



Kato (Hong Kong) Holdings Limited
嘉濤(香港)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2189

2026

Environmental, Social and
Governance Report

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優質服務 敬老樂業



Environmental, Social and Governance Report

1. BOARD STATEMENT

As the Board of Directors (the “**Board**”) of Kato (Hong Kong) Holdings Limited (“**we**”, the “**Company**,” and together with its subsidiaries, the “**Group**”), we recognise the critical importance of environmental, social, and governance (“**ESG**”) issues in guiding our operations and shaping our strategic direction. We take an active role in overseeing ESG matters, ensuring their effective integration into business decisions and alignment with the Group’s commitment to providing high-quality residential care and comprehensive healthcare services in Hong Kong.

In the provision of residential care and day care services, we place paramount emphasis on preserving dignity and quality of life of the elderly. We are committed to fostering an environment grounded in respect, compassion and engagement, ensuring that each individual receives tailored care to their specific needs. Our dedicated staff is trained to provide not only physical support but also emotional and social interaction, enriching the lives of those we serve.

Our ESG management approach is structured around a comprehensive strategy that evaluates, prioritises, and manages material ESG-related topics. This process involves regular assessments to identify potential risks and opportunities that may impact our operations and stakeholders. We engage with various stakeholders, including employees, residents, and healthcare professionals, to understand their perspectives and incorporate their insights into our ESG framework. By doing so, we can effectively address the unique challenges and opportunities relevant to our services.

The Board conduct regular reviews of progress against the Group’s ESG-related goals and targets, ensuring alignment with the Group’s overall business objectives. Specific metrics have been established to monitor our performance across key areas, including sustainability initiatives, community engagement, and quality of care. These periodic reviews not only assess our achievements but also identify areas for improvement, allowing us to refine strategies as necessary to enhance the Group’s ESG performance and long-term value creation.

Through our commitment to robust ESG practices, we aim to foster a culture of accountability and transparency, ultimately leading to better outcomes for our residents, patients, and the broader community. We appreciate your continued support as we strive to create a sustainable and compassionate environment for all those we serve.

2. ABOUT US

The Group primarily provides residential care and day care services for the elderly in Hong Kong. As of 31 March 2026, the Group operated 13 (2025: 11) residential care homes for the elderly and 4 (2025: 4) day care centres.

During 2026, we achieved a significant strategic milestone by expanding our operations into mainland China through the establishment of a new RCHE in Guangdong Province, PRC. The residential care portfolio expanded with the addition of two new RCHEs, bringing total residential capacity to 1,930 residential care places from 1,378 in 2025.

Our Missions and Visions

The Group recognises that climate change directly impacts living standards and poses significant challenges to social development worldwide. It understands that society has high expectations regarding sustainability performance. In response, the Group is committed to conducting its business in a way that minimises adverse environmental effects, prioritising social and environmental impacts as central issues to address. Through this approach, the Group aims to create shared sustainable values with its stakeholders and the community.

The Group believes that upholding high standards in these areas will contribute to building a sustainable future, and it is prepared to face any potential challenges and risks to its business development.

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Our Governance Structure

To ensure effective ESG management, we have established an ESG governance structure that includes the Board, various functional departments, and subordinate companies to promote ESG management and disclosure. The Board, as the Group's ultimate decision-making body, is responsible for overseeing ESG governance. It guides the Group's sustainable development and holds overall accountability for its ESG initiatives.

In the future, the Board will continue to strengthen ESG risk management and enhance the ESG working mechanisms and regulatory processes to improve governance standards. Each functional department and its subordinate companies, operating at the execution level, are responsible for implementing initiatives set by the Board and for reporting relevant progress and data.

3. ABOUT THIS REPORT

Reporting Boundary and Reporting Period

This Environmental, Social, and Governance Report ("**ESG Report**") details the performance of our Hong Kong operations for the period from 1 April 2025 to 31 March 2026 (the "**Reporting Period**"). The scope of this report encompasses all 12 RCHEs, the day care centres and the office located in Hong Kong.

However, the environmental performance of our RCHE in Guangdong Province, is not included in this ESG Report. As the facility commenced operations in March 2026, sufficient data for a meaningful assessment was not available. Its performance will be incorporated into our subsequent ESG Report.

During the Reporting Period, the Group has also divested its medical and laboratory services business. This decision was made in line with strategic changes to our overall business model. With the change in the operation activities, the performance for this period shall not be directly comparable to that of the previous year.

Reporting Principles

This ESG Report is prepared in compliance with Appendix C2 ESG Reporting Code to the Listing Rules of the Stock Exchange of Hong Kong ("**HKEx**"). The contents covered herein comply with the mandatory disclosure requirement and the provision of "Comply or Explain" as well as the four reporting principles of materiality, quantitative, balance and consistency required in the Code.

Materiality	Materiality assessments have been conducted to identify the material, environmental and social topics that have significant impacts on our stakeholders. The significant stakeholders, procedures, and results of the engagement are presented in the Report's "Stakeholder Engagement and Materiality" section.
Quantitative	Key Performance Indicators (" KPIs ") have been established, which are measurable and applicable for making valid comparisons under appropriate conditions. Information on the standards, methodologies, assumptions, and/or calculation tools used has been disclosed when applicable.
Balance	This Report presents the Group's performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.
Consistency	Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

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4. STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder Engagement

We value our stakeholders and their feedback regarding our businesses and ESG aspects. With the goal of strengthening the Group's sustainability approach and performance, we maintain close communication with our key stakeholders, including government and regulatory authorities, shareholders, employees, customers, suppliers, and the general public. We consider stakeholders' expectations when formulating our business and ESG strategies by utilising diversified engagement methods and communication channels, as shown below.

Stakeholders	Concerns and expectations	Communication channels
Government and regulatory authorities	• Compliance with laws and regulations	• Announcements and other regulatory reports
Shareholders and investors	• Corporate performance • Corporate governance • Sustainable development • Compliance with laws and regulations	• Meetings • Information disclosed on the HKEx website and the corporate website
Employees	• Employees' compensation and benefits • Career development • Occupational safety and health	• On-the-job training • Performance evaluation
Customers (Residents)	• High-quality of services • Protection of customer rights and privacy • Safe living environment	• Corporate website • E-mail and telephone • Suggestion box
Suppliers and service providers	• Creditworthiness • Long-term co-operation	• Performance assessment • Meetings
Public	• Compliance with laws and regulations • Involvement in communities	• Industrial events • Corporate social responsibility activities

To foster effective communication and gather constructive feedback, the group maintains ongoing dialogue with shareholders, employees, and customers through general meetings, regular performance reviews, collecting customer feedback from suggestion boxes, and interview sessions.

Feedback is considered essential to the decision-making process, influencing daily operations and informing strategies for improving business performance and future development.

To ensure our sustainability strategy remains aligned with the interests of our key stakeholders, the Group conducts a comprehensive stakeholder engagement exercise and materiality assessment every two years. For the current Reporting Period, the Board has determined that the results of the previous stakeholder survey remain valid and representative. By maintaining this biennial cycle during periods of operational stability, we ensure a consistent and meaningful data set while continuing to monitor informal feedback channels to address any emerging ESG concerns in the interim.

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The Stakeholder Materiality Matrix below prioritizes key issues by mapping them along two dimensions: their importance to business development (the vertical axis) and their importance to stakeholders (the horizontal axis). Issues positioned in the top-right quadrant, including (i) medical and chemical wastes management, (ii) due care to elderly, and (iii) pharmaceuticals management, are identified as the most critical strategic priorities. Issues located progressively toward the bottom-left quadrant are considered to be of diminishing material significance.

Stakeholder Materiality Matrix				
Importance to business development	High	• Staff development and training • Forced and child labour • Employment practices • Anti-Corruption • Compliance of specifications and regulations of RCHes	• Medical and chemical wastes management • Due care to elderly • Pharmaceuticals management	
		• Climate change resilience	• Non-hazardous waste • Energy consumption and efficiency • Occupational health and safety • Water consumption and intensity • Green procurement • Advertising	• Qualifications of external therapists • Health and safety • Protection of data and privacy
	Low	• Intellectual property protection • Community investments	• Air and greenhouse gas emissions • Environmental impacts	
		Importance to stakeholder		
		Low	High	

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Stakeholders may share with the Board any suggestions and views by writing to 1/F, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories.

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5. ENVIRONMENTAL

The Group realises that the public is paying more attention to environmental protection and corporate social responsibility. Therefore, we always attach great importance to sound environmental management and strive to protect the environment to fulfil the Group's social responsibility.

During the Reporting Period, the Group strictly abided by the laws, rules and regulations enforced by Hong Kong in relation to environmental protection and pollution control, including but not limited to the following:

- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong);
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong); and
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong).

5.1. Emissions and waste

Air Emissions

In line with our commitment to minimising our environmental impact, the majority of RCHes are equipped with electric cooking facilities. However, a few RCHes continue to use town gas for cooking, which constitutes the primary source of air emissions. The increase in town gas consumption and the associated emissions—recorded during the Reporting Period is primarily attributable to the increase in residential capacity and higher resident occupancy rates at these specific facilities.

Type of Air Emission	Unit	2026	2025
Nitrogen oxides	kg	8.21	6.42
Sulphur oxides	kg	0.04	0.03

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Greenhouse Gas ("GHG") Emissions

The primary source of our Greenhouse Gas emissions is the indirect (Scope 2) emissions generated from purchased electricity. Such energy consumption is integral to daily operations, supporting critical functions including temperature control, lighting and medical equipment. While electricity usage remains essential to maintaining a safe, comfortable, and high-quality environment for residents, the Group is committed to managing energy consumption responsibly and continues to explore opportunities to enhance energy efficiency where practicable.

GHG Emissions	Unit	2026	2025
Scope 1 – Direct emission from fuel combustion			
Towngas	tCO ₂ e	109.19	102.54
Scope 2 – Indirect emission from purchased energy			
Electricity ¹	tCO ₂ e	1,476.26	1,574.86
Scope 3 – Other indirect emission			
Electricity used for processing fresh water	tCO ₂ e	26.39	26.55
Electricity used for processing sewage	tCO ₂ e	12.97	13.05
Paper disposed at landfill	tCO ₂ e	10.54	10.51
Total GHG emissions	tCO ₂ e	1,635.35	1,727.51
GHG emission intensity	tCO ₂ e/million dollar of revenue	4.62	5.45

Despite the expansion of our operating capacity, we achieved an improvement in our environmental performance. The growth in revenue-generating activities at certain RCHes were managed with a focus on operational efficiency, resulting in a 15.2% reduction in our overall GHG emission intensity. This outcome demonstrates our ability to scale operations in an environmentally responsible manner.

Hazardous Waste

The Group's operations generated chemical and clinical wastes totalling 304 kg, including used syringes, needles and surgical dressings, contributing to an intensity of 0.86 kg per million dollar of revenue during the Reporting Period.

Non-hazardous Waste

Non-hazardous waste from the Group's operations consists mainly of domestic waste, food waste from the RCHes and day care centres, as well as paper waste from offices. The building management of the respective premises collects domestic waste. Accordingly, the waste generation is estimated based on the average monthly occupancy rate for each RCHE and the average monthly visit rate for each day care centre.

Non-hazardous waste production	Unit	2026	2025
Domestic wastes generated by residents	Tonne	653.36	515.23
Paper wastes	Tonne	2.20	1.76
Total non-hazardous wastes	Tonne	655.56	516.99
Non-hazardous waste production intensity	Tonne/million dollar of revenue	1.85	1.63

¹ Emission factor of 0.34 tCO₂e/MWh was made with reference to 2025 Climate Action Finance Report issued by CLP Group.

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Waste Handling and Reduction Initiatives

Sharp waste and medical waste are placed in designated containers, which are colour-coded and securely sealed with ties. All medical wastes are collected by licensed clinical waste collectors using dedicated vehicles. These licensed collectors also dispose of expired medications.

In addition, all RCHes provide meals for staff, and the Group encourages employees to bring their own cutlery and containers to minimise the use of disposable items. To reduce food waste, food procurement is based on the number of residents and employees.

Targets and Performance

The Group keeps track of its consumption of town gas and electricity, and strives to reduce related emissions whenever possible.

In 2022, the Group set a 10-year target to achieve a 5% reduction in overall emission intensities by 2031/32. See below for the detailed breakdown of the Group's progress towards its emission reduction target.

Environmental Targets	FY 2022 Performance	Target by 2032	FY2026 performance	Result
Air emission intensity	12.17 g/million dollar of revenue	–5%	23.33 g/million dollar of revenue	↑92%
GHG emission intensity	4.34 tCO ₂ e/million dollar of revenue	–5%	4.62 tCO ₂ e/million dollar of revenue	↑6%
Electricity consumption intensity	10,853 kWh/million dollar of revenue	–5%	12,265 kWh/million dollar of revenue	↑13%

The Group would continue to refine and improve its existing environmental policies to achieve a sustainable balance between business growth and environmental protection.

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5.2. Use of Resources

The Group strives to improve the efficient use of natural resources, by minimising waste streams and emissions. Consumption of natural resources by the Group during the Reporting Period is set out below:

Natural resources	Unit	2026	2025
Energy			
Electricity	MWh	4,341.93	3,969.17
Towngas	MWh	370.25	445.86
Total energy consumption	MWh	4,712.18	4,415.03
Energy consumption intensity	MWh/million dollar of revenue	13.31	13.93
Water			
Water	M ³	63,355	57,327
Water consumption intensity	M ³ /million dollar of revenue	178.97	180.84

Paper Consumption

In the office, we promote duplex printing and reuse single-sided used paper. In addition, we encourage the use of electronic media for document circulation and communication to minimise paper consumption (e.g. avoiding unnecessary printing and fax transmissions). During the Reporting Period, the Group consumed approximately 2,195 kg of paper, representing an intensity of 6.2 kg per million dollar of revenue.

Energy Use Efficiency Initiatives

Frontline employees are reminded to follow the energy use efficiency initiatives implemented by the Group, including:

- Maintaining air conditioning at a temperature of 25°C or above;
- Setting the computer to energy-saving modes when idle; and
- Switching off unnecessary electronic appliances and equipment.

Water Consumption Efficiency and Initiatives

Water use efficiency is crucial for RCHE operations due to their inherently high levels of water consumption. One effective measure is the installation of water-efficient fixtures, such as low-flow showerheads, faucets, and dual-flush toilets, which can significantly reduce water usage without compromising user comfort. In addition, behavioural education plays a vital role; promoting water conservation practices among employees helps cultivate a culture of sustainability. Regular maintenance and leak detection are equally essential; routine inspections enable the timely identification and rectification of leaks, thereby minimising water loss and supporting optimal resource utilisation.

Packaging Materials

The Group's business operation did not involve the use of packaging materials during the Reporting Period.

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5.3. The Environment and Natural Resources

The operations of RCHEs are inherently energy-intensive, as a comfortable, stable and safe living environment must be maintained for residents. Significant consumption of electricity and town gas contributes to greenhouse gas emissions and associated environmental impact. In recognition of these challenges, the Group is committed to minimising its carbon footprint, while continuing to safeguard the well-being and comfort of elderly residents.

Energy Consumption

The Group adopts a range of measures to enhance energy efficiency across its operations. Regular inspection and maintenance of air-conditioning systems are conducted to ensure optimal performance and energy efficiency, enabling the maintenance of appropriate indoor temperatures without unnecessary energy consumption. These measures support emissions reduction while ensuring a consistent and comfortable indoor environment, particularly during periods of extreme weather.

In addition, the Group prioritises the procurement of environmentally friendly and energy-efficient electrical appliances. Selection criteria incorporate energy performance and sustainability considerations, with preference given to products that meet recognised efficiency standards. This approach reduces indirect environmental impacts associated with product life cycle stages, including production, usage and disposal, and supports the broader adoption of green technologies within the Group's operations.

Waste Production

Due to the nature of RCHE operations and the need to maintain stringent hygiene standards, the use of disposable protective equipment ("PPE") and medical supplies is necessary. The Group has established and implemented formal policies and procedures governing the handling, storage and disposal of clinical waste.

These procedures set out clear requirements waste segregation, storage and disposal, with particular emphasis on clinical waste and pharmaceutical substances. All waste is managed in accordance with applicable laws and regulations to ensure safe and responsible handling, minimise environmental risks, and prevent contamination or potential hazards.

5.4. Climate

Governance

The Group acknowledges the strategic importance of climate-related risks and opportunities. We have established a robust governance framework to ensure that climate considerations are integrated into our business strategy and risk management processes. The Board is ultimately responsible for overseeing the Group's ESG and climate change strategy, and ensures that such strategies are aligned with the Group's overall business objectives and risk appetite. The current remuneration packages of senior management and the Board are not linked to climate-related performance metrics.

For details on the climate risk governance structure, please refer to the section of "Our Governance Structure".

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Strategy

Risk and opportunity

(i) Climate-related risks

Climate change poses an increasing risk to the operations of residential care homes. The Group has identified relevant climate-related risks and assessed their potential financial impacts. To ensure clarity and accountability, our ESG risks and opportunities are defined across short-, medium-, and long-term time horizons. Each period has a distinct purpose on our path to creating lasting value.

- **Short-Term (1 to 2 years):** These are our immediate priorities, focused on operational efficiency, compliance, and establishing the data and governance foundations for our broader strategy.
- **Medium-Term (3 to 5 years):** These goals represent significant progress and strategic investment. They are designed to embed sustainable practices across our value chain and achieve substantial improvements on our material topics. This timeframe aligns with our corporate strategic planning cycle.
- **Long-Term (6 to 10 years):** These are our visionary goals that aim for transformational impact. They guide our contribution to broader societal and environmental objectives, such as climate action and the circular economy, positioning us as a leader in a sustainable future.

The identified climate risks, along with their time horizons, potential financial impacts on the Group, and our responses, are outlined below.

Physical Risks	Time horizon	Potential financial impacts	Responses
Acute	Short term	Typhoons, heavy rain, and flooding may disrupt staffing, supplies, family visits, and access to the facility, while also damaging equipment and premises.	Develop heatwave and extreme-weather response plans, including monitoring, staff training, and emergency communication procedures.
Chronic	Long term	Extreme heat may increase dehydration, heat exhaustion, and heatstroke risks for elderly residents, especially those with chronic illnesses. Prolonged hot weather can place greater strain on air-conditioning, ventilation, and electricity demand, increasing operating costs and the risk of service disruption. The Group has to increase capital expenditure to continually upgrade facilities to cope with new climate norms.	Increase capital reserves for upgrading the HVAC system, to ensure the health and comfort of our residents while managing energy costs.

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Transition Risks	Time horizon	Potential financial impacts	Responses
Technology	Long term	The Group expects increased procurement expenditures to introduce new and alternative technologies, and the additional cost of adopting/deploying new practices and processes.	Increase capital reserves for the installation of monitoring system for elderly safety purposes, such as fall detection and medical-alerts, to ensure the safety of our residents.
Policy and Legal	Short to medium-term	Higher compliance costs associated with more stringent environmental regulations and mandatory climate risk disclosure requirements.	To actively monitor regulatory developments to ensure timely compliance and mitigate potential fines and/or penalties.
Market	Short to medium term	Changes in consumer preference, where families may favour care homes with strong sustainability credentials, potentially affecting occupancy rates, and hence the service income.	To maintain a transparent and active communication with stakeholders and continuously enhance the occupancy rate.
Reputation	Short to long-term	With increasing attention from customers, regulators, and the public on corporate environmental performance, the Group's involvement in green supply chain management will directly impact its brand image and external assessment.	Enhance transparency by strengthening environmental and climate-related disclosures to showcase the Group's progress in green and low carbon transformation.

(ii) Climate-related opportunities

While climate change presents significant risks, it also creates opportunities for us by encouraging proactively sustainable and resilient practices.

- Operational efficiency and cost savings

Introduce energy-efficient building and equipment upgrades, such as upgrading to LED lighting, installing smart thermostats, and improving insulation, to reduce electricity use and long-term costs.

- Improve resilience and resident comfort

The installation and upgrading of cooling, ventilation, shading, insulation, and backup power systems would enhance operational resilience and resident comfort. Improvements in indoor air quality and thermal conditions would further support resident wellbeing and strengthen trust among families. Collectively, these initiatives position the RCHE as a resilient and professionally managed provider, reinforcing its market reputation and enhancing stakeholder confidence.

- Access to new funding and incentives

Governments and other organisations are increasingly offering grants, green bonds, and other financial incentives to support climate adaptation and sustainability projects in the healthcare sector.

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Business model and value chain

Climate change poses an increasing challenge to the Group's ability to provide a safe and stable environment for the residential care homes for the elderly. The Group's business model is closely linked to its ability to safeguard resident wellbeing, and this value proposition may be adversely affected by extreme weather events, power interruptions, and heatwaves. Such risks may also increase operating costs through higher electricity consumption for air conditioning, as well as capital expenditures for facility enhancement, backup power system and other resilience measures. In turn, these pressures may affect the Group's financial performance and reputation, including occupancy levels, where climate-related disruptions are not effectively managed. This vulnerability extends throughout the value chain, beginning upstream with a reliance on supply chains for food and medicine and a public power grid that is both susceptible to disruption from climate events.

Internally, within the RCHE's core operations, climate change poses direct health risks to residents, such as heatstroke, while simultaneously straining physical infrastructure and creating staffing challenges during emergencies.

Furthermore, the downstream value chain is affected by the home's dependency on community infrastructure, such as emergency services, which are also at risk, and by the critical need to communicate with residents' families during climate-related crises.

Strategy and decision-making

The Group acknowledges that climate change presents material risks and opportunities that have a direct bearing on our business strategy, operational resilience, and financial planning. Our primary strategic goal is to ensure the uninterrupted well-being of our residents while securing the long-term sustainability of our business. Our decision-making process is increasingly integrating climate-related considerations to address the risks and opportunities identified.

The identified acute physical risks, such as extreme weather events, pose a direct threat to our service continuity. In response, our strategy prioritises the reinforcement of our operational resilience. This involves reviewing and strengthening emergency preparedness plans for events such as typhoons and floods, assessing the climate vulnerability of our critical food and medical supply chains, and ensuring the integrity of our physical infrastructure. For chronic risks like rising average temperatures, our strategy includes the progressive modernisation of our facilities to maintain a safe and comfortable environment for our residents, which is a core part of our service promise.

The Group recognises the market and reputational risks associated with a transition to a low-carbon economy. The Group believes that demonstrating strong sustainability credentials will not only mitigate reputational risk but also become a competitive advantage, potentially leading to higher occupancy rates as residents and their families increasingly favour environmentally conscious care homes.

The Group notices internal carbon pricing as a tool for managing transition risks. However, we do not currently apply an internal carbon price in our investment or financial planning decisions. Our climate strategy is presently focused on more direct measures, such as investing in energy efficiency and operational resilience, which we consider the most effective initial steps to manage our primary source of emissions and mitigate immediate physical risks.

Climate resilience

The Group is committed to ensuring our long-term strategy is resilient to a range of potential climate-related scenarios. While a formal, quantitative climate scenario analysis has not yet been completed, our current strategic planning incorporates the assumption of an increasing trend in both physical and transition risks.

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The Group is progressively integrating climate-related considerations into its decision-making framework, including the evaluation of capital investments, and operational developments. Efforts are underway to strengthen the assessment of climate-related risks and opportunities, with a view to conducting more structured scenario analysis in due course. We intend to deepen our understanding of these impacts and formally integrate the findings into our enterprise risk management framework. This will enable us to build a truly resilient strategy that protects our residents, preserves our assets, and creates sustainable, long-term value for our stakeholders.

6. EMPLOYMENT AND LABOUR PRACTICES

6.1. Employment

As a responsible corporation, the Group highly values its employees and is committed to providing a decent and healthy workplace. The Group welcomes individuals of all age ranges to join, as long as they are eager to learn and participate. The Group has formulated and implemented comprehensive employment policies to ensure the rights of our employees. Personal attributes such as race, religion, nationality, age, or gender are not considered in the hiring process or promotion opportunities. In addition to discrimination, any act of sexual harassment is strictly prohibited.

During the Reporting Period, the Group strictly abided by all applicable laws and regulations in relation to employment in Hong Kong and PRC, including but not limited to the following:

PRC	• Labour Law • Labour Contract Law • Regulations on Paid Annual Leave for Employees • Law on the Protection of Women's Rights and Interests • Special Rules on the Labour Protection of Female Employees
Hong Kong	• Employment Ordinance (Cap. 57) • Inland Revenue Ordinance (Cap. 112) • Minimum Wage Ordinance (Cap. 608) • Mandatory Provident Fund Schemes Ordinance (Cap. 485) • Family Status Discrimination Ordinance (Cap. 527) • Sex Discrimination Ordinance (Cap. 480) • Disability Discrimination Ordinance (Cap. 487) • Race Discrimination Ordinance (Cap. 602)

The Group attracts talent through fair, flexible and transparent recruitment strategies. Remuneration packages are reviewed periodically to ensure consistency with the employment market. Regional laws and regulations on minimum wage and statutory social benefits are required to be followed.

The Group had a total number of 656 (2025: 585) employees as of 31 March 2026. During the Reporting Period, the Group sought to maintain staff turnover at a manageable level in order to support the accumulation of professional skills and experience within the workforce. The overall staff turnover rate was approximately 16.4% (2025:17.8%), representing a decrease of 1.4%. Notwithstanding the strategic cessation of the Group's medical and laboratory business, the lower turnover rate may reflect improved employee retention and workforce stability. This trend occurred alongside an increase in overall headcount, which was required to support the expansion of the Group's core business operations.

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The table below shows the staff distribution and staff turnover rate of the Group by employment type, age group and gender:

	Staff distribution as at 31 March 2026	Staff turnover rate ²
Employment Type		
Full time	96.8%	10.8%
Part time	3.2%	113.0%
Age Group		
18–25	3.7%	44.4%
26–35	14.2%	25.7%
36–45	16.6%	16.2%
46–55	31.6%	17.2%
56 or above	33.9%	9.2%
Gender		
Male	18.0%	19.7%
Female	82.0%	15.7%
Location		
Hong Kong	95.1%	16.4%
PRC	4.9%	/

6.2. Employee Health and Safety

The Group is committed to strict compliance with all relevant health and safety legislation. Our frontline staff are exposed to relatively higher health and safety risks in handling chemical and medical wastes. To support frontline staff, the Group provides personal protective equipment tailored to the specific needs and types of work involved. This includes items such as surgical masks, disposable gloves, and protective goggles. Frontline staff involved in nursing and personal care procedures must dispose of PPE in accordance with established protocols.

All chemical and medical wastes are stored separately to prevent contamination, infections, and accidents. Safety features such as handrails, corridors, fire alarms, and other fire service installations are kept in good condition. Emergency evacuation plans are prominently displayed in all care and attention homes for the elderly, and adequate lighting is provided along all exit routes, which are kept clear of obstructions. Annual check-ups of our fire service installation and equipment, e.g., the functionality of fire extinguishers and fire blankets, are conducted in the RCHes. To ensure compliance with the Fire Service (Installations and Equipment) Regulations for its operations.

To maintain clear walkways and create a safe working environment in the RCHes, equipment and carts are placed only in designated coloured zones when not in use, and certain equipment is locked to prevent unauthorised use. Management conducts ongoing risk assessments to identify and manage these risks, aiming for the goal of zero accidents.

During the Reporting Period, the Group complied with the Occupational Safety and Health Ordinance (Cap. 509) and the PRC Law on the Prevention and Control of Occupational Diseases. The table below presents statistics on work injuries for the Group in this Reporting Period and the past two reporting periods.

² The staff turnover rate is calculated as the number of employees who left the Group, divided by the average number of employees during the Reporting Period.

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	2026	2025	2024
Work-related fatality	0	0	0
Work injury cases	0	0	1
Lost days due to work injury	0	0	2.5

6.3. Development and Training

Developing internal talent remains a key pillar of our long-term growth and success. This commitment is essential for promoting personal growth and enhancing the reliability of services provided to residents.

Induction training courses are organised periodically for all newly joined frontline employees in the RCHes. The induction training includes basic knowledge of caring for the elderly, as well as technical skills and procedures. Existing employees are also provided with reinforcement training to enhance operational efficiency and work attentiveness. To cater to staff needs, the programmes cover a range of training topics, including first aid, occupational safety, stress management, infection control, drug management, and nursing care.

The Group also encourages employees to enhance their skills and abilities through external training from accredited organisations, such as the Red Cross and St. John. Discretionary bonuses are awarded to those who pass certain professional training courses, such as the automated external defibrillator (“**AED**”) course.

Employees in various divisions are expected to possess adequate experience or professional qualifications. Within the Group's operations, doctors, nurses, social workers, and physiotherapists are required to obtain formal certification in accordance with the relevant laws and regulations in Hong Kong, including, but not limited to, the following:

- Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong);
- Nurses Registration Ordinance (Chapter 164 of the Laws of Hong Kong);
- Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong); and
- Social Workers Registration Ordinance (Chapter 505 of the Laws of Hong Kong).

The table below summarises the training statistics of our employees and management during the Reporting Period:

	Percentage	Average training hours
By gender		
Male	100%	6
Female	100%	6
By employment ranking		
Senior management	100%	4
Management	100%	6
Frontline and general staff	100%	6

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6.4. Labour Standards

The Group is dedicated to safeguarding employees' rights and interests by fostering a fair working environment. The Group strictly prohibits forced labour and child labour.

Applicants are required to complete the employment application form with their personal information and present their identification documentation to the Group's human resources department for age verification.

Applicants below the legal minimum working age are not permitted to attend job interviews. The human resources department will verify the applicant's age and the authenticity of their identification documentation. The Group will only recruit applicants who are at or above the legal minimum working age. In the event that any child labour is identified during daily operations, the Group will terminate the employment relationship and take subsequent steps in accordance with applicable laws.

The Group strictly abides by all the government and regional labour standard laws and regulations, including but not limited to the PRC Law on Protection of Minors and The Employment of Children Regulations under the Employment Ordinance (Cap. 57).

7. OPERATING PRACTICES

7.1. Supply Chain Management

The Group places significant importance on collaboration with suppliers and conducts comprehensive evaluations to ensure high standards. When assessing suppliers, the Group considers various factors, including experience, track record, quality of service or products, timeliness of delivery, reputation, and pricing.

To mitigate carbon footprints within the supply chain, all suppliers and service providers are all based in Hong Kong, primarily providing medical care products, groceries, healthcare items, and food, as well as services from external physiotherapists and occupational therapists. During the Reporting Period, the Group has 233 and 4 suppliers and service vendors in Hong Kong and PRC respectively. Suppliers that fail to meet standards or show no improvement over a specified period will be removed from the approved supplier list.

Before engaging external physiotherapists and occupational therapists, the Group conducts interviews with selected candidates and verifies their qualifications by reviewing backgrounds and certificates, ensuring that all employees hired through employment agencies are professional and qualified.

7.2. Product and Service Responsibility

The Group is committed to delivering reliable, high-quality services in our daily operations to ensure that the elderly in the RCHEs and the day care centres do not face any health and safety risks.

Safety of Elderly Homes

The Group has established and implemented standardised care protocols for RCHE operations, supported by regular staff training, to ensure personnel are competent in responding to medical and operational emergencies. These measures aim to safeguard residents' wellbeing and maintain service quality.

Maintaining a clean and hygienic environment is a key priority in preventing the spread of infectious diseases. By implementing standardised procedures and precautionary measures, the cleanliness and hygiene of the premises are consistently maintained, minimising the risk of disease.

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Frontline staff are required to comply with stringent food safety and hygiene practices, including proper hand hygiene prior to food handling and the use of protective gloves when handling ready-to-eat food. Perishable food items are stored under appropriate temperatures, and expiry dates are regularly monitored to ensure food safety compliance.

Adequate ventilation is maintained through the installation and regular maintenance of fans, ventilation systems, and air conditioner filters, especially in high-moisture areas such as toilets and bathrooms. General waste receptacles are regularly cleaned and covered at all times, while clinical waste is handled with extra precautions. In addition, the design of furniture, equipment, bathrooms, toilets, and corridors strictly adhere to the requirements set out in the RCHE Code of Practice, thereby reducing potential hazards and enhancing resident safety.

Pharmaceuticals Management

Pharmaceuticals for residents are provided by hospitals and managed by the Group's staff in compliance with the Pharmacy and Poisons Ordinance (Cap. 138), Measures for the Administration of Elderly Care Institutions and GB 38600–2019: Basic specification of service safety for senior care organization in PRC. The Group has developed detailed practical guidelines for proper medication management, including storage, recording, and preparation, to ensure safe and secure handling.

All medications are clearly labelled and stored in a secure, locked location, accessible only to designated personnel. In line with the established quality assurance mechanism, nurses conduct monthly reviews to confirm that the medicines stored in the Group's care homes are in accordance with residents' medication records. Any changes in medication, such as new prescriptions following medical follow-ups, are promptly updated in the residents' personal medication records.

Each nurse adheres to the general guideline of “three checks, five rights,” and cross-checks each other's work to minimise medication errors. If a medication expires or exhibits abnormalities in colour, odour, or consistency, staff members consult with hospitals or doctors for guidance. Unused medications are securely stored and disposed of in accordance with the Waste Disposal (Chemical Waste) (General) Regulation. Employees who violate pharmaceutical handling and safety procedures may face dismissal.

During the Reporting Period, the Group complied with specific standards and all laws and regulations relevant to the health and safety requirements relating to the services provided.

7.3. Customer Satisfactions

The Group is dedicated to providing quality, personalised services that meet the holistic needs — psychosocial, physical, and spiritual — of every resident. Our commitment is built on a foundation of full compliance with the Residential Care Homes (Elderly Persons) Ordinance (RCH(EP)O) and the RCHE Code of Practice. Beyond this, we have proactively integrated the Social Welfare Department's service quality standards into our core management processes and daily operations to ensure excellence.

Our personalised care process begins before admission. We arrange site visits for prospective residents and their families. During their visits, our staff conduct in-depth interviews which cover a wide range of needs — including dietary habits, emotional state, social preferences, and physical activity levels — to ensure our services and facilities are a suitable match. The insights gained are used to create a customised care plan for each resident, which is then delivered daily by our dedicated care workers.

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We are committed to creating a safe, comfortable, and hazard-free living space. The design and layout of our homes, including all furniture, equipment, bathrooms, and corridors, strictly adhere to the safety specifications outlined in the RCHE Code of Practice. This attention to detail in the physical environment ensures the security and comfort of our residents at all times.

Communication and Continuous Improvement

Open communication is the core of our relationship with residents and their families. We maintain open and direct communication and provide a 24-hour service hotline for any immediate needs. However, the majority of feedback being received verbally. To ensure feedback is easily shared, suggestion boxes are placed in accessible locations. We value every piece of feedback and are committed to providing prompt responses and follow-up actions.

Should a formal complaint arise, we have a clear and structured process. The RCHE supervisor conducts a preliminary verification, and if a complaint is validated, appropriate follow-up actions are immediately implemented. We are pleased to report that, as a result of our proactive engagement and high service standards, no formal complaints regarding our services were received during the Reporting Period.

Beyond formal feedback, we are encouraged by the positive reinforcement we receive. Throughout the year, we have been honoured to receive about 10 compliments from residents and their families, who have expressed their appreciation for our dedicated staff and the quality of care provided. This positive feedback is a testament to the hard work of our staff and serves as a key motivator to continue enhancing our services.

7.4. Data Protection and Privacy

The Group implements strict policies and procedures to ensure that the privacy and confidentiality of residents are respected and protected. Staff members are prohibited from disclosing any confidential information and misusing company data, with non-disclosure clauses included in employment contracts.

The personal data of residents is handled with utmost care. Hard copies of personal information are securely stored in locked cabinets, while digital records are accessible only on designated computers monitored by surveillance. Access to this information is restricted to authorised employees.

The Group ensures that all personal care activities are conducted in a manner that respects residents' privacy and dignity. Sufficient personal space and facilities, such as screens and curtains, are provided during personal care services or nursing procedures.

Additionally, the Group is committed to safeguarding the confidentiality of business and operational information. Internet access and e-mails are secured with passwords and firewalls. During the Reporting Period, the Group fully complied with the Personal Data (Privacy) Ordinance (Cap. 486) Personal Information Protection Law of the People's Republic of China and Data Security Law of the People's Republic of China.

7.5. Intellectual Property Rights

The Group attaches great importance to protecting intellectual property rights. To ensure that only secure and genuine computer software and systems are installed, any unauthorised software installation is prohibited. The Group also protects its intellectual property rights by using and registering domain names.

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7.6. Anti-corruption

The Group is committed to conducting its business with integrity, impartiality and honesty and adheres to high standards of business integrity throughout its operations.

All directors and employees are subject to the code of conduct, staff policy, and regulations on the prevention of bribery, extortion, fraud, and money laundering. Employees are not allowed to accept any gifts or benefits from clients, residents, or their families. Employees who notice any suspicious activities are advised to inform their supervisor for further investigations. The Group would take disciplinary actions against the employees involved, including immediate termination of their employment contracts.

During the Reporting Period, the Group was in full compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other applicable anti-corruption laws and regulations. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Whistleblowing policy

In line with the Group's commitment to accountability, a whistleblowing mechanism has been developed among employees (at all levels, divisions and care and attention homes for the elderly) and all subcontractors' staff. It is to protect complainants against unfair dismissal, victimisation and unwarranted disciplinary action.

Any suspected misconduct, fraudulent activities, or malpractices in matters related to the Group should be reported in writing and sent to the executive Directors. All reports of complaints, including the identity of the complaint, will be treated in the strictest confidence. Persons who victimise or retaliate against those who have raised concerns will be subject to disciplinary actions.

Anti-corruption Training

During the Reporting Period, the Group provided anti-corruption training to its employees through a 1-hour session covering topics such as whistleblowing, business ethics, avoiding conflicts of interest, and anti-bribery.

8. COMMUNITY INVESTMENT

The Group is dedicated to fostering strong community relationships by understanding local needs and aligning our activities with their interests. Our community investment strategy focuses on key areas integral to social well-being, including elderly care, youth development, and cultural preservation. During the Reporting Period, the Group proudly contributed approximately HK\$670,000 to a variety of community-focused initiatives. Our contributions were strategically allocated across three core areas:

- **Elderly Care & Social Services:** A donation was made to this area, aligning with our core mission to support and care for the elderly.
- **Youth Education & Development:** The Group has also invested in programs aimed at cultivating leadership capabilities and delivering essential anti-drug awareness to the younger generation.
- **Community & Culture:** To contribute to the development of a more vibrant society, we make donation to support local communities, culture initiatives, and industry development.

We are proud to partner with these impactful organisations and remain steadfast in our commitment to investing in a vibrant and caring society.