

CHINA SUPPLY CHAIN HOLDINGS LIMITED

中國供應鏈產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708

2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1. Reporting scope and period

China Supply Chain Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is delighted to publish the Environmental, Social and Governance Report (the “**ESG Report**”) to summarise the Group’s policies, measures, and performance on the key environmental, social and governance issues.

The reporting boundary and scope of this ESG Report is the same as the prior year (“**FY2023**”), it covers the Group’s core operations involving the provision of building maintenance and renovation services and head office in Hong Kong. It covers the ESG-related activities from 1 July 2023 to 30 June 2024 (the “**Reporting Period**” or “**FY2024**”).

1.2. Reporting standard

This ESG Report has been prepared in accordance with the ESG Reporting Guide (“**ESG Guide**”) under Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and complies with all provisions of “Comply or Explain”. Information regarding corporate governance is included in the section of the corporate governance report in the annual report of the Company according to Appendix C1 of the Listing Rules.

This ESG Report followed the ESG Guide and applied the following principles:

Principles	Definitions	The Group’s Response
Materiality	The issues covered in this ESG Report shall reflect the Group’s significant ESG impacts and report on the significance of such significant issues to investors or other stakeholders.	Materiality assessment was conducted to identify key issues that are significant to the Group’s long-term sustainability. Please refer to “Materiality Assessment” for more details.
Quantitative	This ESG Report shall adopt a measurable way to disclose the data or comparative data of the Group’s historical key performance indicators and calculate the relevant data.	All key environmental and social performance indicators of this ESG Report are disclosed quantitatively where feasible under the ESG Guide.

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Principles	Definitions	The Group's Response
Balance	The ESG report should provide an unbiased picture of the Group's performance.	The overall ESG performance of this ESG Report has been presented in an objective and unbiased way to provide stakeholders with a balanced overview of the Group.
Consistency	The Group shall use consistent methodologies to allow meaningful comparisons with the reports of the upcoming years	Unless otherwise stated, the methods adopted for preparing this ESG Report are consistent with the previous year.

1.3. Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views via any of the following channels:

Address: 12th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong

Email: info@chsc.com.hk

1.4. Board Statement

The board of directors of the Company (the "**Board**") understands its responsibility and is fully committed to effectively leading and stewarding the Group with the aim of achieve long-term returns and positively impacting society and the environment. The Board is dedicated to operating sustainably and preserving the environment. To achieve the sustainable development management of environmental, social, and governance ("**ESG**"), the Board is fully responsible for the Group's sustainable works and assumes responsibility for the overall direction of the ESG strategies, initiatives and guidelines of the Group. The Board supervises the progress in the implementation of ESG-related issues and goals and indexes through accessing, prioritizing and managing ESG related issues that are important to the Group.

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1.5. ESG Governance Structure

The group places significant emphasis on managing ESG factors. It recognizes the importance of strong corporate governance and risk management practices in addressing ESG-related issues and meeting stakeholder expectations. To achieve this, the group has established a governance structure to oversee and manage ESG-related matters and risks.

The group's ESG governance structure is as follows:



The Board

The Board takes full responsibility for ensuring the sustainability of the Group, including ESG strategies, management approach, and reporting. To effectively oversee the Group's ESG-related matters, the Board reviews and approves ESG goals, priorities, policies, and frameworks. It also monitors the progress towards their implementation with the support of the ESG Working Group. Additionally, the Board ensures the effectiveness of ESG risk management and internal control mechanisms through annual assessments of ESG-related issues.

ESG Working Group

ESG Working Group is chaired by the Chief Executive Officer, in collaboration core members from top management to facilitate the Board's oversight of ESG matters. The ESG Working Group is responsible for collecting and analyzing relevant ESG information, identifying and evaluating the Group's ESG risks, and developing ESG-related policies, guidelines, and measures. The group also assesses and prioritizes significant ESG issues through materiality assessment, which are then reviewed and approved by the Board for reporting. Additionally, the ESG Working Group regularly presents ESG-related matters to the Board for evaluation, which helps implement or revise the Group's ESG strategies and management approach. This process ensures the effective management of ESG risks.

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1.6. Communication with stakeholders

Engaging our stakeholders in sustainability initiatives is a valuable process that enables us to achieve our goals more successfully. Our key stakeholders encompass our customers, subcontractors, suppliers, employees, regulatory authorities, shareholders, and the local community.

We highly value all insights and feedback from our stakeholders, and through this engagement, we are able to develop more comprehensive sustainability strategies as well as identify material ESG aspects to prioritise in our reporting process. The following table shows our key stakeholders together with the key communication channels and their expectations:

Stakeholders	Key communication channels	Expectations and concerns
Customers	<ul style="list-style-type: none"> • Site visits • Complaint and feedback channels • Continuous direct communication 	<ul style="list-style-type: none"> • Quality of work • Timely to complete the project • Reasonable prices • Labour protection and work safety
Subcontractors/ Suppliers	<ul style="list-style-type: none"> • Business meetings • Industrial channels' communications and activities • Continuous direct communication 	<ul style="list-style-type: none"> • Long-term and sustainable business • Fair contract term
Employees	<ul style="list-style-type: none"> • Orientations, trainings, and meetings • Performance appraisals • Internal memos • Emails and other electronic communications 	<ul style="list-style-type: none"> • Workplace safety • Rights and benefits, employee compensation • Training and development • Working hours and working environment
Regulatory authorities	<ul style="list-style-type: none"> • Statutory filings and notification • Site visits • Ad-hoc enquiries 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Prevention of tax evasion • Protection of social welfare
Shareholders and investors	<ul style="list-style-type: none"> • Corporate website • General meeting • Regular corporate publications including financial reports and results announcements 	<ul style="list-style-type: none"> • Corporate governance system • Business strategies and performance • Investment returns • Information disclosure
Community	<ul style="list-style-type: none"> • Corporate website • Regular corporate publications including financial reports and results announcements 	<ul style="list-style-type: none"> • Environmental responsibilities • Community development

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1.7. Materiality Assessment

To better understand the ESG topics that are of significance to our stakeholders and our business, we have conducted a materiality assessment through the following steps:

Step 1: Identification

A total of 22 ESG issues relevant to the Group were identified by reviewing daily operations. A pool of possible material issues was created.

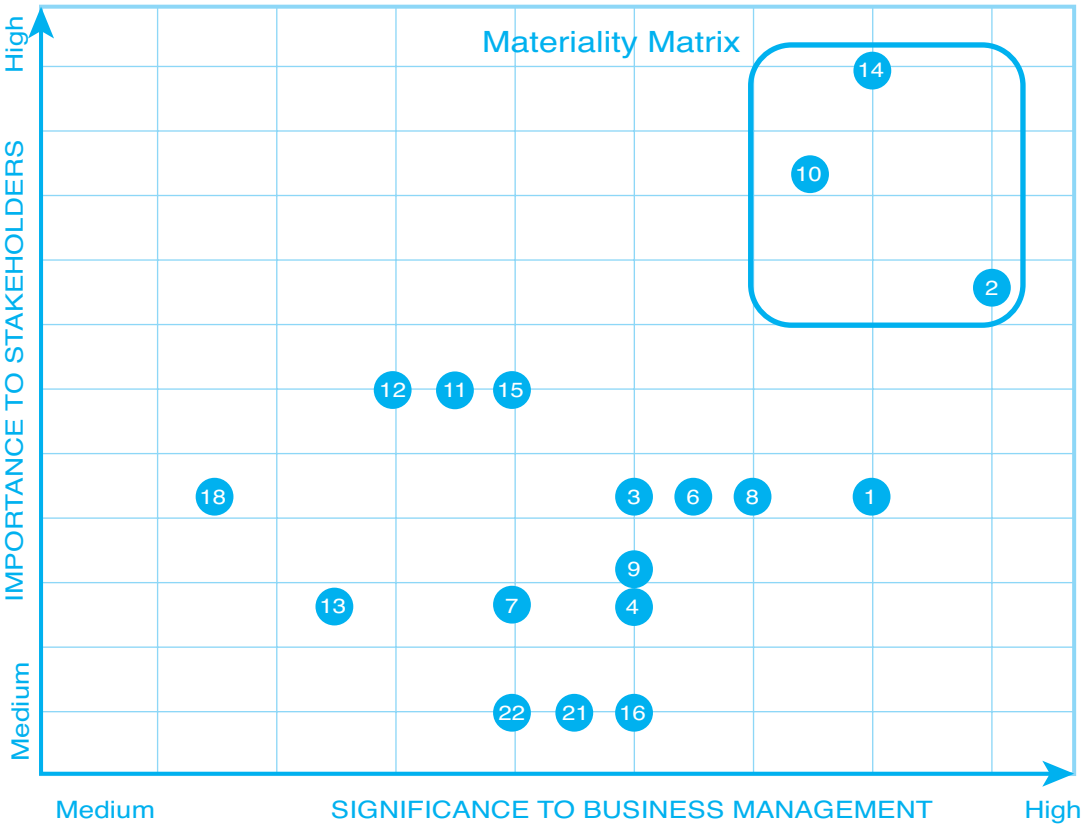
Step 2: Prioritization

Invite different stakeholder groups to rank the materiality of various ESG issues through an online survey and prioritized their feedback with internal management’s view.

Step 3: Evaluation and validation

The management of the Group reviews and verifies the materiality of the issues and confirmed the 3 ESG issues as its material issues of 2024.

The Group has mapped out and prioritized the ESG issues with the following materiality matrix.



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Environment		Economics and Society		
1. Air Emissions	6. Green Procurement	8. Employee Welfare	13. Social Risk in Supply Chain	18. Anti-Corruption
2. Treatment of Hazardous and Non-hazardous Waste	7. Environmental Risk in Supply Chain	9. Equal Opportunity, Diversification and Anti-Discrimination	14. Quality Control	19. Community Investment
3. Greenhouse Gas Emission and Energy Consumption		10. Occupational Health and Safety	15. Customer Services	20. Data Protection and Cyber Security
4. Use and Conservation of Water Resources		11. Staff Development and Training	16. Intellectual Property Rights Management	21. Economic Performance
5. Climate Change Risk Management		12. Employment Compliance	17. Marketing and Advertising	22. Business Expansion

The materiality assessment and prioritization process we have undertaken considers two key dimensions — the importance of the issues to our stakeholders, and the significance of the issues to our business. The issues that fall within the top right-hand quadrant of the materiality matrix have relatively higher significance to both our stakeholders and the Group's business. These three material topics are occupational health and safety, quality control, and treatment of hazardous and non-hazardous waste.

By thoroughly evaluating and prioritizing the ESG issues through this structured materiality assessment process, we are able to effectively identify and focus our sustainability efforts and report on the topics that matter most to our business and our key stakeholders. These material topics are further elaborated upon in the subsequent sections of this ESG Report, as they represent the areas of greatest importance and impact for our organization and our stakeholders.

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2. ENVIRONMENTAL PERFORMANCE

The Group's core business operations are focused on providing building maintenance, refurbishment, and renovation services. In response to the increasing demand for environmental sustainability in the construction industry, the Group is committed to implementing its environmental management policy. This involves the use of environmentally sustainable materials, energy-efficient technologies and products, with the aim of preventing pollution, reducing waste, and ensuring compliance with all relevant legal requirements.

Our sustainability goals are centered around reducing greenhouse gas emissions, improving energy use efficiency, and minimizing unnecessary waste disposal across our daily business activities. By actively embracing these environmental initiatives, the Group is positioning itself to meet the growing expectations of clients, regulatory authorities, and the broader community for more sustainable construction practices.

2.1. Emissions Policies and Compliance

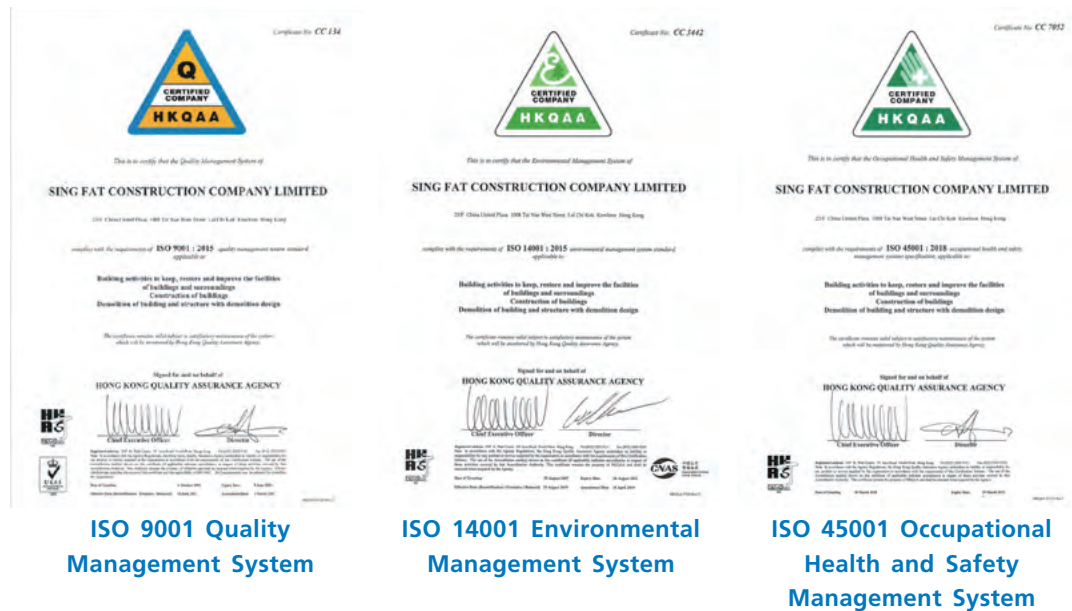
The Group acknowledges that environmental protection has emerged as one of the most critical issues in recent decades. Beyond simply ensuring strict compliance with relevant statutory and contractual requirements, the Group has proactively adopted the principles and clause requirements of the internationally recognized ISO 14001 Environmental Management System standard.

Through the implementation of this system, the Group is conscientiously promoting and executing all reasonably practicable environmental protection measures to prevent potential pollution and other adverse environmental impacts that may arise from its operations. Specifically, the Group has developed a comprehensive environmental management plan, established an Environmental Policy Statement, and implemented periodic evaluations to maintain an effective environmental management system aligned with the ISO 14001 standard requirements.

This structured approach allows the Group to closely monitor and measure the environmental performance of its on-site projects, ensuring it continually meets and exceeds the expected environmental protection standards.

The Group does not aware of significant non-compliance with the Environmental Protection Law of Hong Kong, include, but are not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) for the Reporting Period.

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2.2. Carbon Footprint — Greenhouse Gas Emissions

The Group has made great efforts in controlling its emissions as well as its consumption of resources. The Group has been upholding the concept of green office and encourages our employees to save water and electricity in their daily office activities to improve the efficiency of resource usage. Its energy conservation practices include deploying energy-saving lighting, switching off idle lighting, computers and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport and using telephone or video conferencing as an alternative to business travel.

The following table highlights the carbon footprint and its intensity of the Group:

Scope	Sources of GHG Emissions	2024 GHG Emissions (tCO ₂ -e)	2023 GHG Emissions (tCO ₂ -e)	2024 Intensity ¹ (tCO ₂ -e/m ²)	2023 Intensity ¹ (tCO ₂ -e/m ²)
1	Mobile Combustion — Unleaded Petrol	32.94	50.47	0.129	0.198
2	Purchased Electricity	21.84	13.83	0.037	0.028
	Disposal of Paper Waste	9.00	8.19	0.015	0.016
3	Freshwater Processing	0.04	0.04	Negligible	Negligible
	Sewage Processing	0.02	0.02	Negligible	Negligible
Total GHG Emissions²		63.84	72.55	0.109	0.144

¹ GHG emission is divided by the office gross floor area of the Group to calculate the intensity of GHG emission.

² The GHG emission is calculated according to the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited.

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2.3. Air Emission

Construction activities undertaken by the Group are required to strictly adhere to the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation. During the renovation and demolition processes, the generation of dust from various activities can potentially contribute significantly to local air pollution. High levels of dust, combined with other outdoor air pollutants, pose a risk of respiratory diseases to both the employees on-site and the general public.

To mitigate these environmental impacts, the Group has implemented robust dust control measures in compliance with the relevant regulations. These measures include the use of water sprays, the installation of dust screens, and the proper enclosure and covering of material stockpiles and waste disposal areas. By proactively managing construction dust and meeting the regulatory requirements, the Group can minimize the adverse effects on air quality and safeguard the health and well-being of its workforce as well as the surrounding communities.

In addition, the Group's projects are mainly conducted indoors, noxious odor and volatile organic compound ("VOC") are the major molecules emitted or vaporized from the organic materials (e.g.: solvent, paint or other organic materials) that are used for construction related works; thus, the indoor air quality and the health of the employees on-site are being adversely affected.

The Group is committed to meeting the requirements for indoor air quality of the construction site and premises. As stated in the Group's environmental management policy, the project manager is responsible for the effective implementation and monitoring of preventive measures, including the provision of personal protection equipment ("PPE") to employees, using sprinklers for dust suppression, and the adoption of pollution mitigation procedures to control dust and potential VOC sources, in the project sites to minimize the negative impact aroused by air pollutants.

Employee transportation using motor vehicles powered by unleaded petrol was another contributor to air emissions. Combustion of unleaded petrol produces a high-temperature environment which favors the oxidation of atmospheric nitrogen into nitrogen oxides. The incomplete combustion of unleaded petrol also generates carbon monoxide and soot particles. Since vehicles emit a considerable amount of air pollutants into the environment, the Group will continue to encourage its employees to take public transportation when possible.

The following table depicts the air emission of the Group:

Types of Air Pollutants	2024 Emission (kg)	2023
Nitrogen Oxides (NO _x)	10.91	14.39
Sulphur Oxides (SO _x)	0.18	0.28
Particulate Matter (PM)	0.80	1.06

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2.4. Hazardous and Non-hazardous Waste Disposal

The environmental impact of the waste generated throughout the Group's construction and demolition activities is a significant issue that the organization is actively addressing. Waste streams include packaging materials for raw materials, flooring (vinyl or wood), drywall such as wallboard, gypsum or plastic board, concrete waste, and carpeting materials. These materials are often difficult to recycle as they are typically collected without source separation and ultimately end up being disposed of in landfills.

To tackle this challenge, the Group is committed to implementing a more sustainable waste management plan. This involves enhancing control, record-keeping, and monitoring of the overall waste generation and disposal processes. Additionally, the Group encourages its subcontractors to reuse scrap steel and wood wherever possible, to reduce the amount of waste that requires disposal.

For the non-hazardous construction waste that cannot be reused or recycled, the Group ensures that it is transferred to the government's designated waste disposal facilities. The following tables provide a summary of the quantity and destination of the waste generated across the Group's operations.

By taking these proactive measures, the Group is working to minimize the environmental impact of its waste generation and promote more sustainable waste management practices throughout its construction and demolition activities.

Reuse & Recycling of Construction Waste	2024	2023
	Weight (tonnes)	
Reuse	23.20	58.90
Recycling	48.30	124.30

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Government waste disposal facilities	Types of construction waste	2024 Weight (tonnes)	2023
Landfills	Containing not more than 50% by weight of inert construction waste ³	329.30	605.50
Sorting facilities	Containing more than 50% by weight of inert construction waste ³	–	6.60
Public fill reception facilities	Containing entirely of inert construction waste ³	870.60	2,196.10
	Total	1,199.90	2,808.20

Licensed chemical waste collectors would be used to collect hazardous waste such as waste paint to designated facilities, where it undergoes treatment and reprocessing. In the case of non-hazardous waste generated from office administration, such as paper and printed materials, property management takes charge of collecting paper waste and toner cartridges for recycling and proper disposal.

The following table concludes the production amount and intensity of the non-hazardous and hazardous waste:

Waste Production	Unit	2024	2023
Construction waste	tonnes	1,271.40	2,991.40
Paper	tonnes	1.88	1.71
Total non-hazardous waste	tonnes	1,273.28	2,993.11
Non-hazardous waste intensity	tonnes/m ²	2.18	5.95
Total hazardous waste (i.e.: waste paint)	kg	–	630.00
Hazardous waste intensity	kg/m ²	–	2.47

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

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2.5. Use of Resources

During the Reporting Period, the primary resources consumed by the Group are unleaded petrol, electricity, water, and paper. Notably, the Group does not use or require any packaging materials for finished products.

The following table demonstrates the energy, paper, and water consumption and its intensity during the Reporting Period:

Energy and Resources		Unit	2024	2023
Energy	Unleaded Petrol	kWh	112,402.74	172,792.19
	Electricity	kWh	33,096.11	33,214.56
	Total	kWh	145,498.85	206,006.75
Energy Consumption Intensity ⁴		kWh/m ²	249.11	409.51
Paper		kg	1,875.81	1,706.65
Water		m ³	83.93	92.68
Water Consumption Intensity ⁵		m ³ /m ²	0.33	0.36

It is important to note that the total electricity and water usage of the Group does not accurately reflect its entire carbon footprint. This is because the electricity and water supply at project sites were provided by the property owners, and therefore, this data was not available for energy and water consumption or greenhouse gas (GHG) emission calculations. Instead, the calculation was based on the available office data controlled by the Group.

Fossil Fuel Consumption — Unleaded Petrol

The air emissions of motor vehicles may affect the health of the general public and neighboring communities through their environmental impact. Regular maintenance on vehicles was conducted to ensure optimal performance and enhance the combustion efficiency of unleaded petrol to mitigate air and GHG emissions.

Energy Consumption — Electricity

The Group saves electricity consumption through the use of window blinds in the offices for insulation to reduce indoor temperature hence the use of air conditioners during summer.

⁴ Energy consumption is divided by the office gross floor area of the companies that have energy consumption to calculate the intensity of energy consumption.

⁵ Water consumption is divided by the office gross floor area of the companies that have water consumption to calculate the intensity of water consumption.

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Water Consumption

The Group did not encounter any issues in sourcing water for its business during the Reporting Period. The water supply in the project sites was entirely provided by the property owners, thus, it was not available for water consumption. The Group will continue to commit to water conservation as water is one of the most precious natural resources on the Earth. Labels of water conservation are placed near the source of tap water supply such as basins in the pantry and washroom to remind employees to preserve freshwater.

Paper Consumption

Paper and printed matters are used for administration and report publication purposes during the Reporting Period. The Group will continue to monitor its paper reuse and recycling efficiency to reduce paper consumption and disposal.

2.6. The Environment and Natural Resources

To promote long-term environmental sustainability, the Group has made significant efforts to adhere to relevant environmental laws and regulations. This includes controlling its emissions and documenting its waste and resource consumption in its daily operations. Given the nature of the Group's core business, the main environmental impact is primarily attributed to outdoor building maintenance, indoor refurbishment, and renovation work.

Noise Control

The Group and subcontractors make a great effort to control and mitigate noise production and impacts on environment and residents through the adoption of quiet equipment qualified with quality powered mechanical equipment ("QPME") label and maintenance methods, application of sound reduction installations, for examples, mufflers and acoustic shields, and scheduling of construction work at permitted hours during refurbishment and renovation work process to satisfy for the requirement of a construction noise permit and comply with Noise Control Ordinance.

Site Hygiene

The Group follows the guidelines and instructions of the Hong Kong Housing Authority and the Food and Environmental Hygiene Department for rodent, mosquito, and pest prevention and control. The sub-contractors spray larvicide at the dumping area weekly to prevent the breeding of mosquitos. The site agent of the Group inspects the cleansing weekly with a checklist to ensure a promising hygienic environment.

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Protection of Existing Trees and Shrubs

Temporary fencing protects existing trees and shrubs in the surroundings of the site area within 2m by preventing the encroachments of equipment and materials, and contamination of surrounding ground by oil and deleterious substances. No access is allowed within a protective fence of tree protection zones.

2.7. Climate Change

Given the increasing frequency of extreme climate events around the world, the Group understands that climate change risks could have a direct and indirect impact on its business operations. Accordingly, the Group has incorporated climate risk into its overall risk management system to thoroughly identify and implement measures to mitigate the various risks that may affect the organization. The significant climate change issues that have impacted the Group and its corresponding counter measures are as follows:

Climate Change Risks	Counter Measures
<p>Physical risk</p> <p>Risks arise from more frequent extreme weather or changes in climate patterns. For example, extreme weather brings typhoons, high temperatures and rainstorms, which may lead to the temporary closure of the office and site, spillage of chemicals, and blockage of drainage</p>	<ul style="list-style-type: none"> When the government departments issue relevant extreme weather, the Group will implement measures to ensure the safety of employees according to the situation, such as leaving work early and working from home. Regularly review the Group's environmental protection initiatives and strive to ensure their effectiveness. The foreman inspects the site for potential environmental risk conditions (e.g.: spillage of chemical storage and blockage of drainage) before the occurrence of extreme weather events, and the safety officer enacts the environmental emergency plan to mitigate any environmental hazards owing to typhoon and flooding. Strengthen its emergency preparedness and various operation practices to prevent losses and incidents, including the effect of more frequent and intense hot weather.
<p>Transition risk</p> <p>Risk resulting from changes in policies, laws, technologies, and market needs during the transition to a low-carbon economy</p>	<ul style="list-style-type: none"> Closely monitor the regulatory environment to ensure that the Group meets the expectations of regulatory authority and complies with the environmental-related law and regulations.

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3. EMPLOYMENT AND LABOUR PRACTICES

3.1 *Employment Policies and Compliance*

The Group's business development and growth are heavily dependent on the skills, passion, and commitment of its employees, whom the Group considers its most valuable asset. By employing and developing dedicated and talented people, the Group can provide reliable and high-quality services to its customers. The Group carefully selects suitable job candidates based on its business development plans and human resources requirements. Before officially commencing employment, all employees sign an employment contract with standard terms and conditions that comply with relevant labor laws and regulations.

Employment Indicators	2024	2023
Total number of employees	145	120
By gender		
Male	79	71
Female	66	49
By age group		
25 or below	4	4
26–35	35	26
36–45	34	31
46–55	33	27
56 or above	39	32
By employment type		
Full-time	145	120
By employee category		
Senior management	6	3
Middle management	9	6
General staffs	130	111
By geographical region		
Hong Kong	145	120

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	2024	2023
Total employee turnover rate	23.45%	30.83%
By gender		
Male	22.78%	28.17%
Female	24.24%	34.69%
By age group		
25 or below	50.00%	25.00%
26–35	14.29%	34.62%
36–45	41.18%	45.16%
46–55	21.21%	11.11%
56 or above	15.38%	31.25%
By geographical region		
Hong Kong	23.45%	30.83%

The Group is committed to providing equal opportunities to all employees in recruitment, promotion, compensation, and benefits. Additionally, the Group strives to establish a happy, harmonious, safe, and healthy working environment for all its employees. Decisions regarding recruitment, promotion, and remuneration are made based on relevant factors such as job requirements, work experience, qualifications, and work performance, without regard to the gender, nationality, race, religion, disability, marital status, or pregnancy of the candidates. The Group does not tolerate any form of discrimination in the workplace and welcomes whistleblowers to report any cases of discrimination against employees.

The Group is not aware of significant non-compliance with the Employment Ordinance (Cap. 54 of the Laws of Hong Kong), the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong).

To retain employees and maintain stability in the Group, the Group provides competitive remuneration based on the prevailing market practices and the performances of its employees. The remuneration package includes discretionary bonuses, annual leave, sick leave, maternity leave, a medical scheme, mandatory provident fund, and fringe benefits. Apart from these, performance appraisal is conducted annually based on the employees' job performance, skills, and achievements to reward the efforts of employees devoted to the Group.

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Employees must submit their resignation letters to their immediate managerial supervisors and allow a certain notice period. Resigning employees are invited to have an exit interview to understand his/her reason(s) for departure, the findings of which are used to advance the Group's operation where possible.

The employee handbook is structured to communicate important ground rules and regulations, surrounding employment and labor standards, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety. It is an essential tool to define the expectations of the management over the rights and responsibilities of the employees and to ensure employees are being treated with fairness and consistency.

3.2. Health and Safety

Employees are the Group's most important asset, and their safety and health are of the utmost priority. The Group is also committed to ensuring that its operations do not pose any hazards to its employees or the public. In the event of an accident, employees are required to notify their superiors without delay. The Group promptly handles any necessary remedial measures, compensation actions, and reporting in accordance with local or national laws.

To create a safe working environment for employees, the Group adopts the safety management system to the standard of ISO 45001:2018 Occupational Health and Safety Management Systems. We implemented the following key measures to ensure workplace safety:

- Safety committee has been formed in which safety committee meeting is held on a monthly basis for the purpose of setting strategic guidelines for our safety department to (i) manage occupational health and safety measures relating to our operation; and (ii) monitor the implementation of safety management for the Group.
- Safety sub-committee at site level has been formed to monitor the implementation of on-site safety management with the participation of the subcontractors' representatives on project basis.
- Appoint safety supervisors to regularly inspect the construction sites in monitoring the safety issues and ensure the safety manuals are well implemented.
- Safety officer conducts safety risk assessment on a half-yearly basis.
- Provision of adequate safety training for all levels of personnel (including the subcontractors' employees) to increase the safety awareness.
- Personal protective equipment such as helmets, gowns, gloves, eyewear, ear protectors and face masks are provided.
- Site agent submits the accident report within 24 hours to notify office management and safety officer for accident and injury investigation to avoid the recurrence of similar accidents.
- Emergency evacuation drills are scheduled throughout the year to ensure the readiness of the employees in responding to any type of crisis.

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- First-aid box is provided to every site office for immediate rescue and contingency.

The Group does not aware of significant non-compliance with the laws and regulation about occupational health and safety, including but not limited to Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other applicable relevant laws and regulations.

Health and Safety Performance	2024	2023
Number of work injury cases	–	1
Lost days due to work injury	340 ⁶	128
Number and rate of work-related fatalities of the past three years including the reporting year	–	–

3.3. Development and Training

The knowledge, experience, skills, and performance of the Group's employees are critical to its continuous success and growth. To encourage and support employees in developing their potential, the Group regularly reviews their learning and development needs and provides a range of training and development opportunities. This includes internal training programs, on-the-job training, and external training programs, such as certificates for construction safety supervisors from the Hong Kong Institute of Construction. The Group also sponsors employees to pursue professional memberships that will enhance their job performance and support their career aspirations.

Additionally, the Group's safety manager and safety officer organize various safety training sessions to promote safety awareness and compliance among workers and subcontractors on project sites. This commitment to employee development and safety demonstrates the Group's recognition of its employees as its most valuable asset.

⁶ The number of lost days in 2024 is related to the same injury case from 2023.

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The Group has a total 141 (2023: 71) training hours for the Reporting Period. The training breakdown is shown below:

Employee Training	2024	2023
Percentage of trained employees		
By gender		
– Male	57.89%	52.94%
– Female	42.11%	47.06%
By employee category		
– Senior management	–	5.88%
– Middle management	5.26%	5.88%
– General staff	94.74%	88.24%
Overall	13.10%	14.17%
Average number of training hours per employee		
By gender		
– Male	1.48	0.66
– Female	0.36	0.49
By employee category		
– Senior management	–	2.33
– Middle management	0.33	1.17
– General staff	1.06	0.51
Overall	0.97	0.59

3.4. Labor Standards

The Group upholds the rights of its employees and maintains strict compliance with relevant employment laws and regulations. This includes, but is not limited to, the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employment of Children Regulation (Chapter 57B of the Laws of Hong Kong) and the Employment of Young Persons (Industry) Regulation (Chapter 57C of the Laws of Hong Kong). These measures are in place to prevent any form of child labor or forced labor.

As part of our recruitment process, documents authenticating the applicants' identity and eligibility to work are obtained and verified, to ensure no person below the age of eighteen has been hired. Any act of violence, with the purpose of deliberately causing discomfort, threats and/or bodily harm, as well as forcing employees to work, is strictly prohibited by the Group. If any child labor or forced labor is found, the relevant employee will be dismissed immediately, and the human resources personnel is responsible for conducting an investigation and implementing new measures to prevent re-occurrence. During the Reporting Period, no incident about child and forced labor was identified.

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4. OPERATING PRACTICES

4.1. *Supply Chain Management*

The Group expects all its subcontractors and suppliers to adhere to fair and equitable employment practices, and to reject any form of discrimination or unethical labor practices. Additionally, the Group strongly encourages its suppliers to incorporate and promote green practices and considerations in their production processes.

To ensure that goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the highest cost performance, the Group assesses its suppliers and subcontractors based on their health and safety performance, environmental performance, as well as the quality of their products and services. The selection of suppliers is made based on rational and clear criteria.

Specifically, for the raw materials used in the Group's district maintenance and estate refurbishment work, the Group procures these from suppliers who meet the requirements and standards outlined in a tender booklet. This booklet considers factors such as the environmental impact, health, safety, and durability of the materials, as specified by the Hong Kong Housing Authority.

The Group has a total of 18 (2023: 17) suppliers and subcontractors, in which all of them were located in Hong Kong.

4.2. *Suppliers' and Subcontractors' Engagement*

As a main contractor, the Group maintains a long-term relationship with its subcontractors to ensure service stability. Selection, assessment, and appointment of subcontractors are based on ISO 9001 standards. The Group adopts the following measures to monitor environmental and social risks, subcontractors' quality of work, and compliance with occupational health, safety, environmental rules, and regulations:

- (a) Clear management structure between project management team and subcontractors;
- (b) Prevention of unauthorized multi-level subcontracting;
- (c) Constant monitoring and inspection;
- (d) Monthly review of subcontractors' work progress;
- (e) Performance assessment of subcontractors.

The Group's operation and supplier management plan is designed for the supervision and monitoring of tender preparation, project execution, suppliers and subcontractors' selection, appointment and management, and procurement of supplies, materials, and equipment. As the estate refurbishment and renovation projects involve a wide range of products supplied by various vendors to cope with the diverse specifications of the customers, the project management team regularly monitors and reviews the approved list of raw material suppliers and subcontractors with the latest updates to its employees. The team also monitors, audits, and manages the processes regarding materials selection, quality management system, and work performance for guaranteed quality and standards of its project deliverables from an effective and efficient supply chain.

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4.3. *Quality Assurance*

The company understands the importance of maintaining high-quality work over the long term. It aims to monitor contractors' performance and source sustainable resources to meet customers' expectations in terms of cost, timeliness, and quality. We have achieved ISO 9001:2015 certification for our quality management systems.

Our quality assurance measures have enabled us to provide a quality service that meets both contractual and statutory requirements and we are able to utilize our resources in a planned, systematic, efficient, safe, and cost-effective manner. We closely monitor and regularly inspect the quality of purchased materials and our subcontractors' workmanship standards. We offer customer services to our customers to handle and resolve complaints and non-conformities and consider corrective and preventive actions. We constantly seek to improve our quality management system through annual evaluation and assessment by our management.

The Group did not receive any significant complaints from customers regarding the quality of our work during the Reporting Period (2023: Nil). In our ongoing effort to enhance the quality of our services, we provide customer support throughout project execution. This includes addressing and resolving customer complaints and non-conformities promptly. Furthermore, we proactively consider preventive measures to avoid the recurrence of similar incidents in the future. In handling customers' complaints and feedback, our customer service department follows our "4R" procedures (i.e.: receiving, recording, responding to, and reviewing complaints in a timely manner).

We have a telephone hotline on site, manned by our public relations representatives, from 9 a.m. to 6 p.m., Monday to Saturday (excluding public holidays). This hotline is available to handle and receive complaints from the public that may arise during our project execution. Complaints can also be lodged via email, complaint card, or written complaint form. We strive to respond to such complaints and inquiries within 24 hours, and in case of emergency, within an hour. The project/construction manager and quality manager are informed of these complaints and inquiries, and they coordinate with our safety officers to determine appropriate corrective and preventive actions.

4.4. *Data Protection and Privacy Policy*

The Group takes measures to effectively manage and protect the data collected from its business partners, customers, employees, and suppliers, ensuring the confidentiality and privacy of such information. The Group complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), all proprietary data collected are neatly organized and stored in computers and servers which are protected from access passwords. As stipulated in the Group's ethical guidelines, employees are obliged to follow the confidentiality clause regarding access to information and ensure the safekeeping of all personal and business data, trade secrets, and proprietary information.

Since the services provided by the Group did not involve a significant concern over the aspects of advertising and labeling, the related policies would not be disclosed in this ESG Report for the Reporting Period. Moreover, the Group was not aware of any violation of related laws and regulations in relation to health and safety, advertising and labeling of the services and products, and methods of redress that have a material impact on the Group's business performance during the Reporting Period.

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4.5. *Anti-corruption*

The Group recognizes the importance of honesty, integrity, and fairness in its operations. Procurement and tendering processes are carried out impartially to prevent price fixing, bid-rigging, bribery, corruption, and fraudulent practices, ensuring fair competition. These principles are outlined in the Group's ethical guidelines and covered in the induction training for new employees. All staff members are required to uphold ethical standards and comply with the anti-corruption clause when conducting business activities on behalf of the Group. The Group has a zero-tolerance policy for corruption, fraud, or any other behaviors that violate work ethics.

During the reporting period, the Group and its employees were not involved in any confirmed cases of corruption or non-compliance with anti-corruption rules and regulations, such as the Competition Ordinance (Chapter 619 of the Laws of Hong Kong), Prevention of Bribery Ordinance (Cap. 201), and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). The directors of the Group receive yearly anti-money laundering training materials to increase awareness of corrupt behavior.

The Group has implemented a whistleblowing policy, allowing any members to report concerns about suspected or actual improprieties related to the Group. Whistleblowers can confidentially and anonymously report incidents via email to the chairman of the audit committee for an independent investigation. Any proven fraudulent activities after investigation will be reported to the respective law enforcement authorities for disciplinary actions and potential litigation.

5. COMMUNITY INVESTMENT

The Group has yet to place resources as community contributions for the Reporting Period. Nevertheless, as a responsible corporation, the Group is always concerned about the well-being of the community by encouraging our employees to participate in community investment programs such as volunteer services, donations, and fund-raising activities. The Group will also explore opportunities in the future to support local charitable organizations to play a part in making a difference and strengthening society.

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APPENDIX I: STOCK EXCHANGE ESG GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	Emissions Policies and Compliance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission, Hazardous and Non-hazardous Waste Disposal
KPI A1.1	The types of emissions and respective emissions data.	Air Emission
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).	Carbon Footprint — Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g.: per unit of production volume, per facility).	Hazardous and Non-hazardous Waste Disposal
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g.: per unit of production volume, per facility).	Hazardous and Non-hazardous Waste Disposal
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Environmental Performance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission
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.	Hazardous and Non-hazardous Waste Disposal

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
KPI A2.1	Direct and/or indirect energy (e.g.: electricity, gas or oil) consumption by type in total (in thousand kWh) and intensity (e.g.: per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g.: per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Performance, Use of Resources
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.	Environmental Performance, Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	No packaging materials of finished products were used or needed for the Group's business.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
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.	Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	Employment Policies and Compliance
KPI B1.1	Total workforce by gender, employment type (e.g.: full-time or part-time), age group and geographical region.	Employment Policies and Compliance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Policies and Compliance

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B2: Health and Safety		
General Disclosure	Information on:	Health and Safety
	(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.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g.: senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B4: Labour Standards		
General Disclosure	Information on:	Labor Standards
	(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.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on:	Data Protection and Privacy Policy
	(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.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed since this is not a material issue to the Group's business.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Not disclosed since this is not a material issue to the Group's business.
KPI B6.4	Description of quality assurance process and recall procedures	Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Data Protection and Privacy Policy

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Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on:	Anti-corruption
	(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.	
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	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
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 takes into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g.: education, environmental matters, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed to the focus areas (e.g.: money or time).	Community Investment