

TONG KEE (HOLDING) LIMITED

棠記(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8305

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSULTING REPORT



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SCOPE AND REPORTING PERIOD

This Environmental, Social, and Governance (ESG) report of Tong Kee (Holding) Limited (hereafter the “Group”) highlights its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group is an established multi-disciplinary contractor for (i) renovation and maintenance works, alteration and addition works (“RMAA”) works; (ii) new construction works; and (iii) corrosion protection works in Hong Kong. This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of its key operations stated below in Hong Kong from 1 January 2022 to 31 December 2022 (the “Reporting Period”), unless otherwise stated.

- The operation in Hong Kong of Tong Kee Engineering Limited (“TKEL”); and
- The operation in Hong Kong of Projexasia Limited (“Projexasia”) and its joint venture Scenario-Projexasia Joint Venture (“Scenario-Projexasia”)

The acquisition of Projexasia Limited and its joint venture Scenario-Projexasia were completed in December 2021. Their operations made a substantial contribution to the Group’s total revenue during the Reporting Period, and as a result, their ESG information has been incorporated into this report. The operation of the representative office in Shenzhen (“Shenzhen Office”) and Tong Kee Engineering (Civil) Limited (“TKECL”), however, did not have a significant contribution to the Group’s total revenue, and therefore their ESG information were excluded in this report.

For the Group’s information on corporate governance practice, please refer to the “**CORPORATE GOVERNANCE REPORT**” on pages 10 to 22 of the Company’s 2022 Annual Report.

REPORTING PRINCIPLES

The report is centred on four principles:

Materiality: Stakeholder engagement and materiality assessment were conducted regularly to identify material ESG issues, and to ensure that these issues are addressed in the report.

Quantitative: Data presented in this report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: Both positive and negative sides of the performance have been presented in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time



SCOPE AND REPORTING PERIOD

GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board of Directors ("the Board") has a primary role in overseeing the Group's ESG issues. During the Reporting Period, the Board, the management and the ESG responsible staff ("ESG Working Team") evaluated the impacts of ESG-related risks towards the operation and formulated ESG-related policies in dealing with relevant risks. The oversight of the Board ensures that the management and the ESG Working Team can have all the right tools and resources to oversee the ESG issues.

To demonstrate the Group's commitment on transparency and accountability, the Group has established an ESG Working Team which has clear terms of reference that set out the powers delegated to it by the Board. The ESG Working Team is primarily responsible for reviewing and supervising the ESG process and risk management of the Group. ESG governance matters and ESG-related issues are reviewed at the annual meeting.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms, and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group is able to understand the expectations and concerns from its stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impacts of the business decisions.

The Group highly values the opinions of each stakeholder which are regarded as the cornerstone for the development of the Group. The Group has evaluated the materiality in ESG aspects through conducting online survey for the stakeholder materiality assessment with the assistance of third-party consultant. The Group validates, determine, and prioritize the material ESG issues based on the results of the materiality assessment. This process helps the Group to better understand the degree of importance that stakeholders place on each ESG issue and enables the Group to plan its sustainable development direction more comprehensively in the future.

Board reviews progress made against ESG-related goals and targets

The progress of implementation and the performance of the goals and targets should be closely reviewed by the Group from time to time. If the progress falls short of expectation or changes of business operations, it may be necessary to make changes and communicate about the goals and targets with key stakeholders such as employees, customers and suppliers.

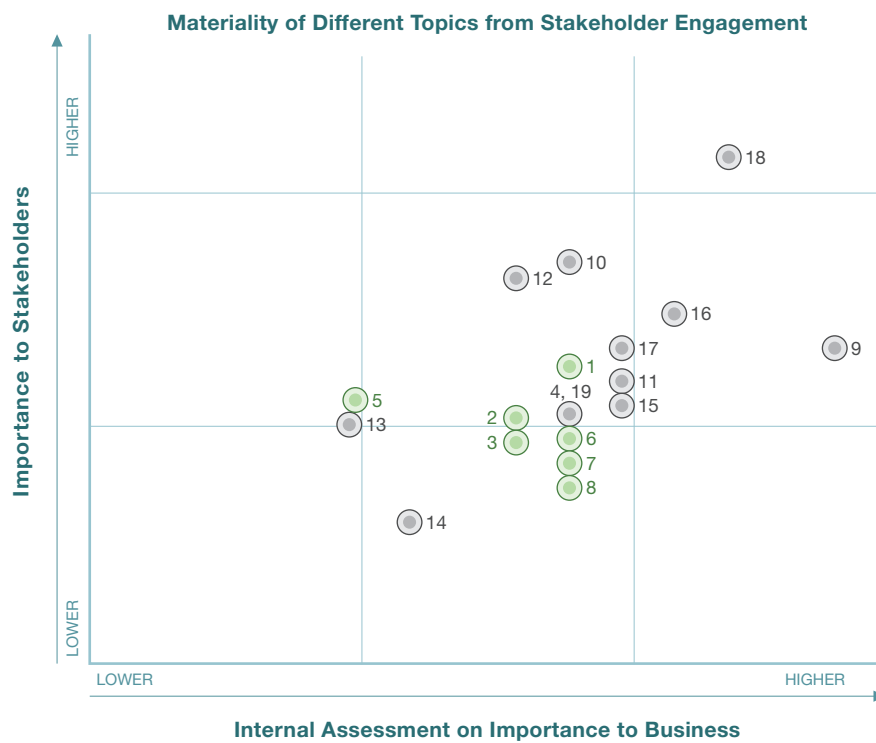
The Group has set future strategic goals to enable the Group to develop a realistic path and focus on the development direction for achieving its visions. The ESG Working Team will carefully examine the attainability of the targets which should be weighed against the Group's philosophy and goals.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group engages with key stakeholders such as board members, managers, supervisors, frontline workers, suppliers, and clients to understand their needs and concerns. The Group communicates with stakeholders via various communication channels such as written memos, regular meetings, and interviews.

In order to identify the most significant ESG aspects, the Group conducted quantitative surveys to understand the concerns and interests of its internal and external stakeholders. The issues identified have been plotted in the materiality matrix below, showing the importance of issues to its stakeholders against the impact to the business.

MATERIALITY MATRIX



STAKEHOLDER ENGAGEMENT AND MATERIALITY

Environmental

1	Energy
2	Water
3	Air Emission
4	Waste and Effluent
5	Other Raw Materials Consumption
6	Environmental Protection Measures
7	Climate Change
8	Green Construction

Social

9	Employment
10	Occupational Health and Safety
11	Development and Training
12	Labour Standards
13	Supplier Management
14	Intellectual Property
15	Data Protection
16	Customer Service
17	Product/Service Quality
18	Anti-corruption
19	Community Investment

Among the environmental and social aspects, the following topics are identified as the most material issues to the stakeholders:

- Anti-corruption
- Employment
- Customer Service
- Occupation Health and Safety
- Product/Service Quality

From the perspectives of stakeholders, all material ESG issues fall under the category of social issues. The above aspects were strictly managed through the Group's policies and guidelines. The Group's policies and guidelines are implemented in a strict manner to manage the aspects mentioned above. These aspects are described in detail in separate sections below. The Group will continue to engage in open communication with stakeholders to gain an understanding of their expectations and viewpoints regarding the Group's ESG approach. Additionally, the Group will continue to identify areas for improvement and allocate resources to manage these areas proactively.

STAKEHOLDER COMMUNICATION CHANNELS

The Group engages with key stakeholders such as board members, managers, supervisors, frontline workers, suppliers, and customers to understand their needs and concerns. Besides the annual stakeholder survey, the Group communicates with stakeholders via various communication channels such as written memos, regular meetings, and interviews.

Stakeholders	Expectations and requirements	Communication and response
Government and regulatory bodies	<ul style="list-style-type: none"> Operating in compliance with law Tax payment in accordance with the laws 	<ul style="list-style-type: none"> Law-abiding operations Tax payment on time and in full
Shareholders	<ul style="list-style-type: none"> Implementation of corporate governance and create value Information disclosure 	<ul style="list-style-type: none"> Optimising internal control and risk managements Releasing operating data in due course
Customers	<ul style="list-style-type: none"> Fulfilling contracts within the law High quality services 	<ul style="list-style-type: none"> Timely completion of the works as set out in works order Adopting ISO9001:2005 certification
Employees	<ul style="list-style-type: none"> Career development platform Remuneration and benefits Occupational health and safety 	<ul style="list-style-type: none"> Transparent promotion channel Competitive remuneration package Implementation of health and safety management system ISO45001:2018
Suppliers or subcontractors	<ul style="list-style-type: none"> Receiving payment on time Business ethics and credit standing 	<ul style="list-style-type: none"> Payment schedule Fulfilment of obligations under any contract in accordance with laws
Community	<ul style="list-style-type: none"> Improving the environment of communities Protecting the nature 	<ul style="list-style-type: none"> Participation in charitable activities Adhering to green operations by implementation of environmental management system and energy management system ISO 14001:2015 and ISO 50001:2018

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through proper communication channels. In the long run, the stakeholders' contribution will aid the Group in improving the performance of potentially overlooked ESG topics and ensure the continued success of the Group's business in the competitive market.



STAKEHOLDERS' FEEDBACK

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

Address: Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong

Telephone: (852)2407 6298

Email: info@tongkee.com.hk

A. ENVIRONMENTAL

The Group recognises that environmental protection is one of the most critical issues in recent decades. Apart from taking practicable actions to ensure strict compliance with relevant statutory and contractual requirements, the Group has adopted principles and clause requirements of the International Standard: ISO 14001:2015 to conscientiously promote and implement all reasonably practicable environmental protection measures to prevent possible pollution and other adverse environmental impacts which may be caused by the Group's operations.

The Group has developed an environmental management plan, established Environmental Policy Statement with supportive objectives and targets, provided periodically evaluation and assessment programme in order to maintain an effective environmental management system that align with the ISO 14001:2015 standard requirements and keep monitoring and measuring both onsite performance of projects and offsite performance in office and warehouse, setting and reviewing targets, allocating resources and continually improving the Group's overall environmental performance. Employees are required to take all practicable steps to prevent adverse environmental events and provide rapid and appropriate response to address any events that occur. The Group provides appropriate training for its employees and sub-contractors to improve their awareness of the Group's environmental policy as well as their roles and obligations.

All employees and subcontractors are required to comply with the Environmental Policy Statement. The directors of the Company are responsible for ensuring the compliance, continuous sustainability and effectiveness of the Environmental Policy Statement.

The Group strictly complies with applicable laws and regulations concerning environmental protection and pollution control, such as the Water Pollution Control Ordinance, the Air Pollution Control Ordinance, the Waste Disposal Ordinance and other relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on environment. No material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Period.

A1. EMISSIONS

Air Emissions

During the Reporting Period, air emission for nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") were mainly generated from the combustion sources of motor vehicles of the Group. The table below shows the key environmental performance indicators of different types of air missions emitted by the Group's operation during the Reporting Period.

Air emissions ¹	Unit	2022	2021
NO _x emissions	Kg	8.24	380
SO _x emissions	Kg	0.26	0.59
PM emissions	Kg	0.6	28

Note 1: The emission factors used to calculate the NO_x, SO_x and PM were referred to Appendix 20 of the GEM Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

A. ENVIRONMENTAL

Greenhouse Gas (GHG) Emissions

The main sources of GHG emissions from the Group were generated directly from the consumption of mobile fuel (i.e. gasoline for the Group-owned vehicles), and indirectly from the use of purchased electricity, paper waste disposed at landfills, and the electricity used for processing fresh water by government departments.

There were 89.72 tonnes CO₂, with an intensity of 0.96 tonnes per employee, of carbon dioxide equivalent (tCO₂e) GHG (mainly carbon dioxide, nitrous oxides and methane) emitted from the Group's operation during the Reporting Period.

The reported GHG emissions were attributed to the following activities:

- Direct emission (scope 1): combustion of gasoline for the Group-owned vehicles;
- Indirect emission (scope 2): purchased electricity;
- Other indirect emission (scope 3): processing of freshwater and sewage, business air travel and waste disposal.

Scope of GHG Emissions ¹	Unit	2022	2021
Scope 1 Direct Emission			
<i>Combustion of Fuel in Mobile Sources</i>	tCO ₂ eq.	44.93	99.52
Scope 2 Indirect Emission			
<i>Purchased Electricity²</i>	tCO ₂ eq.	43.58	29.82
Scope 3 Other Indirect Emission³	tCO ₂ eq.	1.22	6.34
Total	tCO ₂ eq.	89.72	135.68
Intensity	tCO₂eq. per employee	0.96	1.50

Notes:

1. Emission factors were referred to Appendix 20 of the GEM Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.
2. Emission factor for calculating purchased electricity in 2022 were sourced from the CLP Power Hong Kong Limited sustainability report 2021 and HK Electric Investments Sustainability Report 2021.
3. Scope 3 GHG emissions were calculated based on available emission factors referred to Appendix 20 of the GEM Listing Rules and their referred documentation, which include paper waste disposed at landfills, electricity used for processing fresh water, and electricity used for processing sewage.

A. ENVIRONMENTAL

Emissions Reduction and Targets

To reduce emissions, the Group has planned to replace traditional motor vehicles to electric motor vehicles to reduce air emissions of NO_x, SO_x, PM and GHG emissions.

The Group applies the International Standards of ISO 50001:2018 to set up its energy management system and ISO14064 – Part 1 to prepare GHG emissions of the Group's business activities.

The Group has set reduction targets on air emissions and GHG emissions as shown in the table below.

Reduction target	2021 baseline	2022 performance	Status
Air emissions			
Reduce 3% of NO _x emission intensity by Year 2026	4.18 kg/employee	0.089 kg/employee	Achieved
Reduce 3% of SO _x emission intensity by Year 2026	0.0065 kg/employee	0.0028 kg/employee	Achieved
Reduce 3% of PM emission intensity by Year 2026	0.31 kg/employee	0.0065 kg/employee	Achieved
GHG emissions			
Reduce 3% of Scope 1 emission intensity by Year 2026	1.09	0.48	Achieved
Reduce 3% of Scope 2 emission intensity by Year 2026	0.33	0.47	In progress
Reduce 3% of Scope 3 emission intensity by Year 2026	0.07	0.013	Achieved

The Group successfully achieved the air emission reduction targets of NO_x, SO_x, and PM during the Reporting Period. For GHG emissions, the Group achieved their target of reducing 3% of its scope 1 emission per employee, and reducing 3% of its scope 3 emission per employee. For coming year, the Group remains committed to achieved a 3% reduction of scope 2 emission intensity.

Waste handling

Hazardous Waste

The Group did not generate hazardous waste due to its business nature. Thus, no data was recorded, and no policy has been formulated. In the event when any hazardous waste is to be disposed of, the Group would engage professional companies to handle it.

Non-hazardous Waste

During the Reporting Period, the Group generated a total of 1,066.5 tonnes (2021: 815 tonnes) of non-hazardous waste with an intensity of 11.47 tonnes per employee.

Two major categories of non-hazardous waste – office waste, and construction and demolition (C&D) waste from fitting-out works – were generated. Office waste mainly included waste papers. During the Reporting Period, the Group disposed a total of 397.79 kg paper waste at landfills. C&D waste from fitting-out works, such as gypsum board, wooden board, ceiling grid, carpet and other decoration debris, was treated by sub-contractors. Sub-contractors are responsible for sending the C&D waste to the designated landfills for construction waste. The Group's project managers monitor the process to ensure that the sub-contractors do not engage in illicit waste disposal.

A. ENVIRONMENTAL

Wastes Reduction and Targets

The Group has a strong commitment to promoting the conscious use of resources throughout its operations. This includes implementing various measures to reduce energy and water consumption, such as encouraging employees to turn off unused lights and air-conditioners, and reminding them to turn off water taps after use. The Group also places a strong emphasis on the effective use of paper, promoting the use of recycled paper for casual printing and drafting, and implementing paper-saving signs to encourage employees to use paper more efficiently. These efforts align with the Group's broader sustainability goals and demonstrate its dedication to reducing its environmental impact. By raising awareness of resource conservation among employees and implementing effective initiatives and programs, the Group is taking proactive steps to promote sustainability.

No formal policy on waste reduction has been established to regulate its sub-contractors. Nevertheless, they are encouraged to reduce waste and reuse resources to minimise environmental impacts.

The Group has set a target of reducing non-hazardous waste intensity by 3% by 2026, and remain zero generation of hazardous waste in the next five years. The number of non-hazardous waste was increased in 2022 due to the increased number of construction projects. Nonetheless, the Group remains committed to achieve a reduction of non-hazardous waste intensity by 3% by 2026.

A2. USE OF RESOURCES

Energy

The Group consumed electricity and gasoline as energy sources. The total consumption was 266.81 Megawatt-hour (MWh). The overall intensity of energy consumption for the Group was 2.87 MWh per employee. The energy consumption had decreased by 44.6 % when compared to the previous reporting period.

	Unit	2022	2021
Electricity	MWh	96.85	79.63
Fuel (petrol/gasoline)	MWh	169.97	391.5
Total energy consumption	MWh	266.81	471.13
Total energy intensity	MWh per employee	2.87	5.18

Energy Use Efficiency Initiatives and Targets

The Group believes that reducing energy consumption could benefit both the environment and the Group by lowering operating costs and providing long-term value to its stakeholders. Electricity was consumed in its office operation. To conserve energy, the Group would only consider Grade 1 or 2 of the energy label when purchasing electrical appliances for its business.

Target	2021 baseline	2022 performance	Status
Reduce 3% of total energy consumption intensity by 2026	5.18	2.87	Achieved

A. ENVIRONMENTAL

Water

The Group's business operation did not generate a significant amount of industrial wastewater. The total water consumption of the Group was 78.92 m³, with an intensity of 0.85 m³ per employee.

Water Use Efficiency Initiatives

Despite the insignificant amount of water consumption, the Group endeavours to conserve water resources and has set up a 5-year water efficiency target of reducing water consumption intensity by 3%, compared to 2021 baseline. The Group successfully achieved the target with a reduction of 14.1% of the water consumption intensity during the Reporting Period. Meanwhile, there are no issues in sourcing water that is fit for usage of the Group.

No formal policy on energy or water use efficiency has been established for its sub-contractors. Nevertheless, they are reminded to save water and energy.

Packaging Material

The Group's business operation did not involve a significant use of packaging materials, and therefore no such information is disclosed in the report.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group's operation does not have a significant impact on the environment. Nevertheless, the Group recognizes that its performance in respect of emissions, waste produced, and use of resources impacts the environment. As part of its ongoing commitment to sustainability, the Group endeavours to minimise such environmental impacts, and communicate the Group's environmental policy, measures, performance, and achievements to the stakeholders.

The Group is committed to reducing the operation impacts on environment and natural resources. Series of guidelines are issued to the workforce (including in-house workforce and sub-contractors) on air pollution, water pollution, noise control and waste management at works.

In addition, the Group has joined the Paper Policy Compliance Programme organized by the International Theme Parks Limited. Through this program, the Group is committed to promoting responsible use of forest resources and reducing the amount of unwanted paper generated for business purposes among its employees. By participating in this program, the Group is taking proactive steps to promote sustainable practices and reduce its environmental impact.

A4. CLIMATE CHANGE

Awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception, having increasing concerns over the potential impact from climate change on the Group's business and operation. The Group regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation.

A. ENVIRONMENTAL

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures ("TCFD"), there are two major categories of climate-related risks, physical and transition risks. The Group has conducted a risk assessment based on the TCFD framework to evaluate the consequences of climate change and its implications on business. When new climate risk are identified, the Group will develop a response plan such as changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks. The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and studying the potential remediation measures.

Risk	Time horizon	Impact to business	Risk level
Physical risk			
Acute Physical risk	Short term	Increased severity and frequency of extreme weather affects daily operations and may cause damage to raw materials. It reduces revenue and increases maintenance cost.	Medium
Chronic Physical risk	Medium to long term	Rising temperatures increase energy use and equipment maintenance cost	Low
Transition risk			
Technology risk	Medium to long term	Increased operation cost from the substitution of existing equipment and services.	Medium
Legal and policy risk	Long term	Increased operation cost from increased GHG emission pricing	Low
Market and reputation risk	Long term	The shift in customer preference towards the use of sustainable and environmentally friendly raw materials in construction projects shall increase the operations cost, and failure to meet the expectations may results in the decrease of revenue.	Medium

In general, the Group is more vulnerable to transition risks, notably market risk and technology risks. The shift towards a low-carbon economy may result in higher production costs due to changing customer and market preferences for more eco-friendly building materials. In response to this, the Group has taken proactive measures to address these risks by carefully selecting suppliers that offer environmentally-friendly products when clients request the use of such materials. The Group will continue to monitor the climate-related risk and its potential financial impacts on the Group's business operation.

The Group remains committed to closely monitoring climate-related risks and their potential financial impacts on its business operations. By doing so, the Group can effectively adapt to changing market dynamics and mitigate potential financial risks associated with the transition to a low-carbon economy. The Group recognizes the importance of maintaining a vigilant approach to identifying and addressing potential risks and is dedicated to promoting sustainable practices and responsible environmental stewardship in all aspects of its operations.

B. SOCIAL

1. EMPLOYMENT AND LABOUR PRACTICES

The Group stringently complies with national and local laws and regulations concerning employment and labour practices, including but not limited to the Employment Ordinance (Cap. 57).

The Group established Employee Handbook covering topics such as: (i) disciplinary and grievance procedures; (ii) remuneration; (iii) working hours and leave; (iv) employee's compensation and medical insurance; (v) employee development and training; and (vi) termination and resignation procedures. Employees' working hours, rest periods, benefits and welfare, including social security benefits and mandatory provident fund, are required to follow employment or labour laws and regulations. Selected benefit programs, including medical coverage, are also provided.

The Group is firmly committed to promoting equal opportunities for all employees and upholding the principles of equality and non-discrimination. Recruitment, remuneration, promotions, and benefits are required to be handled according to objective assessment, equal opportunity and non-discrimination regardless of gender, race or other measures of diversity. To ensure the effective implementation of these policies, the Group has established a Corporate Social Responsibility ("CSR") Policy since 2010. The policy is reviewed annually by top management to ensure its effective implementation in the Group's business activities. The Group's top management has demonstrated a strong commitment to zero tolerance for corruption and unfair operating practices, and this commitment is reflected throughout the organization, from back-office operations to front-line activities.

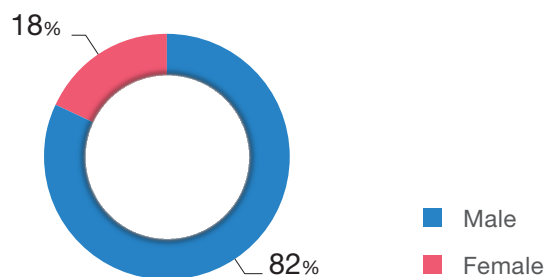
During the Reporting Period, no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified.

B. SOCIAL

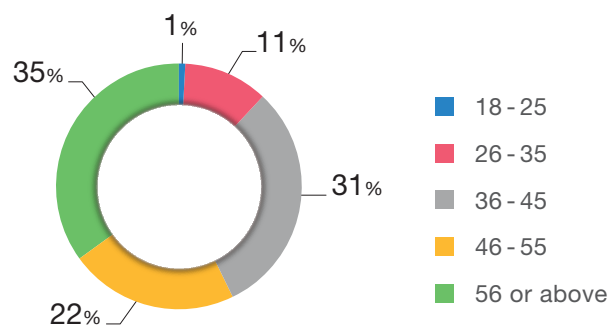
B1. Employment

As of 31 December 2022, the Group had 93 full time employees. All of them are located in Hong Kong. The total workforce categorised by gender, age group, and employee category are shown below:

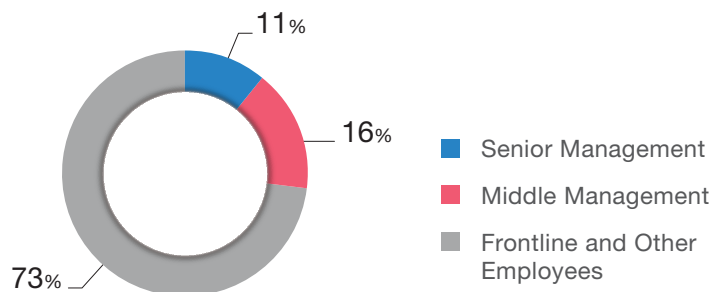
By Gender



By Age Group



By Employee Category



B. SOCIAL

Remuneration and welfare

The Group continues to provide a competitive salary for employees, which includes basic salary and generous year-end bonus after completion of one-year employment. The Group also refers to the market average salary level to adjust employees' salary.

The employment policies and guidelines outline the remuneration and promotion policy, compensation and dismissal policy, annual/paid/sick/compassionate leave policies, working attendance policy, appraisal, rewards and penalties, development and training, and occupational health and safety.

The Group ensures that all employees are entitled to benefits and welfare upon successful completion of probation. Working hours were maintained at the same level as that of the last Reporting Period. All employees are entitled to 12 days of annual leave, in addition to 17 days of public holidays per annum.

Dismissal

The termination of a labour contract includes different types and categories, such as resignation, dismissal, and termination under various situations. Either party may terminate the employment upon giving the other side one month's notice in writing or the payment of one month's salary.

Equal Opportunity

The recruitment procedure, appraisal, promotion, and rewarding and penalty system are outlined in the Employee Handbook. The Group has specifically formulated the "fair opportunities for promotion" rule, in which all employees can be promoted based on their performance.

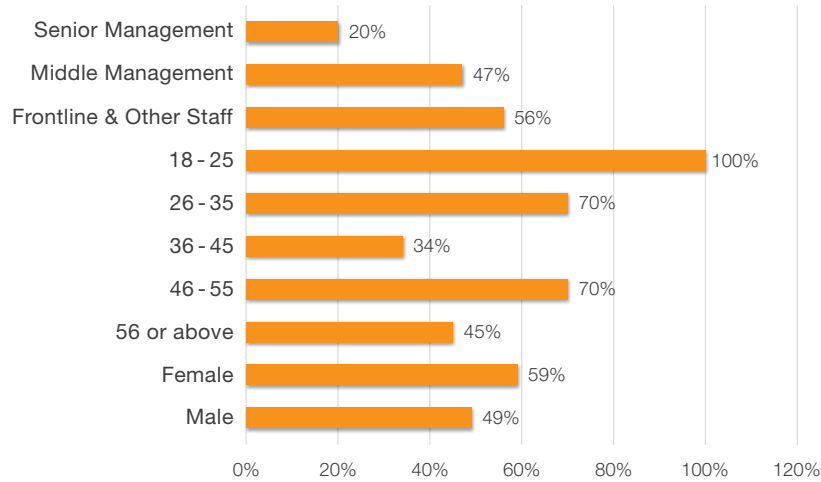
The Group is committed to providing equal opportunities throughout employment, including the remuneration, recruitment, training and promotion of staff. It is committed to ensuring that no employee receives less favourable treatment or is unlawfully discriminated against on the grounds of ethnic background, nationality, religion, colour, age, gender, sexual orientation, marital status, family status, disability, or pregnancy.

Employee turnovers

A total of 47 employees left the Group during the Reporting Period, representing an overall turnover rate of 51%. The employee turnover rate by employment category, age group, and gender are as follows:

B. SOCIAL

Turnover Rate by Category



B2. Employee Health and Safety

The Group recognises that “safe at work” and “accident prevention” are two keys of matters related to great social concern. Accordingly, the Group is committed to strictly comply with all applicable statutory requirements and contractual obligations, including but not limited to the Occupational Safety and Health Ordinance and relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact. The Group also takes all reasonable practice measures to provide and maintain the workplace at higher health and safety standard to protect its employees including sub-contractors and others who may be affected. Appropriate steps will be taken to meet and, in any cases, exceed these requirements through continual improvement.

B. SOCIAL

The Group has established Health and Safety Policy Statement. In order to achieve the Group's commitment, it implemented the following measures:

- (i) Health and safety requirements are always given proper consideration when making decisions about other business priorities, such as productivity and profitability;
- (ii) Setting objectives and targets for maintenance as well as developing and adopting best practice methods, then monitoring and reviewing the Group's health and safety performance against these objectives and targets;
- (iii) Promoting Health and Safety Policy Statement in its understanding, implementation and maintenance at all levels;
- (iv) Maintenance and continuous improvement of effective health and safety management systems, which are actively supported by the top management and in compliance with ISO 45001:2018 standard requirements. These systems will ensure that the Group assesses risks of all hazards and puts appropriate control measures in place;
- (v) Providing training and the appropriate tools equipment to employees and sub-contractors to enable them to perform their task safely;
- (vi) Health and Safety Policy Statement shall be reviewed annually to ensure its compliance; and
- (vii) The Factories and Industrial Undertakings (Safety Management) Regulations (F&IU(SM)R) released by the Labour Department. The Group Conduct corporate F&IU audit every 6 months.

Full-time registered safety supervisors and/or safety officers are deployed for all construction projects. Regular corporate safety meeting is held monthly to dialogue with staff for maintenance of healthy labour-management relations, such practice is maintained and ongoing in the Group.

The safety of the Group staff has always been the foremost priority, and the Group remains committed to ensuring the highest standards of safety across the entire operation and ongoing improvements in its safety performance.

COVID-19

During the epidemic period, the Group strictly adopts various prevention policies such as: (i) measuring the body temperature of staff and guest when entering into office area; (ii) registering entries and exits of personal's health condition; (iii) frequent cleaning of office area; and (iv) wearing masks by all staff before entering in to office area.

B. SOCIAL

Work-related fatality and injury

During the Reporting Year, 202 days were lost due to work injury while no work-related fatalities are recorded during the past 3 years.

Occupational Health and Safety Data in 2022

Work related fatality	0
Fatality rate	0%
Work injury cases >3 days	1
Work injury cases ≤3 days	0
Lost days due to work injury	202

B3. Development and Training

Employee Development and Training Policy is covered in the Employee Handbook. The Group is committed to providing adequate training to the employees to improve their knowledge and skills for discharging duties at work. Individuals are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. Process of staff performance appraisal is conducted by the responsible department head at the end of each year, by which further training on staff shall be considered. While for the workers, training either done by in-house or recognised outsiders to enhance their capacity and employability are planned and scheduled, all relevant training cost involved are reimbursed by the Group.

Below is the list of trainings provided by the Group in 2022:

- Directorship Training
- Introduction of temporary traffic arrangement & excavation permit submission and construction noise permit application
- Project sharing
- Mandatory provident fund scheme & training
- Safety induction training
- Fire drill safety training
- Specific safety training

B. SOCIAL

During the Reporting Period, the Group's employee training rate is as follows:

	% of trained employees	Average training hour¹
By Gender		
Male	82.89%	2.22
Female	94.12%	3.29
By Employee Category		
Senior Management	90.00%	2.8
Middle Management	93.33%	3
Frontline and Other Employees	80.88%	2.24

Note 1: The average training hour is calculated by dividing the number of employees trained in the given category by the number of employee in that category as of 31 December 2022.

B4. Labour Standards

To comply with relevant legislation in the Hong Kong Special Administrative Region and to uphold its Corporate Social Responsibility (CSR) Policy across all business activities, the Group has established criteria for recruitment to prevent the use of child and forced labor. The Group strictly prohibits the use of child labor and requires collaboration between administrative departments and interested parties, including clients and sub-contractors/suppliers, to prevent and identify instances of child labor and ensure that it is not present in the workforce. The Group is committed to protecting human rights, to prohibiting forced labours, and it seeks to foster a workplace environment characterized by respect, fairness, and the free will of all employees.

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to labour standards during the course of operation. During the Reporting Period, there was no case of material non-compliance with the Labour Law of the People's Republic of China the Provisions on the Prohibition of Using Child Labour, the Employment Ordinance (Cap. 57) and the relevant laws and regulations relating to preventing child or forced labour that have a significant impact. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations during the Reporting Period.

B. SOCIAL

2. OPERATING PRACTICES

B5. Supply Chain Management

Supply chain management is a key area of the Group's business, which includes managing environmental and social risks of the supply chain. The Group requires suppliers and sub-contractors to provide products and services for the Group with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and labour standards. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

Compliance of statutory requirements on the labour practices of Hong Kong Laws is one of the contractual obligations of the Group's sub-contract. Through a practice of maintenance of employment contracts, all subcontracted workers are securely protected under the Group's encouragement to its supply chains.

During the Reporting Period, the number of suppliers by geographical region is as follows:

Suppliers by geographical region

Hong Kong	80
Mainland China	4
Others ¹	4

The condition of work is under the management and supervision by the Group. All the construction works shall be complied with the relevant ordinances and their subsidiary regulations.

In situations where several companies can meet its project requirements, the Group will select those with a good reputation for being environmentally and socially responsible. The Group offers its contractors encouragement and support in its efforts to further improve their environmental protection.

During the Reporting Period, the Group did not receive any subcontractors and suppliers that had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor none of them had any non-compliance incident in respect of human rights issues.

¹ Other regions include USA, Germany, Sweden, and Japan.

B. SOCIAL

B6. Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to services provided. The Group has studied the overall and actual implementation of the Group's sustainable procurement activities and report directly to the Directors and company secretary.

Quality Assurance

To ensure that projects are operated in a fair and transparent manner, each project is assigned a responsible person-in-charge who is tasked with overseeing the project's management. The person-in-charge is responsible for ensuring that all marketing information provided to consumers is accurate and not misleading. In addition, the Group is committed to upholding contractual requirements and ensuring that consumers are fully informed of their rights and responsibilities when services are delivered. By adhering to these standards, the Group promotes transparency and accountability in its operations and fosters positive relationships with its customers.

The Group has implemented a quality management system in accordance with ISO 9001:2015 standards. As part of this system, procedures have been put in place to address client feedback received through customer satisfaction surveys. If any suggestions are raised, follow-up actions are taken to prevent similar issues from recurring in the future.

Through the maintenance of continuous communication between consumer and project team and additional application of partnering programme, appropriate measures can be enriched for resolve dispute and enhance customer satisfaction.

Data Protection

The Group acknowledges the stakeholders' concern of data privacy, therefore puts great effort to protect data privacy to safeguard the corporate interest and comply with the relevant laws and regulations. The Group outlines data privacy requirements and confidentiality obligations in its internal control policy as well as employee contract that employees should strictly follow and carefully manage the corporate confidential information, including but not limited to, customer business information and personal data, trade secrets and pricesensitive information. The Group is not aware of any material non-compliance with the Personal Data (Privacy) Ordinance and other applicable laws and regulations that have a significant impact relating to privacy matters in regard to products and services provided by the Group during the Reporting Period.

Intellectual Property

Protection of property right including intellectual property right, copyright, protective measures to consumer data and privacy is addressed in the Group.

The Group is committed to compliance with relevant laws and regulations. All computer software was bought from licensed software suppliers with proper certificates. In order to ensure that the customer's IP rights ("IP rights") of engineering technique and design are properly protected during the outsourcing processes to sub-contractors, a confidentiality agreement regarding IP rights must be signed before engagement. The Group enters standard employment contracts with its employees which contain provisions on IP rights and confidentiality.

The Group is not aware of any material non-compliance with the Copyright Ordinance, Prevention of Copyright Piracy Ordinance and other applicable laws and regulations that have a significant impact relating to health and safety and privacy matters relating to services provided of redress on the Group during the Reporting Period.



B. SOCIAL

B7. Anti-corruption

The Group has developed a CSR Policy in which demonstrates its high intolerance of corruption as well as to promote a working environment adhering to integrity on its activities in business. The revised establishment of structure is provided for development and monitoring the promotion of ethical conduction of the Group.

Employee Handbook lays out the Group's expectation and certain guiding provisions on code of conduct. Whistleblowing statement in employee handbook is in place, employees are encouraged to report incidents in writing or verbally in relation to any conflicts of interest, bribery, extortion, fraud and money laundering.

The Group arranges in-house training as well as seminar organised by outside professional regarding to anti-bribery by ICAC to all staff in 2020, these issues which represent the Group's willingness on promotion of working environment adhering to integrity, which is maintained to practice in the Group. Due to COVID-19 pandemic, ICAC has suspended the anti-corruption training for corporates and therefore the Group was unable to arrange anti-corruption training to its directors and staff during the Reporting Period. Nonetheless, the Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to anticorruption during the course of operation. The Group will resume training when it is permitted to do so.

During the Reporting Period, there was no case of any material non-compliance with the Prevention of Bribery Ordinance and the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations during the Reporting Period.

B8. Community Investment

The Group has not established formal policies on community investment. However, the Group endeavours to supporting the communities in which it operates by engaging with local stakeholders to understand their needs and ensuring that its activities take into account the interests of the community.

In light of the pandemic situation, the Group encourages its employees to participate in virtual community events. During the Reporting Period, over 50 employees had participated in The Community Chest Virtual Walk for Millions 2022 organised by The Community Chest of Hong Kong. Through participating in charitable events, the Group is demonstrating its commitment to supporting the local community and contributing to charitable causes.