

2024  
ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT



**珠光控股**  
ZHUGUANG HOLDINGS

**ZHUGUANG HOLDINGS GROUP  
COMPANY LIMITED**

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

STOCK CODE : 1176



\* For identification purposes only



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## I. PREAMBLE

The rapid urbanisation of the People's Republic of China ("PRC" or "China") over the past decades has transformed its cities into engines of economic growth, innovation, and cultural vitality. As urban populations continue to expand, the property development sector has played a pivotal role in shaping the built environment, addressing housing needs, and driving infrastructure development. However, this growth has also brought challenges, including environmental degradation, resource scarcity, and the urgent need to mitigate climate change. In response, China has placed sustainability at the heart of its national development strategy, with ambitious goals to achieve carbon neutrality by 2060 and promote green, low-carbon urbanisation.

In 2024, the Chinese government has further reinforced its commitment to sustainable development through policies that prioritise green building, energy efficiency, and eco-friendly urban planning. The latest national initiatives emphasise the adoption of green building standards, such as the work plan for Acceleration of Energy Conservation and Carbon Reduction in The Construction Sector\* (《加速推進建築領域節能降碳工作方案》), reflect China's determination to balance economic growth with environmental stewardship.

As a property development company possessing the industry position as an "urban renewal expert", Zhuguang Holdings Group Company Limited ("Company") and its subsidiaries (collectively, the "Group") recognise its responsibility to these national sustainability goals. The Group understands that every aspect of its operations, from land development to resource consumption, waste generation, and labour practices, can have significant and lasting sustainable impacts throughout its entire life cycle. Deeply intertwined with the communities it serves, the Group is dedicated to ensuring its operations are environmentally sustainable, socially inclusive, and economically productive.

Moving forward, the Group will steadfastly uphold its spirit of craftsmanship, focusing on enhancing product quality and constructing buildings that align with China's vision of building a "Beautiful China." Simultaneously, the Group will contribute to efforts to eliminate poverty and inequality, respect human and labour rights, advocate for gender equality, and leverage technological innovation in its operations.

*\* English name is translated for identification purpose only*

## ESG MANAGEMENT PRINCIPLES



Driven by the belief that the real estate industry can be a catalyst for corporate sustainability, the Group embeds Environmental, Social, and Governance (“ESG”) principles into the business strategy, aiming to drive innovation, enhance resilience, and deliver long-term value for all stakeholders. Striving to create spaces that not only meet the needs of today but also safeguard the well-being of future generations, the Group also supports the achievement of the United Nations Sustainable Development Goals (“SDGs”) within the framework of the United Nations Global Compact. Guided by the ESG Management Principles, the Group delivers exceptional services that cater for the diverse needs of its stakeholders.

As a socially responsible enterprise engaged in property development, project management, and property investment and hotel operations in China, the Group diligently identifies and addresses material ESG issues. This reflects the Group’s commitment to responsible business practices and aligns with the Ten Principles of the United Nations Global Compact, which encompass human rights, labour, environment, and anti-corruption.

With a focus on stakeholder collaboration and product innovation, the Group integrates material ESG considerations alongside financial factors in its decision-making and operations. The Group recognises that its long-term success depends on effective corporate ESG management and sustainable development. By adhering to top-tier sustainability standards and benchmarking against industry leaders, the Group remains at the forefront of China’s real estate market, continuously exploring new ideas and pioneering practices.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

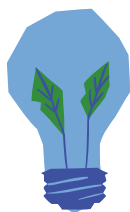
## ESG commitment

Striving to integrate ESG into its daily management and business development, the Group commits to the five areas as listed below.



### FRIENDLY WORKPLACE

Cultivate a thriving workforce by fostering a supportive and inclusive work environment, valuing employees' rights and opinions, and implementing robust occupational health and safety policies to enhance their well-being.



### ENVIRONMENTAL PROTECTION

Enhance operational efficiency and contribute to sustainable urban development by adhering to environmental sustainability standards. This includes optimising the use of energy, water, and raw materials, as well as implementing effective waste management practices.



### DATA MONITORING

Strengthen the Group's ESG reputation by establishing effective performance monitoring systems. These systems clearly define environmental and social criteria, enabling transparent tracking and reporting of progress.



### RISK MANAGEMENT

Proactively address climate-related issues and operational risks across the Group's value chain. This includes safeguarding labour and human rights, ensuring compliance with regulatory requirements, and adhering to industry standards.



### SOURCING PRACTICES

Promote sustainable practices in supply chain management by adopting consistent sustainability measures in the procurement of materials and services. This approach helps mitigate social and environmental risks throughout the supply chain.

## II. ABOUT THE REPORT

In compliance with the requirements under Appendix C2 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under the “Comply or Explain” provisions, the Company is pleased to present its ESG Report (“ESG Report”) for the year ended 31 December 2024 (“FY2024”), which demonstrates the Group’s approach and performance in terms of its ESG management and corporate sustainable development for FY2024.

### Boundary Setting

Considering the nature of the Group’s business and its development plans, this ESG Report discloses the ESG performance and management policies of the Group’s operations for FY2024. Following the operational control approach, the reporting boundary of this ESG Report comprises the Group’s businesses in the PRC of (i) property development; (ii) project management; and (iii) property investment and hotel operation, and its offices in Hong Kong and mainland China. The scope of this ESG Report remains unchanged from that of the ESG report issued by the Group for the previous financial year ended 31 December 2023 (“FY2023”).

### Reporting Principles

In preparing this ESG Report, the Group has adhered to the reporting principles as outlined in the ESG Guide, namely materiality, quantitative, balance and consistency.



## Applications of ESG Reporting Principles

### MATERIALITY

In FY2024, the Group conducted its annual materiality assessment with reference to the recommended procedures outlined by the Global Reporting Initiative (“GRI”) Standards. Key stakeholders were invited to share their insights through online surveys, which were integrated with an assessment of ESG impact significance. This process identified and prioritised relevant ESG issues, which will be closely monitored in the Group’s business development.

### QUANTITATIVE

The Group is committed to quantifying its environmental and social performance to enable year-on-year and peer comparisons. In FY2024, performance data was collected and analysed using various quantitative Key Performance Indicators (“KPIs”), including emissions, energy and resource consumption, and employee demographics. Detailed calculation methods, assumptions, and conversion factors are provided in the footnotes of the performance tables in this ESG Report. KPIs are presented through tables, charts, and graphics to offer stakeholders a comprehensive understanding of the Group’s performance over time.

The Group provides an unbiased evaluation of its impact on and contribution to sustainable development, transparently disclosing both achievements and areas for improvement. This ESG Report reviews the Group’s performance in FY2024, including its resilience to emergencies such as environmental and climate crises.

### BALANCE

The Group emphasises consistency in its reporting to enable meaningful year-on-year comparisons. Data collection, information disclosure, and reporting frameworks adhere to a consistent methodology, aligned with previous ESG reports issued by the Company.

### CONSISTENCY

A systematic approach is followed for boundary setting in the reporting scope. Any significant changes to the reporting framework, disclosure scope, or calculation methods are clearly explained in the relevant sections.

There was no change to the methods or KPIs used in FY2024.

## III. SUSTAINABILITY MANAGEMENT

In response to growing stakeholder concerns about sustainability issues such as climate change, environmental degradation, resource scarcity, and social inequality, the Group recognises the importance of continuously strengthening its sustainability governance. The Group is committed to creating a clear roadmap for sustainable development by implementing a robust accountability system.

To fulfil its corporate mission, the Group has integrated ESG factors into its decision-making processes and established a comprehensive corporate governance framework. This approach aims to create long-term value for stakeholders and drive sustainable development. As part of these efforts, the Group ensures that material sustainability topics, including ESG-related concerns, are regularly included in the Board's agendas.

### ESG Oversight – Role of the Board

The Board plays a pivotal role in overseeing the Group's ESG management, bearing the ultimate responsibility of ESG-related issues throughout the organisation.

#### Key Responsibilities of the Board

Evaluating Environmental and Social Impacts	Supervising the assessment of the Group's environmental and social impacts, as well as analysing how market fluctuations and broader environmental changes affect the Group's ability to generate long-term value for stakeholders.
Identifying ESG Risks	Identifying and understanding potential risks associated with ESG issues in relation to the Group's operational model and strategic plans.
Engaging Stakeholders	Staying informed about stakeholder expectations and concerns, including those of investors and regulators, through ongoing dialogues.
Promoting Open Communication	Fostering a culture of open communication within the Group to ensure transparency and collaboration.
Validating Materiality Assessments Results	Overseeing the materiality assessment and reporting process to ensure effective actions are taken on key ESG issues.
Cultivating a Sustainability Culture	Promoting a sustainability culture that considers the environmental and social impacts of the Group's daily operations.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Governance Structure and Communication

The Group adopts a top-down and bottom-up approach to facilitate effective communication and the dissemination of corporate messages.

The Board, as the highest governance body, oversees ESG-related issues across the organisation. It initiates sustainability strategies, proposes guidelines, and establishes relevant performance indicators. The Board monitors ESG performance through the Group's ESG reports, meetings with ESG teams, participation in shareholders' general meetings, and stakeholder feedback surveys.

The management of the Group is responsible for steering, supervising, and monitoring the implementation of the Group's sustainability practices. It reports progress on ESG initiatives, as well as significant risks and opportunities, to the Board. The Legal Affairs Department of the Company regularly updates the Board on ESG-related regulations and policies through preparing the latest updates on compliance document.

As part of the responsibilities, different business units are tasked with executing ESG policies at various stages of the Group's operations. Frontline staff are also encouraged to share their practical experiences with policymakers and executives of the Group, ensuring the sustainability strategy of the Group remains practical and relevant.

To further strengthen its sustainability efforts, the Group has established specialised teams to manage ESG-related issues effectively by engaging representatives from diverse backgrounds:

- *ESG steering group ("ESG Steering Group"):*

Comprising executive Directors, the chief financial officer, the company secretary and the general manager of the financial management centre of the Company, the ESG Steering Group oversees the preparation of the Group's ESG reports and facilitates communication with the Board on ESG matters.

- *ESG taskforce ("ESG Taskforce"):*

The taskforce coordinates and monitors the data collection process for ESG reporting. It ensures that material ESG policies across the Group's subsidiaries are identified and that accurate ESG performance data is obtained.

### Continuous Improvement

The Board conducts an annual review to evaluate the effectiveness of the Group's ESG risk management and internal control systems. To enhance its ESG capabilities, the Group engages external professional advisors who provide expertise, knowledge, and technical support on ESG issues impacting its short-, medium-, and long-term operations.

The Group values stakeholder input and maintains open communication channels, such as surveys and meetings, to engage with stakeholders on ESG-related issues. This feedback provides valuable insights into areas of importance to the real estate industry and the Group's business, enabling the Group to optimise its operations, including the prioritisation and management of ESG-related issues, in a timely, efficient, and sustainable manner.

## Strategic Initiatives for Sustainability

In view of the uncertainties and stagnant recovery of the global economy, the Group understands the importance of building resilience for the long-term success of the enterprise. In light of this, the Group has incorporated several initiatives into its management approach to strengthen its sustainability:

Integrating ESG Risks	Embedding ESG-related risks into the Group's Enterprise Risk Management (ERM) framework to prioritise business issues and allocate resources effectively.
Enhancing Monitoring Capacity	Ensuring access to relevant information and resources to monitor progress towards sustainability objectives.
Diversifying Business Portfolio	Expanding opportunities for business development and diversifying the Group's portfolio.
Benchmarking Compliance	Evaluating compliance with legally binding regulations and international standards by benchmarking against global best practices.
Strategic Planning	Developing strategic measures and action plans every three years to enhance the analysis and execution of the Group's corporate strategy.



### IV. BOARD STATEMENT

As one of the leading real estate enterprises in China, the Group remains steadfast in its commitment to sustainable development. In FY2024, the Group has continued to align its operations with the nation's green economic and long-term development goals, seizing opportunities arising from the ongoing growth of social and economic activities.

In full support of the PRC government's "1+1+N" development strategy, the Group has focused its efforts on the Guangdong-Hong Kong-Macau Greater Bay Area. By undertaking urban renewal projects, the Group aims to addressing its short-term needs while laying a solid foundation for medium- and long-term growth. The Group is fully committed to contributing to the nation's "Two Centennial (兩個一百年) Goals"\*, driving economic growth, advancing ecological civilisation, and enhancing social well-being. Leveraging on its expertise as an urban renewal specialist, the Group will continue to play an active role in China's sustainable development journey.

#### Eco-friendly Practices

The Group recognises the critical importance of environmental sustainability and the growing expectations of stakeholders for responsible business practices. With a strong emphasis on minimising environmental impacts, the Group is dedicated to optimising energy management, promoting green transportation and developing eco-friendly properties. By collaborating with business partners, the Group integrates innovative concepts into its property design, construction and management, ensuring that sustainability is embedded at every stage of its operations.

#### Governance Resilience

A robust corporate governance framework is essential for fostering a sustainable and responsible business. In recent years, the Group has strengthened its governance practices, prioritising transparency, ethical business conduct, and rigorous risk management. By implementing comprehensive internal policies, the Group aims to creating enduring value for all stakeholders. Aligned with recognised frameworks, the Group is committed to enhancing its governance resilience and ensuring that its ESG management reflects best practices. In addition to adhering to the ESG Guide's general reporting principles, the Group monitors, tracks and discloses its sustainability performance using well-defined metrics.

#### Sustainability Targets and Monitoring Mechanism

In alignment with China's push for green urbanisation and low-carbon development, the Group has established clear ESG targets for its business operations. These targets are regularly reviewed and overseen by the Board to ensure progress and accountability.

Based on the Group's business nature, historical data, ongoing projects and future objectives, targets have been set for key areas such as air emissions, greenhouse gas ("GHG") emissions, wastewater, solid waste, and resource efficiency. Detailed information on these targets is provided in Sections A.1 and A.2 of this ESG Report.

The Board, the ESG Steering Group and the ESG Taskforce are responsible for monitoring and evaluating the Group's ESG performance against these targets. The ESG Taskforce coordinates data collection to ensure accuracy, while the ESG Steering Group oversees reporting and provides the Board with timely insights to optimise ESG objectives. Through open and efficient communication channels, the Board conducts periodic reviews and discusses for remedial actions if targets are not met.

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In FY2024, the Group's environmental performance has met most of the short-term targets set in the previous financial year. After careful review and consideration, it was determined that the reduction in emissions and resource consumption was primarily due to changes in business operations resulting from the structural reforms in the Chinese economy. When the baseline was established in FY2023, the impacts of the economic recovery were not anticipated to affect the market and the Group's operations in this manner. Consequently, the Board discussed and decided to adjust the baseline year for the targets to better align with these market changes.

The Board's decision to designate FY2024 as the baseline year for the environmental targets is primarily motivated by the need to update the short-term targets established in the previous financial year. This update aims to accurately reflect the current economic environment and the Group's business development strategy in light of the latest national developments. By selecting FY2024 as the baseline, the Group can effectively capture the latest conditions and utilise this data as a foundation for setting targets for the financial year ending 31 December 2025 ("FY2025"). This approach ensures that the Group's goals are aligned with the contemporary business landscape and allows the Group to capitalise on the momentum generated by the economic recovery. These were all factors, among others, that the Board had considered when it set the Group's environmental targets for FY2025. Further details of such targets are set out in the relevant sections of this ESG Report below.

### Climate Change

The Group is fully committed to supporting China's national objectives of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060. Addressing climate change remains an important sustainability goal for the Group.

Since 2020, the Group has strengthened its climate change management by progressively disclosing information with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This framework helps the Group identify, assess, and manage climate-related risks and opportunities, which may impact supply chain stability, operating costs and capital expenditures.

In response to the enhanced climate disclosure requirements under the Environmental, Social and Governance Reporting Code ("ESG Code") issued by the Stock Exchange, in alignment with the International Financial Reporting Standards S2 Climate-related Disclosures ("IFRS S2"), the Group is intensifying its internal review of carbon reduction actions, enhancing transparency and adopting climate-related mitigation practices to support informed decision-making by stakeholders.

The Group is also developing appropriate climate metrics, targets and action plans to accelerate its path to carbon neutrality. Recognising the importance of a sustainable value chain, the Group is strengthening collaboration with business partners to build a transparent and resilient supply chain that minimises climate-related risks.

The Board extends its heartfelt gratitude to the Group's dedicated employees and stakeholders for their unwavering support in driving sustainable development. Moving forward, the Group will remain resolute in its sustainability strategies, actively contributing to China's green development and shaping a sustainable future for all.



V. STAKEHOLDER ENGAGEMENT

The Group recognises the importance of maintaining regular communication with its stakeholders to gain deeper insights into their expectations and priorities regarding its sustainability strategy. This enables the Group to align its practices with stakeholder needs and respond effectively to their concerns. Through various communication channels and initiatives, the Group actively engages with both internal and external stakeholders, fostering a collaborative approach to sustainability.

Holistic Stakeholder Engagement Approach

Given the diverse range of stakeholders involved in the real estate industry’s value chain – including tenants, property management teams, regulators, construction material suppliers, architects, surveyors and engineers – the Group adopts a holistic approach to stakeholder engagement. When designing its engagement strategies, the Group carefully considers the broader business impacts on its stakeholders.

By maintaining open communication channels, the Group has successfully gathered valuable feedback, concerns, and expectations from its stakeholders. This provides a deeper understanding of their perspectives, enabling the Group to assess its current practices and make strategic adjustments to better prepare for future challenges.

Commitments to Stakeholder Engagement

Assessing Business Impacts	Conducting regular assessments of its business impacts on stakeholders and implementing measures to minimise actual or potential negative effects.
Promoting Awareness	Raising awareness, fostering learning, and facilitating discussions among stakeholders on ESG issues.
Facilitating Collaboration	Encouraging collaboration and the exchange of best practices and ideas throughout its corporate sustainability journey.
Mobilising Stakeholders	Engaging occupants, suppliers, employees and community groups to expand existing initiatives and contribute to the sustainable development of the real estate industry.

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## Communication with Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> <li>– Compliance with laws and regulations</li> <li>– Anti-corruption policies</li> <li>– Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Supervision on compliance with local laws and regulations</li> <li>– Routine reports and tax payments</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>– Return on investments</li> <li>– Corporate governance</li> <li>– Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports</li> <li>– Announcements</li> <li>– General meetings</li> <li>– Official website of the Company</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Employees' remuneration and benefits</li> <li>– Career development</li> <li>– Health and safety in the workplace</li> <li>– Sustainable solid waste management and water consumption</li> <li>– Linkage between ESG performance and corporate financial returns</li> </ul>	<ul style="list-style-type: none"> <li>– Performance reviews</li> <li>– Regular meetings and training</li> <li>– Written comments via emails, notice boards and telephone calls</li> <li>– Team building activities with management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Product quality assurance</li> <li>– Protection of the rights of customers</li> <li>– Customer satisfaction</li> <li>– Implications of market changes on the business prospect</li> </ul>	<ul style="list-style-type: none"> <li>– Customer satisfaction surveys</li> <li>– Face-to-face meetings and on-site visits</li> <li>– Customer service hotline and emails</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Fair and open procurement</li> <li>– Win-win cooperation</li> <li>– Environmental protection</li> <li>– Protection of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>– Open tenders</li> <li>– Suppliers' satisfaction assessments</li> <li>– Telephone conferences, face-to-face meetings and on-site visits</li> <li>– Industry seminars</li> </ul>
General public	<ul style="list-style-type: none"> <li>– Involvement in communities</li> <li>– Compliance with laws and regulations</li> <li>– Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>– Media conferences and responses to enquiries</li> <li>– Public welfare activities</li> <li>– Face-to-face interviews</li> </ul>

Committed to generating long-term value for all stakeholders, the Group has undertaken a comprehensive consultation process to map stakeholder's concerns to the United Nations' SDGs. Through this process, the Group has identified three prioritised SDGs that align with its business profile and where it can make a significant contribution:

- SDG 1: No Poverty
- SDG 3: Good Health and Well-being
- SDG 4: Quality Education

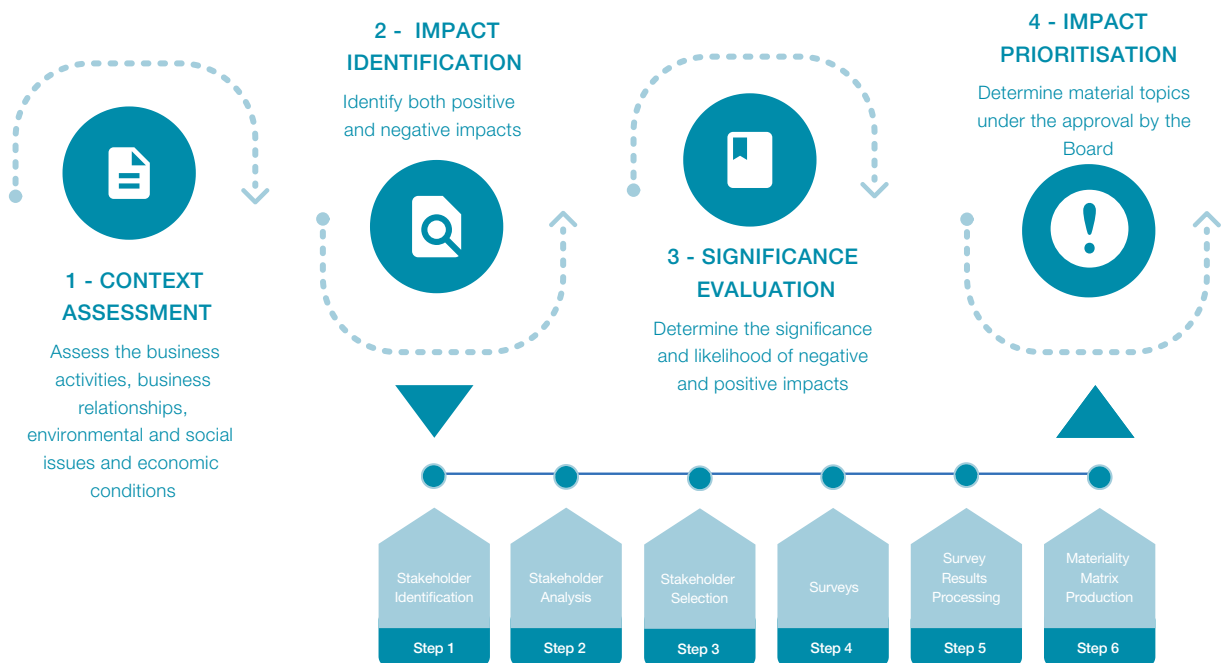
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Recognising its corporate influence and responsibility, the Group is dedicated to fulfilling its obligations in the areas of human rights, labour, environment and anti-corruption. These commitments are guided by the Ten Principles of the United Nations Global Compact, which are also integrated into the Group's daily business decision-making and operations.

To further align its actions with the SDGs, the Group is in the process of establishing suitable commitments, targets and metrics. These will provide directional or quantitative guidance, ensuring that sustainability is embedded into its long-term strategy. By adopting an impact-based approach, the Group aims to reveal the inter-connection of global sustainability targets and make sustainability a tangible reality within the organisation.

### Materiality Assessment

#### MATERIALITY ASSESSMENT PROCESS



In line with the recommendations of the GRI standards, the Group considers several key aspects in its ESG reporting and management. These include the organisation's context, actual and potential environmental and social impacts, the significance of these impacts, and the most critical issues to address in its ESG strategy.

To facilitate a robust and transparent process, the Group has adopted a four-step approach to identify, prioritise and validate the materiality of relevant ESG topics for management and disclosure, as illustrated in the diagram above.

### Stepwise Approach

The Group engages an external consultant to design and conduct a stakeholder engagement exercise. This exercise includes a series of engagement surveys and a materiality analysis, aim at gathering valuable feedback and insights from stakeholders. The process also sought to identify material ESG issues across the Group's value chain and align them with its sustainability strategies and stakeholder expectations.

The selection of stakeholders for participation follows the guidance outlined in ISO 26000 (Guidance on Social Responsibility). Key criteria includes the stakeholders' legal obligations, power of influence and significance in the Group's value chain and their willingness to participate in the engagement.

The Group conducts stakeholder engagements to review its material ESG topics regularly. In FY2024, various stakeholders were invited to participate, including the Group's general employees, external suppliers, as well as customers. These stakeholders were invited to complete a survey, expressing their views on 28 ESG issues related to the Group's environmental and social impacts. These issues were categorised into five key themes:

- |                              |                                    |
|------------------------------|------------------------------------|
| 1. Environmental Impacts     | 2. Employment and Labour Practices |
| 3. Operating Practices       | 4. Community Investment            |
| 5. Leadership and Governance |                                    |

The feedback from the stakeholders provided valuable insights into the Group's sustainability strategy and highlighted emerging sustainability trends. To further refine the analysis, the Group adopted the same approach as the previous financial year, which applied weightings to the ratings of the identified ESG issues, based on stakeholder preferences and concerns across the Environmental (E), Social (S) and Governance (G) pillars.

The resulting materiality matrix shown below illustrates the relative significance of selected ESG topics in relation to the Group's stakeholders and business operations. This matrix serves as a critical tool for prioritising actions and aligning the Group's sustainability efforts with stakeholder expectations.

# MATERIALITY ASSESSMENT OUTCOME





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Through the materiality assessment, “Solid Waste Stewardship”, “Water and Wastewater Management”, “Climate Change Mitigation and Adaptation” and “Renewable and Clean Energy” were being identified as the ESG issues that were significant to the Group’s sustainable development.

### Stakeholders Feedback

Striving for excellence, the Group welcomes feedback and advice from its stakeholders on the improvement of its corporate ESG approach and performance, especially on the most significant ESG issues identified. Readers are also welcomed to share their views on the ESG matters with the Group at [info@zhuguang.com.hk](mailto:info@zhuguang.com.hk) or [www.zhuguang.com.hk](http://www.zhuguang.com.hk).

## VI. ENVIRONMENTAL SUSTAINABILITY

In FY2024, the Group strived to align itself with the “14th Five-Year Plan” of the PRC government, which prioritised the advancement of ecological civilisation and the development of a beautiful China. Upholding this spirit, the Group remains dedicated to enhancing the environmental performance of its properties and operations. Throughout FY2024, the Group diligently adhered to environmental laws and regulations in both the PRC and Hong Kong in its daily activities, including but not limited to the following:

- *Environmental Protection Law of the People’s Republic of China\** (中華人民共和國環境保護法);
- *Environmental Impact Assessment Law of the People’s Republic of China\** (中華人民共和國環境影響評價法);
- *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes\** (中華人民共和國固體廢物污染環境防治法);
- *Law of the People’s Republic of China on Prevention and Control of Pollution from Environmental Noise\** (中華人民共和國環境噪聲污染防治法);
- *Law of the People’s Republic of China on Prevention and Control of Water Pollution\** (中華人民共和國水污染防治法);
- *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China\** (中華人民共和國大氣污染防治法);
- *Energy Conservation Law of the People’s Republic of China\** (中華人民共和國節約能源法); and
- *Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).*

This section of the ESG Report primarily focuses on the Group’s policies and practices, as well as the related quantitative data, concerning emissions, resource efficiency, minimising environmental impacts and addressing climate-related issues in FY2024.

As an environmentally responsible enterprise, the Group integrates environmental considerations into all aspects of its business operations. Striving to meet international environmental and energy management standards, the Group places significant emphasis on emission control and waste management to safeguard the environment it relies upon. The corresponding sections of this ESG Report outline the Group’s targets for emissions, water consumption, waste discharge and energy usage for FY2025, along with the key actions and measures proposed to achieve these targets.

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### A.1. Emissions

#### *Air Emissions*

In FY2024, the Group complied with the relevant national and local environmental laws in terms of emissions in its daily operations. Specifically, the Group did not violate any laws and regulations regarding air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group.

Embracing the national vision of “innovative, coordinated, green, open and shared development”<sup>\*</sup> (創新、協調、綠色、開放、共享的發展理念), the Group undertook diverse initiatives to reduce its environmental impact and contribute to the establishment of an ecological civilization in FY2024.

In FY2024, the Group’s emissions of air pollutants, including sulphur oxides (“SO<sub>x</sub>”), nitrogen oxides (“NO<sub>x</sub>”) and particulate matter (“PM”), primarily originated from its transportation vehicles and the stationary combustion of gaseous fuel in its hotel operations. Specifically, the Group emitted approximately 3.67 kg of SO<sub>x</sub>, 193.54 kg of NO<sub>x</sub> and 45.03 kg of PM during the year under review. These emission levels dropped by approximately 30% to 39% compared to the previous year, mainly due to the decrease in fossil fuel used.

In FY2023, the Group, taking FY2023 as the baseline year, targeted that the intensities of its air emissions in FY2024 within the same scope would not be higher than those in FY2023. In FY2024, the Group’s emission intensities within the same scope of SO<sub>x</sub>, NO<sub>x</sub> and PM achieved the targets set, mainly due to the decrease in fossil fuel consumption, especially the fall in gasoline usage for transportation.

#### *GHG Emissions*

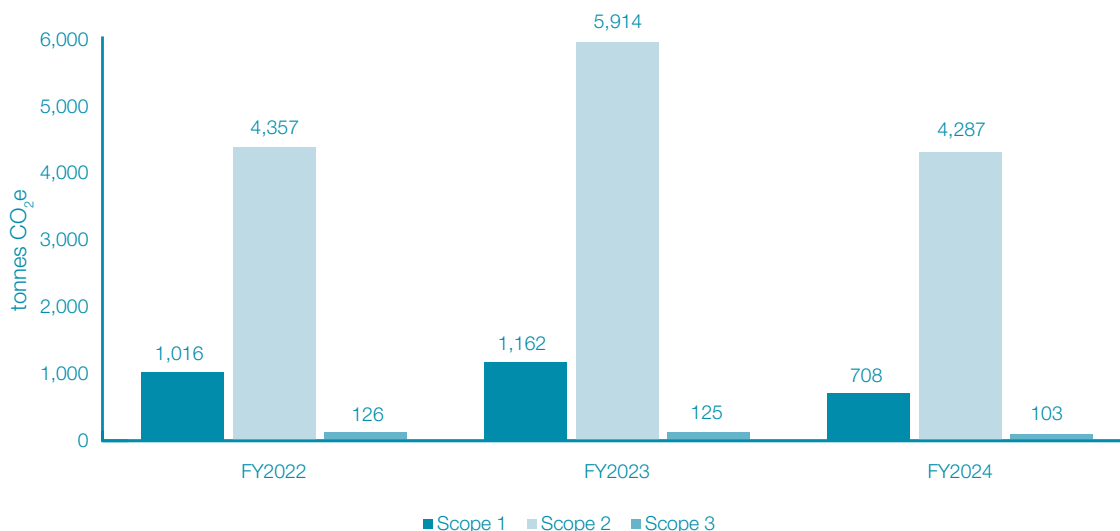
Recognising the urgency of addressing GHG emissions and the associated risks of climate change, the Group has consistently pursued suitable measures to facilitate the transition to a low-carbon economy.

In FY2024, the Group’s primary sources of GHG emissions were the combustion of fossil fuels for transportation and operations, as well as consumption of purchased electricity. The total GHG emissions for the year reached approximately 5,089 tonnes of CO<sub>2</sub>e, which approximately 29% lower than those in FY2023 principally due to the drop in energy consumption caused by the lower business activities due to the pressure on economy recovery. Furthermore, the Group planted approximately 400 to 500 trees over the years, resulting in approximately 10 tonnes of CO<sub>2</sub>e carbon offset during FY2024. In FY2023, the Group, taking FY2023 as the baseline year, targeted that the intensities of its total GHG emissions in FY2024 within the same scope would not be higher than those in FY2023. In FY2024, the Group’s total GHG emission intensity within the same scope achieved the target set with a slight decrease of approximately 0.30 tonnes of CO<sub>2</sub>e per HKD million as compared to the previous year.

<sup>\*</sup> English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Graph showing the Group's GHG emissions  
from the financial year ended 31 December 2022 ("FY2022") to FY2024**



The Group's total GHG emissions in FY2024 are summarised in Table 1 below, with its total emissions in FY2023 also included for comparison.

### *Non-hazardous Waste*

In FY2024, the Group generated and discharged approximately 2,811 tonnes of non-hazardous solid waste, consisting of domestic, commercial, and construction waste. Additionally, approximately 87,439 m<sup>3</sup> of non-hazardous wastewater, including domestic, commercial, and construction sewage, was discharged. No hazardous waste was released during the year under review.

Throughout FY2024, the Group monitored its environmental performance, enforcing effective waste management practices and conducting assessments of environmental impacts within its subsidiaries. The reported amount of domestic and commercial solid waste remained at similar level as compared to FY2023. In FY2023, the Group, taking FY2023 as the baseline year, targeted that its solid waste disposal intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's solid waste intensity within the same scope did not meet the target set with a slight excess of approximately 0.37 tonnes per HKD million.

Meanwhile, the amount of wastewater in FY2024 dropped significantly by approximately 27% as compared to that of the previous year. In FY2023, the Group, taking FY2023 as the baseline year, targeted that its wastewater discharge intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's wastewater discharge intensity with the same scope met the target with a mild decrease of approximately 3.26 m<sup>3</sup> per HKD million.

Nevertheless, the Group implements a robust waste management system to enhance resource reuse and recycling, including water resources.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Table 1 The Group's Total Emissions by Category in FY2024 and FY2023** <sup>8, 9, 10</sup>

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2024	Intensity <sup>1</sup>	Amount in FY2023 <sup>2</sup>	Intensity <sup>2</sup>
				(Unit/ HKD million) in FY2024		(Unit/ HKD million) in FY2023
Air Emissions	SO <sub>x</sub>	Kg	3.67	2.31 x 10 <sup>-3</sup>	6.05	2.95 x 10 <sup>-3</sup>
	NO <sub>x</sub>	Kg	193.54	1.22 x 10 <sup>-1</sup>	293.29	1.43 x 10 <sup>-1</sup>
	PM	Kg	45.03	2.84 x 10 <sup>-2</sup>	64.15	3.13 x 10 <sup>-2</sup>
GHG Emissions	Scope 1 (Direct Emissions) <sup>3</sup>	Tonnes of CO <sub>2</sub> e	708	0.45	1,162	0.57
	Scope 2 (Energy Indirect Emissions) <sup>4</sup>	Tonnes of CO <sub>2</sub> e	4,287	2.70	5,914	2.88
	Scope 3 (Other Indirect Emissions) <sup>5</sup>	Tonnes of CO <sub>2</sub> e	103	0.07	125	0.06
	Total (Scope 1, 2 & 3)	Tonnes of CO <sub>2</sub> e	5,089	3.21	7,201	3.51
Non-hazardous Waste	Solid Wastes <sup>6</sup>	Tonnes	2,811	1.77	2,880	1.40
	Wastewater <sup>7</sup>	m <sup>3</sup>	87,439	55.14	119,010	58.40

- Intensity for FY2024 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of approximately HK\$1,585.71 million in FY2024;
- The amount and intensity in FY2023 were extracted from the data in the Company's ESG report for FY2023;
- The Group's Scope 1 (Direct Emissions) included only the emission which arose from the consumption of gasoline in motor vehicles, natural gas and LPG in hotel operations and 10 tonnes of CO<sub>2</sub>e carbon offset from planted trees;
- The Group's Scope 2 (Energy Indirect Emissions) included only the emission which arose from consumption of purchased electricity;
- The Group's Scope 3 (Other Indirect Emissions) included other emissions which arose from paper waste disposed at landfills and electricity used for processing fresh water and sewage by government departments;
- The solid wastes included domestic and commercial wastes and construction wastes;
- The total amount of wastewater generated by the Group was primarily based on the appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain. The FY2023 data has been restated for consistency;
- The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories;
- Individual figures may not add up to the totals due to rounding; and
- Due to the technical challenges encountered during the year, direct data collection from some of the Group's operations in the PRC was unsuccessful by the date of this report's publication. Aiming for comprehensive representation, consequently, corresponding data was estimated using the ratio of revenue of the corresponding subsidiaries from FY2023 compared to FY2024, applying the formula:  $\frac{\text{amount in FY2023}}{\text{revenue in FY2023}} \times \text{revenue in FY2024}$ .

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Air & GHG Emissions Control Measures*

In FY2024, the Group's air and GHG emissions primarily resulted from the use of gasoline, natural gas, liquefied petroleum gas ("LPG") and electricity for operational and transportation purposes. Using FY2024 as the baseline, the Group aims to maintain the same level of air and GHG emissions intensity within the same scope in FY2025.

To achieve this goal and support the transition to a low-carbon economy, the Group has implemented internal policies, including the "Anti-pollution and Anti-noise Construction Scheme"\* (防污染防噪音施工方案). These policies establish sustainable measures and standardise management practices across construction projects and other operations.

#### **Key Measures to Reduce Emissions**

Construction Site Management	All sites adhere to strict operating guidelines, such as daily ground rinsing and water sprinkling, to prevent dirt accumulation and sludge buildup. Construction machinery is proactively maintained to ensure optimal performance.
Dust Control	Bag-house dust collectors, closed hoods, and pressurised dust reduction spray devices are installed along the main roads of construction sites. Vehicles leaving the sites must undergo wheel cleaning to minimise their impact on ambient air quality.
Energy Conservation	Recognising that electricity and energy consumption significantly contribute to emissions, the Group has implemented policies to regulate energy use. Further details can be found in the "Electricity" and "Other Energy Resources" subsections of this report.

### *Wastewater Control Measures*

The Group is committed to sustainable water management, striving to minimise water wastage and enhance onsite water reuse. In FY2024, wastewater primarily originated from the Group's property development and hotel businesses, including industrial sewage from construction processes and domestic/commercial wastewater from hotel guests, tenants, and employees.

Using FY2024 as the baseline, the Group aims to maintain the same level of wastewater discharge intensity within the same scope in FY2025. To achieve this, the Group promotes water conservation in the workplace and provides educational resources to employees.

\* English name is translated for identification purpose only



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

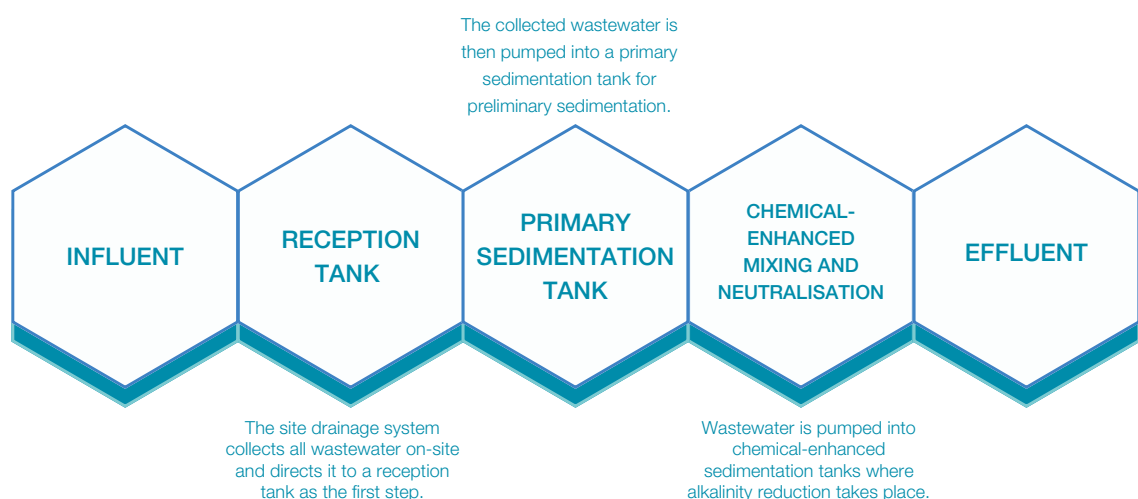
## Wastewater Treatment and Disposal

Domestic & Commercial Wastewater	Discharged into municipal drainage systems after treatment.
Construction Wastewater	Treated on-site using sedimentation basins before being discharged into the municipal sewage network.
Floating Mud	Collected and transported to certified environmental organisations for proper disposal.

The Group ensures that treated wastewater meets the first-grade standards of the Integrated Wastewater Discharge Standard (GB 8978-1996)\* (污水綜合排放標準一級標準) of the PRC. Treated effluent is reused for non-potable purposes, such as pipeline water testing, wheel-washing, and dust suppression at construction sites.

## ONSITE CONSTRUCTION WASTEWATER TREATMENT

### TYPICAL PROCEDURES



Sewage treatment facilities at construction sites are regularly inspected by both internal departments and local governmental agencies to ensure compliance with regulations. Domestic wastewater is treated through three-level septic tanks, while construction wastewater undergoes preliminary treatment in on-site sedimentation basins.

\* English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Solid Waste Control Measures*

The Group recognises that solid waste generation and disposal are inherent to its operations. To address this, the Group has established a comprehensive waste management approach in collaboration with a professional external waste management organisation, drawing on industry best practices.

Using FY2024 as the baseline, the Group aims to maintain the same level of solid waste disposal intensity within the same scope in FY2025. The Group follows a five-tier waste management strategy, focusing on the collection, sorting, reuse, and recycling of construction waste. Waste is classified into categories such as inert, non-inert, soft, hard, recyclable, and non-recyclable materials.

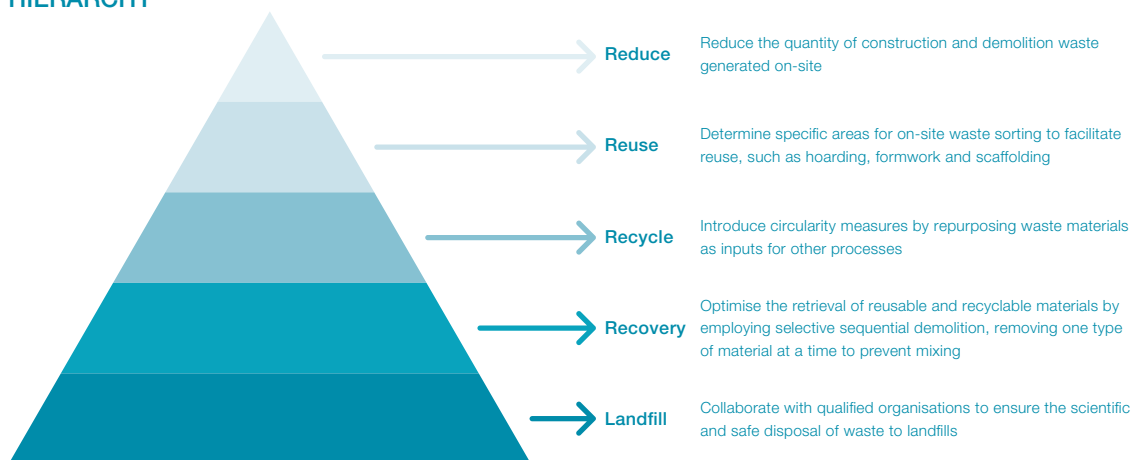
### **Key Waste Management Practices**

Reuse and Recycling	Rubble is collected, crushed and reused in new construction and road projects. Steel residues and wooden square bars are transported to designated landfill sites using specialised trucks.
Domestic Waste	Collected daily by local government departments.
Hazardous Waste	Subcontractors are required to monitor and report on waste generation and disposal methods, with particular attention to the storage and treatment of hazardous substances to prevent improper discharge.

### **Waste Reduction and Circular Economy**

The Group promotes responsible consumption and embraces circular economy principles by improving resource utilisation. For example, recycled aggregates are incorporated into construction projects to minimise waste and reduce environmental impact. Service providers are encouraged to adopt waste reduction practices by standardising material usage during the design and construction stages.

### **ONSITE WASTE MANAGEMENT HIERARCHY**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aligned with national and local waste management policies in the PRC, the Group conducts comprehensive planning for waste reduction and management before commencing site operations. A standardised waste management plan guides the setting of scientific waste reduction targets, implementation of relevant programmes, and assignment of personnel responsible for onsite waste sorting and disposal supervision. External qualified organisations are engaged to conduct periodic monitoring and audits.

## Noise Control Measures

In FY2024, the Group’s noise emissions primarily originated from on-site construction machinery and equipment. To comply with national and local regulations, such as the Emission Standards for Industrial Enterprises Noise at Boundary (GB12348-2008), the Group has implemented various measures to minimise noise disturbances during construction operations.

### Key Noise Mitigation Practices

Noise-Reducing Equipment	Materials and equipment such as shock pads, noise barriers, silencers, enclosures, and real-time sound monitoring devices are used at construction sites.
Time Restrictions	Noisy operations and the use of loud equipment, such as hand-held breakers or electric drills, are limited during sensitive hours of the day.
Work Hour Adjustments	Specific work hours and construction methods are implemented to avoid noisy activities during rest times or periods affecting vulnerable groups, such as students.
High-Quality Machinery	The Group utilises high-quality powered machinery and equipment with registered labels, such as QPME (Quality Powered Mechanical Equipment) Labels.

To ensure adherence to statutory requirements and internal guidelines, the Group assigns staff to regularly review the implementation of noise control measures and report findings to management.

## Noise Control



### SOURCE CONTROL

Focusing on the control and mitigation of the actual noise from the use of excavator mounted breakers, equipment with internal combustion engines, piling process, stone saw and other machinery.

### SOUND AND TRANSMISSION PATH CONTROL

Installing appropriate noise enclosures and noise barriers.

### ADMINISTRATIVE SITE CONTROL

- Minimising the cumulative noise sources from various activities.
- Communicating with affected neighbours and taking immediate responsive actions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### A.2. Use of Resources

In FY2024, the primary resources consumed by the Group were electricity, water, gasoline, natural gas, LPG and paper. Given its business nature, the Group did not consume any packaging material during the reporting year. Table 2 illustrates the amounts of different resources used by the Group in FY2024.

**Table 2 Total Resource Consumption of the Group in FY2024<sup>5</sup>**

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2024	Intensity <sup>1</sup>	Amount in FY2023 <sup>2</sup>	Intensity <sup>2</sup>
				(Unit/ HKD million) in FY2024		(Unit/ HKD million) in FY2023
Energy	Electricity	kWh'000	7,025	4.43	9,692	4.73
	Gasoline	L	9,962	6.28	80,478	39.25
	Natural Gas	m <sup>3</sup>	366,838	231.34	507,183	247.34
	LPG	kg	49	0.03	49	0.02
	<b>TOTAL ENERGY CONSUMPTION<sup>3</sup></b>	kWh'000	11,097	7.00	15,967	7.79
Water	Water <sup>4</sup>	m <sup>3</sup>	504,380	318.08	561,566	273.86
Paper	Paper	kg	1,613	1.02	2,027	0.99

- Intensity for FY2024 was calculated by dividing the amount of resources the Group consumed in FY2024 by the Group's revenue of approximately HK\$1,585.71 million in FY2024;
- The amount and intensity in FY2023 were extracted from the data in the Company's ESG report for FY2023;
- The methodology adopted for energy conversion and calculation set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange;
- The FY2023 data has been restated for consistency; and
- Due to the technical challenges encountered during the year, direct data collection from some of the Group's operations in the PRC was unsuccessful by the date of this report's publication. Aiming for comprehensive representation, consequently, corresponding data was estimated using the ratio of revenue of the corresponding subsidiaries from FY2023 compared to FY2024, applying the formula:  $\frac{\text{amount in FY2023}}{\text{revenue in FY2023}} \times \text{revenue in FY2024}$ .



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Electricity*

The Group sources electricity from local public utility companies to power its offices, hotels, and construction sites. In alignment with the PRC government's national objective of advancing new energy systems, the Group is committed to enhancing energy efficiency and supporting the transition to sustainable energy solutions.

In FY2024, the total electricity consumption of the Group was approximately 28% lower as compared to that in FY2023. Building on this achievement, the Group remains steadfast in its fundamental policy of conserving energy resources and protecting the environment. In FY2023, the Group, taking FY2023 as the baseline year, targeted that its electricity consumption intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's electricity intensity within the same scope achieved the target set with a slight decrease of approximately 0.30 000' kWh per HKD million as compared to that in the previous year.

Using FY2024 as the baseline, the Group aims to maintaining the same level of electricity consumption intensity within the same scope in FY2025. To achieve this goal, the Group actively promotes the use of energy-saving technologies and equipment while exploring new energy optimisation opportunities. Designated staff members act as internal representatives to coordinate energy-saving initiatives both within and outside the Group.

#### **Key Energy Efficiency Practices**

Energy-Efficient Lighting	Replacing energy-intensive lighting with energy-efficient LED bulbs.
Zoned Lighting	Using multiple light switches to enable partial lighting in unoccupied areas.
Automated Lighting	Installing motion sensors for automated lighting control in public areas and corridors.
Temperature Control	Adjusting office air conditioner settings based on weather conditions.
Ventilation Systems	Adopting natural or mechanical ventilation to reduce reliance on air conditioning.
High-Efficiency Appliances	Utilising electrical appliances with high energy efficiency ratings.
Renewable Energy	Expanding the use of renewable energy through solar panel installations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Other energy resources*

In FY2024, the Group consumed gasoline for transportation purposes and utilised natural gas as boiler fuel, along with minimal amounts of LPG in its hotels. Recognising the environmental impact of fossil fuel consumption, the Group has implemented systematic vehicle management practices to reduce fuel usage and associated emissions, contributing to the global effort to combat climate change.

In FY2024, the amount of gasoline consumption decreased significantly by approximately 88% as compared to that of FY2023. In FY2023, the Group, taking FY2023 as the baseline year, targeted that its gasoline consumption intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's gasoline intensity within the same scope met the target, with a decrease of approximately 32.97 L per HKD million. The Group has eliminated diesel-fuelled vehicles from its operations for the forth year and is actively seeking alternative cleaner fuels as the primary source for its vehicles.

Using FY2024 as the baseline, the Group aims to maintain the same level of energy consumption intensity within the same scope in FY2025. To achieve this, the Group promotes low-carbon transportation options among employees, including the use of mass transit, electric vehicles and carpooling.

The Group has implemented further measures to enhance energy efficiency, particularly focusing on reducing fossil fuel consumption during the review period.

### **Key Energy Consumption Control**

Policy Setting	The Group continuously develops and refines internal policies to establish clear work procedures and implement KPIs. These standardise fuel management practices, ensuring consistency and accountability.
Sourcing Practices	The Group prioritises energy-efficient vehicles and equipment in its operations, recognising their environmental and cost-saving benefits. This aligns with its commitment to sustainability.
Operational Control	Drivers are trained in fuel-efficient practices, including real-time routing, optimised scheduling, and regulating driving habits (e.g. avoiding harsh acceleration, braking and unnecessary idling). Boiler operators are trained to adopt energy-efficient practice and maintain optimal equipment conditions to minimise gas consumption.
Maintenance	Regular inspections of vehicle and boiler performance are mandated. Maintenance tasks include checking gas valves, spark plugs, lubrication systems and topping up or replacing engine and gearbox fluids.
Knowledge Sharing	The Group fosters environmental awareness through lectures, meetings and training programmes. These promote sustainable practices (e.g. green travel) and introduce leading techniques to enhance operations.

The Group remains dedicated to fostering a green environment through a “low carbon and low consumption” approach in its daily operations. It will persist in enhancing energy efficiency by exploring the implementation of cleaner energy resources and energy-efficient measures in the future.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Water*

Water consumption is an unavoidable aspect of the Group's property construction and hotel operations. In FY2024, the Group did not face any problem in sourcing water that was fit for its purpose.

In FY2024, the water consumption of the Group dropped slightly by approximately 10% given its effective water management measures. In FY2023, the Group, taking FY2023 as the baseline year, targeted that its water consumption intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's water intensity within the same scope did not meet the target set with an increase of approximately 44.22 m<sup>3</sup> per HKD million. To further its effort, the Group remains committed to sustainable water management and implements policies, specifications, and recommendations to promote water-saving practices during its operations.

The Group is committed to sustainable water management and has set FY2024 as the baseline year for its water conservation efforts. The goal is to maintain the same level of water consumption intensity within the same scope in FY2025. To achieve this, the Group actively promotes water reduction and reuse through an integrated water management approach.

#### **Key Water-Saving Initiatives**

Awareness Campaigns	Displaying water conservation banners in prominent areas such as washrooms and pantries.
Water-Saving Facilities	Installing flow controllers, dual-flush toilets and automatic faucets to reduce water usage.
Rainwater Harvesting	Utilising a rainwater harvesting system to recycle wastewater for landscaping, outdoor cleaning and other non-potable purposes.
Consumption Targets	Establishing quotas and targets to restrict water consumption and encourage efficient usage.
Regular Inspections	Conducting routine checks to promptly address water supply system issues and adjusting water supply based on seasonal demand and rest periods.

### *Paper*

The Group is dedicated to minimising paper usage and leveraging technology to create a paperless workplace. By prioritising digital document access, storage, and security, the Group aims to reduce or eliminate the need for printing.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

In FY2024, the Group's paper consumption declined by approximately 20% as compared to that in the previous year, to 1,613 kg. In FY2023, the Group took FY2023 as the baseline year and targeted that its paper consumption intensity in FY2024 within the same scope would not be higher than that in FY2023. In FY2024, the Group's paper consumption intensity within the same scope did not meet the target with an increase of approximately 3% as compared to the previous year.

Using FY2024 as the baseline, the Group aims to maintain the same level of paper consumption intensity within the same scope in FY2025. Specific measures to reduce paper usage include:

### Key Paper Reduction Practices

Reuse and Recycling	Reusing office folders and recycling single-sided printed papers as drafts, as well as using reusable transit envelopes for internal document dispatch when covers are necessary.
Efficient Printing	Setting duplex printing as the default mode for network printers and placing recycling boxes near photocopiers.
Eco-Friendly Paper	Prioritising the use of eco-friendly paper over virgin paper and selecting paper suppliers that source materials sustainably.
Digital Solutions	Promoting office automation and electronic dissemination of documents via emails or e-bulletin boards.

### Raw Materials

The Group consumes raw materials primarily for its property development projects. Committed to achieving global green building standards such as Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM) certifications, the Group incorporates sustainability into its material selection process. This includes sustainable procurement, natural resource conservation, improved indoor air quality, and effective waste management.

### Key Practices for Sustainable Material Use

Eco-Friendly Sourcing	<ul style="list-style-type: none"><li>• Prioritising non-hazardous materials free from volatile organic compounds (VOCs), urea-formaldehyde, and other harmful chemicals.</li><li>• Prioritising locally available resources to minimise energy, waste, carbon, and water impacts.</li></ul>
Lifecycle Approach	<ul style="list-style-type: none"><li>• Adopting a "cradle-to-cradle" approach to consider the entire lifecycle of materials.</li><li>• Procuring recycled and reclaimed raw materials whenever possible.</li></ul>
Innovative Materials	<ul style="list-style-type: none"><li>• Using aerated blocks for lighter walls, polymer waterproofing membranes for water resistance, and hollow glass tiles for insulation.</li></ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

During construction operations, the Group embraces the following practices:

- **Modular Construction:** Integrating modular construction concepts, such as the Prefabricated Prefinished Volumetric Construction (PPVC) method, into project planning and execution.
- **Waste Management:** Implementing comprehensive waste management strategies covering planning, design, construction, demolition, waste disposal, haulage, and final disposal.
- **Material Efficiency:** Optimising construction procedures during planning and design to enhance material efficiency.

### *Control Measures of Emission and Use of Resources by Hong Kong Office*

The Group is committed to resource conservation and minimising environmental impacts across its operations. In its Hong Kong office, the Group has launched various environmental campaigns, focusing on energy efficiency and sustainable waste management practices.

Aligned with Hong Kong's Climate Action Plan 2030+, which aims to reduce carbon intensity by 65–70% by 2030 compared to 2005 levels, the Group is dedicated to implementing energy-saving measures that optimise resource consumption. Key initiatives include:

#### Energy Efficiency Measures

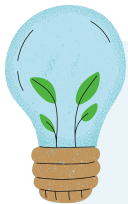
Energy-Saving Equipment Upgrade	<ul style="list-style-type: none"><li>• Prioritising equipment with automatic low-power modes or energy-saving features.</li><li>• Replacing traditional lighting fixtures with high-efficiency LEDs and fluorescent lamps to enhance energy efficiency and improve indoor lighting quality.</li></ul>
Energy Audits	<ul style="list-style-type: none"><li>• Conducting regular energy audits to monitor equipment performance and identify areas for improvement.</li></ul>
Policy and Awareness	<ul style="list-style-type: none"><li>• Establishing energy-saving policies and guidelines with clear improvement targets and awareness-building measures.</li></ul>
Behavioural Changes	<ul style="list-style-type: none"><li>• Encouraging employees to turn off air-conditioners in meeting rooms after use, unplug chargers and adapters when not in use, and displaying “Save Energy” posters as reminders.</li></ul>

### PARTICIPATION IN ENVIRONMENTAL CAMPAIGNS OF TWO IFC, HONG KONG *in 2024*



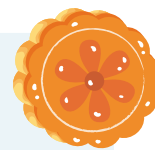
In February 2024, the Group participated in the “Peach Blossom Tree Recycling Program” organised by the Hong Kong Environmental Protection Department. Undecorated peach blossoms were collected and processed at Y Park, transforming them into valuable resources like mulch and compost materials, reducing landfill waste.

To promote waste reduction during the Chinese New Year, the Group joined the “Chinese New Year Red Packet Recycle Program” organised by the Two IFC in February 2024. Employees at the Group’s Hong Kong office at the Two IFC collected used red packets for recycling, diverting them from landfills.



The Group’s employees at the Hong Kong office at the Two IFC actively participated in Earth Hour on 23 March 2024. Supporting this global environmental movement, the Group aimed to create positive impacts by conserving energy, mitigating climate change, and inspiring its employees to adopt sustainable lifestyles.

In September 2024, the Two IFC organised an event to raise awareness of waste reduction during the Mid-Autumn Festival. Clean metal mooncake boxes were collected and sold, with proceeds donated to St. James’ Settlement People’s Food Bank. The Group encouraged its employees to participate, viewing the mooncake box recycling as a meaningful project for building a sustainable society.

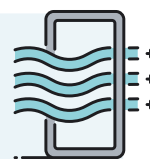


During the Christmas season, the Two IFC invited its tenants to join the “Natural Christmas Tree Recycling Program 2024” organised by the Hong Kong Environmental Protection Department. Undecorated Christmas trees from the Group’s Hong Kong office at the Two IFC were collected for recycling, reducing waste that would otherwise end up in landfills.



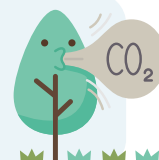
### PARTICIPATION IN ENVIRONMENTAL CAMPAIGNS OF TWO IFC, HONG KONG *in 2024*

Recognising the importance of indoor air quality for employee well-being, the Two IFC received the Indoor Air Quality Certificate from the Environmental Protection Department in August 2024. The building fully complied with the Indoor Air Quality Objectives, earning the “Excellence Class” designation and raising public awareness about the significance of indoor air quality.



The Two IFC was awarded the Wastewi\$e Certification – Excellent Level in 2024 by the Hong Kong Green Organisation Certification. This accolade acknowledges the Two IFC's commitment to minimising waste generation through the implementation of effective measures. The building actively promoted the “3R principle – reduce, reuse, and recycle” in waste management and extensively engaged with its tenants, including the Group, to foster green operations.

To maintain a green environment and combat climate change in joint forces, in 2024, the Group actively participated in the “Energy Saving Charter 2024” organised by Electrical and Mechanical Service Department, supporting Two IFC to reduce energy consumption by maintaining indoor temperature between 24 to 26 degree Celsius during June to September 2024.



In July 2024, Two IFC signed the “Charter on External Light” organised by Environmental and Ecology Bureau. The Group supports this endeavour of Two IFC with the pledge to switch off all lighting installations of decorative, promotional or advertising purpose that affect the environment between 10 pm to 7 am the next day.

In April 2024, Two IFC has participated in the “Pilot Scheme on Food Waste Collection” organised by Environmental Protection Department to address the food waste problem in Hong Kong. In supporting this initiative, the Group helps reduce waste by setting up collection areas for recyclables within the office, which were then handled by the building management during routine cleaning.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Control Measures of Emission and Use of Resources by Property Development Business*

In FY2024, the Group's property development business generated air and GHG emissions, solid waste, wastewater, and noise emissions. As a strong advocate for environmental sustainability, the Group integrates environmental principles into every stage of the property development lifecycle, from planning and design to construction and operation.

#### **Key Practices**

Sustainability Standards	Adhering to stringent sustainability standards to harmonise development with environmental protection.
Monitoring System	Maintaining a robust monitoring system to assess and mitigate potential environmental impacts at all operational stages.

The Group demonstrates its commitment to responsible business practices through continuous improvement and compliance with environmental regulations.

### *Control Measures of Emission and Use of Resources by Property Investment and Hotel Operation Business and Project Management Business*

In FY2024, the Group's property investment and project management segments primarily generated domestic and commercial solid waste and sewage from their office operations. The Group prioritises waste management and resource efficiency, aligning with the "3R – Reduce, Reuse and Recycle" principles.

#### **Key Initiatives**

Plastic Reduction	Phasing out single-use plastics and disposable utensils in offices, in line with national policies banning single-use plastic straws and non-degradable shopping bags in major cities.
Employee Engagement	Encouraging employees to bring their own lunch boxes to reduce packaging waste.
Waste Management	Implementing measures to minimise waste generation and enhance recycling efforts, as detailed in the "A.2 Use of Resources" subsection of this ESG Report.



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## Hotel Operations

The Group’s hotel operation business, which commenced in December 2021, focuses on minimising environmental impacts through optimised daily practices and fostering a “green awareness” among staff. In particular:

- **Energy Saving Competition:** The Luhu Hotel initiated an “Energy Saving Competition” to incentivise employees to conserve energy, with awards for the highest energy savers.
- **Training and Awareness:** The Vlamhoo Hotel conducted training sessions and awareness campaigns on energy conservation and waste sorting to cultivate a “go-green” mindset among staff.

## Environmental Sustainability Goals

The Group’s environmental objectives are firmly rooted in its commitment to reducing its environmental impact through continuous business advancement and the integration of ESG management principles. The Group is dedicated to setting goals that are supported with science, benchmarking against global best practices and adhering to well-defined criteria.

### Key Commitments

Systematic Evaluation	The Group systematically assesses its ecological footprint across its lifecycle and evaluates its exposure to environmental risks. This ensures a comprehensive understanding of its environmental impact and informs targeted mitigation strategies.
Compliance	The Group is committed to consistently complying with the relevant environmental laws and regulations in the regions where it operates. This ensures adherence to legal standards and promotes responsible business practices.
Integration of Climate-Related Considerations	The Group will gradually incorporate climate-related considerations into its long-term business development and operations. This will be achieved through scenario analysis, following the IFRS S2 standards, to enhance resilience and adaptability in a changing climate.
Reduction of Reliance	The Group is committed to reducing its reliance on conventional energy resources and enhancing energy efficiency across its operations. This includes adopting renewable energy solutions and optimising energy use whenever possible.
Circular Economy	The Group will actively promote a shift from silo-thinking to a holistic, whole-life-cycle approach among sector participants, clients and suppliers. Through education and initiatives led by the Group, it aims to foster a circular economy mindset that prioritises sustainability and resource efficiency.

### A.3. The Environment and Natural Resources

With a steadfast commitment to supporting the national vision of building an ecological civilisation and a Beautiful China, the Group continues to strengthen its sustainability performance and strives to achieve its environmental objectives at the Group level. By staying abreast of international environmental standards and frameworks, while complying with relevant local laws and regulations in the PRC, the Group aims to lead the real estate sector. This is achieved through the integration of green building features into new property development projects and the adoption of best practices to enhance environmental performance across its operations.

In FY2024, the Group monitored and analysed its sustainability performance, identifying waste generation and disposal, energy and resource consumption, and associated GHG emissions as key environmental impacts requiring attention.

Acknowledging its roles and responsibilities, the Group consistently implements sustainable practice throughout the entire lifecycle of its property development operations. This spans land use planning, project preparation, building design, vehicle management, noise reduction and the procurement of low-impact building materials. In response to the environmental impacts arising from its hotel operations, the Group places particular emphasis on implementing environmental control measures in the daily operations of this business segment. Specifically, the Group focuses on the following areas to drive sustainable practice:

#### Energy Efficiency

The Group has implemented internal policies, such as the Notice on Strengthening Office Energy Saving and Consumption Reduction\* (關於加強辦公室節能降耗工作的通知) and the Notice on Implementing Office Energy-Saving Inspection System\* (關於實施辦公室節能降耗巡查制度的通知), to regulate the daily practice of all employees. These policies ensure consistent energy-saving measures across the organisation.

In addition, the Group has adopted and promoted the use of a Smart Energy Management System in its operations. This innovative system is designed to enhance energy efficiency, reduce resource consumption and lower emissions, further supporting the Group's commitment to sustainability.

### Resources Conservation

Acknowledging the adverse environmental impacts of excessive fossil fuel consumption, the Group is committed to reducing its reliance on gasoline and natural gas while actively exploring environmentally friendly alternatives.

Additionally, the Group has implemented strict guidelines for the use of tissues and paper. Through notices and training programmes, it fosters a culture of conservation among its employees, encouraging mindful resource usage across all operations.

### Sustainable Waste Management

The Group has prioritised an effective on-site waste management approach in its property development business, adhering to a preferred hierarchy of actions: **avoidance, minimisation, recycling, treatment and disposal**. A comprehensive waste management plan has been established, identifying key waste types and outlining strategies for waste reduction.

To ensure proper implementation, the Group has designated on-site sorting areas, established clear practices, and assigned responsible personnel to oversee waste management before operations commence. Additionally, the Group places significant emphasis on training employees in sustainable waste management practices and the proper handling of chemical waste.

In office operations, the Group actively supports China's nationwide solid waste sorting policy by promoting the principles of "**3R – Reduce, Reuse and Recycle**". This initiative underscores the Group's commitment to fostering a culture of sustainability across all aspects of its operations.

Motivated by the growing challenges of environmental degradation and the climate crisis, the Group has intensified its efforts to embed environmental considerations across all aspects of its business operations. Under the guidance of the Board, the management team and all staff members are dedicated to improving the Group's environmental performance while actively exploring innovative approaches to ensure sustainable business practices.

## A.4. Climate Change

In response to evolving climate-related disclosure requirements, the Group, which operates across property development, project management, property investment and hotel operations, recognises the importance of enhancing its disclosure practices. With the upcoming enhancements to climate-related disclosure requirements under the ESG Code published by the Stock Exchange – specifically Part D: New Climate Requirements, effective for financial years commencing 1 January 2025 and aligned with the IFRS S2 standard – the Group is committed to preparing for these new obligations. This includes ensuring compliance and aligning with international best practices.

While the Group is still in the preliminary stages of its climate-related assessments and has not yet conducted a comprehensive evaluation of the specific impacts of climate risks or its resilience to such risks, it is preparing for a strong foundation for compliance, with disclosure alignment with the key pillars: Strategy and Risk Management.

The Group has identified both physical risks and transition risks associated with climate change, which could potentially impact its operations and financial performance.

### Physical Risks

Acute Physical Risks	<p>More frequent and intense extreme weather events (e.g., flooding and typhoons), pose a threat to the Group's properties and could lead to delays in property development projects.</p> <p>These may disrupt construction plans and escalate repair or replacement costs.</p>	<p>To address these risks, the Group plans to:</p> <ul style="list-style-type: none"> <li>Allocate additional resources to strengthen safety measures and construction standards</li> </ul>
Chronic Physical Risks	<p>Changing rainfall patterns and rising sea levels, increase the likelihood of flooding and could result in asset damage, higher maintenance costs and potential asset impairment.</p> <p>Given that the Group's key assets and property development projects are primarily located in regions like Guangzhou, which are prone to such risks, these factors are of particular concern.</p>	<p>To address these risks, the Group plans to:</p> <ul style="list-style-type: none"> <li>Foster applied research on the impacts of climate-related risks, and integrate the insights into project planning, design, property investment and project management to enhance resilience</li> </ul>

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### Transition Risks

Regulatory Risk	The PRC's ambitious carbon neutrality target by 2060 and the introduction of the Guangzhou Green Building and Building Energy Saving Management Regulations* (《廣州市綠建築和建築節能管理規定》) are expected to result in stricter mandates and regulations.	To address these risks, the Group plans to: <ul style="list-style-type: none"><li>Integrate climate-resilient features into its developments, e.g. invest in renewable energy, adopt cleaner operational solutions and utilise low-carbon construction materials</li></ul>
Market Risk	Rising raw material costs and changing consumer demand for sustainable buildings could impact the Group's operating costs, revenues and supply chain stability.	To address these risks, the Group plans to: <ul style="list-style-type: none"><li>Monitor market trends and regulatory developments, viewing the growing demand for sustainable buildings as an opportunity for new business potential</li></ul>

The Group has incorporated climate-related risks into its risk management framework to ensure resilience and adaptability. Over the years, the Group has participated in carbon offset schemes and planted more than 400 trees, resulting in the absorption and storage of approximately 10 tonnes of carbon dioxide equivalent during FY2024.

Significant decisions, such as initiating development projects, are carefully evaluated with consideration of cost analysis, certification requirements and additional workflows in the construction process. The Group also incorporates ESG principles into its development blueprints, aligning with guidelines such as the "Implementation Opinions of the Guangzhou Municipal Committee of the Guangzhou Municipal People's Government of the Communist Party of China regarding the Deepening of Urban Renewal for Promotion of High-Quality Development"\* ("中共廣州市人民政府廣州市委關於深化城市更新工作推進高質量發展的實施意見").

In the coming years, the Group is committed to enhancing its climate-related management approaches, including conducting scenario analysis to assess the financial impacts of different climate-related scenarios on its operations. By evaluating potential risks and opportunities in a more holistic manner, the Group hopes to develop strategies to navigate the transition to a low-carbon economy. Actively monitoring emerging trends and evolving best practices related to mitigation and adaptation efforts, the Group strives to maintain its position at the forefront of climate resilience in the industry.

\* English name is translated for identification purpose only



## VII. SOCIAL SUSTAINABILITY

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1. Employment

The Group recognises its employees as its most valuable asset and is committed to fostering a harmonious, inclusive, and people-centric workplace. By prioritising diversity, well-being, and professional growth, the Group invests much effort in talent acquisition, retention and support. As of the end of FY2024, the Group employed a total of 642 individuals. Detailed demographic information can be found in Table 3 and Table 4 below.

**Table 3 Total Workforce of the Group by Gender, Position Type, Age and Geographical Location in FY2024<sup>1</sup>**

Unit: Number of employees					
Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	41	91	103	51	286
Female	55	137	131	33	356
Total	96	228	234	84	642

Gender	Position type			Total
	General staff	Middle managerial level	Senior managerial level	
Male	208	48	30	286
Female	307	40	9	356
Total	515	88	39	642

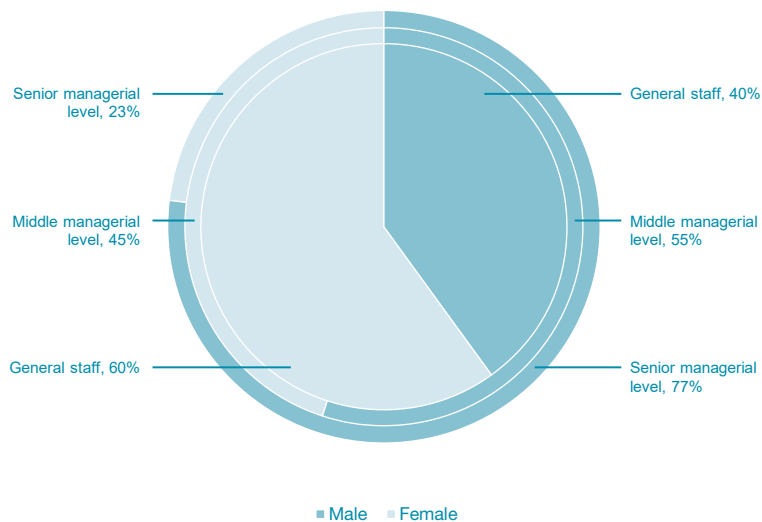
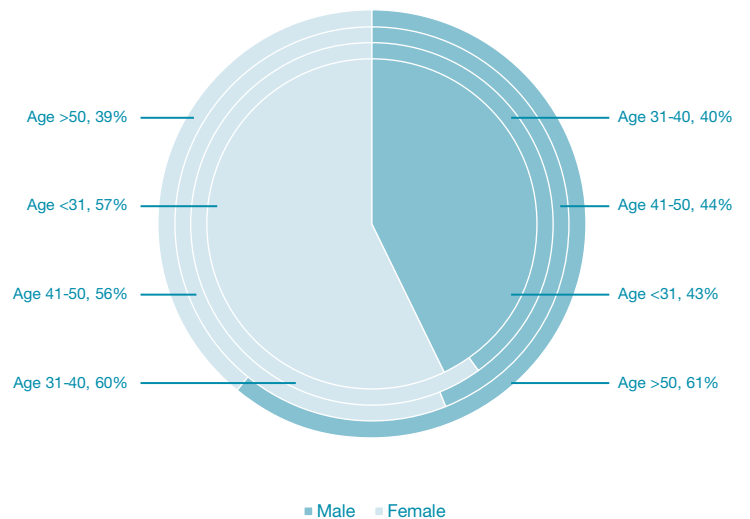
  

Employment type		
Full time	Others	Total
629	13	642

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Geographical location	
Mainland China	Hong Kong
635	7

1. The employment data in headcount was obtained from the Group's Human Resources ("HR") Department based on the employment contracts entered into between the Group and its employees. The data covers employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



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**Table 4 Employee Turnover by Geographical Location, Gender, and Age in FY2024<sup>1</sup>**

Unit: Number of employees

Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
<b>Male</b>	56	35	27	10	128
Employee turnover rate	137%	38%	26%	20%	45%
<b>Female</b>	39	46	35	11	131
Employee turnover rate	71%	34%	27%	33%	37%
<b>Total</b>	95	81	62	21	259
Employee turnover rate	99%	36%	26%	25%	40%

Geographical location	Employee turnover	Employee turnover rate (%)
Mainland China	258	41%
Hong Kong	1	14%

1. The turnover data in headcount was obtained from the Group's HR Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees of the Group who left in FY2024 by the number of employees of the Group as of 31 December 2024. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### Law and Compliance

The Group regularly reviews its employment policies to reflect social changes and ensure compliance with relevant laws and regulations in all operating regions. In FY2024, the Group adhered to key legislation, including but not limited to:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Labour Law of the People's Republic of China\** (中華人民共和國勞動法);
- *Employment Promotion Law of the People's Republic of China\** (中華人民共和國就業促進法);
- *Labour Contract Law of the People's Republic of China\** (中華人民共和國勞動合同法); and
- *Insurance Law of the People's Republic of China\** (中華人民共和國社會保險法).

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For the employees in PRC, the Group ensures their remuneration meets minimum wage standards and contributes to the “five insurances and housing provident fund” (五險一金). In Hong Kong, the Group provides the Mandatory Provident Fund Scheme (MPF) and medical insurance, safeguarding employee welfare across all locations.

### *Recruitment and promotion*

The Group understands that attracting and retaining top talent is essential for achieving its strategic goals and maintaining market competitiveness. To ensure a transparent and effective recruitment process, the Group has established clear internal policies, including the “Human Resources Management Procedures”<sup>\*</sup> (人力資源管理辦法) and “Recruitment Management Regulations”<sup>\*</sup> (招聘管理規定).

The Group offers fair and competitive remuneration packages, tailored to factors such as educational background, personal attributes, work experience, and career aspirations. In addition to hosting job fairs and campus recruitment events, the Group’s long-standing “Chasing Light” programme plays a pivotal role in nurturing local young talent. This initiative provides a platform and opportunities to equip graduates with the skills and confidence to pursue their career aspirations while aligning with the Group’s entrepreneurial culture.

The Group values and rewards outstanding employee performance through regular appraisals and career progression opportunities. In line with the “Human Resources Management Policy of Zhuguang Group”<sup>\*</sup> (珠控集團人力資源管理辦法) and “Staff Handbook”<sup>\*</sup> (員工手冊), high-performing employees with potential are provided equal opportunities for promotion and development through clear and legitimate procedures.

### *Compensation and dismissal*

The Group offers competitive compensation packages, which are regularly reviewed to attract and retain top talent. Probationary and regular evaluations are conducted to recognise and reward employees based on their efforts, performance, and contributions.

The Group maintains strict policies against unfair or illegitimate dismissal. Employment terminations are governed by established procedures, ensuring compliance with applicable laws and regulations. In cases of policy violations, the Group follows a progressive disciplinary approach:

1. Initial verbal warnings are issued for minor infractions
2. Written warnings are provided for repeated or more serious violations
3. If an employee continues to breach policies despite prior warnings, their employment contract may be terminated

All decisions regarding compensation adjustments and employment terminations are made on reasonable and lawful grounds, in accordance with internal policies such as the “Staff Handbook”<sup>\*</sup> (員工手冊) and the “Implementation Rules for Staff Turnover and Movement on Positions”<sup>\*</sup> (員工異動管理實施細則).

<sup>\*</sup> English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Working hours and rest periods

The Group's policies on working hours and rest periods, as outlined in the "Implementation Rules for Attendance"\* (考勤管理實施細則), are designed to comply with local employment laws, including:

- *Labour Law of the People's Republic of China\** (中華人民共和國勞動法);
- *Legal Protection of the Rights and Benefits of the Peasant Workers\** (勞動保障監察條例); and
- *Provisions of the State Council on Employees' Working Hours\** (國務院關於職工工作時間的規定).

To monitor working hours, the Group employs a clock-in system and an attendance management system, which includes a field work registration form (外勤登記表). Employees must complete this form in detail and obtain approval from their department managers. This ensures that those working overtime are compensated with overtime pay or leave in accordance with relevant laws and regulations.

In addition to statutory holidays and annual leave, the Group provides additional leave benefits, such as maternity leave, paternity leave and bereavement leave, to support employees' work-life balance.

### Equal opportunity, diversity, and anti-discrimination

The Group is committed to fostering a diverse and inclusive workplace where individuals from all backgrounds can thrive. As an equal opportunity employer, the Group prioritises respect and inclusivity as core principles of its development strategy. Its policies promote equal opportunity, anti-discrimination and inclusive excellence, ensuring a workplace free from bias and discrimination.

The Group adheres to the relevant anti-discrimination laws and regulations in Hong Kong and PRC, including but not limited to:

- *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);*
- *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong); and*
- *Employment Promotion Law of the People's Republic of China\** (中華人民共和國就業促進法).

All decisions related to hiring, training, promotion, dismissal and retirement are based on merit and job-related criteria, without consideration of factors such as age, sex, marital status, family status, pregnancy, disability, race, colour, descent, national or ethnic origin, nationality or religion.

The Group maintains a zero-tolerance policy towards workplace discrimination, harassment and vilification. Employees are encouraged to report any incidents to the HR Department, which is responsible for investigating, addressing and taking appropriate disciplinary action in substantiated cases.

To promote open communication, the Group facilitates dialogue between management and employees through the Office Automation (OA) system and Company Portal. These platforms enable employees to raise concerns, share ideas and contribute to a culture of transparency and collaboration.

\* English name is translated for identification purpose only

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### *Other benefits and welfare*

The Group places a high priority on the well-being of its employees, striving to enhance their work-life balance and overall satisfaction. To foster a positive and engaging workplace, the Group regularly organises recreational and meaningful activities, such as movie screenings, yoga lessons and festive celebrations. Quarterly birthday parties are also held to strengthen team bonds and create a sense of community.

In addition to these activities, the Group supports employee health by providing regular medical check-ups. While these initiatives were a key part of the Group's welfare programme in previous years, no formal welfare activities were organised in FY2024 due to a strategic focus on resource allocation and business stability. The Group remains committed to employee well-being and will continue to explore opportunities to reinstate such initiatives in the future.

In FY2024, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

### B.2. Health and Safety

The Group is dedicated to safeguarding the health, safety, and well-being of its employees by strictly adhering to the relevant laws and regulations in the jurisdictions where it operates, including but not limited to:

- *Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);*
- *Construction Law of the People's Republic of China\* (中華人民共和國建築法);*
- *Administrative Provisions on the Work Safety License of Construction Enterprises\* (建築施工企業安全生產許可證管理規定);*
- *Administrative Regulations on the Work Safety of Construction Projects\* (建設工程安全生產管理條例);*
- *Production Safety Law of the People's Republic of China\* (中華人民共和國安全生產法);*
- *Law of the People's Republic of China on Prevention and Control of Occupational Diseases\* (中華人民共和國職業病防治法);*
- *Regulation on Work-Related Injury Insurance\* (工傷保險條例); and*
- *Warning Signs for Occupational Hazards in the Workplace\* (工作場所職業病危害警示標識).*

This commitment is reflected in the implementation of comprehensive measures designed to minimise occupational risks and create a safe working environment.

*\* English name is translated for identification purpose only*

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### *Proactive Health and Safety Measures*

To ensure employee well-being, the Group has established a range of standard practices, including:

- Purchasing commercial and employee safety insurance
- Providing regular safety training and implementing an occupational health system
- Organising routine workplace physical examinations to identify and mitigate health risks

These measures are aligned with international standards, including the Quality Management Systems (ISO 9001:2015) and Occupational Health and Safety Management Systems (ISO 45001:2018), ensuring a robust framework for managing workplace safety.

### *Ensuring Safety Across Operating Sites*

The Group prioritises accident prevention across all its operating sites. Key safety measures include:

- Securely fencing dangerous areas and regularly inspecting fire safety facilities
- Providing proper training and protective equipment to employees engaged in manual handling work
- Conducting regular physical examinations for employees and collaborating with property management to ensure on-site security personnel are available

The Engineering Management Department\* (工程管理部门) oversees construction activities in line with the Group's "Safe Production and Civil Construction Management"\* (安全生產和土建施工管理) policy. Guided by the principle of "Safety First, Precaution Matters"\* (安全第一，預防為主), the Group:

- Clearly defines safety responsibilities for different business units on construction sites
- Arranges regular training sessions to enhance employee awareness of safe production practices

For its property development business, the Administration Department is responsible for organising emergency drills and conducting health and safety work meetings, thus maintaining a safe and healthy workplace environment. The HR Department oversees the implementation of health and safety policies, ensuring compliance and continuous improvement.

For hotel operations, the Security Department ensures compliance with national regulations by arranging regular physical examinations for employees and conducting production safety knowledge training for all staff. The QC Department monitors the implementation of these measures and reports the status to the General Affairs Office.

In addition, the Group provides a safe, clean and environmentally friendly working environment for office-based employees. Key features include:

- Adequate lighting and ventilation
- Designated employees managing first aid tools and kits
- Unlocked first aid stations and unobstructed emergency exits during working hours

\* English name is translated for identification purpose only



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### *Work-related injury and fatality*

In FY2024, the Group recorded zero work-related fatalities, including the past three years, and three work-related injuries, resulting in 466 lost days due to work injuries. Throughout the year, the Group remained compliant with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

**Table 5 Number and Rate of Work-related Fatalities of the Group in Past Three Years<sup>1</sup>**

Year	FY2022	FY2023	FY2024
Number of work-related fatalities	0	0	0
Rate of fatalities as a result of work-related injury (per hundred workers)	0	0	0

1. The fatality information was obtained from the Group's HR Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### B.3. Development and Training

The Group is committed to unlocking the potential of its employees by providing a wide range of tailored training opportunities. These initiatives enable staff to continuously develop their skills, contribute to the Group's collective growth and achieve their personal and professional goals.

To enhance employee retention and morale, the Group adheres to its "Implementation Rules on Training"\* (培訓管理實施細則) and "Implementation Rules on Employee's Personal Development Management"\* (員工個人進修管理實施細則). These policies ensure that employees receive appropriate training packages and courses tailored to their roles and career aspirations.

New employees undergo comprehensive induction training, which covers essential topics such as corporate culture, organisational structure and occupational health and safety policies. This foundational training helps new hires integrate seamlessly into the Group and understand its values and expectations. Meanwhile, experienced employees receive job-specific training designed to enhance their professional skills and address both corporate and individual development needs. In FY2024, 453 employees participated in training programmes, completing a total of 5,719 training hours (see Table 6 and Table 7 for details).

Recognising the importance of digitalisation and flexible learning, the Group leverages multimedia and online platforms such as QingXueTang\* (輕學堂) and DeDao\* (得到). These platforms provide employees with 24/7 access to a wide range of learning resources, enabling them to learn at their own pace and according to their individual needs. The Group's innovative approach to training enhances interactivity, gamification, and efficient management of learning progress. This not only makes training more engaging but also ensures accurate record-keeping and personalised development paths for each employee.

\* English name is translated for identification purpose only

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To align with the Group's long-term development goals, employees are encouraged to pursue professional qualification examinations and external training programmes. These opportunities help staff enhance their professional skills, competitiveness, and knowledge while broadening their perspectives. The Group sponsors employees who successfully pass professional qualification examinations and obtain relevant vocational certificates, underscoring its commitment to fostering a culture of continuous learning and professional excellence. The Group also collaborates with external organisations and industry experts to host seminars and training courses, further enriching their learning experience.

**Table 6 Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2024<sup>1, 2</sup>**

Total number of employees trained in FY2024				453
Number of employees in FY2024				642
Percentage of employees trained in the Group				71%

Unit: Number of employees	Position Type			Total
	General Staff	Middle managerial level	Senior managerial level	
Gender				
<b>Male</b>	135	34	17	186
Percentage of employees trained	30%	8%	4%	41%
<b>Female</b>	236	26	5	267
Percentage of employees trained	52%	6%	1%	59%
<b>Total</b>	371	60	22	
Percentage of employees trained	82%	13%	5%	

1. The training information was obtained from the Group's HR Department. Training refers to the vocational training that the Group's employees attended in FY2024. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and
2. Figures may not add up due to rounding.

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**Table 7 Training Hours Completed in the Group by Gender and Position Type in FY2024<sup>1, 2</sup>**

Unit: Training Hours	Position Type			Total
	General Staff	Middle managerial level	Senior managerial level	
Gender				
<b>Male</b>	1,780	474	414	2,668
Average training hours	8.56	9.88	13.81	9.33
<b>Female</b>	2,426	484	141	3,051
Average training hours	7.90	12.10	15.63	8.57
<b>Total</b>	4,206	958	555	5,719
Average training hours	8.17	10.89	14.23	8.91

1. The training information was obtained from the Group's HR Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and
2. Figures may not add up due to rounding.

### B.4. Labour Standards

In FY2024, the Group adhered to applicable laws and regulations in its operating regions to prohibit the use of child and forced labour, including but not limited to:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Labour Law of the People's Republic of China\* (中華人民共和國勞動法); and*
- *Law of the People's Republic of China on the Protection of Minors\* (中華人民共和國未成年人保護法).*

To ensure compliance and prevent illegal employment of child labour and forced labour, the Group's HR Department strictly follows verification procedures. Job applicants are required to provide valid identity documents as proof of lawful employability before any employment confirmation. The HR Department of the Group also monitors and ensures compliance with corporate policies and relevant laws and regulations.

If any case is identified that violates labour laws, regulations, or standards, the employment contract will be immediately terminated, and disciplinary actions will be taken against responsible employees. The Group will issue a notice of criticism throughout the organisation to prevent similar incidents from recurring.

In FY2024, the Group was not in violation of any relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

\* English name is translated for identification purpose only

## OPERATING PRACTICES

### B.5. Supply Chain Management

The Group is committed to fostering a sustainable and responsible supply chain by cultivating stable, mutually beneficial partnerships with suppliers and sub-contractors. This is achieved through rigorous supplier engagement, robust risk management, and adherence to stringent internal procurement and management processes.

#### *Supplier Engagement and Risk Management*

The Group collaborates with suppliers and sub-contractors primarily for intermediary services, IT products, office supplies, and engineering services in construction projects. To ensure compliance with PRC laws, industry standards, and internal requirements, the Group follows the “Implementation Rules for Cooperative Management”\* (合作商管理實施細則), which standardise supplier engagement procedures.

#### **Supplier Selection**

Potential suppliers are evaluated based on a comprehensive set of business and ESG criteria, including company size, credibility and environmental and social compliance. Key factors considered during due diligence include:

- Reputation, service quality, and product reliability
- Environmental management qualifications and practices to prevent potential environmental hazards
- Production capacity, technical expertise, and cost-effectiveness
- Business track record over the past three years
- History of economic disputes and regulatory compliance

Purchasing Department approved suppliers are added to the “List of Qualified Suppliers”\* (合格供應商名單). To ensure supply chain stability and avoid monopolies, the Group maintains relationships with at least two qualified suppliers for each type of raw material. This process is managed by the Purchasing Department and monitored by the Cost and Tendering Centre.

#### **Risk Mitigation and Compliance**

The Group identifies and addresses environmental and social risks within the supply chain through a dedicated supplier risk management system. Contracts are reviewed by the Internal Compliance Department to eliminate unnecessary business, sustainability or legal risks. Suppliers are required to provide international certifications, such as ISO 14001 (Environmental Management System) or ISO 45001 (Occupational Health and Safety Management System), to demonstrate compliance with sustainability and safety standards.

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### Performance Evaluation and Continuous Improvement

At the end of each year or project, suppliers are invited to complete the “Customer Evaluation Form”<sup>\*</sup> (需方評估表), which assesses collaboration quality across areas such as tender inspection, on-site management, payment processes, and personnel integrity. This feedback enables the Cost and Tendering Centre to evaluate the performance of the Group’s Functional Management Department and identify opportunities for improvement. Additionally, the Group provides training programmes for its supply chain management team to enhance their understanding of ethics, compliance, and corporate social responsibility.

### Ongoing Monitoring and Evaluation

The Group conducts regular on-site inspections and performance reviews for ongoing construction projects, in line with the “Implementation Rules for Procurement Management”<sup>\*</sup> (招標管理實施細則) and “Implementation Rules for Evaluation on Construction Unit”<sup>\*</sup> (施工單位評價管理細則). The Project Establishment Department (立項部門), the Engineering Centre (工程中心) and the Design Centre (設計中心) of the Project Management Centre (工程管理中心) are responsible for annual performance reviews and project evaluations in accordance with the “Cooperative Management Measures”<sup>\*</sup> (合作商管理辦法).

### Green Procurement

The Group integrates environmental considerations into its procurement decisions, prioritising suppliers with recognised environmental certifications such as ISO 14001. Environmental protection requirements are clearly outlined in commercial agreements and suppliers violating environmental laws are blacklisted.

The Group emphasises sourcing from local suppliers to bolster the local economy, reduce transportation-related carbon emissions, and minimise the environmental impact of its supply chain. The Cost and Tendering Centre oversees the implementation of the Group’s green procurement strategy.

Through rigorous supplier screening, effective risk management, and strong partnerships, the Group has maintained a stable and conflict-free supply chain. In FY2024, the Group maintained consistent and stable collaborations with 20 suppliers, all located in the PRC, with 100% of them subject to the aforementioned supplier engagement and management policies.

<sup>\*</sup> English name is translated for identification purpose only

## B.6. Product Responsibility

In FY2024, the Group was in compliance with the relevant rules, regulations and standards in Hong Kong and the PRC that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including but not limited to:

- *Construction Law of the People's Republic of China\** (中華人民共和國建築法);
- *Fire Protection Law of the People's Republic of China\** (中華人民共和國消防法);
- *Administrative Regulations on the Work Safety of Construction Projects\** (建設工程安全生產管理條例);
- *Regulations on Quality Management of Construction Projects\** (建設工程質量管理條例);
- *Work Safety Law of the People's Republic of China\** (中華人民共和國安全生產法);
- *Product Quality Law of the People's Republic of China\** (中華人民共和國產品質量法);
- *Price Law of the People's Republic of China\** (中華人民共和國價格法);
- *Law on Protection of Consumer Rights and Interests of the People's Republic of China\** (中華人民共和國消費者權益保護法);
- *Advertising Law of the People's Republic of China\** (中華人民共和國廣告法);
- *Regulation on the Administration of Advertisements\** (廣告管理條例);
- *Contract Law of the People's Republic of China\** (中華人民共和國合同法);
- *Opinions on Strengthening the Protection of Intellectual Property Rights* (關於強化知識產權保護的意見);
- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong).*

### *Product Quality and Safety*

The Group is deeply committed to delivering exceptional properties and services that meet and exceed customer expectations. To ensure the highest standards in construction projects, the Group has established robust internal measures and oversight mechanisms.

### **Oversight and Compliance**

The Project Management Centre (工程管理中心) and the Construction Project Supervision Department (項目工程監理部) oversee every phase of construction projects, from inception to completion. The Group adheres to national standards such as GB/T 19001-2016 (質量管理體系要求) and GB/T 24001-2015 (環境管理體系要求及使用指南), as well as internal policies like the "Engineering Construction Supervision Manual"\* (工程建設監理工作手冊), "Rules on Engineering Quality Management"\* (工程質量管理細則) and "Rules on Project Schedule Management"\* (工程進度管理細則). Health and safety considerations are integrated into all stages, including design, material selection and property delivery, ensuring reliable and high-quality outcomes for customers.

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### Quality Control and Material Safety

The Group's Quality Control ("QC") Department rigorously inspects all operations, properties, and services. Construction materials are carefully selected in line with the "Operating Standard of Product Inspection"\* (產品檢測作業標準), with sampling techniques used to detect potential hazardous substances. Non-compliant products are addressed promptly under the "Control Procedure of Non-conforming Products"\* (不合格產品控制程序). Given the nature of its business, the Group considers the establishment of recall procedures not applicable to its business, as such recall procedures are not disclosed nor discussed in this ESG Report. In FY2024, no product recalls were necessary for safety and health reasons.

### Marketing & Advertising

The Group ensures all marketing activities comply with local laws and regulations, including the Advertising Law of the People's Republic of China\* (中華人民共和國廣告法) and Advertising Management Regulations\* (廣告管理條例). Marketing materials, such as signage, advertisements, and promotional items, undergo thorough review to prevent misrepresentation or exaggerated claims. A "VI system" is set up to govern the design and publicity work for the Group's hotel operations, ensuring consistency and compliance. Any deviations from internal procedures are swiftly corrected.

### Customer Privacy

In an increasingly digital world, the Group prioritises robust cybersecurity and customer privacy protection.

### Policy and Compliance

The Group adheres to stringent internal policies, such as the "Confidentiality Management and Regulations"\* (保密管理規定), and complies with laws like the Personal Data (Privacy) Ordinance. Regular policy reviews are conducted to ensure compliance. The Group is committed to ensuring that all collected information is used exclusively for its intended purpose. The Group prioritise transparency and keep its customers informed about how their personal data is collected, handled, and utilised. Additionally, sensitive customer information is consistently archived and securely stored.

### Training and Technology

Education is the strongest defence. Thus, the Group provides extensive training on data privacy, cybersecurity and customer data management to authorised staff members who have access to sensitive information. These employees are also required to sign confidentiality agreements to ensure their commitment to safeguarding data.

To protect against unauthorised access, export, copying and data leakage, the Group's IT Department has enhanced computer firewalls across the organisation. The Marketing Service Centre oversees the implementation and monitoring of the Group's consumer data protection and privacy policies, tracking key indicators such as the frequency of breaches and the number of related complaints to ensure compliance and security.

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In FY2024, there was no reportable incidents of customer privacy breaches, and the Group did not receive any substantiated complaints concerning breaches of customer privacy or loss of customer data.

### *Complaints and After-sales Service*

The Group is dedicated to resolving customer complaints efficiently and enhancing satisfaction through structured policies and guidelines. The Marketing Service Centre collects complaints via telephone hotlines, fax and other channels. When complaints arise, the QC Department conducts formal reviews, provides timely responses, and ensures follow-through to address substantiated complaints. Corrective measures are implemented promptly, and outcomes are communicated internally to prevent recurrence. The Group prioritises emotional support for complainants, ensuring their concerns are understood and resolved. In FY2024, no substantiated complaints were received.

### *Intellectual Property Rights*

The Group proactively protects its intellectual property through timely registration of trademarks, labels, and product designs. In particular, the Group has applied for a design patent for the mascot of its hotel operations. Internal legal experts and external advisors provide guidance on intellectual property protection and infringement matters, and employees are required to maintain the confidentiality of trade secrets and proprietary information owned by the Group.

Given the Group's business nature and the principle of materiality, labelling-related issues are not applicable to the Group, therefore are not being discussed in this ESG Report.

## B.7. Anti-corruption

### *Commitment to Ethical Business Practices*

The Group remains unwavering in its dedication to maintaining the highest standards of business ethics and combating corruption and bribery. By fostering a workplace culture rooted in fairness, integrity, and efficiency, the Group rigorously complies with the applicable local laws and regulations related to anti-corruption and bribery, including but not limited to:

- *Anti-Corruption Law of the People's Republic of China\** (中華人民共和國反腐敗法);
- *Law of the People's Republic of China on Anti-money Laundering\** (中華人民共和國反洗錢法);
- *Anti-Unfair Competition Law of the People's Republic of China\** (中華人民共和國不正當競爭法);
- *Article 274th of the Criminal Law of the People's Republic of China (on extortion and fraud)\** (中華人民共和國刑法第二百四十四條(關於敲詐勒索));
- *Article 387th of the Criminal Law of the People's Republic of China (on illegal acceptance of other's property)\** (中華人民共和國刑法第三百八十七條(關於非法收受他人財物));
- *Interim Provisions on Banning Commercial Bribery\** (關於禁止商業賄賂行為的暫行規定);
- *Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and*
- *Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).*

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This commitment underscores the Group's resolve to operate transparently and responsibly across all its operations.

### *Robust Internal Policies and Protocols*

To eliminate corruption, bribery, money laundering, extortion, anti-competitive behaviour, and other forms of misconduct, the Group has established and enforces a comprehensive suite of internal policies and protocols. Key among these are the "Sunshine Service Convention"\* (陽光服務公約), Integrity Agreement\* (廉潔協議) and "Implementation Rules on Sales Management"\* (銷售管理實施細則). These documents provide clear guidelines for employees, particularly sales personnel, to prevent illicit practices such as corruption, extortion and money laundering during business transactions. All employees are required to adhere to these policies, ensuring accountability and ethical conduct at every level.

### *Whistleblowing Mechanism: Encouraging Transparency and Accountability*

The Group actively promotes its whistleblowing mechanism as a vital tool for reporting concerns related to misconduct, unethical behaviour, or unfair practices. Both internal and external stakeholders are encouraged to raise concerns verbally or in writing through this mechanism, which is overseen by the Company's audit committee. To safeguard whistleblowers, the Group ensures complete confidentiality and protection against retaliation or unjust treatment. The audit committee thoroughly investigates all reported incidents, taking swift action to address any unlawful conduct. In cases where corruption or criminal offenses are suspected, the Group's management promptly escalates the matter to relevant regulators or law enforcement authorities.

The Risk Management and Internal Audit Centre is responsible for overseeing the implementation and monitoring of anti-bribery, anti-extortion, anti-fraud and anti-money laundering measures. This includes tracking key performance indicators such as the number of whistleblowing incidents reported and resolved, ensuring continuous improvement in the Group's ethical governance framework.

### *Training and Awareness: Building a Culture of Integrity*

To reinforce ethical business practices and enhance employee awareness, the Group conducts training sessions on anti-corruption and ethical standards from time to time. For instance, in FY2023, the Group arranged quarterly physical training sessions of the "Training on Anti-Corruption and Ethical Business"\* (關於反貪污及廉潔辦公的培訓) for its employees. The training focused on imparting theoretical knowledge about anti-corruption and ethical business practices, equipping staff with the tools to recognise and prevent unethical behaviour in their daily work. As the Group considered the training provided in FY2023 was sufficient for staff to raise their awareness of ethical business practice, no additional training session was arranged in FY2024.

In FY2024, there was zero concluded legal case regarding corrupt practices brought against the Group or any of its employees. The Group was in compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group during the year under review.

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### COMMUNITY

#### B.8. Community Investment

The Group has long been a steadfast advocate for the sustainable growth of urban cities, striving to address the evolving needs of the communities it serves. By harnessing its business expertise, the Group integrates the SDGs into its operations and corporate ethos, ensuring its initiatives resonate with global sustainability priorities. From tackling social inequities to responding to environmental crises, the Group remains deeply connected to the communities it operates in, actively addressing their most urgent challenges.

Throughout the years, the Group has prioritised the well-being of diverse community groups, with a particular focus on supporting vulnerable populations. Its dedication is reflected in a wide array of initiatives, including advancing sustainable urban development, fostering educational opportunities, alleviating poverty, and enhancing community care through volunteerism and financial contributions. Additionally, the Group has consistently stepped-up during emergencies, providing critical support to safeguard public health, social stability and environmental resilience.

In FY2024, while the Group concentrated its efforts on key strategic priorities to align with its long-term business objectives, it maintained its commitment to social responsibility. Although charitable donations were scaled back during the year under review, the Group remained committed to upholding its enduring belief in the power of collective action encapsulated by the motto, “Unity is Strength.” Moving forward, the Group will continue to explore opportunities to expand its social impact and philanthropic contributions in the years to come.