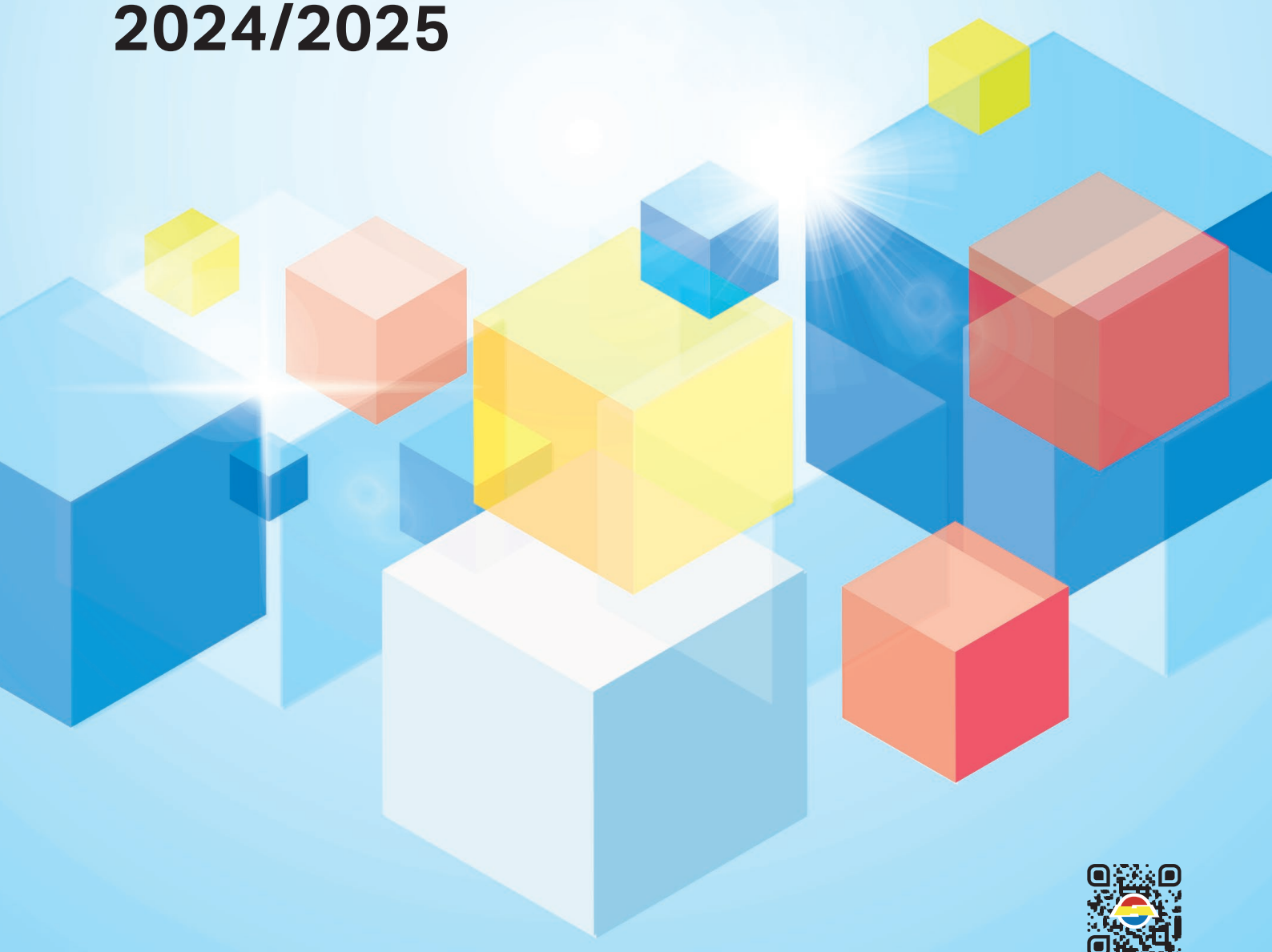
Huasheng International Holding Limited
華盛國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1323)

Environmental, Social and Governance Report 2024/2025



Environmental, Social and Governance Report

BOARD STATEMENT

The board (the "**Board**") of directors of Huasheng International Holding Limited (the "**Company**") and its subsidiaries (together with the Company, the "**Group**"), we are pleased to present this Environmental, Social and Governance ("**ESG**") report for the year ended 31 March 2025 (the "**Year**").

The Group has unwaveringly focused on ESG management while balancing the fulfilment of our business objectives. The Board has assumed full responsibility for the governance and oversight of ESG issues. The Board is responsible for assessing and determining the Group's ESG-related risks and ensuring adequate and effective ESG risk management and internal control systems are in place. Our management approach towards ESG has retained a focus on the material topics to our stakeholders based on the results of the materiality assessment as disclosed in this report. We aim to operate in a more responsible and sustainable manner by integrating ESG elements into our daily operations. The Board delegates to management to implement and develop strategies and monitor the material ESG-related issues. The Board reviews the implementation and makes appropriate adjustments to minimise the impact of corporate development on the environment and society, ensuring that our corporate goals and ESG-related issues are aligned. Performance and progress toward our goals and targets are evaluated at least annually by the Board.

The Group actively practises the concept of sustainable development and continuously improves ESG management to better respond to ESG opportunities and challenges. The Group has continued to fulfil the corporate social responsibility of the environmental aspect by reviewing and adjusting the environmental protection measures according to the business operation changes. During the Year, total emissions from gaseous fuel consumption emissions from vehicles have dropped significantly as we gradually replaced diesel-powered mixer trucks and forklifts with electric-powered trucks used in our concrete business. Apart from replacing the Group's fossil fuel vehicles, we also invested in companies that designed and manufactured zero-emission commercial vehicles. We are optimistic about the future development of zero-emission vehicles as governments are more committed to achieving carbon neutrality globally. We believe the investment could deliver economic and environmental advantages to our stakeholders.

Looking ahead, we will continue to identify opportunities for improvement and set goals in improving business operations towards sustainability practices along our supply chain and product offering. We will continue to collaborate with business partners to address climate-related challenges and build resilience by discussing the opportunity through which to keep customers and suppliers connected, ensuring the availability of quality products and establishing critical infrastructure to better serve our customers and business partners.

Environmental, Social and Governance Report

REPORTING PRINCIPLES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and aims to provide a balanced representation of our major ESG policies, initiatives and performances of the Group:

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

SCOPE OF REPORT

The Group was principally engaged in the business of production and sales of ready-mixed commercial concrete ("**Concrete Business**"). The Group was also engaged in provision of money lending services ("**Money Lending Business**"), which were disposed and classified as discontinued operation during the Year.

The information stated in this report covers the period from 1 April 2024 to 31 March 2025 which aligns with the financial year as the 2024/2025 annual report of the Group.

The environmental and social KPIs for the Year disclosed in this report covers all business segments of the Group as of 31 March 2025. For information on our corporate governance, please refer to the Corporate Governance Report in the 2024/2025 annual report of the Group.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

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

Environmental, Social and Governance Report

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

Major Stakeholders Engaged		Expectations and Needs	Means of Communication and Reponses
Internal stakeholders	Employees	• Protection of rights • Occupational health • Remunerations and benefits • Career development	• Employee communication meeting • Corporate journal and intranet • Employee mailbox • Training and workshops
	Shareholders and investors	• Returns • Compliant operation • Increase in company value • Transparent information and effective communications	• General meetings • Announcements • Email, telephone communication and company website • Dedicated reports
External stakeholders	Government and Regulators	• Compliance with national policies, laws and regulations • Support for local economic growth • Paying taxes in full and on time	• Regular information reporting • Dedicated reports • Examination and inspections
	Business Partners and Suppliers	• Operational integrity • Equal rivalry • Performance of contracts • Mutual benefits and win-win situation	• Review and appraisal meetings • Business communications • Exchanges and discussions • Engagements and cooperation
	Customers	• Outstanding products and services • Health and safety • Performance of contracts • Operational integrity	• Company website • Calling for feedback
	Environment	• Energy saving and emission reduction	• Reporting
	Community and the Public	• Participation in charity • Information transparency	• Company website • Announcements

Environmental, Social and Governance Report

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

Materiality Assessment Matrix



Environmental, Social and Governance Report

Environmental Impacts

1. Air emissions
2. Greenhouse gas emissions
3. Hazardous waste production
4. Non-hazardous waste production
5. Energy use (e.g. electricity, gas, fuel)
6. Water use
7. Use of materials (e.g. paper, packaging, raw materials)
8. Mitigation measures to protect environment and natural resources
9. Climate change

Employment and Labour Practices

10. Diversity and equal opportunity of employees
11. Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)
12. Occupational health and safety
13. Employee development and training
14. Preventing child and forced labour

Operating Practices

15. Selection and monitoring of suppliers
16. Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
17. Environmentally preferable products and services

Product and Services

18. Product health and safety
19. Customer satisfaction
20. Marketing communications (e.g. advertisement)
21. Observing and protecting intellectual property rights
22. Customer information and privacy
23. Product and service labelling

Compliance and Governance

24. Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering
25. Anti-corruption policies and whistle-blowing procedure
26. Anti-corruption training provided to directors and staff

Community Investment

27. Community support (e.g. donation, volunteering)
28. Cultivation of local employment

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

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

Based on the peer comparison of the ESG material topics and our findings from this year's stakeholder engagement survey, certain material topics, such as occupational health and safety, product health and safety, and employee remuneration, benefits and rights become more important to the Group. In addition, in response to heightened regulatory and market focus on addressing climate risks, the importance of climate change has also been raised accordingly.

Stakeholder's Feedback

The Group welcomes all stakeholders' feedback on ESG matters, particularly for those ESG topics listed in our materiality assessment matrix. You can share your views and suggestions through any channel listed below:

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

A. ENVIRONMENTAL ASPECTS

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

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

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

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

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

Emissions

Air Pollution

The Group is placing a strong emphasis on transitioning to more eco-friendly fuel sources which is a key priority for our organisation as we work to minimise our carbon footprint and contribute to a more sustainable future.

The total emissions from vehicles for the Year has decreased by approximately 974.33 kg or 79.72% compared to the previous year. The reduction in air pollutions emissions was due to the decrease in diesel oil consumption by vehicles in the Concrete Business. This decline was partly due to decrease in sales volume during the Year. In addition, the Group is fully aware of the air pollutants generated by vehicle usage and during the Year, the Group was continued replacing diesel-powered vehicles with electric-powered vehicles to minimise air emission and contribute to a cleaner and more sustainable environment. We have also deployed other measures to help control and mitigate air emissions from our facilities. This includes spraying of work sites to suppress dust, as well as the implementation of rigorous environmental monitoring programs. We track and regulate both noise and particulate matter levels to ensure we remain in compliance with all applicable environmental regulations and standards.

We recognise that addressing climate change and reducing our environmental footprint is an ongoing challenge that requires a multi-faceted approach. By investing in cleaner fuel sources, implementing robust emissions control measures, and maintaining robust monitoring and reporting, we are confident that we can make meaningful progress towards a more sustainable future.

Air emissions by the Group are shown in the table below:

	Year ended 31 March	
	2025	2024
	kg	kg
Nitrogen oxides (NO_x)	**222.62**	1,106.96
Particulate Matter (PM) Note 1	**21.25**	108.80
Sulphur Oxides (SO_x)	**3.95**	6.39
Total emissions from vehicles	**247.82**	1,222.15

Notes:

1. Respiratory suspended particles (RSP), also known as Particulate Matter (PM).
2. Calculation with reference to Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Code issued by the Stock Exchange.

Greenhouse Gas Emission

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

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

GHG emissions by the Group are shown in the table below:

		Year ended 31 March	
		2025	2024
	Unit	**tCO_2e**	tCO_2e
Scope 1 Direct GHG Emissions[1]	tCO_2e	**656.06**	938.12
Scope 2 Energy Indirect GHG Emissions[2]	tCO_2e	**6,199.85**	6,297.61
Scope 3 Other Indirect GHG Emissions[3]	tCO_2e	**54.40**	69.62
Total GHG Emissions	**tCO_2e**	**6,910.31**	7,305.35
GHG Emission intensity per employee	**tCO_2e/ employee**	**41.88**	41.98

Notes:

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

References:

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

During the Year, the Group's total GHG emissions amounted to 6,910.31 tCO_2e (2024: 7,305.35 tCO_2e), representing a decrease of approximately 395.04 tCO_2e or 5.41%. Total GHG emissions per staff for the Year was 41.88 tCO_2e per staff (2024: 41.98 tCO_2e per staff).

For the Year, approximately 1,527.80 kg of paper waste (2024: 1,658.70 kg) was disposed at landfills, representing an emission of approximately 7.33 tCO_2e (2024: 7.96 tCO_2e). The amount of paper disposed has decreased by 130.90 kg compared to the previous year. This reduction reflects the Group's ongoing efforts to minimise paper waste through the reuse of paper. Employees are constantly reminded to reuse single-sided used paper and adopt two-sided printing. All used papers in the Money Lender Business were recycled during the Year. The Group will continue encouraging other business segments to uphold the recycling concept in daily operations.

During the Year, the Group generated approximately 7.65 tCO_2e (2024: 8.20 tCO_2e) of indirect CO_2 emissions from air travel. The Group continues to encourage the use of electronic communications to reduce the need for air travel. Business travel would only be approved if there was a genuine need for physical presence.

Hazardous Waste

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

Approximately 90 kg of hazardous waste (2024: 100[1] kg) was produced during the Year. Approximately 0.55 kg of hazardous waste was produced per staff (2024: 0.57[1] kg per staff). The hazardous wastes generated by the Group included 40 kg of battery, light bulb and toner cartridge (2024: 40[1] kg) and 50 kg of machine oil waste (2024: 60 kg). The continuous decrease in machine oil waste this year is due to replacing some diesel forklifts with electric forklifts, thus reducing the overall machine oil consumption. The Group is aware of hazardous waste's health and environmental impacts and strives to reduce the generation of hazardous waste whenever possible. An outsourced service provider with the corresponding licenses was also engaged to handle hazardous waste from Concrete Business.

Non-hazardous Waste

During the Year, a total of approximately 2,174 kg of non-hazardous waste (2024: 2,488 kg) was produced. Approximately 13.18 kg of non-hazardous waste was produced per staff (2024: 14.30 kg per staff). Paper waste was the Group's major source of non-hazardous waste. Non-hazardous wastes produced by the Group during the Year comprised of 646 kg of domestic waste (2024: 830 kg) and 1,528 kg of paper waste (2024: 1,658 kg). Each employee reduced 1.12 kg of non-hazardous waste.

Employees are encouraged to adopt waste reduction, reuse, and recycling practices wherever feasible. In order to configure, monitor and plan waste management activities, the Group developed a system to record and collect the amount of non-hazardous waste used for daily operation. We believe effective waste management can reinforce environmental conservation, improve the health of the environment and ensure compliance with relevant statutory and contractual standards and requirements.

[1] Historical data has been restated to enhance accuracy this year.

Use of Resources

Energy and Water Consumption

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

During the Year, the Group consumed approximately 248,480.09 L of fuel (2024: 481,448.70 L) for daily operations, representing a decrease of approximately 232,968.61 L or 48.39%. The use of non-renewable fuels decreased significantly due to the increase in the proportion of electric vehicles and electric mixers this Year. The Group is aware that electric vehicles ("**EVs**") can reduce the consumption of non-renewable resources, and the transportation services provider of Concrete Business use EVs and EV charging stations were completely built and under operation in our batching plants during the Year. As a result, electric mixers and forklifts would be more convenient to charge, reducing the consumption of non-renewable resources.



The Group also consumed approximately 14,810.50 MWh of electricity (2024: 11,040.73 MWh) and 68,847.00 m^3 of water (2024: 86,203.90 m^3) for daily operations. Approximately 105.67 MWh of total energy was consumed per staff (2024: 78.74 MWh/staff) and approximately 417.25 m^3 of water was consumed per staff (2024: 495.42 m^3/staff) during the Year. The increase in electricity consumption of 26.31 MWh per staff was due to the increased idle equipment time during concrete production. Energy and water consumption by the Group are shown in the table below:

		Year ended 31 March	
	Unit	**2025**	2024
Petrol	MWh	**333.97**	380.25
Diesel	MWh	**2,290.70**	2,269.01
Natural gas	MWh	**–**	10.51
Electricity consumption	MWh	**14,810.50**	11,040.73
Total energy consumption	**MWh**	**17,435.17**	13,700.50
Intensity – energy consumption per employee	**MWh/ employee**	**105.67**	78.74
Total water consumption	**m^3**	**68,847.00**	86,203.90
Intensity-water consumption per employee	**m^3/ employee**	**417.25**	495.42

Reference:

i. Conversion Factors issued by Government of the PRC
ii. Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Code issued by the Stock Exchange
iii. Conversion Factors issued by the China Light and Power Company Limited, The Hong Kong Electric Company Limited, Drainage Service Department and Water Supplies Department

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

a) keeping light fixtures and lamps clean to maximise efficiency, and turning off all lights and electronic appliances when not in use;

b) setting the computers to automatic standby or sleeping mode when idling;

c) turning off power of electronic appliances, light and air conditioners before holidays; and

d) reviewing the Group's internal policies and practices regularly so as to seek opportunities for integrating environmental consideration into working procedures.

During the Year, the Group did not utilise any vehicles with natural gas as fuel. The Group's concrete production volume decreased by approximately 26% compared to the previous year. As the production line must remain in operation, the decline in production volume led to increased idle equipment time, resulting in higher power consumption but relatively lower output. In addition, the aged equipment contributed to higher energy consumption. Meanwhile, additional lighting and auxiliary equipment were installed across the factory area to enhance operational safety and production efficiency, further leading to an increase in overall electricity consumption.

In response to this energy consumption challenge, the Group has developed an energy optimisation plan, including intelligent equipment upgrades, production scheduling optimisation, and the application of energy-saving technologies. This plan aims to achieve continuous improvement in energy efficiency while ensuring the continuity of production.

The Group has initiated a range of measures to promote water conservation. All washrooms have adopted water conservation principles of design in mind, featuring dual-flush toilets, and infrared sensor taps. All installed toilet equipment has been rated as the highest level by the Water Efficiency Labelling Scheme of the Water Supplies Department in Hong Kong. In addition, water-saving labels have been placed in toilet areas to raise employees' awareness and encourage responsible water usage.

Given the nature of the operations, other business segments of the Group contributed negligibly to overall water consumption during the Year. Almost all of the Group's water usage was attributable to the Concrete Business. To promote sustainable water usage and reduce environmental impact, we utilise recirculating tanks to treat and reuse wastewater in our concrete production processes, with no discharge of effluent. This approach supports compliance with applicable environmental regulations and promotes sustainable resource management. The Group did not encounter any issue in sourcing water that is fit for purpose.

Packaging Materials

Due to our business nature, no packaging material (2024: Nil) was used by the Group for the Year.

The Environment and Natural Resources

For the purpose of resource saving and environmental protection, the Group strictly adheres to the Energy Conservation Law of the PRC and other laws and regulations. To minimise the environmental impacts of our business operations, the Group implements various environmental protection measures. These measures include using energy-efficient equipment to enhance energy savings and reduce waste generation, and establishing an effective waste management system that emphasises more sustainable and environmentally responsible use of construction materials.

The Group has implemented measures to minimise our environmental impact, including the energy-saving initiatives outlined in section headed "Emission" and "Use of Resources". The Group recognises that there remains room for further improvement in advancing our sustainability performance. In the production and operation, we actively carry out equipment upgrades targeting key energy consumption links, continuously optimise energy efficiency, and strive to create a low-carbon and efficient production environment.

Climate Change

In the context of global warming, reducing GHG emissions and actively responding to climate change have become the international community's consensus. The Group is well aware that extreme weather and global warming effects brought by climate change will impact corporate operations. At the same time, the Group has developed a set of procedures to enhance corporate resilience in the event of risks, with relevant practices as follows:

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

Climate Risk Assessment

Physical Risk

The Group anticipates that more frequent occurrence of extreme weather events resulting from climate change, such as typhoons, rainstorms, floods, drought and heatwaves, will adversely affect our operations in several aspects. These include potential revenue delays due to operational suspensions caused by such events, resulting in reduced production capacity, higher insurance premiums, and operating costs due to increased risks of property damage. The Group has implemented robust safety measures to minimise these impacts and maintain thorough emergency response and crisis management plans at the working sites.

Reputational Risk

With the growing global focus on climate change, environmental regulations are becoming increasingly stringent, which may result in higher compliance costs for the Group. Failure to meet climate change compliance requirements may expose the Group to the risk of claims and litigation, resulting in a possible loss of corporate reputation. The Group regularly monitors existing and emerging climate-related trends, policies and regulations to avoid reputation risk due to slow response. The Group will continue to evaluate the effectiveness of the Group's actions on climate change and enhance our ability to address climate-related issues.

Health and Safety Risks

The Group's business is mainly located in Hong Kong and Hainan and certain areas may be subject to extreme weather events such as heavy rain, floods and typhoons. The increasing frequency and severity of such events may increase the risk of power outages, supply chain disruptions, and building damages. This could disrupt the Group's operations, resulting in loss of revenue, property damage and increased costs to repair or restore damaged premises. We are also aware that these incidents could endanger the safety of our employees.

Legal and Policy Risks

Implementing more stringent policies and regulations regarding GHG emissions and climate change, which may lead to increased operating expenses and higher capital costs for the Group in the short term. Furthermore, these measures pose challenges to the Group's core business. To address these challenges, the Group is committed to mitigating these impacts by closely monitoring policy and regulatory proposals that specifically affect our business and increasing internal awareness.

Climate change is one of the most pressing global challenges today, impacting natural ecosystems and the sustainability of human economic and social development. Achieving carbon neutrality across society has become an inevitable trend for future sustainable development. Therefore, we have formulated a series of precautionary measures in advance to reduce the impact of climate change on our businesses.

B. SOCIAL ASPECTS

Employment and Labour Practices

The Group strongly believes that employees are the most valuable asset for our sustainable development. We uphold the principles of legal compliance and equal respect in employment, strictly adhering to relevant laws and regulations such as the Prohibition of Using Child Labour Law of the PRC, and the Protection of Minors and Labour Contract Law of the PRC. We design personalised career development paths for employees, implement a well-rounded promotion system, and cultivate an inclusive and dynamic work environment. By focusing on career planning support and helping employees enhance their skills, motivation and sense of mission, we strive to achieve mutual growth between the Group and our employees.

The Group is committed to fostering a diverse and inclusive workplace. To this end, we have established clear policies on equal opportunity, diversity, and anti-discrimination, which apply across all employment practices, including recruitment, internal mobility, and promotion. Equal employment opportunities are provided to all individuals, and discrimination on the basis of gender, race, age, nationality, religion, or any other unrelated personal grounds is strictly prohibited. We offer our employees remuneration packages mainly on the basis of individual results performance and work experience and also having regard to internal fairness and market competitiveness, including basic wages, allowance and other staff benefits. All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and different types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave, jury service leave and early leaves before the festive holidays.

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

The total number of employees in the Group was 165 as of 31 March 2025 (2024: 174) and were employed as full time staff. Total employee turnover was 21 (2024: 34), with an overall turnover rate of 12% (2024: 18%).

The following tables set forth the details of the total workforce and employee turnover rate by gender, age group and geographical region:

Number of Employee of the Group	As at 31 March			
	2025 No. of employee	**2025 Turnover**	2024 No. of employee	2024 Turnover
By Gender				
Male	**120**	**15%**	133	17%
Female	**45**	**5%**	41	20%
By Age Group				
Below 30 years old	**17**	**27%**	27	28%
Between 30 to 50 years old	**117**	**8%**	125	12%
Over 50 years old	**31**	**19%**	22	35%
By Geographic Region				
PRC	**148**	**13%**	157	14%
Hong Kong	**17**	**6%**	17	50%
Total	**165**	**12%**	174	18%

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

Health and Safety

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

The Group provides every full-time employee with a comprehensive set of health insurance, including but not limited to medical insurance, surgical insurance, hospitalisation insurance and employees' compensation insurance.

In the past three years, the Group has not reported any work-related fatalities (2024: Nil). Nevertheless, one reportable injury (2024: Nil), which resulted in a total of 18 lost days due to work-related injury (2024: Nil) during the Year. The health and safety of the Group's employees is of utmost importance. For Concrete Business, we provide all necessary protective gear to employees in order to secure their safety during daily operation. Besides, Concrete Business provides annual occupational checks to all employees and conducts annual environmental monitoring and workplace health surveillance, to ensure employees work in a safe environment and reduce the probability of work injury.

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

Development and Training

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

In order to prevent and minimise work injuries that happened in daily operation of Concrete Business, we provided various training sessions for the employees. We arranged and conducted several in-house training sessions for the general staff covering the corporate policies and procedures, inventory security management, various safety measures and instructions on how to use the fire installations, equipment and other materials, in order to enhance the awareness of the safety concepts to our employees.

During the Year, a total of 659 hours of training were completed by 117 employees (2024: 2,461 hours by 118 employees), representing 71% of the total workforce has participated in training sessions (2024: 68%) and 4.0 hours of training was completed per employee in average (2024: 14.1 hours per employee). We will continue to encourage and provide incentives for our staff to promote continuous training.

The percentage of employees trained, and the average training hours completed per employee by gender and employment category are as follows:

	For the year ended 31 March			
	2025		2024	
	Percentage of employee trained	Average training hours completed per employee	Percentage of employee trained	Average training hours completed per employee
By Gender				
Male	**73%**	**3.6**	77%	15.3
Female	**27%**	**5.1**	23%	10.4
By Employment category				
Senior management	**9%**	**12.9**	9%	11.8
Middle management	**5%**	**4.9**	4%	7.3
Frontline and other employees	**85%**	**3.4**	87%	14.7
Total	**71%**	**4.0**	68%	14.1

Due to the global economic climate, employee training hours have decreased the Year. The Company has optimised resource allocation and promoted digital training methods to improve efficiency while safeguarding core business operations. Training investment will be gradually reinstated as business conditions stabilise.

Nonetheless, the Group has continued to provide meaningful learning opportunities across key areas such as financial and accounting, occupational health and corporate governance.

Labour Standards

The Group is in strict compliance with laws and regulations including the Hong Kong Employment Ordinances, the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Social Insurance Law of the PRC. The Group adopts a zero-tolerance policy towards discrimination and harassment, strictly prohibiting anyone from engaging in unwanted verbal or physical conduct in the workplace. We are committed to providing employees with a work environment free from discrimination and harassment. In accordance with our established policies and procedures, the Group is committed to maintaining transparency in our recruitment and employment practices. All employment decisions, including recruitment, promotion and termination, the Group considers only those factors directly relevant to the job function, such as the candidate's or employee's age, qualifications, experience, and performance. The Group strictly prohibits child labour and forced labour, verifying the identity information of employees before hiring to avoid the recruitment of child labour. In case such a situation is discovered, the Human Resources Department will immediately terminate the recruitment process. Besides, the Group ensure that employees participate in work voluntarily to avoid forced labour.

During the Year, the Group was not aware of any non-compliance with laws and regulations which have a significant impact on employment and labour practices (2024: Nil).

During the Year, the Group was not aware of any operations and/or suppliers that were considered to have significant risk for incidents of child or forced labour (2024: Nil).

Supply Chain Management

The Group strictly goes through a supplier evaluation and assessment process in order to select the qualified suppliers. For the Year, all 7 suppliers of Concrete Business were located in the PRC (2024: 9 suppliers in the PRC).

The Group attaches great importance to supply chain management and has formulated a series of internal policies to ensure compliance and efficiency in the tendering and procurement process. The material department of Concrete Business oversees the quality assurance and management of all raw materials intended for use in the concrete manufacturing process, ensuring compliance with product standards and operational requirements. In terms of supplier admission and oversight, the Group conducts comprehensive assessments, enforces contractual obligations, and carries out regular inspections and monitoring. An established supplier elimination mechanism is also in place to ensure that suppliers and their products align with the Group's production and operational requirements, which help to identify and reduce environmental and social risks within the supply chain. In addition, the Group conducts annual evaluations of suppliers on a regular basis to review the compliance level and service capabilities of suppliers to ensure the stability of the supply chain.

The Group also integrates ESG factors into the process of engaging suppliers and procurement procedures, such as evaluating whether suppliers have certifications in the environmental management system or in the quality management system, the Group prioritises suppliers that demonstrate excellent performance in social and environmental aspects.

The Group strives to cooperate with local suppliers whenever possible, in support of local economic development and to enhance control over environmental risks associated with supply chain management. In addition, supplier selection gives preferential consideration to organisations that are certified under internationally recognised standards such as ISO14001 Environmental Management System and ISO9001 Quality Management System.

Operating Practices and Product Responsibility

Monitoring on the product and service quality

The Group has established comprehensive internal policies and procedures to ensure that the quality of our products and services meets customer expectations. In terms of the business nature of the Group, employees are required to perform quality control processes before the delivery of products. All test results are fully documented and securely retained as part of the quality management process, providing traceability and evidence of compliance

In Concrete Business, all products are sampled to perform laboratory tested and are custom made according to the specific requirements of each construction project. Our experimental department handles mix design and production quality management. The Group regularly samples key raw materials, such as cement, aggregates, and sand, to ensure the quality of the concrete remains unaffected. Additionally, the mix proportions used in production are closely monitored to achieve the required compressive strength. Concrete Business had also obtained the certification of quality management systems ISO9001:2015 in relation to the production of ready-mixed concrete.

During the Year, approximately 0.33% of products sold or shipped subject to recalls due to quality-related issues (2024: Nil). This low percentage reflects the Group's overall effectiveness in maintaining product quality control.

Handling customer complaints

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

During the Year, one official complaint related to products and services was received by the Group (2024: Nil), which was satisfactorily resolved through amicable discussion with the customer. The Group has not been notified of any law violation regarding product or service responsibility (2024: Nill).

Protecting Intellectual Property Rights

The Group strictly abides by the national and local laws and regulations intellectual property right, including but not limited to the Trade Marks Ordinance of Hong Kong and the Trademark Law of the PRC, Patent Law of the PRC.

To provide our business and products with adequate protection, all business and products material for the Group's operation have been registered in each major business location. As of the date of this report, Concrete Business has registered 2 invention patents and 70 utility model patents in the PRC. We have also registered the Company logo as a trademark in Hong Kong. Our policy is to label our products properly in accordance with local requirements. We work to ensure that the labels and trademarks used in our products properly reflect product specifications and the quality standards.

Safeguarding Privacy and Personal Information

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

We ensure appropriate measures are taken to prevent misuses or disclosure of personal data and to hold such personal data solely for such collection purposes. For Money Lending Business, separate manual has been established to demonstrate and record our compliance on the provisions of the Personal Data (Privacy) Ordinance of Hong Kong under Licensing Conditions of Money Lenders Licence. We obtain and handle sensitive and private personal information on a daily basis. All information collected will be limited to the intended purpose only and restricted on unauthorised dissemination unless to such parties who are authorised by law to request the information. We strictly follow the rules and regulations stipulated under Money Lenders Ordinance of Hong Kong during our business operations. During the Year, the Group received no complaints regarding breaches of customer privacy (2024: Nil).

The Group strictly complies with relevant laws and regulations that have significant impacts on the Group relating to advertising, labelling and remedial measures for the products and services provided, including not limited to the Advertising Law of the PRC, the Product Quality Law of the PRC, the standard for Quality Control of Concrete. We strive to provide the highest quality products and services to maintain customer satisfaction and to ensure product safety. During the Year, the Group did not receive any cases that violated the aforementioned laws and regulations (2024: Nil).

Anti-Corruption & Anti-Money Laundering

The Group attaches great importance to anti-corruption, corporate integrity and honesty, and strictly complies with the Prevention of Bribery Ordinance of Hong Kong and the Criminal Law of PRC. No person is allowed to take advantage of their position to demand and receive bribery or obtain benefits by improper means. We are also forbidden to blackmail, conduct fraud or launder money. The Group is committed to creating a culture of integrity and justice by accepting internal complaints and whistleblowing.

The Group has established an anti-bribery policy to effectively prevent commercial bribes, kickbacks or similar payoffs or benefits provided by suppliers or clients. Employees are encouraged to report any misconduct, including but not limited to negligence, abuse of power, acceptance of bribes, or misappropriation of company assets, to designated personnel. Upon the receipt of such report, the Group promptly investigates alleged misconduct and take appropriate remedial actions in respect of confirmed violations. In Money Lending Business, internal procedures for regulating and monitoring our due diligence and record-keeping procedures are implemented to ensure strict abidance of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

The Group is committed to maintaining good corporate governance, we established a Whistleblowing Policy and maintained smooth whistle-blowing channels, including telephone hotlines and online reporting, to encourage our employees and parties who deal with us (including customers, contractors, suppliers, creditors and debtors) to report any misconducts within the Group. The Group will seriously deal with verified violations of laws and disciplines to promote the good functioning of the anti-corruption policy and system. To protect whistleblowers, the Group will keep the whistleblower's personal information strictly confidential. Furthermore, employees are assured that they will not be subject to retaliation, unfair treatment, or adverse employment consequences for reporting concerns in accordance with the Group's Whistleblowing Policy. In general, whistleblowers are encouraged to submit their reports to the chairman of the Audit Committee of the Group in writing by post deposited at the business office address of the Group in Hong Kong as set out on page 6 of this report. The Group will make every effort to keep the whistleblower's identity confidential and handle the report in the same manner as stipulated in the Whistleblowing Policy.

The Group always places strong emphasis on and continuously strengthens the work for integrity cultivation and probity education of the Directors and employees. To enhance employees' awareness of anti-corruption and anti-fraud, the Group regularly conducts anti-corruption and anti-fraud training and cultural promotion activities, including relevant national laws and regulations, the Company's internal anti-corruption and anti-fraud management systems, and related courses.

In addition, we have developed a questionnaire to assess our employees' understanding on relevant laws and internal standards. This tool serves as a communication channel between the management and the operating staff, facilitating discussions on potential conflicts of interest that may arise during business operations. Apart from the questionnaire, we also circulate updated materials provided by the Hong Kong Business Ethics Development Centre of Independent Commission Against Corruption from time to time keeping our employees informed about the latest developments in maintaining high standards of commercial ethics.

During the Year, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong. The Group was not aware of any non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the Year (2024: Nil).

Community

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

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