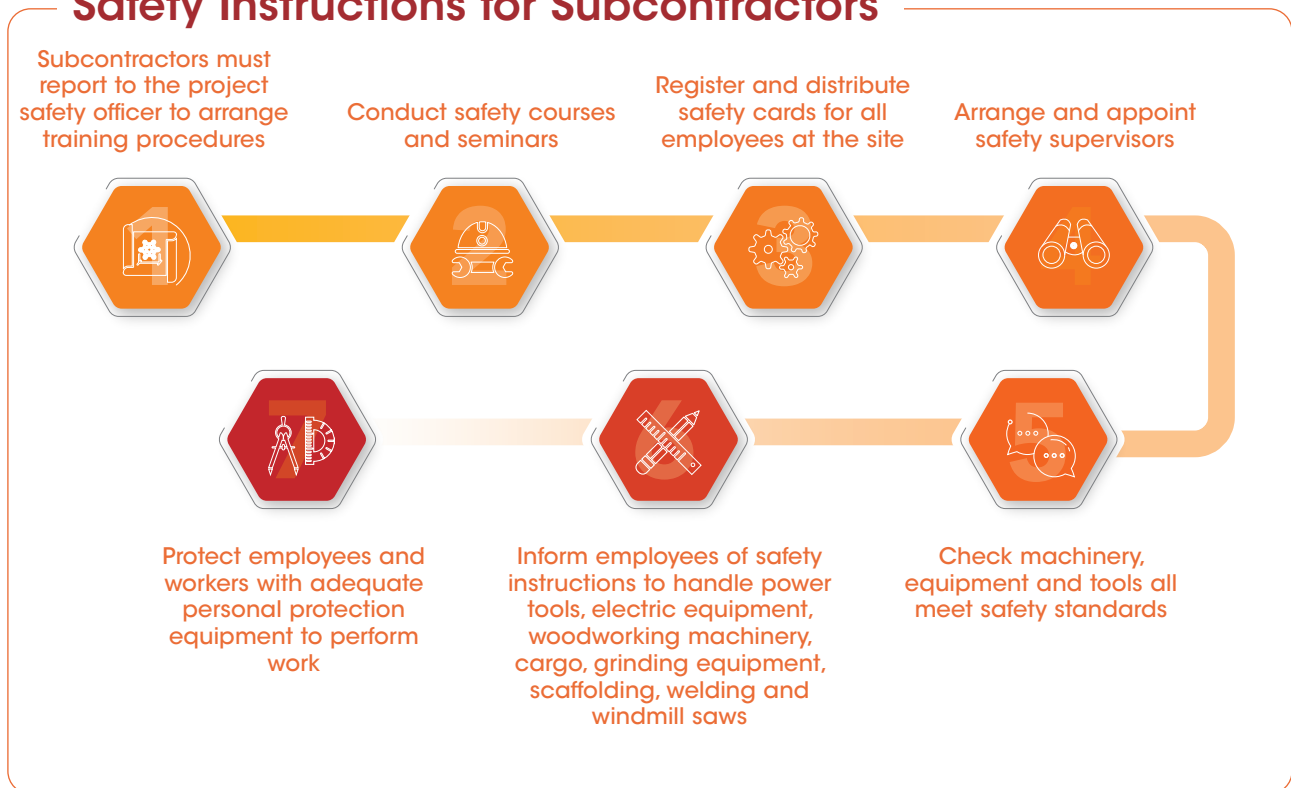
Supplier ESG Risk Assessment

At Royal Deluxe, we recognise the importance of integrating sustainability into the management of our supply chain, thereby forming an integral element of the Sustainable Procurement Policy. As part of our ongoing operational practice, we aim to identify and prioritise sustainability risks of products and services procured, as well as engage suppliers in the development of a risk management plan. We also aim to review suppliers' ESG performance regularly to ensure compliance and continuous improvement. Lastly, contractors and suppliers of high ESG risks would be identified and encouraged to adopt risk mitigation measures, with a risk of suspending collaboration if not upheld.

Safety Management at Site

We are dedicated to eliminating, controlling, and preventing possible health and safety hazards throughout the entire value chain. We collaborate with subcontractors to ensure that safety procedures are understood and reinforced at a high standard through sound guidance. For further information about health and safety management, please refer to the 'Occupational Health and Safety' subsection of this Report.

Safety Instructions for Subcontractors



PROCUREMENT PRACTICES

Procurement Management

The Group's procurement measures are designed to ensure that its products and materials are of the highest quality, fulfil clients' specifications, and abide by all statutory and legal obligations. Our procurement team has established standardised internal control mechanisms to ensure quality control and that materials are delivered to project sites accurately and promptly. Once a material order is delivered to the project site, verification checks are conducted to ensure the ordered amount, expenses, and desired material fulfil customer requirements. The delivery of incoming material and outgoing returned goods is closely monitored with a tracking document, ensuring that the project manager and procurement team are well-informed at each stage of the process.

Green Procurement

Incorporating a philosophy that considers the environmental impact and social responsibility into supply chain management are important priorities to the Group to continuously promote green procurement. We prioritise sourcing from local suppliers to reduce our carbon footprint that may arise from transportation, while simultaneously boosting the local economy. The Group's Sustainable Procurement Policy governs our green procurement activities. For more information on the policy, please refer to the subsection "Responsible Supply Chain" under "Supply Chain Management" section of this Report.

Moreover, we source 100% (2022: 100%) of our timber and plywood products from the Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification ("PEFC"). This ensures we utilise materials that adhere to strict environmental, social and economic requirements while also creating value for our workers and communities. As timber formwork remains the most common type of formwork in use in Hong Kong, we are dedicated to maintaining this commitment.

Product Quality Control

The Company Quality Manual describes the procedures and responsibilities to ensure that any products that do not conform to specified requirements are identified and controlled to prevent unintended use or delivery. In the rare occurrence that a product is found to be defective after issuance or when a customer issues a formal complaint, it shall be reported to the project manager through designated communication channels and with the relevant subcontractor or personnel subsequently informed. Any non-conformity is assessed extensively by way of product examination, reporting, and follow-up action. Every case is recorded and reviewed to avoid similar recurrences. Further monitoring of quality performance is regularly conducted through on-site supervision and inspection.

During the Reporting Period, we did not receive any complaints due to project delivery and quality of materials, and there were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services.



PEOPLE



Caring for our people and communities

Human capital is vital to ensuring the Group's continued sustainable development and ambition in retaining a leading and reputable industry position. We trust and respect our highly competent workforce and as such are committed to providing a better working environment that enhances job satisfaction, while supporting every individual's personal development and training. We place utmost importance in health and safety and ensure the highest standards of safety management is maintained in order to protect our employees, contractors, and frontline workers. We also believe in our communities and society at large. Upon due consideration of the impact of the skilled labour shortage issue on Hong Kong's construction industry, we conduct regular management meetings to discuss workforce demands at all levels, including a comprehensive evaluation and impact measurement of the Scheme for admitting SSP. Meanwhile, we endeavour to continuously invest in our communities in order to facilitate social inclusion to drive a more harmonious society.

PROTECTING OUR HEALTH AND SAFETY

Occupational Health and Safety

As a leading formwork subcontractor in Hong Kong, protecting the occupational health and safety of its employees, suppliers, and subcontractors is our top priority. The Group acknowledges the potential for workplace accidents and as a result has strictly implemented a series of robust and appropriate risk management controls and procedures.

Occupational health and safety is governed by the CSHEC, which comprises senior management of relevant departments. The CSHEC meets periodically to discuss, evaluate, and monitor occupational health and safety risks, as well as identifying opportunities for continuous improvement in our safety performance through conducting safety assessments. Our goal is to minimise the accident rate as far as possible.

Our updated Safety Plan affirms our commitment to the following aspects:

- Provide and maintain plant and system of work that are safe and without risks to health;
- Eliminate all hazards identified in all site operations and devise procedures to reduce any risks to a minimum on health and safety that may arise;
- Provide and maintain working environments that are safe and without risks to health for all employees and subcontractors;
- Provide such information, instruction, training and supervision as are necessary to ensure the health and safety of its employees and subcontractors at work; and
- Commit to progressive improvement and achieve a safety target of an accident rate of no more than 1.5 per 100,000 man-hours work.

The updated Safety Plan details our safety organisation, responsibilities, training, in-house safety rules and regulations, safety committees, programme for inspection of hazardous conditions, job hazard analysis, personal protection programme, accident/incident investigation, emergency preparedness, safety promotion, health assurance programme, subcontractors evaluation, process control programme, as well as specific operational and equipment handling procedures.

Besides, the Group has established a Work Safety Code, which all subcontractors and employees must adhere to. The Work Safety Code outlines the safety requirements relating to the operation of electric tools, woodwork machineries, and other heavy machineries, as well as protocols for working-from-height and cargo lifting. It also includes information regarding, general, electric, and fire safety procedures. All employees working on-site are provided with personal protective equipment such as helmets, eye and ear protectors, respirators and so on.








To promote safety awareness and practices among our workers, occupational health and safety training is delivered internally for every fortnight with site-wide sessions coordinated every month. These sessions include toolbox talks carried out by safety supervisors, which are designed to enhance awareness of potential occupational hazards, related good practice and knowledge on relevant laws and regulations. At the commencement of all projects, standardised training is provided to inform workers of inherent risks on-site, basic first aid practices and key personnel to contact in case of an emergency. Furthermore, our Group members have attended external safety training courses held by the CIC in order to keep informed of the latest industry approaches to safety.

Safety inspections and audits are also conducted regularly by professionals to ensure safety compliance. Contractors will undertake regular site inspections to ensure best practices are maintained during the construction phase. Moreover, qualified external auditors assess and verify the effectiveness and reliability of our safety management system and ensure it complies with relevant standards, including the Factories and Industrial Undertaking (Safety Management) Regulation (Cap. 59AF of the Laws of Hong Kong). We are deeply proud of the continued efforts of our employees in upholding and maintaining the safety standards. Building on our stellar record from the previous year, several of the Group’s workers were once again recipients of the “Monthly Safety Hero” award from the Gammon Construction Limited.

Work-related Injuries

The Group recognises that occupational hazards can potentially be severe and are unavoidable on construction sites. As such, the CSHEC team is responsible for facilitating safety assessments and action plans that maintain the highest levels of safety in order to minimise potential work-related injuries. In the event of incidents or accidents, we will execute thorough investigations to identify the source of the cause, conduct rectifying actions and devise plans to prevent future recurrence. We are committed to placing greater efforts to ensure site safety and continuing to reduce the number of accidents in the future.

During the Reporting Period, there were 62 (2022: 86) cases of work injury claims (new cases and cases being brought forward) against the Group. The Group acknowledges the negative impact of labour disputes towards the Group and has taken necessary and appropriate actions to settle work injury claims. We strive to reduce the number of occupational injuries by establishing and adopting various methods to improve the safety awareness and performance of employees.

Work-Related Fatalities		Work Injury Cases		Lost Days Due to Work Injury		Work Injury Rate
Direct	Indirect	Direct	Indirect	Direct	Indirect	
						
2021	0	9	50	843	2,886	4.62
2022	0	0	18	684	2,009	2.98
2023	0	4	45	146	2,706	8.34

EMPOWERING OUR PEOPLE

Human Capital Development and Training

The Group's overall performance and service provision lies in the competency of its employees. The work we do is labour intensive and skill specific, requiring our employees to be well-trained and capable in order to maintain the Group's continued success and growth. As such, we are highly committed to providing suitable and professional training opportunities that nurture a technically skilled workforce.

Our Training and Development Policy enables our employees to pursue external training courses complementary to their job scope of work through the Group's subsidy scheme. This promotes professional development through the attainment of relevant professional qualifications leading to future career development. New recruits are all subject to orientation training that introduces our core values, organisation structure, business goals, relevant policies, as well as our Code of Conduct. They will then be transferred to their respective departments for job specific training. Our company directors also regularly attend external training programmes on issues ranging from corporate governance to disclosure of interest.

To ensure that the programmes deliver value to our employees and our business, we invite them to fill in the training course evaluation form, so as to assess the quality and delivery of the course, learning outcomes, and improvements and recommendations. During the Reporting Period, the Group's direct full-time employees completed a total of 1,456.25 (2022: 865.75) hours of training, while our indirect employees, including site workers and subcontractors, completed a total of 5,865.08 (2022: 6,674.67) hours of training.



ESG Training

Our employees have attended a variety of ESG training programmes during the Reporting Period, which covers a wide range of ESG issues including health and safety, ESG Reporting, as well as ESG Academy webinars organised by HKEX and project management courses provided by the CIC. A total of 6 (2022: 27) attendees have participated and completed the training, with 87 hours of training time in total.



Climate-focused Training

To enhance our understanding of the impact of climate change on our Company, regulatory frameworks, and sustainable finance, climate-related training became another key focus area of our training and development this financial year. One of our senior management members attended the Environment Protection Course for Environmental Supervisors from Module 1 to Module 5, as well as the Environment Management Course for Construction Managers Lesson 1 and Lesson 2.

Recruitment and Retention

The Group values its human capital as its success and development is highly dependent upon its workforce. We pride ourselves on a corporate culture that encourages teamwork and integrity. The Group is committed to providing a positive working environment that embraces equality and diversity, especially in recruiting and retaining talented individuals from a diverse array of backgrounds and experiences.

A competitive remuneration package, including performance-based bonus, Group medical scheme, provident fund scheme and training and development sponsorship among others are offered and communicated through the Employee Handbook. Leave entitlements including paid holiday leave, paid annual leave, statutory holidays, sick leave, maternity leave, and paternity leave are granted and guaranteed, dependent upon seniority and years of service in the Company. Furthermore, all of our direct employees are entitled to parental leave. During the Reporting Period, four employees took parental leave, and two of them returned to work after parental leave ended. One employee that returned to work after parental leave ended were still employed 12 months after their return to work in 2022, and two employees were still employed 12 months after their return to work in 2023.

The Group also conducts performance appraisals on a semi-annually, to foster an engaging workforce and recognise the achievements of its employees. Remuneration packages are rewarded based on professionalism, technical skills, and experience. These are reviewed periodically to meet the Company's policy, direction, and objectives.

The Group always cares about the physical and mental health of its employees and encourages them to join different types of activities that enhance interpersonal relationships and relieve the pressure of life. During the Reporting Period, we have organised various company activities, including recreational sports competitions, charity activities, staff birthday parties and so on.

Xinzhu Friendly Partners 7-a-side Football Invitational Tournament

As a celebration of the 10th anniversary of Xinzhu, we were honoured to be invited to participate in the 'Xinzhu Friendly Partners 7-a-side Football Invitational Tournament', where we competed in groups with 12 other organisations and a total of 14 teams.



Lifewire Run 2022

On 11th December 2022, over 20 employees of Royal Deluxe joined the Lifewire Run 2022 in Tung Chung. This activity is a charity fundraising running event to help children with rare diseases access life-changing medical care. Through this event, we hope to promote work-life balance and cultivate a caring culture within the Group.



Construction Industry Happy Run 2023

On 8th January 2023, we also participated in the Construction Industry Happy Run 2023 held by the Construction Industry Sports and Volunteering Programme in Tai Po Training Ground of the Hong Kong Institute of Construction. More than 20 of our employees have joined this event with their family.



Diversity and Equal Opportunities

The Group believes that the power of a diverse pool of talent promotes innovation, better decision-making and higher employee engagement. Therefore, the Group prides itself in being a competency-based employer and pays particular attention to ensure fair and just treatment throughout the recruitment, employment, and promotion process.

As guided by the Staff Requisition and Recruitment Policy, our screening process during the recruitment stage considers criteria such as competency, technical skills, industry knowledge, experience, and educational background. This procedure also helps us to prevent any occurrence of unfair treatment.

BUILDING A BETTER LIFE

Community Investment and Participation

With our roots firmly entrenched by more than 28 years of experience in the heart of Hong Kong, the Group maintains a special relationship with local communities and understands their needs. We are devoted to our role as a responsible corporate actor and, as such, are highly committed to fostering a healthy, caring, and sustainable society. We have adopted a proactive and constructive approach underpinned by community investment either through our charitable donations, participation in volunteering and community events, or continuous development in talented young people.

A sustainable society relies on a holistic approach benefitting not only the local community, but also our own staff members and the environment. During the Reporting Period, we have been focusing on a variety of community activities that encompass all ESG factors, such as charitable donations, education donations, "Lo Pan Rice" distribution, charity run sponsorship, Turkey and Syria earthquake fundraising, community volunteering services, workers' family scholarships, amongst others.

The Group continues to uphold its proud history of supporting charitable and non-profit organisations. Through our constant sponsorship and charitable donations, we aim to promote a sustainable community and create positive impact among our employees and within the community. During the Reporting Period, we have donated HK\$312,000 (2022: HK\$203,000) to support the operations of various non-profitable organisations.

Occupational Talk at Tong Fuk Correctional Institution

On 30th March 2023, we were invited by the Correctional Services Department as the representative of the Hong Kong Construction Sub-Contractors Association to hold a talk for convicted persons at Tong Fuk Correctional Institution. The talk covered career planning for their occupational development in the construction industry. We also shared our practical experiences in wooden formwork and painting, which will improve their rehabilitation and facilitate their return to society.

Sustainable Labour Supply

We anticipate that a recovery in economic activity should enable the government to expand fiscal expenditure on major infrastructure projects, supporting industry growth. Accordingly, the workforce demand for the construction industry is forecasted to rise. However, the supply of formwork workers will not increase dramatically shortly thereafter. We believe this challenging prospect furthers our determination to inspire the youth to pursue a career in the formwork erection industry, which allows individuals an opportunity to make tangible contributions to the Hong Kong building construction landscape.

Human Rights - Child and Forced Labour

Protecting the human rights of our employees, contractors and subcontractors are of utmost importance. The Group always upholds the attitude of zero-tolerance to child and forced labour practices throughout its operations.

The Group rigorously adheres to relevant laws and regulations relating to employment, and child and forced labour practices. Our Requisition and Recruitment Policy stipulates strict policies relating to the recruitment process and the labour standards that we uphold. All personnel are required to provide valid personal identification documents for verification purposes, while reference checks are conducted accordingly. At the project sites, employees have to be correctly registered at the beginning of the contract and the site coordinator should liaise with the head office to authenticate documents. Subsequently, incoming and outgoing daily employee traffic are monitored using facial ID recognition technology, while employment cards are regularly checked.

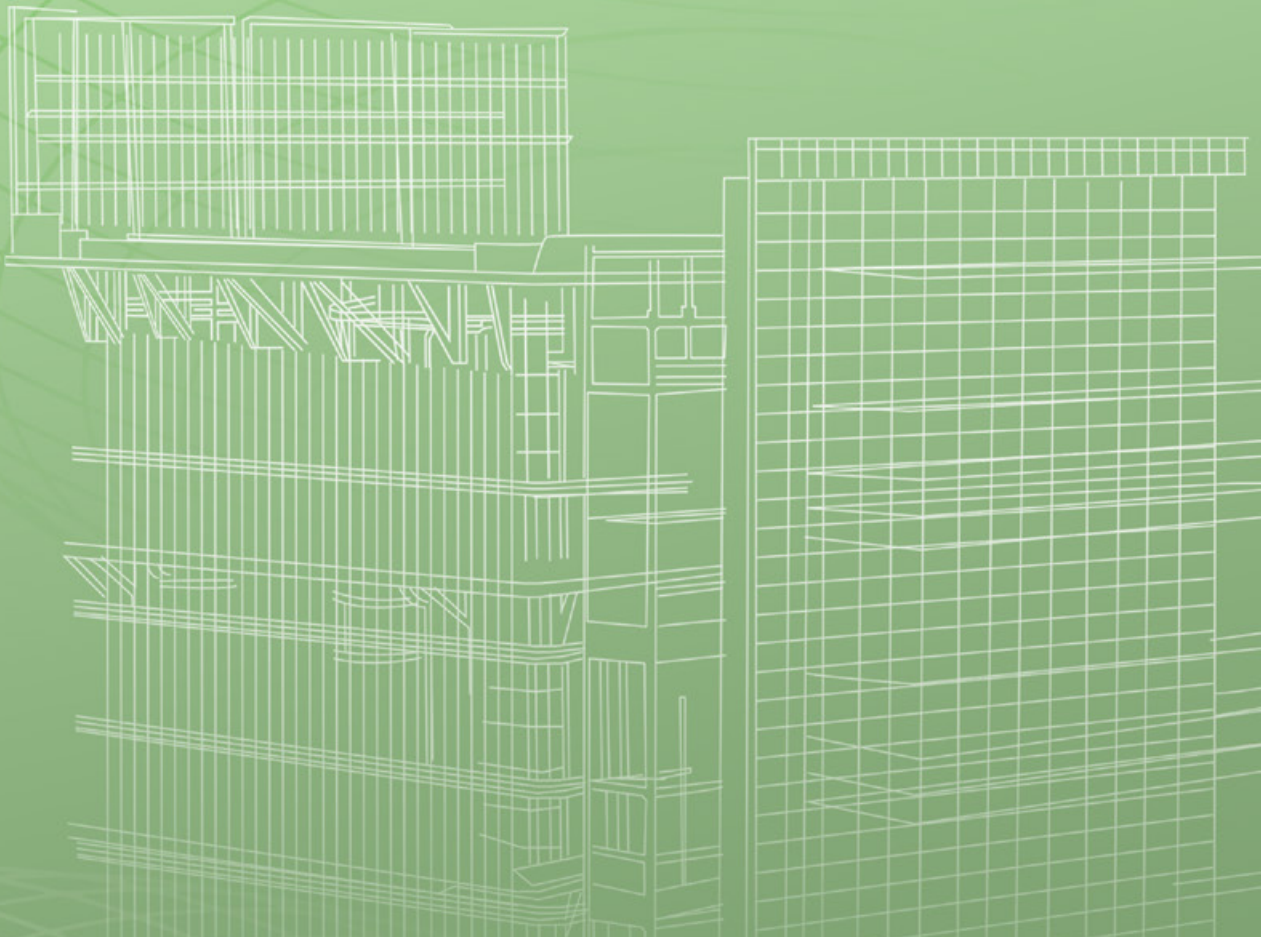
Across the Group, overtime work and other allowances are rightfully compensated to our staff as per the Employee Handbook. In the unlikely event that false information or a false identity is discovered, the Group will address the situation by closely following the necessary procedures in accordance with relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to labour standards. Additionally, no cases of child or forced labour were reported.

ENVIRONMENT



Building towards a greener future

From managing our construction sites to evaluating our office environmental footprint, we are committed to environmental sustainability across our operations. As a responsible corporate body, the Group is committed to improving its environmental policies, minimising carbon emissions, developing recycling capabilities, reducing waste generation and enhancing efficient energy consumption. Our sustainability governance has incorporated a risk-based management system to address and mitigate our impact on the environment and the effects of climate change.



SUSTAINABLE RESOURCE MANAGEMENT

As the rate of waste generation creates immense pressure on landfill space in Hong Kong and the exploitation of natural resources leads to global and local environmental issues, corporate actors are facing increased expectations to manage resources sustainably and effectively. As such, the Group strives to make the most of all its construction materials and resources in order to ensure there is a sustainable supply of resources for long-term development. Our system of sustainable resource management has been adopted on the back of greater understanding of our annual consumption patterns and through the empowerment and encouragement of our employees to incorporate sustainable initiatives throughout our operations.

The Group is highly committed to fulfilling its environmental responsibilities and reducing the potential environmental impacts of its operations as far as practicable. The Group's Sustainability Policy sets out its strategic commitment to minimise its environmental impacts through engaging with its partners in the value chain and innovation in the latest construction technology, amongst others. While our Green Office Policy provides guidance for employees in our offices to follow, including prioritising reuse and recycling as well as minimising energy consumption wherever possible.

Construction Material and Waste Reduction

As a way to champion a sustainable future, the Group monitors the selection of sustainable construction materials while promoting the reuse and recycling of all construction materials as much as possible. By extending the lifespan and maximising the usage of all materials, the Group aims to preserve limited natural resources and valuable landfill space.

The main construction materials we utilise are timber, aluminium, steel and metals. All project sites are equipped with a set of systematic procedures to sort, collect, transfer, and dispose of waste in an environmentally friendly manner. We strive to reuse all valuable materials multiple times prior to their end of life. When its lifespan is exhausted, we dispose of each material safely and responsibly, under relevant regulations including the Construction Waste Disposal Charging Scheme. Where applicable, we also recycle materials with professional licensed recyclers.

As many of our construction materials are reused to extend their lifecycle, we are actively exploring the possibility to add a new KPI, "reuse rate (%)", to replace the previous calculation of "recycling rate (%)". The calculation methodology shall take into consideration the turnover of all reused material, as compared to the amount of consumption. Since the current recycling rate only applies to end-of-life products and materials, the new KPI shall provide a more comprehensive parameter of the Group's overall performance in waste reduction as well as extending its product life cycle.

Through our updated Green Office Policy, we encourage the sustainable use of resources in our offices and enhance recycling efforts. We have set up recycling facilities at our head office, to recycle paper, plastic, cans, metal and glass bottles. During the Reporting Period, we organised a mooncake tin recycling activity at our head office after the Mid-Autumn Festival. In doing so, we hope to instil a sustainable mindset amongst our employees and inspire them to incorporate sustainability in the workplace.



Timber

Timber formwork is a traditional type of formwork system that is most popularly accepted by typical construction projects. It is therefore the most commonly used resource, despite it being labour and time intensive. It is also more difficult to be reused or recycled. To use timber sustainably, we procure certified timber products from certified PEFC and FSC suppliers. 100% of our timber has been procured with PEFC and FSC certification.

Unused timber panels and available scraps are returned to licenced collectors, when possible, or repurposed for another project site. As timber materials are difficult to fully recycle, we promote a policy of reuse and are exploring innovative strategies that can help transform timber waste into strong and functional new construction materials. During the Reporting Period, we consumed 6,186.01 m³ of timber.

Timber	Consumed (m ³)	Recycled (m ³)	Recycling Rate (%)
2021	17,836.20	NIL	NIL
2022	3,478.05	NIL	NIL
2023	6,186.01	NIL	NIL

Aluminium and Steel

Many architectural designs require an engineered formwork system that is built out of prefabricated modules using steel, aluminium and metal. The major advantages of these metal formwork systems include the speed of construction and lower lifecycle costs, as formworks constructed by aluminium are almost indestructible. This durability enables the material to be reused multiple times depending on the application and proper care.




Similar to timber, before materials are sent back to authorised collectors or sorting facilities, we assess the material condition seeking to avoid hazards caused by corrosion, rust and dents. During the Reporting Period, we consumed 1,212.46 tonnes and 1,337.09 tonnes of aluminium and steel respectively, while 86.39 tonnes and 513.62 tonnes were recycled respectively.

Aluminium	Consumed (t)	Recycled (t)	Recycling Rate (%)
2021	1,598.22	319.66	20.00
2022	405.77	243.29	59.96
2023	1,212.46	86.39	7.13

Steel	Consumed (m ³)	Recycled (m ³)	Recycling Rate (%)
2021	3,318.68	1,173.64	35.36
2022	664.20	466.06	70.17
2023	1,337.09	513.62	38.41




Metals

The Group uses and reuses metal components in most of its formwork projects. During the Reporting Period, 1,141.52 tonnes of metals were consumed.

Metal	Consumed (t)	Recycled (t)	Recycling Rate (%)
			
2021	569.52	NIL	NIL
2022	232.35	NIL	NIL
2023	1,141.52	NIL	NIL

PAPER

We continue to promote the digitalisation of our operations as a way to reduce paper consumption. For example, we encourage communication through email and distribute electronic greeting cards during the holiday season. In addition to reusing paper, we have designated recycling bins placed next to printers and fax machines for paper collection. These bins are clearly labelled and easily accessible to encourage employees to recycle. Our paper waste is collected by professional licensed recyclers.

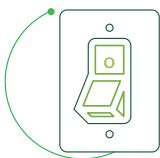
Paper	Consumed (kg)	Recycled (kg)	Recycling Rate (%)
			
2021	5,595.87	510.00	9.11
2022	3,498.41	533.00	15.24
2023	3,350.28	531.00	15.85

Energy and Water Management

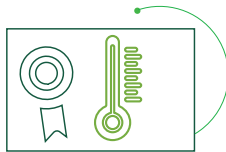
Energy is essential to our daily operations as it powers all equipment at our offices and project sites. The Group mainly uses electricity to power our offices, project sites and our electric vehicles, as well as petroleum and diesel to power our vehicles. Our energy use combined represents over 90% of our greenhouse gas emissions inventory.

Reducing our energy consumption can help to reduce fossil fuel use, improve air quality, mitigate climate change, and protect our environment and local communities. Hence, it is crucial that we promote energy efficiency initiatives to reduce our energy reliance. For more information about greenhouse gas emissions or air emissions from the company vehicles, please visit the "Climate Change and GHG Emissions" and "Air Emissions" subsections under "Impact of Operations on Local Community" section of this Report.

ENERGY SAVING INITIATIVES



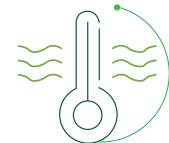
Switch off electrical appliances when not in use or after office hours



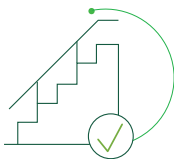
Advocate for the "Energy Saving Charter on Indoor Temperature"



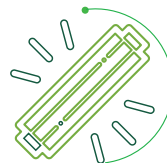
Maintain indoor temperature at 24-25 degrees Celsius



Monitor indoor temperature through thermometers



Encourage staff to use the staircase instead of lifts



Use energy-efficient light bulbs such as LED, T5 or compact fluorescent lamps with energy labels (i.e. EMSD's Grade 1 and 2 or equivalent)



Adopt refrigerator and air conditioning appliances with "Grade 1" energy labels

Water is a precious natural resource that must be safeguarded. However, as we mainly use water for cleaning purposes and in the communal washrooms operated by our office building management, it has not been designated a material aspect by the Group, and hence water efficiency targets have been omitted. At our construction sites, water management is handled by the main contractors or property owners. Therefore, we are unable to retrieve water usage records. Nevertheless, we endeavour to encourage the responsible consumption of water responsibly throughout our operations. As the water we use is supplied by the Water Supplies Department and discharged to public sewerage, there is no issue in sourcing water that was fit for purpose.

	ELECTRICITY USAGE (KWH)	WATER USAGE (M ³)
2021	130,361.20	2,617.40
2022	95,692.27	252.33
2023	98,648.39	200.36

IMPACT OF OPERATIONS ON LOCAL COMMUNITY

As a subcontractor in the construction industry, the Group acknowledges the impact of its work on the community, employees, and the environment. Hence, we have a responsibility to mitigate our environmental impact in every community we operate in. We have developed an Environmental Management System (“EMS”) that guides our contracting activities while ensuring environmental considerations are included in all decisions we make. Through communicating the EMS to our employees, suppliers and subcontractors, we ensure compliance throughout our operations, as well as promoting good environmental practices for environmental protection.



As ever, the Group has been involved in several sustainable BEAM Plus projects. BEAM Plus is a local assessment tool to certify building sustainability performance. During the Reporting Period, we have completed 4 BEAM Plus projects and engaged in 7 ongoing BEAM Plus projects.



For BEAM Plus projects, we have adopted the CIC Carbon Assessment Tool, which performs a lifecycle assessment on the carbon footprint performances of buildings and infrastructure in Hong Kong, from raw material extraction to the end of construction. By adopting this tool, we endeavour to internalise the embodied carbon of the materials used in our scaffolding and formwork, where a total of 642.3 tonnes CO₂e of scope 3 Greenhouse Gas (“GHG”) emissions were accounted amongst the materials used for the BEAM Plus projects during the Reporting Period. We will continue to collaborate with professionals in the construction industry to reduce carbon footprint throughout the lifecycle of our products.

Air Emissions

We continue to operate under our stringent preventative measures to minimise the production of dust or respirable suspended particulates when handling construction materials, using machinery equipment, or operating company vehicles. To prevent dust from dispersing into the environment, large amounts of dusty materials are covered with sheeting, placed in sheltered areas, and sprayed with water or dust suppression chemicals to dampen the surface. During the loading, unloading and transfer processes, large bulk materials are handled with care to reduce the release of dust particles.

Air emissions also stem from our company vehicles. During the Reporting Period, we maintained a total of ten (2022: seven) vehicles, which may emit nitrogen oxide (NO_x), sulphur oxides (SO_x) and particulate matter (PM) in the combustion process. As mentioned, we perform regular maintenance checks and assessments on our company vehicles to ensure air emissions standards are upheld. In addition, we plan to replace some of our vehicles to hybrid or electric vehicles, thereby reducing the amount of air pollutants in the future.

	NO _x (KG)	SO _x (KG)	PM (KG)
2021	142.07	0.51	13.57
2022	139.66	0.40	10.31
2023	66.38	0.47	6.31

Noise Emissions

Noise emissions arise from the use of machinery generated by our construction activities. The Group recognises the potential adverse impacts that noise emissions may transmit into the surrounding community. To mitigate these impacts, we erect noise protection barriers in the vicinity of noise sensitive receivers such as residential buildings, schools and hospitals, and require construction activities to operate at reasonable hours when possible.

Furthermore, we opt for quieter construction equipment that is approved Quality Powered Mechanical Equipment (QPME) and in line with the Construction Noise Permit issued by the Environmental Protection Department. We also require engines of idling machinery to be turned off or minimised as much as possible, while machinery known to emit significant noise are strategically placed to avoid noise sensitive receivers. We shall continue to enhance training and control measures, especially during the night and holidays to ensure compliance.

Climate Change and GHG Emissions


Climate change is a global crisis that poses a major threat to the wellbeing and sustainable development of societies. Changes in climate patterns and the increased severity of extreme weather events, such as typhoons, heatwaves and flooding could cause substantial damage and disruption to our operations, while also exposing our workers to a risk of injury and other health hazards. The adverse effects and challenges that climate change is projected to bring will have severe consequences unless we adapt to and mitigate the issue. Royal Deluxe recognises the urgency of devising a strong climate change strategy in order to mitigate foreseeable climate-related risks and prevent disruption to its operations. We strive to regularly assess the potential risks that the Group may be exposed to and formulate strategic adaptation and mitigation plans with the overall objective to reduce carbon footprint throughout its operations and advance the Group's climate change resilience. In an effort to support global initiatives to combat climate change, we disclosed our climate-related information with reference to the recommendations of the TCFD.




Governance



The Board has the overall responsibility for Royal Deluxe's sustainability and ESG issues, including setting the overall strategy, and overseeing and tracking targets regarding climate-related risks and opportunities. Through the Risk Committee, regular updates regarding the latest climate-related risks and opportunities are provided to the Board to monitor any identified or emerging risks that the Group may potentially be exposed to. For further details of the Group's climate change and ESG governance, please refer to the "Sustainability Governance" subsection of this Report.

Strategy

In 2022, we conducted our first climate-related risk assessment with reference to the framework developed by the TCFD. Four physical risks, representing acute and chronic risks, and ten transition risks (within policy and legal, technology, market, and reputation) were established as relevant risks that the Group is likely to be susceptible to, of which those with risk level that are considered to be medium to high are listed below.

Risk Category	Climate-related Risks	Potential Impacts	Risk Level	Mitigation Measures
Physical Risk – acute and chronic 	Stronger Typhoon – enhanced frequency and severity of typhoons due to changing weather patterns	<ul style="list-style-type: none"> • Lost days due to work disruption • Property damage • Health and safety of workers 	Medium	<ul style="list-style-type: none"> • Conducting risk assessment, safety review and training and site supervision • Monitoring risks and consequences through observing and identifying any changes that can affect the impact of the risk
	Rising Temperature – increase in hot days throughout the year as a result of rising temperatures	<ul style="list-style-type: none"> • Work productivity • Health and safety of workers 	Medium	
	Precipitation extremes – increases in both extreme precipitation and total precipitation would contribute to increases in severe flooding events	<ul style="list-style-type: none"> • Lost days due to work disruption • Property damage • Health and safety of workers 	Medium	

Risk Category	Climate-related Risks	Potential Impacts	Risk Level	Mitigation Measures
Transition Risks – policy and legal 	New compliance measures and disclosure requirements by the HKEX	<ul style="list-style-type: none"> • Risk of non-compliance • Potential increase in operating cost 	High	<ul style="list-style-type: none"> • Formulate a risk-based ethics and compliance training strategy, intending to educate employees as well as management about legal and policy requirements, raise awareness, and influence attitudes and behaviours
	Changes to building standards, zoning and planning controls to anticipate climate risks	<ul style="list-style-type: none"> • Risk of non-compliance 	Medium	
Transition Risks – technology and innovation 	Research and development expenditures for emissions reduction technology or materials	<ul style="list-style-type: none"> • Potential increase of costs for capital expenditures or materials 	Medium	<ul style="list-style-type: none"> • Undertake strategic planning and financial budgeting
Transition Risks – supply chain 	Change in supply chain – emissions reduction from the transport of materials	<ul style="list-style-type: none"> • Potential increase in operating costs 	Medium	<ul style="list-style-type: none"> • Reviewing supply chain management and green procurement policy, sourcing new suppliers if necessary
	Reduced emissions of construction processes	<ul style="list-style-type: none"> • Potential increase in operating costs 	Medium	<ul style="list-style-type: none"> • Reviewing supply chain management and green procurement policy, sourcing new suppliers as well as engaging in research and development of enhanced technical processes

Risk Category	Climate-related Risks	Potential Impacts	Risk Level	Mitigation Measures
Transition Risks – market 	Changing consumer demand due to the increase in expectations of using services that consider a sustainable element	<ul style="list-style-type: none"> • Potential decrease in revenue • Potential increase in material cost 	Medium	<ul style="list-style-type: none"> • Ensuring compliance with the HKEX's ESG requirements (carbon and climate change)
Transition Risks – reputation and liability 	Growing investor demand for green and low-carbon finance and sustainable finance and investment	<ul style="list-style-type: none"> • Increase in investor's concern in companies that disclose climate change-related risks, • Divestment from company due to not meeting the financial institution's or investor's values and criteria 	Medium	<ul style="list-style-type: none"> • Compliance with the HKEX's ESG requirements, TCFD requirements, customer expectations and industry trends

Risk Management

The management of climate-related risks is integrated into the Group's overall risk management strategy by the Risk Committee. Through conducting climate risk assessment regularly, the identified risks are presented to the Risk Committee, which considers the Group's resilience to these risks and formulates appropriate mitigation measures in response to these risks.

When conducting the risk assessment, a frequency and severity rating was assigned to acute physical risks, which are concerned with extreme weather events, and the appropriate risk level was calculated. For transition risks that are concerned with compliance-driven and market-driven aspects, the Group employed desk research and scientific estimation to calculate the risk score and thereby determine the risk level for each transition risk.

Of the four physical risks identified, none were considered to be of particularly high risk to the Group, with the threats of typhoons, rising temperatures and extreme precipitation to be of medium risk.

It was concluded that one transition risk was deemed a high risk to the Group, namely enhanced emissions-reporting obligations were deemed a high policy and legal risk. Compliance requirements of changes to building standards, and climate-related disclosures were deemed as medium risks within the policy and legal risk category. With regard to technology and innovation, transitioning to technology or material supply that reduces emissions may lead to increased costs of capital expenditures, leading to a medium risk to the Group. Within the supply chain, medium risks focus on changes in the supply chain, including emissions from transport and reduced emissions construction processes requiring the application of new technology. A change in consumer demand for sustainable elements also poses a medium risk, while concurrently a shift in market preference may also pose a medium risk for our corporate image and brand.

In order to minimise our emissions, we continue to encourage digital teleconferencing in place of business travel. We also perform regular vehicle assessments and maintenance and check fuel efficiency. Furthermore, we have replaced one petrol vehicle with a hybrid vehicle during the Reporting Period and aim to use more hybrid and electric vehicles in the coming years. Other energy efficiency initiatives are reported in the "Energy and Water Management" subsection of this Report.

To mitigate against these climate risks, we implemented a series of emergency protocols for our office staff and our site staff, as outlined in the Employee Handbook and in-house Work Safety Code. Emergency drills are conducted annually to enhance the effectiveness and stamp out weaknesses for improvement. We have also established emergency units at each project site, who are responsible for completing a Strong Wind and Heavy Rain Checklist. Moving forward, we will regularly review and update our mitigation measures to advance the Group's overall climate change resilience and reinforce our commitment to adapting to and mitigating the short-, medium- and long-term climate-related risks.

Precautionary Emergency Responses for Office



If the typhoon signal is hoisted during working hours, the HR department will arrange appropriate times for leaving



Stay in the office until black rainstorm signal is lowered and safety



Transportation difficulties may be reported to the department head

Precautionary Emergency Responses for Project Site

BEFORE AN EXTREME EVENT



Securely fasten and anchor loose and stacked materials, working platforms, hoists and temporary work structures



Cover mechanical appliances and cut off power supply



Move electrical appliances away from any potential flooding locations



Strengthen and secure partially completed buildings and scaffolding



Cease work on scaffolding, walls or building parts if these pose a threat risk



Check and clear blockage in the site drainage system



Follow steps issued by the Emergency Team and gather to the assembly area with personal protective equipment in hand



Conduct a thorough site inspection using a checklist to make sure that all precautionary measures have been conducted

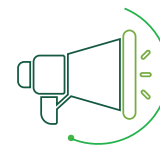
AFTER AN EXTREME EVENT



Inspect the site, report damages and repair damaged facilities back to safe condition prior to work commencement



Examine electrical appliances and scaffoldings to ensure that they are all in safe working condition before use; and



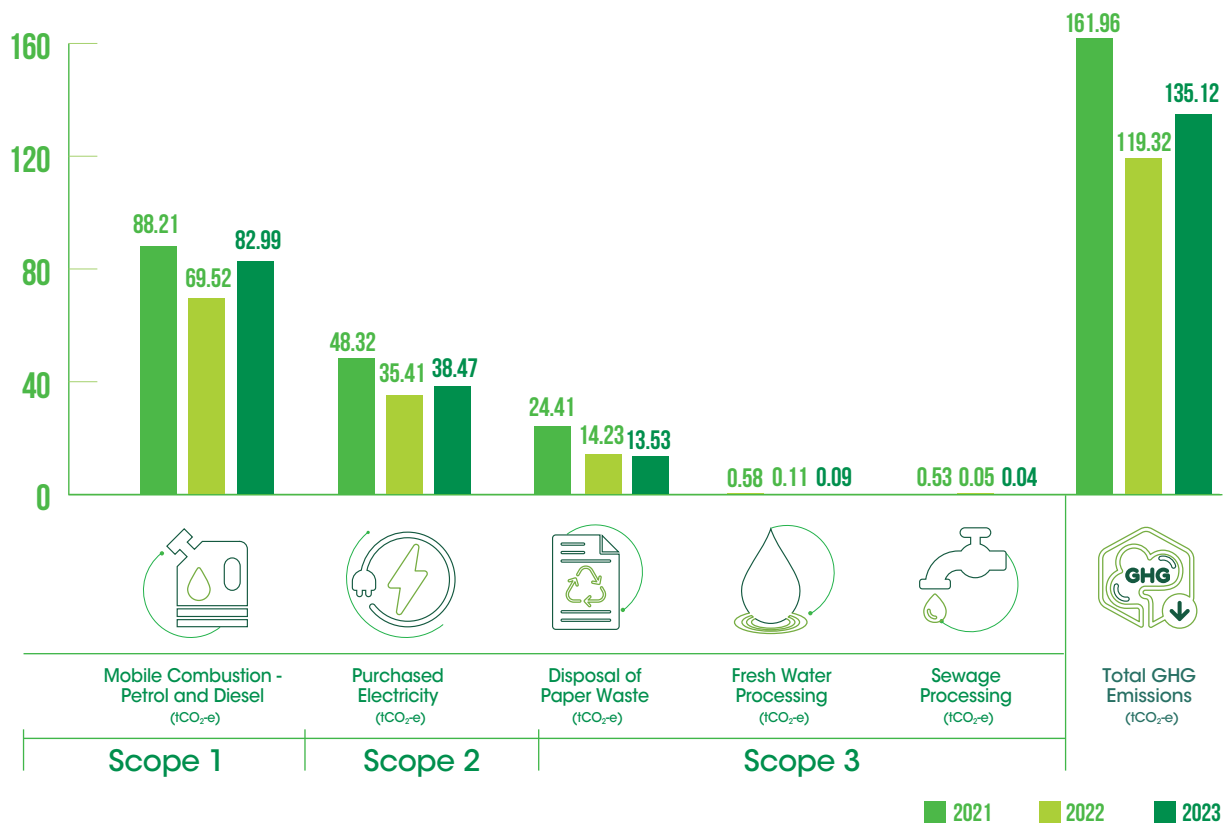
Instruct all employees to return to site once upon management confirmation

Metrics and Targets







Curbing our GHG is essential to improving the environmental outlook for our local communities. The Group's GHG sources are primarily attributed to the use of company vehicles and electricity consumption within its operations. During the Reporting Period, these areas of operation consisted of the offices and warehouses for the storage of documents.

To accurately quantify the Group's GHG emissions, the calculation process refers to both local and international guidelines, including the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" published by the Environmental Protection Department and the Electrical and Mechanical Services Department. We also utilised the latest emission factors, which are periodically published by relevant power companies. For global warming potential values, reference is made to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. We measured and reported the Group's energy consumption and scope 1, scope 2, and scope 3 GHG emissions from certain categories from our operations as well as GHG emissions intensity metrics by floor area and workforce.

During the Reporting Period, we emitted a total of 135.12 tCO₂-e, which is an increase of approximately 13% from the previous year, mainly due to the resumption of in-office working arrangements after the relaxation of anti-pandemic measures. Meanwhile, we have avoided a total of 2.5 tonnes of CO₂-e scope 3 emissions through recycling our paper waste by external licensed contractors.



We recognise that our journey to sustainability is insignificant without a solid commitment to reducing the environmental impact of our business activities. Our advocacy to protect the environment is reinforced by our series of environmental targets formulated in 2022, which drives individual and collective responsibility, as well as delivering significant contributions.

Category	Targets	Progress in 2023
GHG 	By 2030, reduce 10% of GHG emissions (scope 1-3) intensity by revenue (tCO ₂ -e/HK\$million) (2021 baseline).	In progress – recorded 3% increase
Petroleum 	By 2025, replace 30% of the company's vehicles by electric or hybrid vehicles.	In progress – one petrol vehicle, equivalent to 12.5% of the company's vehicle, was replaced by a hybrid vehicle
Diesel 	By 2025, reduce 40% of diesel consumption (litres) (2021 baseline) at all of our construction sites, with the aim to eliminate diesel on all of our construction sites by 2035.	In progress – achieved 48% reduction
Electricity 	By 2030, reduce 5% of electricity consumption intensity by revenue (kWh/HK\$million) (2021 baseline).	In progress – achieved 6% reduction
Waste 	By 2024, identify a company-specific KPI for the reuse rate for timber, aluminium, and steel. Please refer to the "Construction Material and Waste Reduction" subsection of this Report.	In progress – engaged independent sustainability consultants for technical assessments, to be completed by 2024
Paper 	By 2025, increase paper recycling rate to 20%.	In progress – achieved 15.85%

LAWS AND REGULATIONS

The Group strictly abides by related laws and regulations, including but not limited to:

ENVIRONMENTAL

- Air Pollution Control (Construction Dust) Regulation (Cap311R)
- Air Pollution Control (Fuel Restriction) (Amendment) Regulation (Cap. 311I)
- Air Pollution Control (Open Burning) Regulation (Cap. 311O)
- Air Pollution Control (Non-Road Mobile Machinery) (Emission) Regulation (311Z)
- Air Pollution Control Ordinance (Cap. 311)
- Buildings Ordinance (Application to the New Territories) Ordinance (Cap. 121)
- Buildings Ordinance (Cap. 123)
- Dumping at Sea Ordinance (Cap. 466)
- Environmental Impact Assessment Ordinance (Cap. 499)
- Factories and Industrial Undertaking Ordinance (Cap. 59)
- Noise Control Ordinance (Cap. 400)
- Public Cleansing and Prevention of Nuisances Regulation (Cap. 132BK)
- Public Health and Municipal Services Ordinance (Cap. 132)
- Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N)
- Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)

SOCIAL

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)
- Apprenticeship Ordinance (Cap. 47)
- Building Ordinance (Cap. 123)
- Companies Ordinance (Cap. 622)
- Competition Ordinance (Cap. 619)
- Construction Works Registration Ordinance (Cap. 583)
- Construction Sites (Safety) Regulations (Cap. 591)
- Disability Discrimination Ordinance (Cap. 487)
- Employees' Compensation Ordinance (Cap. 282)
- Employment of Children Regulations (Cap. 57B)
- Employment of Young Persons (Industry) Regulations (Cap. 57C)
- Employment Ordinance (Cap. 57)
- Factories and Industrial Undertakings Ordinance (Cap. 59)
- Family Status Discrimination Ordinance (Cap. 527)
- Immigration Ordinance (Cap. 115)

- Mandatory Provident Fund Schemes Ordinance (Cap. 485)
- Minimum Wage Ordinance (Cap. 608)
- Occupational Retirement Schemes Ordinance (Cap. 426)
- Occupational Safety and Health Ordinance (Cap. 509)
- Occupiers Liability Ordinance (Cap. 314)
- Patent Ordinance (Cap. 514)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Prevention of Bribery Ordinance (Cap. 201)
- Sex Discrimination Ordinance (Cap. 480)
- Supply of Services (Implied Terms) Ordinance (Cap. 457)
- Trademarks Ordinance (Cap. 599)

PERFORMANCE DATA TABLE

Key Performance Indicators	Unit	2021	2022	2023
Environmental				
Air and GHG Emissions				
NOx Emissions	kg	142.07	19.66	66.38
SOx Emissions	kg	0.51	0.40	0.47
PM Emissions	kg	13.57	10.31	6.31
GHG Emission – Scope 1	tCO ₂ -e	88.21	69.52	82.99
GHG Emission – Scope 2	tCO ₂ -e	48.23	35.41	38.47
GHG Emission – Scope 3	tCO ₂ -e	25.52	14.39	13.66
Total GHG Emissions (Scope 1-3)	tCO ₂ -e	161.96	119.32	135.12
GHG Emission Intensity by Area (warehouse included)	tCO ₂ -e/m ²	0.05	N/A	0.14
GHG Emission Intensity by Area (warehouse excluded)	tCO ₂ -e/m ²	0.45	0.19	0.21
GHG Emission Intensity by Workforce ¹	tCO ₂ -e/person	1.64	1.19	0.99
Energy				
Petroleum Usage	Litre	4,813.57	6,597.62	16,291.72
Diesel Usage	Litre	27,420.12	18,897.00	14,342.72
Electricity Usage	kWh	130,361.20	95,692.27	98,648.39
Total Energy Usage	MJ	1,689,356.60	1,252,797.92	1,455,839.16
Energy Usage Intensity by Workforce	MJ/person	17,064.21	12,527.98	10,704.70
Water				
Water Usage	m ³	2,617.40	252.33	200.36
Water Usage Intensity by Workforce	m ³ /person	26.44	2.52	1.47
Waste				
Paper Consumption	kg	5,595.87	3,498.41	3,350.28
Paper Recycling	kg	510.00	533.00	531.00
Paper Disposal	kg	5,085.87	2,965.41	2,819.28
Paper Disposal Intensity by Workforce	kg/person	51.37	29.65	24.63
Timber Consumption	m ³	17,836.20	3,478.05	6,186.01
Timber Recycling	m ³	Nil	Nil	Nil
Aluminium Consumption	Tonnes	1,598.22	405.77	1,212.46
Aluminium Recycling	Tonnes	319.66	243.29	86.39
Steel Consumption	Tonnes	3,318.68	664.20	1,337.09
Steel Recycling	Tonnes	1,173.64	466.06	513.62
Metal Consumption	Tonnes	569.52	232.35	1,141.52

¹ Environmental KPIs intensity by workforce are limited to direct workforce only.

Key Performance Indicators	Unit	2021	2022	2023
Social				
Direct Workforce²				
Direct Workforce by Gender				
Male	Person	71	65	105
Female	Person	28	35	31
Direct Workforce by Age				
18-25	Person	8	3	9
26-35	Person	43	45	54
36-45	Person	20	25	37
46-55	Person	19	19	20
56-65	Person	9	8	16
Direct Workforce by Employment Category				
Senior Management	Person	6	12	7
Middle Management	Person	18	18	18
General Staff	Person	73	68	62
Others	Person	2	2	49
Indirect Workforce³				
Indirect Workforce by Gender				
Male	Person	4,810	2,404	2,196
Female	Person	81	62	50
Indirect Workforce by Age				
18-64	Person	4,694	2,156	2,167
65 or above	Person	197	310	79
Indirect Workforce by Nationality				
Chinese Nationals	Person	4,066	2,075	1,858
Non-Chinese Nationals	Person	825	391	388

² All employees under direct employment of the Group and not subcontracted.

³ All employees working at the Group's operation sites but not directly employed by the Group.

Key Performance Indicators	Unit			
Social		2021	2022	2023
Turnover Rate⁴				
Total Turnover Rate	%	47.06	15.08	78.81
Turnover Rate by Gender				
Male	%	38.52	17.39	82.35
Female	%	69.23	9.84	69.70
Turnover Rate by Age				
18-25	%	112.44	75.00	183.33
26-35	%	43.04	8.82	52.53
36-45	%	35.89	17.86	90.32
46-55	%	45.69	8.89	87.18
56-65	%	33.38	18.18	91.67
Turnover Rate by Employee Category				
Senior Management	%	15.38	0.00	21.05
Middle Management	%	5.71	11.11	22.22
General Staff	%	61.31	18.44	44.62
Others	%	0.00	0.00	227.45
Training and Development⁵				
Total Training Hours	Hours	971.50	865.75	1,456.25
Average Training Hours	Hours/employee	9.91	8.66	10.71
Total Percentage of Employees Trained	%	33.33	51.00	22.06
Percentage of Employees Trained by Gender				
Male	%	32.29	47.69	22.86
Female	%	35.71	57.14	19.35
Percentage of Employees Trained by Employment Category				
Senior Management	%	50.00	33.33	57.14
Middle Management	%	33.33	22.22	55.56
General Staff	%	32.00	63.24	25.81
Others	%	N/A	N/A	N/A
Average Training Hours by Gender				
Male	Hours/employee	12.36	11.02	13.05
Female	Hours/employee	3.13	4.27	2.79

⁴ Turnover rates are limited to direct workforce only.

⁵ Training-related KPIs are limited to direct workforce only.

Key Performance Indicators	Unit	2021	2022	2023
Social				
Average Training Hours by Employment Category				
Senior Management	Hours/employee	21.08	5.15	32.61
Middle Management	Hours/employee	5.31	7.28	26.50
General Staff	Hours/employee	10.27	9.90	12.11
Others	Hours/employee	0.00	0.00	0.00
Work-related Incident⁶				
Work-related Fatalities	Case	Nil	Nil	Nil
Work Injury Case	Case	59	18	49
Lost Days due to Work Injury	No. of Days	3,729	2,693	2,852
Work Injury Rate	Per 1,000 Employees	4.62	2.98	8.34

⁶ Inclusive of both direct workforce and indirect workforce.

ESG REPORTING GUIDE CONTENT INDEX

**Aspects,
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Description

Relevant Chapter or Explanation

**Mandatory Disclosure Requirements
Governance Structure**

A statement from the board containing the following elements:

Approach to Sustainability Pages 9-18

- (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, prioritise 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.

**Aspects,
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Reporting Principles

A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:

About This Report Pages 2-3

Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.

Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed.

Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

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. If there is a change in the scope, the issuer should explain the difference and reason for the change.

About This Report Pages 2-3

**Aspects,
General Disclosures
and KPIs**

Description

Relevant Chapter or Explanation

A. 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.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-51; Laws and Regulations Pages 52-53
KPI A1.1	The types of emissions and respective emissions data.	Environment – Impact of Operations on Local Community Pages 43-51
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Impact of Operations on Local Community Pages 43-51; Performance Data Table Page 54
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The production of hazardous waste continues to be insignificant when compared to other non-hazardous waste generated by our Group. Hence, we currently do not have a centralised monitoring system to record the amount of hazardous waste we produce.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 54
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environment – Impact of Operations on Local Community Pages 43-51
KPI 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.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-51

**Aspects,
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Relevant Chapter or Explanation

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Sustainable Resource Management Pages 39-43
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 54
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 54
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment – Impact of Operations on Local Community Pages 43-51
KPI 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.	Environment – Impact of Operations on Local Community Pages 43-51
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations does not involve the use of packaging for finished products.

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-51
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-51

**Aspects,
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Relevant Chapter or Explanation

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.	Environment – Impact of Operations on Local Community Pages 43-51
KPI 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	Environment – Impact of Operations on Local Community Pages 43-51

B. 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.	People – Empowering our People Pages 33-35, Building a Better Life Pages 36-37; Laws and Regulations Pages 52-53
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Performance Data Table Pages 55-56
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Table Pages 55-56

**Aspects,
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Relevant Chapter or Explanation

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.	People – Protecting our Health and Safety Pages 31-32; Value Chain – Procurement Practices Pages 28-29; Laws and Regulations Pages 52-53
KPI B2.1	Number and rate of work-related fatalities.	People – Protecting our Health and Safety Pages 31-32; Performance Data Table Page 57
KPI B2.2	Lost days due to work injury.	People – Protecting our Health and Safety Pages 31-32; Performance Data Table Page 57
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People – Protecting our Health and Safety Pages 31-32; Value Chain – Procurement Practices Pages 28-29;

Aspect B3: Development and Training

General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	People – Empowering our People Pages 33-35
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Table Pages 56-57
KPI B3.2	The average training hours completed per employee by gender and employee category	Performance Data Table Pages 56-57

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Relevant Chapter or Explanation

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.	People – Building a Better Life Pages 36-37; Laws and Regulations Pages 52-53
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People – Building a Better Life Pages 36-37
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People – Building a Better Life Pages 36-37

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Value Chain – Supply Chain Management Pages 26-28, Procurement Practices Pages 28-29
KPI B5.1	Number of suppliers by geographical region.	Value Chain – Supply Chain Management Pages 26-28
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Value Chain – Supply Chain Management Pages 26-28
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Value Chain – Supply Chain Management Pages 26-28
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Value Chain – Procurement Practices Pages 28-29

**Aspects,
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Relevant Chapter or Explanation

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.	Business – Ethical Business Behaviour Pages 20-22; Laws and Regulations Pages 52-53
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Nil
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	The Group received no material complaints during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Business – Ethical Business Behaviour Pages 20-22
KPI B6.4	Description of quality assurance process and recall procedures.	Value Chain – Procurement Practices Pages 28-29
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Business – Ethical Business Behaviour Pages 20-22

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Relevant Chapter or Explanation

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.	Business – Ethical Business Behaviour Pages 20-22; Laws and Regulations Pages 52-53
KPI 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.	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business – Ethical Business Behaviour Pages 20-22
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business – Ethical Business Behaviour Pages 20-22

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.	People – Building a Better Life Pages 36-37
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	People – Building a Better Life Pages 36-37
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	People – Building a Better Life Pages 36-37