



御佳控股有限公司

Royal Deluxe Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

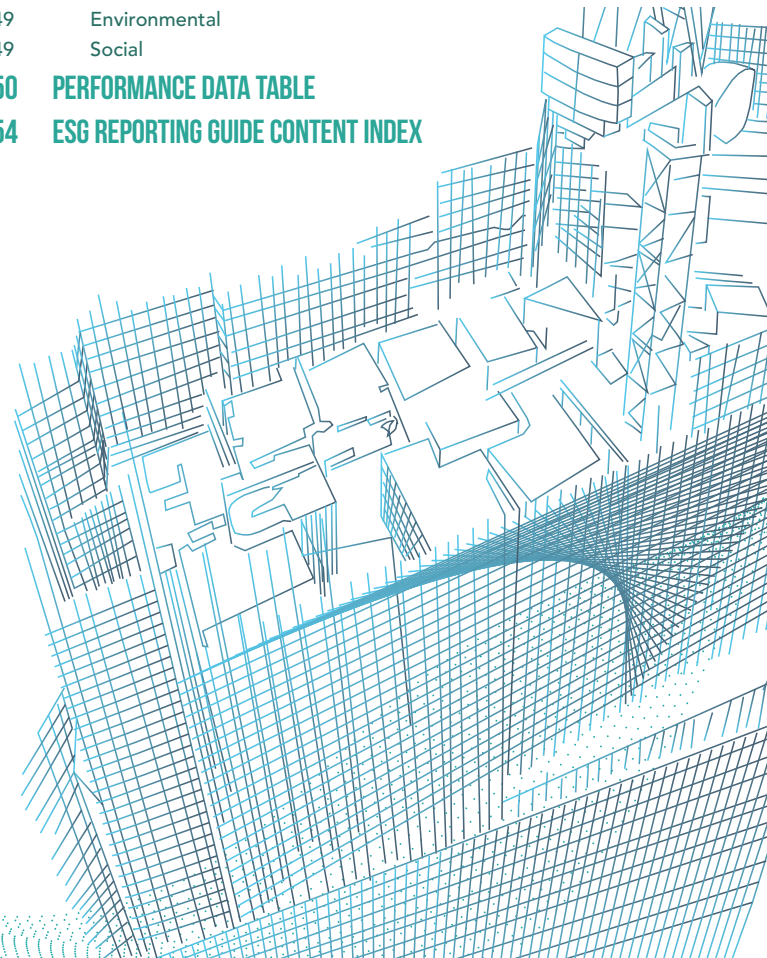
Stock code: 3789

Environmental, Social and
Governance Report

2022

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ABOUT THIS REPORT

Royal Deluxe Holdings Limited (Stock code: 3789) (hereinafter referred to as “**Royal Deluxe**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present its annual independent Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). This Report represents the Group’s commitments, policies, and performance relating to its identified material ESG issues. In doing so, it helps our valued stakeholders to better understand our progress and overall direction towards sustainability.

For further details on the Group’s business and financial performance, please refer to our Annual Report 2022.



REPORTING SCOPE

The scope of the Report focuses on the ESG performance and sustainable development of Royal Deluxe. Its core businesses include provision of formwork erection and ancillary services for the construction of reinforced concrete structure in large scale building construction and civil engineering projects in Hong Kong. The scope of the Report mainly focuses on the offices in Hong Kong, as well as one warehouse for the storage of documents, henceforth it has changed from last year with the removal of the warehouse for the storage of construction material.



REPORTING PERIOD

Unless otherwise specified, this Report presents an overview of the Group’s ESG performance during the period of 1 April 2021 to 31 March 2022 (the “**Reporting Period**”).



REPORTING FRAMEWORK

The Report is prepared in accordance with the “Comply or Explain” and “Recommended Disclosures” provisions of the ESG Reporting Guide (the “**Reporting Guide**”) under Appendix 27 of the Main Board Rules Governing the Listing of Securities (the “**Listing Rules**”), as set out by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).



REPORTING PRINCIPLES

Materiality

The structure of the Report is based on the stakeholder-assessed materiality of each of the Group’s environmental and social issues. Following the findings of an ESG-focused stakeholder engagement exercise and a materiality assessment, this Report is organised by the following sections: “Business”, “Value Chain”, “People” and “Environment”. For more information, please refer to subsections “Stakeholder Engagement” and “Materiality Assessment”.



Quantitative

The Report discloses relevant Key Performance Indicators (“**KPIs**”) and quantitative information related to the headquarter offices in Hong Kong. Such information is accompanied by a relevant description where appropriate.



Balance

The Report provides an unbiased overview of the Group’s policies, performance, and areas of improvement.



Consistency

The Report adopts methodologies that are consistent with previous years, which allows for meaningful comparisons of ESG data over time. Additional KPIs are added this year to ensure relevance to our business strategy. For further details of the quantification methodology, please refer to the “Environment” section.



REPORTING APPROACH

All information published in the Report is compiled based on existing policies, practices, and official documents or reports. The Report is also endorsed and approved by the Board of Directors (the “**Board**”), who is responsible for strategising and managing ESG matters of the Group.



INFORMATION CLARIFICATION

Information for the year of 2022 quoted in the Report shall be the final statistical information. For financial information, please refer to the Annual Report 2022 of Royal Deluxe issued by the Group. All monetary amounts mentioned in this Report are denominated in Hong Kong Dollars (HKD) unless otherwise specified.



HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 22/F, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong



OPINIONS AND FEEDBACK

We continuously strive to refine our sustainability practices, performances, and disclosure. If you wish to provide any comments or suggestions, please contact us via mail to the Head Office or email to ESG@royal-deluxe.com.



ACCESS TO REPORT

This Report is available in three formats: print, electronic and mobile. For a printed copy of the Report, please call (852) 2180 7387. Please log on to the official website of Royal Deluxe at www.royal-deluxe.com for the digital version or scan the QR code for the mobile version.



CHIEF EXECUTIVE OFFICER'S MESSAGE

On behalf of the Board, it is once again my pleasure to present our annual ESG Report of the Group for the Financial Year ended 31 March 2022. This Report communicates our commitments and contributions to sustainable development in a genuine and transparent manner. Through this Report, we hope to demonstrate our dedication to creating long-term sustainable value for our internal and external stakeholders.

The novel coronavirus (the “**COVID-19**”) pandemic has continued to present an extreme challenge to the Group throttling the Hong Kong economy and placing further pressure on the construction industry. Despite this, we at Royal Deluxe have rallied through our values of Safety, Integrity, Excellence and Innovation and have persevered. Our Group’s steadfast approach towards delivering professional and quality formwork engineering services in Hong Kong despite these external factors has enabled us to overcome these challenges with confidence and optimism.

This year, our focus in sustainability is strengthening our sustainability governance. Sustainability is not a trend, but a means to realise long term benefits and to reduce short- and long-term risks. It is also our way to reinforce structure and controls for our non-financial performances, and to reinforce trust and commitment to our employees, local communities, and the environment and society at large. Therefore, we prioritised the establishment of a formal Risk Committee and performed our first climate risk assessment. We also further developed our Sustainability Policy, Sustainable Procurement Policy, Green Office Policy and a Safety Plan. Finally, we continue to take strides through our ‘Strengthening our Landscapes’ core ESG strategy. These measures are built on the back of our strong belief that long-term and responsible business growth can only be achieved when sustainability becomes a central tenet of business operations.

Operating within the construction industry necessitates exposure to certain hazards and danger. As such, we continue to place utmost importance in occupational health and safety. This importance has only been amplified by the ongoing COVID-19 pandemic. The Group has continued to adhere admirably to the government’s regulations surrounding prevention and has continued to enhance its internal measures to reflect the latest information and guidelines. It is a testament to our workforce that we have been able to remain operational and successful during this time. In addition, we have continued to build on our track record of community engagement, surpassing the previous year’s total donations raised by over 20%. And, despite the restrictions placed upon the city due to the pandemic, the Group continued to contribute to local communities through volunteer work, environmental initiatives and more. We will continue to cultivate a strong link between ourselves and the community for the foreseeable future.

Sustainability within our supply chains has continued to be a key focus during the Reporting Period. Our Supplier Code of Conduct ensures suppliers and subcontractors are held to the highest standards, strengthening integrity, and developing better ESG performance throughout our sphere of influence. We have continued to prioritise technological innovation as a method of improving sustainability and enhancing our competitive edge in the market. As a result, we have successfully applied for a number of new patents that will aid us in achieving our goals to reduce material consumption and non-inert waste generation, streamline on-site construction processes and maximise reuse and recycling of materials, and enhance site safety, hence achieving higher productivity and preserving the environment. Building on our strong performance over the previous year, we have been awarded a variety of awards and garnered local recognition particular in areas of health and safety. Chief among these accomplishments has been the receipt of

the CarbonCare ESG Label Level 3 Achievement which was awarded on the back of our ESG and sustainability efforts. I believe these achievements are a reflection of the hard work put in by the Group not only to improve its own operations but to create a better and more sustainable future for all in Hong Kong.

With our vision and mission in the forefront of our minds, the Group will continue to prioritise the development of its sustainability roadmap incorporating corresponding metrics and targets with proposed action plans in order to continuously improve the Group's sustainability performance.

In closing, I would like to thank once again each and every one of our employees and management team for their commitment and devotion during what has been a very arduous year. Each contribution and sacrifice made has aided in the Group's development and realisation of its sustainability goals. Without these efforts, this Report and all of our progress would not have been successful. I look forward to seeing what we at Royal Deluxe can accomplish as we strive to make our sustainable future a reality.

Chao Lai Heng

Chief Executive Officer

30 August 2022

ABOUT ROYAL DELUXE

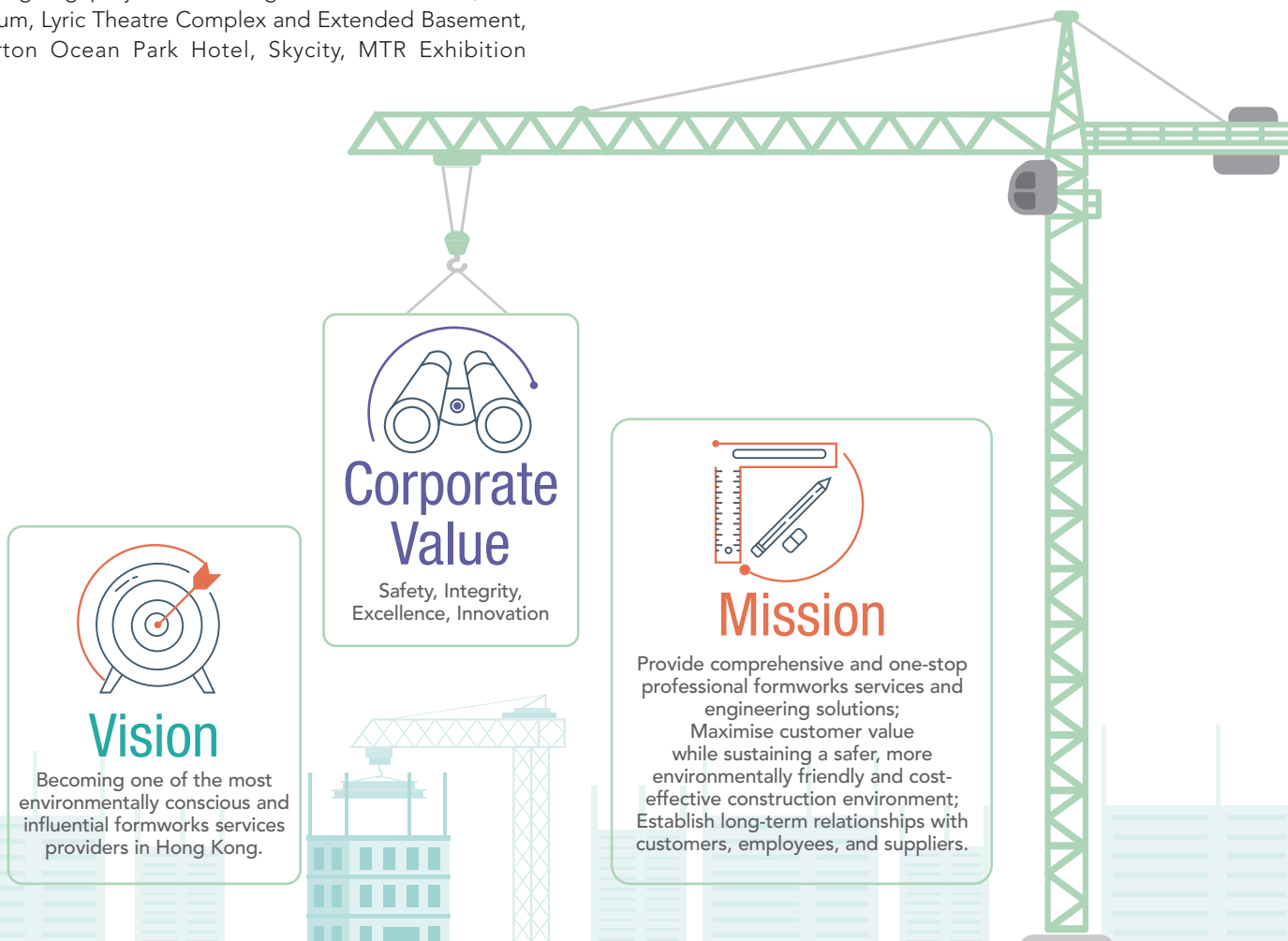
The Group is an industry-leading sub-contractor of formwork erection as well as related ancillary services in Hong Kong. The Group started its formwork business in 1994 and its core expertise lies in traditional timber formwork, metallic (usually steel and aluminium) formworks as well as engineered formwork systems for every type of project.

The major subsidiaries of the Group have been registered as group 2 Registered Specialist Trade Contractors (the "RSTCs") under various categories including: "S02-Concreting Formwork", "S05-Erection of Concrete Precast Component" and, "S07-Scaffolding".

With over 27 years of experience, the Group actively undertakes large-scale formwork erection projects for building construction and civil engineering works, past and ongoing projects including Victoria Dockside, M+ Museum, Lyric Theatre Complex and Extended Basement, Fullerton Ocean Park Hotel, Skycity, MTR Exhibition

Station and Western Approach Tunnel, the Express Rail Link West Kowloon Terminus Station South and the Hong Kong International Airport Third-runway System concourse as well as Apron formwork works.

In recent years, the Group has developed several technological innovations, most notably patenting the Smart Formwork Aluminium Tableform System (the "Ming Tai Tableform"), which was subsequently approved as an Advanced Technological Solution by the Construction Innovation and Technology Fund (CITF) in 2019. Other patents approved during the Reporting Period includes flexible support formwork, enhanced support formwork and aluminium-wood connector. These new technologies have been most recently applied to the Group's major formwork building projects.



AWARDS AND RECOGNITIONS HIGHLIGHTS

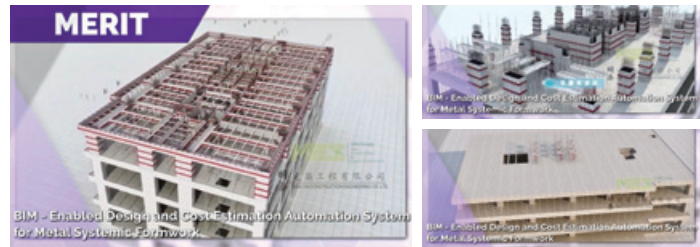
CarbonCare InnoLab

CARBONCARE®ESG LABEL CERTIFICATE 2021 LEVEL 3



Hong Kong Institute of Building Information Modelling (HKIBIM)

HKIBIM AWARD 2021 – MERIT (PRIVATE DEVELOPMENT PROJECT)



Construction Industry Volunteer Award Scheme 2021

SPECIAL RECOGNITION FOR FIRST-TIME PARTICIPATING ORGANISATIONS



Hong Kong Institute of Construction

ACTIVELY SUPPORTED CONTRACTOR – BRONZE AWARD



Gammon Construction Limited

WINNER OF MONTHLY SAFETY HERO AWARD (APRIL 2021) – LEUNG KAI TAI



Gammon Construction Limited

WINNER OF MONTHLY SAFETY HERO AWARD (MARCH 2022) – YIP FAI LUNG



Hip Seng Construction Company Limited

BEST CONTRACTOR FOR SITE CLEANLINESS



Yee Fai Construction Company Limited

WINNER OF BEST SAFETY PERFORMANCE BY AN EMPLOYEE - LAU SI GWAN 劉仕君, CAN CUNG 陳聰, NG GAM BAO 吳金寶



APPROACH TO SUSTAINABILITY

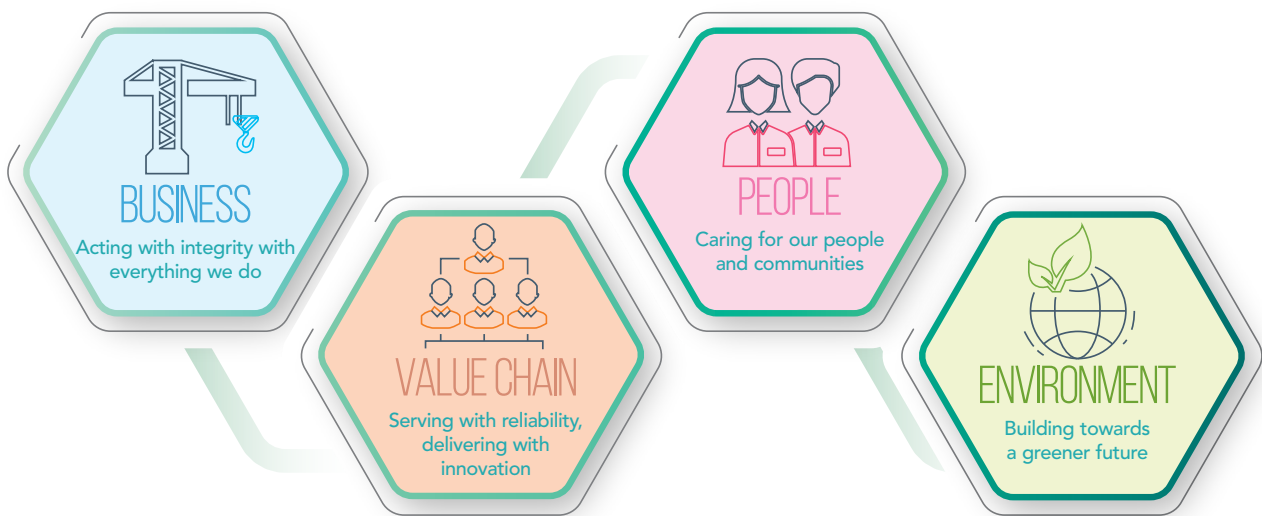
Sustainability is a core part of business at Royal Deluxe. The Group strives to integrate sustainability principles into its operations with the aim to foster business longevity and growth. We do this through being mindful of business ethics, supplier and subcontractor engagement, occupational health and safety, employee development and sustainable construction. We are committed to minimising environmental impacts, promoting green and resilient future, and improving the quality of the communities where we operate while providing a reasonable return to our investors.

During the Reporting Period, we have formulated a new Sustainability Policy that governs the sustainable development of the Group. As part of the policy, we strive to:

- Engage our stakeholders on our sustainability performance and gather feedback for improvement;
- Minimise the potential environmental impacts of our operation and ensure product quality and responsibility;
- Influence our value chain to share our belief and practices with regards to sustainability;
- Strengthen our governance of sustainability performance through monitoring and reporting;
- Provide a safe and caring working environment for our employees and support their ongoing learning and development;
- Promote a sustainable community and create positive impact among our employees and within the community; and
- Comply with statutory requirements in relation to sustainability issues and apply innovation to improve the environment and the society.

VISION FOR SUSTAINABLE DEVELOPMENT


To build towards a more sustainable future, we are guided by the ethos of “Strengthening our Landscapes”. By embracing this mindset, we prioritise the well-being of our environment and community as we strive to continuously grow and improve every facet of our business to deliver long-term benefits for our stakeholders. Our approach is structured on four strategic pillars: Business, Value Chain, People, and Environment. With reference to the United Nations (“UN”) Sustainable Development Goals (“SDGs”), these interconnected pillars steer how we work and deliver our products and services in a way that best guides our business towards a sustainable future.







ALIGNMENT WITH THE UNITED NATIONS SDGS

The UNSDGs were adopted by all UN Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. To demonstrate its support and commitment to global cooperation in addressing worldwide challenges, the Group aligned its sustainability strategy with the SDGs during the Reporting Period.

Upon a thorough examination of our business operations and impacts, the Group identified opportunities to align its operations with 9 of the 17 SDGs. Although we support all 17 SDGs, prioritising specific goals has enabled us to focus our efforts in areas on which we can achieve the most impact. Moving forward, the Group shall consider integrating specific SDGs targets into its operations and reviewing their applicability to the Group on a regular basis.

SDGS	IMPLICATIONS	ASSOCIATED STRATEGIC PILLARS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>In the context of the global COVID-19 pandemic, the promotion of good health and wellbeing has never been more important to the Group. With this in mind, our policies have been designed and implemented to ensure that our people, and the communities that we serve, are protected as we strive to achieve our SDG targets.</p>	<p>People</p>
 <p>4 QUALITY EDUCATION</p>	<p>We strongly believe in the promotion of inclusive and equitable education and training as a way of strengthening both our workforce and the community at large. The Group provides exciting opportunities for the next generation to learn and develop, while our training programmes give freedom to those wishing to develop their skills.</p>	<p>People</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Group's commitment to sustained, inclusive and sustainable economic growth is directly reflected in its policies. We seek to push the boundaries of what is possible in our industry for the benefit of society at large, while providing full and productive employment opportunities.</p>	<p>Business</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Innovation has long been a staple to how we work at Royal Deluxe. The list of patents filed under the Group's name is ever-expanding that shows devotion to the promotion of inclusive and sustainable industrialisation with the ultimate goal of providing resilient infrastructure to Hong Kong.</p>	<p>Value Chain</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Equal opportunities and equal treatment are central to the philosophy of the Group. Through our internal policies and community programmes and schemes, we seek to create a harmonious ecosystem not only within the company, but in the communities we serve.</p>	<p>People</p>

SDGS	IMPLICATIONS	ASSOCIATED STRATEGIC PILLARS
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>The Group has made the promotion of sustainable cities through its construction practices central to its operations. Hong Kong's unique ecosystem presents numerous challenges that Royal Deluxe meets through the sourcing of sustainable resources and the provision of innovative and ground-breaking solutions that minimises our ecological footprint in our operations.</p>	<p>People and Environment</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>The construction industry requires the consumption of a vast quantity of resources which, if left unchecked, can lead to the creation of chemical and non-chemical waste. The Group has maintained a long-term approach to sustainable consumption underpinned by its green procurement strategies and commitment to reuse.</p>	<p>Value Chain and Environment</p>
 <p>13 CLIMATE ACTION</p>	<p>The ongoing climate change crisis is an immediate threat to all, impacting the livelihoods of every society on the planet. In an effort to mitigate and prevent this threat, we are committed to measuring, reporting and reducing our carbon emissions, being a leader in our community and industry, and adhering to national and global environmental expectations and standards. This is reflected in our commitment to undertaking a first ever climate risk assessment of our Group's operations.</p>	<p>Value Chain and Environment</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>A central focus to any good system of governance is the promotion of human rights. We ensure that our workforce and community are aware of and have access to their fundamental rights as well as a clear and defined access to justice and suitable remedies in the event any such rights are abused. We are committed to conducting business through adoption of an effective, accountable, and inclusive approach.</p>	<p>Business and People</p>

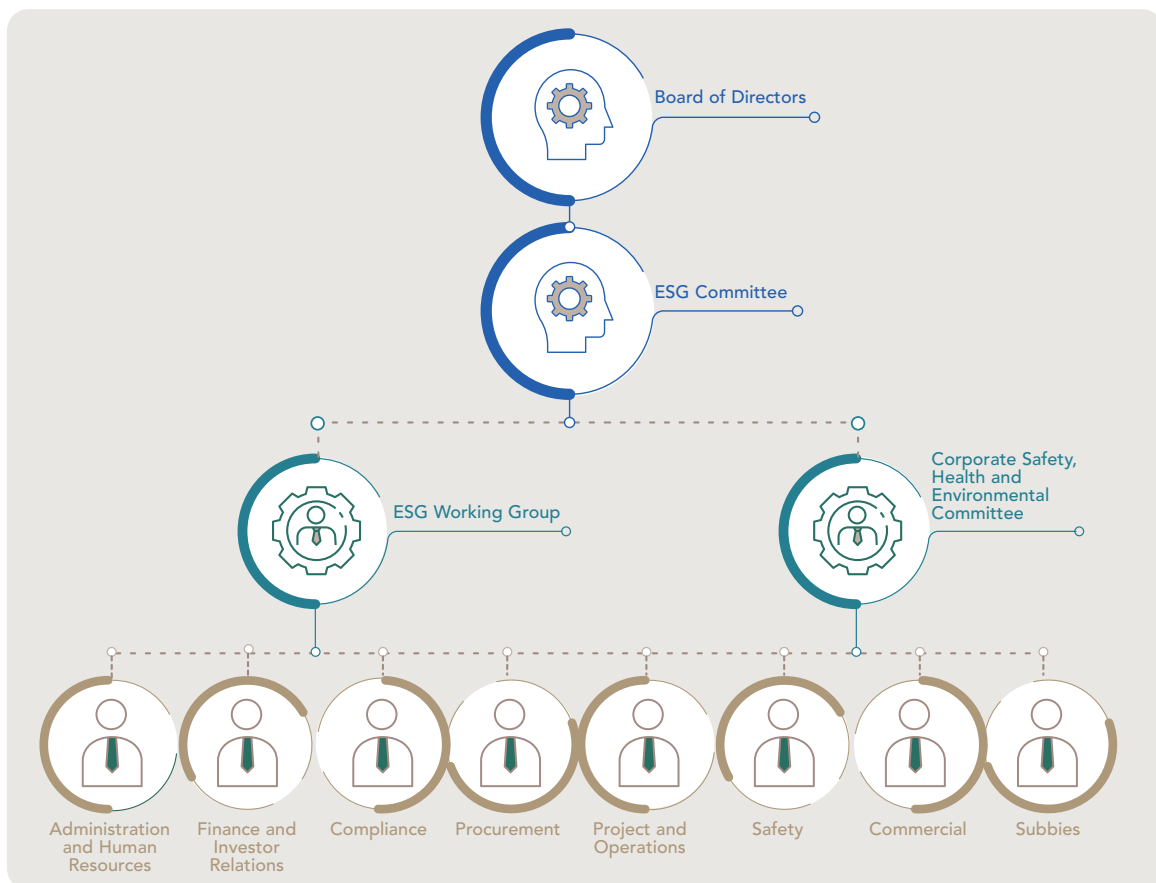
SUSTAINABILITY GOVERNANCE

Good sustainability governance promotes accountability, transparency and efficiency. At Royal Deluxe, sustainability starts at the highest decision-making body, the Board level. The Board oversees the long-term success of the Group through setting the overall strategy, supervising executive management, and ensuring that our corporate governance practices meet the highest standards of integrity and ethics and are effectively implemented throughout the Group. The Board is accountable for ensuring the relevance and effectiveness of our strategic approach to the Group's sustainable development.

During the Reporting Period, the Board reviewed and approved the Group Sustainability Policy and the Group Safety Plan, approved environmental target-setting, and have set up a risk committee to govern ESG-related risks, while strengthening relations with external stakeholders and ensured overall accountability.

The Environmental, Social and Governance Committee (the “**ESG Committee**”) was established on 31 March 2020. The Board provides oversight on matters relating to ESG through the ESG Committee, which is led by the Board of the Company and comprises two Executive Directors (“**ED**”), three Independent Non-executive Directors (“**INED**”). The ESG Committee is supported by senior management from the operations and professional teams, who meet at least once per annum to discuss ESG matters. Mr. Kwong Ping Man, an INED, was appointed by the Board as the chairman of the ESG Committee.

The ESG Committee supervises the formulation of ESG policies, reviews risk assessment, and monitors ESG-related performances of the Group. In addition to formulating strategies and plans, the ESG Committee is also responsible for steering the Group’s sustainability vision and direction. The ESG Committee is supported by the ESG Working Group (the “**ESGWG**”) and the Corporate Safety, Health and Environmental Committee (the “**CSHEC**”), in order to provide additional oversight and direction. The ESGWG is responsible for identifying ESG risks, monitoring material ESG aspects and formulating ESG management goals and work plans. Meanwhile, CSHEC leads the management of occupational health and safety risks, including identifying occupational health and safety risks, conducting safety assessments and ensuring compliance with health and safety laws and regulations across our operations.



RISK MANAGEMENT

Risk management is integral to our sustainability management as it strengthens the Group's decision-making process and facilitates long-term value creation. The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control system on an on-going basis.

The Group has established the Risk Committee (the "**Committee**") on 23 March 2022. Chaired by Mr. Lai Ah Ming Leon, an independent non-executive Director, the Committee is responsible for monitoring and overseeing the Group's risk policies and strategies. This includes:

- Overseeing risk appetite and risk tolerance appropriate to each business area, taking into account of the Company's values and public interest purpose, as well as the current and prospective regulatory, macroeconomic, technological, environmental and social developments and trends;
- Overseeing the current risk exposures of the Company;
- Ensuring that there are adequate enterprise wide processes and systems for identifying and reporting risks and deficiencies, including emerging risks;
- Overseeing compliance with the stated risk appetite and policies and procedures related to risk management governance and risk controls framework;
- Monitoring the alignment of the risk framework to the Group's growth strategy, supporting a culture of risk taking within sound risk governance; and
- Having an overview of the key risk issues identified across the organisation and the wider network.

As part of its responsibility, the Committee shall support the Board in overseeing the management of climate risks and providing directions to address the impact of climate change and consider climate-related risks and opportunities in a holistic manner. To this end, we have conducted our first climate risk analysis with reference to the Task Force on Climate-Related Financial Disclosure recommendations. For more information, please refer to the "Climate Change" subsection of this Report.

Moreover, integrity risks in relation to procurement and staff administration are conducted during the Reporting Period and detailed under an Integrity Risk Management Plan. Through our mitigation and control measures, we believe that all associated risks can be mitigated or prevented, resulting in low-medium risk level for all indicators.

In terms of regulatory risk, the Group has developed a Compliance Register during the Reporting Period, that details all laws and regulations in relation to listing and financial regulations, labour, health and safety, environmental protection, levy, construction and business, anti-corruption, and anti-discrimination. The Group is highly committed to complying with laws and regulations that govern the businesses and will obtain a regular review from its legal counsel to ensure the register is up-to-date. For more information on relevant laws and regulations, please refer to the "Laws and Regulations" section of this Report.

For more information on our corporate governance, risk management and internal control, please refer to the "Corporate Governance Report" and "Biographical Details of Directors and Senior Management" sections of the Royal Deluxe Annual Report 2022.



MANAGEMENT OF WORK-RELATED ACCIDENTS

To address the inherent health and safety risks in our industry, and to create a safe working environment, the Group has continued to maintain suitable site safety measures at project sites. By providing safety training and supervision, as well as conducting regular safety risk assessments, the Group ensures its workers are consistently aware of safety best practices. For more information, please see the “Safety Management at Site” subsection and “Protecting our Health and Safety” section within this Report.



OPERATIONS AFFECTED BY THE COVID-19 PANDEMIC

The global COVID-19 pandemic continues has brought upon unprecedented challenges to the construction industry. As demonstrated by the recent outbreak of the Omicron variant, which severely disrupted normal daily activities in Hong Kong. Due to coronavirus restrictions, the logistics of moving goods between Hong Kong and China become increasingly time consuming and expensive, resulting in a significant increase in the cost of key construction materials (such as steel, metal and aluminum profiles).

During the Reporting Period, the ongoing COVID-19 pandemic in Hong Kong has posed challenges to the construction of the Third-runway System (the “3RS”) at Hong Kong International Airport (“HKIA”) and caused delays in the commencement of the Group’s major subcontracts for formwork and concrete works for Third-runway Concourse at HKIA. Other than these delayed, our operations remained resilient and not materially affected by the COVID-19 pandemic due to our effective risk management measures that enabled us to plan and respond to the crisis in advance.

The fifth wave of the COVID-19 pandemic brought about a fresh wave of challenges. The Group has responded by fully implementing compulsory testing and precautionary measures as well as encouraging all employees and construction site workers to get vaccinated according to the Vaccine Pass arrangement since February 2022 to protect the health and safety of our employees against the infection of COVID-19 as well as to ensure on-going projects of the Group were progressing as planned. After Hong Kong’s third dose vaccination rate reached 50% in May 2022, the epidemic situation in Hong Kong has stabilised and remained under control. As the COVID-19 pandemic is gradually controlled and economic activities are revived, the Group expects that its projects progress will ramp up and performance will be recovered steadily after.



SUSTAINABLE LABOUR SUPPLY

Due to ongoing concerns related to labour shortage and ageing working population within the construction industry, the Group has sought to maintain good relationships with its site employees and subcontractors. The Group has a list of approved subcontractors, which the Group has reviewed and updated regularly to ensure they have maintained sufficient work force. The project team has regular meetings to discuss the deployment of labour, including the timing and number of workers required. The Group also conducts early planning in the formwork design stage and has promoted the use of system formwork over the timber equivalent. This is due to system formwork being less costly and not relying on solely experienced workers which in turn catalyses growth in labour supply.

It is hoped that the recovery of Hong Kong’s economy will lead to increased Government spending on major infrastructure projects provoking growth in the construction industry. However, while workforce demand may increase, the lack of supply of formwork workers may have a negative impact on wages in coming years.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is integral for the continuous improvement of our ESG approach and sustainable development of our business. To this end, we regularly engage with our stakeholders to understand their priorities, expectations, and perceptions regarding sustainability issues. As indicated in the table below, internal and external stakeholders were engaged through various communication channels during the Reporting Period.

Community

- Charity donation
- Community participation
- Corporate website
- Press releases/news



Customers

- Corporate website
- Comments and complaint channels
- Press release/news
- Industrial channels communication and activities
- Service meetings



Employees

- Orientations, comprehensive trainings, meetings and team briefings
- Performance appraisals
- Notices and circulars
- Emails and other electronic communications



Government and Regulators

- Annual reports, ESG reports, announcements, and circulars
- Corporate website
- Press releases/news



Investors and Shareholders

- Annual general meeting and notices
- Annual reports, ESG reports, announcements and circulars
- Corporate website
- Investor's briefings
- Press releases/news



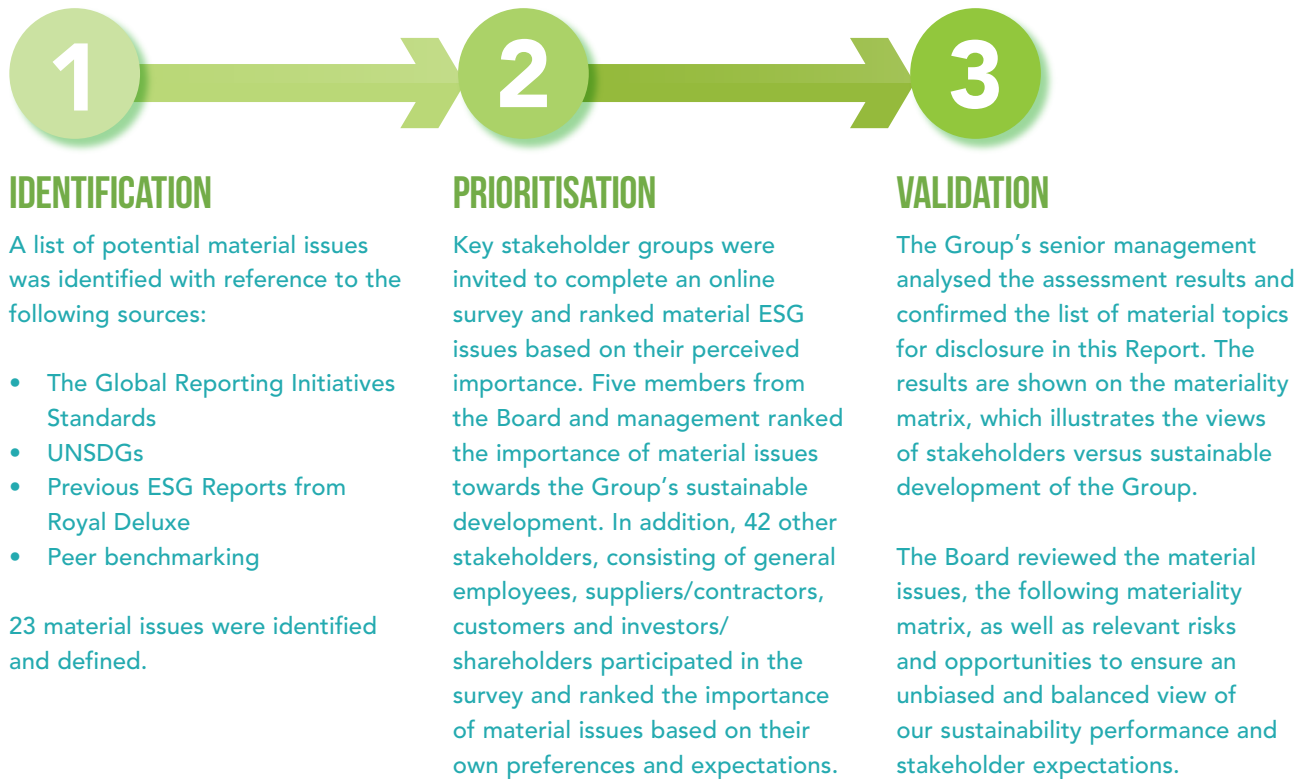
Suppliers and Business Partners

- Business meeting, supplier conferences and interviews
- Contracts and agreements
- Industrial channels communications and activities
- Quotations and tendering process

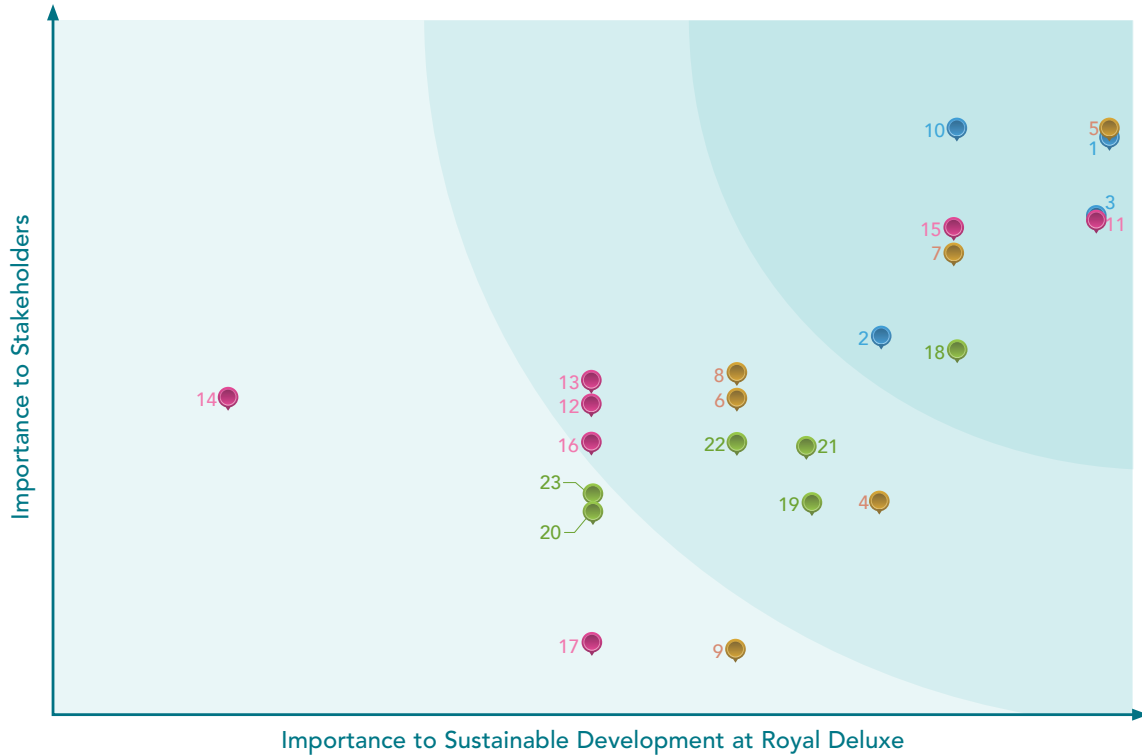


MATERIALITY ASSESSMENT

To ensure that our sustainability priorities, strategies, and policies align with the view of our stakeholders, we engaged an independent sustainability consultancy to conduct a stakeholder engagement exercise. The exercise helped identify and evaluate sustainability issues that are most material to the Group and stakeholders, as well as determine the coverage and structure of the Report. We shall continue to perform this exercise on an annual basis to maintain ongoing and consistent communication.



The following matrix presents the results of the materiality assessment. The content of this Report is structured and sequenced according to the overall materiality, which is determined by the aggregated score assigned by our survey respondents.



TIER 1 ISSUES

(Most important material issues)

- 1 Ethical Business Behaviour
- 2 Legal Compliance
- 3 Intellectual Property Rights and Customer Privacy
- 5 Safety Management at Site
- 7 Client Satisfaction
- 10 Product Quality Management
- 11 Occupational Health and Safety
- 15 Child and Forced Labour
- 18 Construction Materials

TIER 2 ISSUES

(Important material issues)

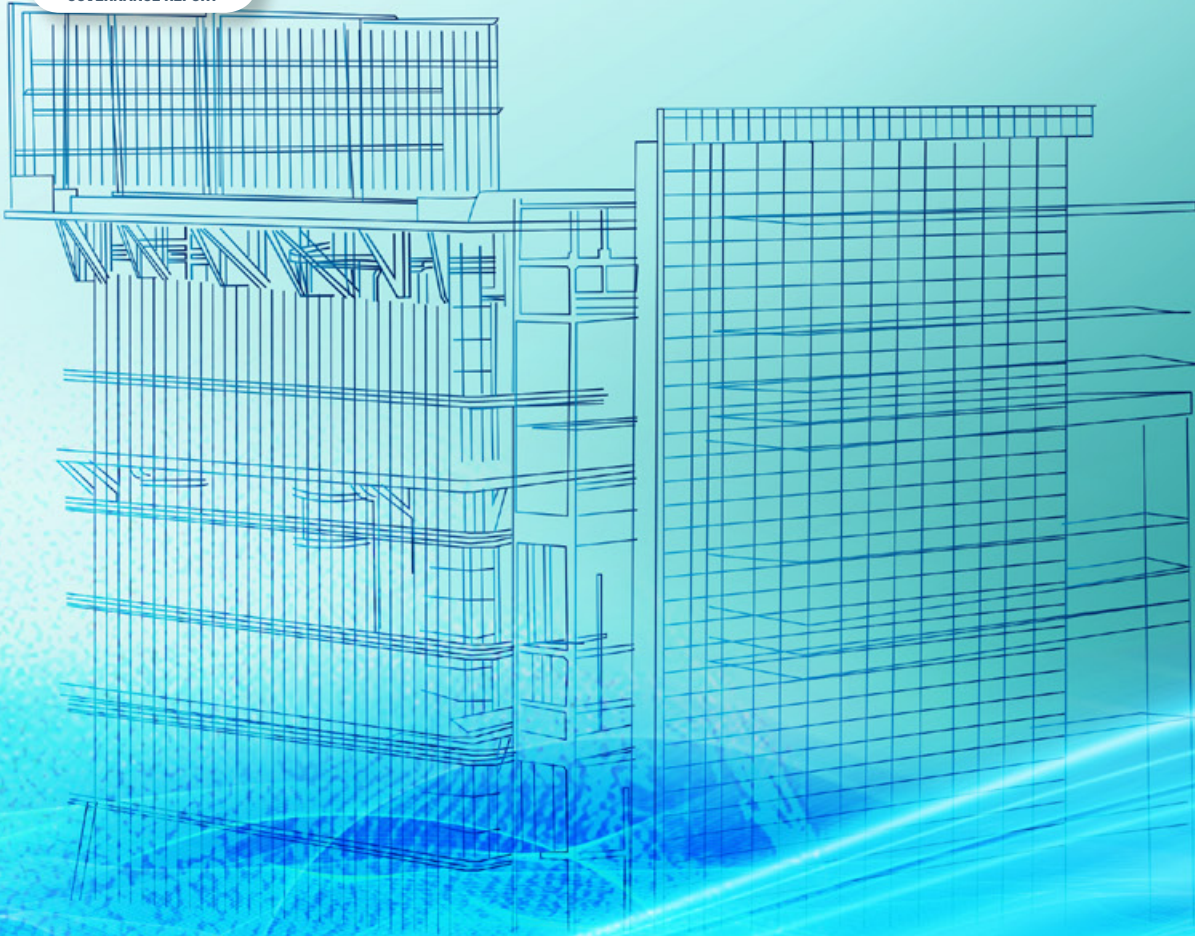
- 4 Technological Innovation
- 6 Market Influence
- 8 Supplier and Sub-contractor engagement
- 12 Labour Shortage
- 13 Human Capital Development and Training
- 16 Diversity and Equal Opportunities
- 19 Air Emissions and Green house Gas Emissions
- 21 Waste Reduction
- 22 Climate Change

TIER 3 ISSUES

(Moderately important material issues)

- 9 Green Procurement
- 14 Human Rights
- 17 Community Investment and Participation
- 20 Energy Management
- 23 Sustainable Impact on Local Community





BUSINESS



Acting with integrity in everything we do

We believe in growing our business with integrity and professionalism to deliver operational excellence and sustainable development. We achieve this by preventing bribery and corruption, protecting intellectual property rights, upholding data privacy, as well as ensuring compliance within our operations and through our suppliers and subcontractors.

ETHICAL BUSINESS BEHAVIOUR

Anti-Corruption

The Group is committed to fostering a culture of compliance, ethical behaviour and good corporate governance. We believe that fairness, honesty and integrity are important business assets and, as such, all our employees must ensure the Group is not impaired by fraud, disloyalty or corruption. The Group's Code of Conduct on Business Ethics ("**CCBE**") sets out these requirements, stating that all forms of bribery, corruption, conflicts of interest and extortion are strictly prohibited and requires staff to refrain from requesting or accepting any advantages and benefits as employees of the Group when performing their duties. It also expects and encourages employees and anyone in contact with the Group (such as customers, contractors, suppliers, creditors, debtors and other stakeholders among others) to report any misconduct, fraud and violations that occur within the Group to the Head of the Administrative and Human Resource Department.

In addition, the Group's Code of Prevention of Bribery Conduct also sets out the basic standard of conduct expected of all directors and staff on the acceptance of advantage and handling of conflict of interest.

We also follow the Corruption Prevention Guide for Listed Companies developed by the Independent Commission Against Corruption ("**ICAC**") to guide our internal control measures and keep us informed of the latest anti-corruption reporting requirements. Any case that is found non-compliant with the CCBE is subject to disciplinary action, which may include termination of employment where appropriate. The CCBE is reviewed and revised periodically to ensure that the Group keeps abreast of new laws amidst an evolving regulatory environment.

During the Reporting Period, the Group once again invited representatives of the ICAC to conduct anti-corruption and integrity management training for the Board building on the platform established in the previous year. This form of training aids in building an environment of ethics and compliance within the Group. One member of senior management joined the training programmes.

Furthermore, the Group continued its practice of regularly circulating important updates regarding external and internal anti-fraud policies and procedures to employees, management and Board members. We also made available ICAC publications and online videos that explained the roles and responsibilities of employees in preventing bribery and corruption within our business. There were no reported cases of non-compliance with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) during the Reporting Period.

Finally, two of the Group's main subsidiaries, namely Ming Tai Construction Engineering Company Limited and Ming Tai Civil Engineering Company Limited, have committed to the newly established Integrity Charter launched in September 2021 by the Development Bureau ("DEVB"), ICAC, and the Construction Industry Council ("CIC"). This commitment demonstrates our commitment to good governance and internal control in our business process. In addition to implementing a new integrity policy in September 2021, we also commit to arranging at least one senior management member to receive at least one-hour of integrity training per year. The integrity policy governs the company rules, guidelines and code of conduct of all directors and staff members, including but not limited to observing relevant integrity-related laws in Hong Kong, denying solicitation or acceptance of any advantages, prohibiting the disclosure of classified information and others.

Conflict of Interest

The CCBE contains a detailed provision outlining the Group's Conflict of Interest Policy. It clearly outlines that all directors and employees should not engage in any business, investments or activities that might conflict with the interests of the Group. The policy requires employees to report to the executive director if any potential conflict of interest involving themselves or any individual close to themselves arises. There were no substantiated incidents regarding breaches of a conflict of interest reported during the Reporting Period.

Anti-Competition

The basis of any strong and thriving economy is the spirit of competition. A market underpinned by this ethos is constantly evolving and innovating in order to meet consumer demand and expectations. Hong Kong growth as an economic hub reflects this competitive spirit. At the Group, competition is a key driving force that fosters the development of our exemplary products while balancing cost, quality, and sustainability. In order to gain a competitive edge, the Group is devoted to developing its range of products and services by continuously improving design and sustainability.

The Group prohibits any kind of anti-competitive practices, where all staff members are reminded to comply with competition laws and regulations and to recognise sensitive situations and behaviour that may be considered as anti-competitive. There were no reported cases of non-compliance with the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) during the Reporting Period.

Whistleblowing

The Group's various stakeholders, including its employees, consultants, contractors and suppliers are encouraged to raise concerns of any misconduct that fall short of the high standards demanded by the Group. Our Whistleblowing Policy sets out the processes and actions taken to report suspected improprieties, conflict of interest, malpractice or breach of compliance without fear of reprisal. Complainants are free to discuss any concern or queries with colleagues from all levels of the Group, from supervisors and HR managers to the CEO and Chairman. Any complaints not made in person can be submitted via post or email using the Group's official whistleblowing declaration form. Individuals who lodge a complaint are reassured by the Group that they will not be discriminated against or face reprisal and may request for special protection measures to safeguard their identity if deemed necessary.

All allegations are investigated with fair and impartial due diligence by the Audit Committee, and if the potential case involves criminal activity, an external investigator may be appointed to review.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud and money laundering.

Intellectual Property Rights

As an innovator the Group possesses a significant amount of intellectual property (“IP”) in Hong Kong and China including several trademarks, patents, and domain name. The Group is fully compliant with relevant and applicable IP laws and provides employees with the proper guidance needed to safeguard its various IPs. We also obtain the necessary authorisation before using any third parties’ IP. In order to safeguard our interests, the Group has established several internal control measures, including registration and renewal of our patents and trademarks in the development of our formwork systems and corporate brand. Furthermore, our employees are bound by the Group’s Code of Conduct to keep its confidentiality of trade secrets and protect its proprietary IPs.

Six new patents were successfully registered in China, New Zealand and Canada during the Reporting Period. All of which are related to the supportive systems and formworks. Two additional patents were also registered in Hong Kong in April 2022 for the building system and aluminium-wood connecting part.

During the Reporting Period, there were no material infringement of IP rights or the IP rights of third parties, and the Group maintained 53 (2020/2021: 46) patents and seven trademarks (2020/2021: seven). Further information on our patents can be found in the subsection “Innovation Technologies”.

Data Protection and Customer Privacy

The Group respects and protects the privacy of its customers, employees, subcontractors, and suppliers. To safeguard customer privacy, the employee handbook stipulates that all employees are forbidden to disclose any confidential or private information about the Group and its customers under any circumstances. This includes secrets and information relating to strategy, development plans, IP business contracts, customer information, terms of business, terms of employment, budgets, accounts, and other financial information of any kind whatsoever.

To ensure that information is protected, confidential information is only accessible by authorised individuals and shall be returned to the Group at the termination of employment. The Group’s Privacy Policy informs its employees of the usage, processing, storage and transfer of personal data throughout their employment. Personal data is only collected for necessary purposes by lawful and fair means in line with the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong).

Guidance on data storage and handling is stipulated in the Information Technology End User Policy to ensure proper management of data as well as safeguard sensitive information, including backup procedures, user account management, software and network access controlling mechanisms. This has been enforced throughout the COVID-19 pandemic during our work-from-home arrangement through email correspondence with employees. Our standards on information security and confidentiality applies to all employees and services providers. Multiple facets of protection, including administrative, physical, and technical measures, have been implemented to safeguard collected customer data and personal data as well as prevent unauthorised access.

There were no substantiated incidents regarding breaches of customer data and personal data privacy recorded during the Reporting Period.

VALUE CHAIN



Serving with reliability, delivering with innovation

At Royal Deluxe, we seek to continually innovate and prioritise sustainability and energy efficiency in our value chain. This includes cost and time-effective load capacity formwork solutions that minimise the impact on the community. Furthermore, we are devoted to cementing good corporate governance and business ethics at every level of the Group's value chain. This approach has ensured the Group maintains an excellent reputation and developed a strong strategic relationship with our suppliers and subcontractors, facilitating the delivery of safe, reliable and top-notch quality products to our customers. Central to this process is the Group's green procurement policy ensuring that goods are sourced in a sustainable, competitive, and fair manner. As a result, we can deliver cost-effective of the highest quality whilst minimising any negative impact on the environment.



TECHNICAL EXCELLENCE AND INNOVATION

Innovative Technologies

The construction industry in Hong Kong is constantly innovating. As a result, the Group continuously strives to adopt the latest technology in its operations in order to improve efficiency, strengthen management and remain competitive. In recent years our innovations include the Construction Aluminium Tableform System (the “**Tableform**”) (Patent no.: HK1230011) and Coding Process System of Architectural Aluminium Template System (the “**Formwork Coding System**”) (Patent no: HK1203295). The Group has also prioritised the digitalisation of its formwork engineering design, tendering, financial and human resources (“**HR**”) management. This effort has resulted in enhanced operational efficiency and allowed the Group to remain resilient during the pandemic-influenced market conditions of the last few years.

Our innovative strategies include the provision of “High-Quality Work and Flexible Solutions” in order to deliver “Construction Technical Innovation and Optimised-Customer Design”. By continuing to identify and evaluate issues observed at the construction site and beyond, we are constantly on the look-out for technologies that boost productivity, enhance building quality, and safeguard the safety of our workers.

CASE STUDY

TABLEFORM

Royal Deluxe is a pioneer in Tableform technology having had over 30 formwork-related patents approved since 2019. These patents represent a proven record of commercialisation and technical achievement in the concrete construction industry.

The basic element of Tableform is an extruded aluminium that produces a lightweight constituent with a stiffness-to-weight ratio. In comparison to slap-formwork used in the process of concrete construction, Tableform reduces assembly time and is considerably more cost-effective. It can be easily manoeuvred around the project site by utilising a unique system of wheels reducing workload and improving efficiency. Tableform is reusable resulting in a reduction in formwork material waste. Additionally, its design prioritises health and safety by including guard-rails, toe boards and a working platform. The Tableform has been used in 5 projects during the Reporting Period.



CASE
STUDY

ARCHITECTURAL ALUMINIUM FORMWORK CODING SYSTEM

The Group's patented formwork coding system has reformed the construction process of our system formwork projects. Tens of thousands of aluminium modules of different shapes, sizes, and positions are digitally coded for easy identification and positioning. Through this, the efficiency of disassembly and reinstallation is greatly improved compared to manual identification enabling easier replacement of any individual damaged modules and allowing the reuse of standard panels in different projects. Furthermore, the system can be installed in portable mobile devices to facilitate on-site supervision and is more conducive to technical training.



We are privileged to be invited by the Construction Industry Council to present our technologies in a webinar during the Reporting Period, called "Webinar on Advancement in System Formwork in Construction". A total of 562 participants joined the webinar with great interest on the subject. We are pleased that our industry peers learn more about the advanced system formworks and the newly developed concrete skip that improve construction efficiency, quality, safety and sustainability.

During the Reporting Period, we have launched our Building Information Modelling (the "**BIM**") cloud document management platform. BIM is a process that involves the generation and management of digital representations of physical and functional characteristics of places. It is designed to enhance project communication, process optimisation and documentation in each phase of the project, ensuring the planning, design and construction of buildings to be highly efficient and collaborative among architects, engineers, developers, contractors, and other construction professionals. Its implementation in our project has resulted in improved safety and operational efficiency, while enhancing more effective design of building models. Within the Reporting Period, 16 projects have benefited from the use of BIM platform

We are dedicated to continuing to innovate in order to unlock solutions that help improve society and maintain the competitive edge of the Group.

SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain

The Group builds strategic relationships with its supply chain partners including its construction material suppliers, as well as subcontractors responsible for the site supervision and employees working at the construction site. The Group has maintained an approved list of suppliers, and the selection and performance of our suppliers are assessed by a product quality management mechanism.

During the Reporting Period, the Group has formulated and implemented a new Sustainable Procurement Policy, which not only recognises the impact of its procurement activities on the environmental, society and economy, but also endeavours to incorporate ESG considerations into its corporate procurement decisions, with the aim to enhance the overall sustainability and resilience of its supply chain. The commitments under this new procurement policy includes:

- Reducing environmental footprint
- Responsible and ethical sourcing
- Integrating sustainability into new supplier selection
- Integrating sustainability into supplier management
- Enabling continuous improvement in sustainable procurement
- Supporting local movement and guidelines on sustainable procurement

Supplier and Subcontractor Engagement

We expect our suppliers and subcontractors to comply with all requirements related to the Group's sustainability principles, including labour practices, health and safety standards, environmental protection, and bribery. We are dedicated to conducting fair and open transparent procurement practices to maintain mutually beneficial relationships.

Our list of approved suppliers and contractors ensures that the Group works with only the most qualified vendors. Reviewed periodically, their performance is assessed based on different indicators, including reputation, service and material quality, client feedback, timeliness, cost efficiency, and if relevant, project experience. Only contractors that continue to maintain these standards shall remain on our list.

We are also dedicated to working with suppliers that demonstrate a long-term commitment to sustainable development thereby reducing social and environmental risk. As part of the Sustainable Procurement Policy, new supplier selection would give preference to suppliers who have demonstrated a commitment to sustainable development, complied with all applicable ESG-related laws and regulations, had in place a sustainability policy and their own supplier code of conduct/sustainable procurement policy, and had adopted recognised ESG management systems.

Our Approved Suppliers Contractors Form includes a Supplier Code of Conduct, which outlines our environmental and social commitment requirements for suppliers and subcontractors. The Supplier Code of Conduct encourages sound sustainability practices and promotes a culture of integrity across the value chain.

During the Reporting Period, we engaged with 68 suppliers from Hong Kong and one from People's Republic of China ("PRC"), of whom 32 suppliers have signed or been made aware of the Supplier Code of Conduct.

Supplier Code of Conduct Commitments



Ethical
Conduct



Health
and Safety



Human
Rights



Environmental
Impacts



Laws and
Regulations

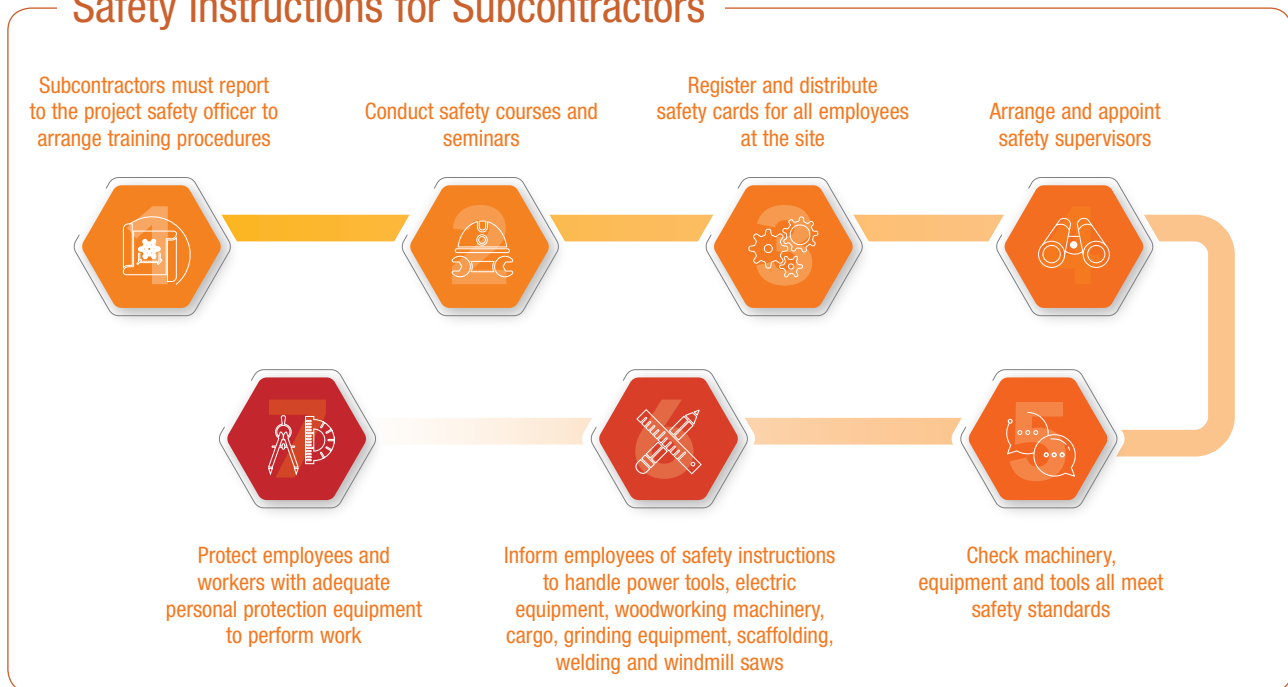
Supplier ESG Risk Assessment

At Royal Deluxe, we recognise the importance of integrating sustainability into the management of our supply chain, thereby forming an integral element of the new Sustainable Procurement Policy. As part of ongoing operational practice, we aim to identify and prioritise sustainability risks of products and services procured, as well as engage suppliers in the development of a risk management plan. We also aim to review suppliers' ESG performance regularly to ensure compliance and continuous improvement. Lastly, contractors and suppliers of high ESG risks would be identified and encouraged to adopt risk mitigation measures, with a risk of suspending collaboration if not upheld.

Safety Management at Site

We are dedicated to eliminating, controlling, and preventing possible health and safety hazards throughout the entire value chain. We collaborate with subcontractors to ensure that safety procedures are understood and reinforced at a high standard through sound guidance. For further information about health and safety management, please refer to the 'Occupational Health and Safety' subsection.

Safety Instructions for Subcontractors



PROCUREMENT PRACTICES

Procurement Management

The Group's procurement measures are designed to ensure that our products and materials are of the highest quality, fulfil clients' specifications, and abide by all statutory and legal obligations. Our procurement team have established standardised internal control mechanisms to ensure quality control and that materials are delivered to project sites accurately and promptly. Once a material order is delivered to the project site, verification checks are conducted to ensure the ordered amount, expenses, and desired material fulfils customer requirements. The delivery of incoming material and outgoing returned goods is closely monitored with a tracking document, ensuring that the project manager and procurement team are well informed at each stage of the process.

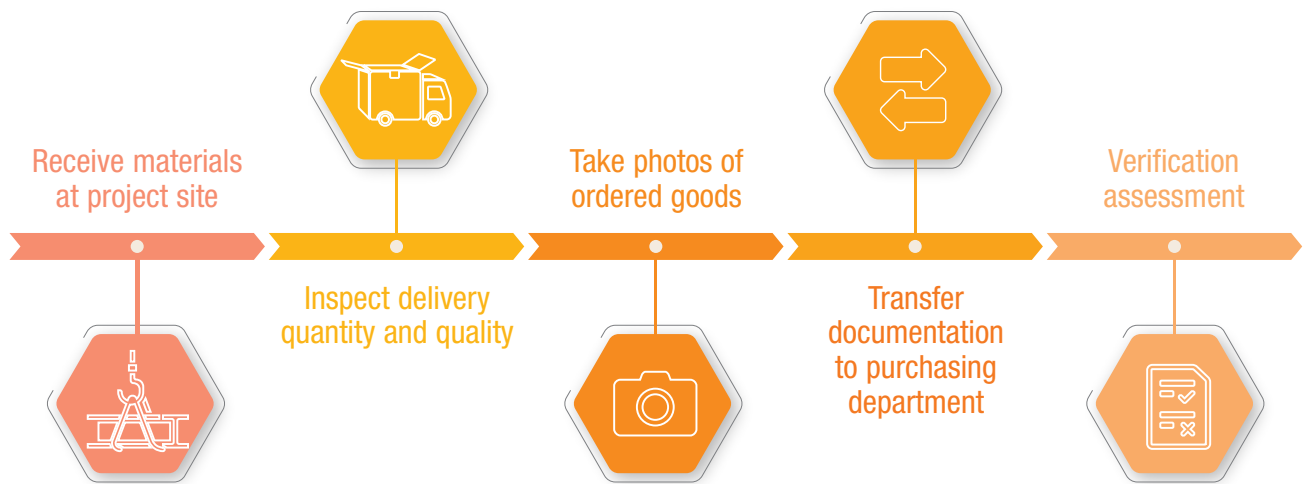
Green Procurement

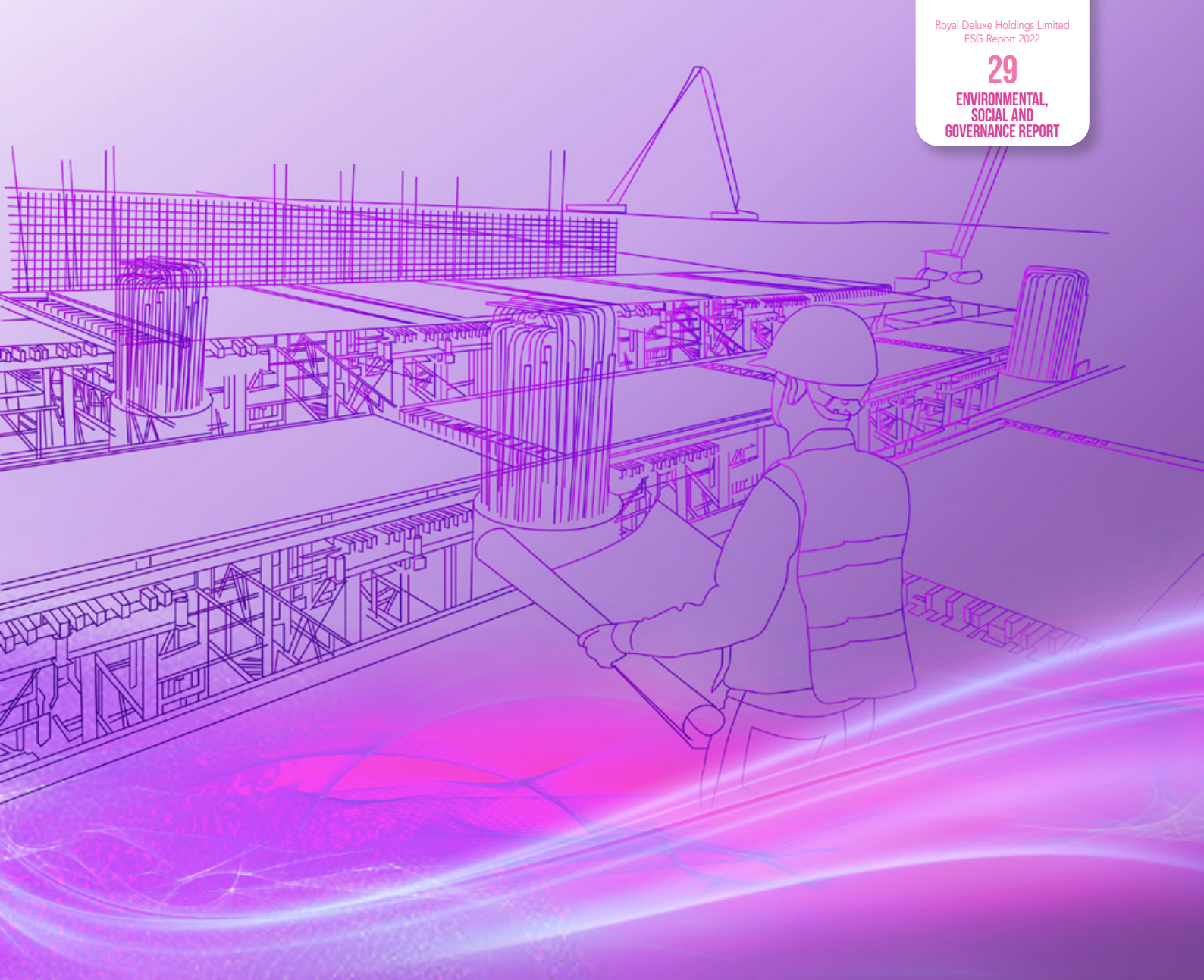
Incorporating a philosophy that considers the environmental impact and social responsibility into supply chain management are important priorities to the Group to continuously promote green procurement. We generally source from local suppliers to reduce our carbon footprint that may arise from transportation, whilst simultaneously boosting the local economy. A newly developed and implemented Sustainable Procurement Policy governs our green procurement activities. For more information on the policy, please refer to the subsection "Responsible Supply Chain" under "Supply Chain Management" section.

Moreover, we source 100% (2020/2021:100%) of our timber and plywood products from the Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification ("PEFC"). This ensures we utilise materials that adhere to strict environmental, social and economic requirements while also creating value for our workers and communities. As timber formwork remains the most common type of formwork in use in Hong Kong, we are dedicated to maintaining this commitment.

Product Quality Control

The Company Quality Manual describes the procedures and responsibilities to ensure that any products that do not conform to specified requirements is identified and controlled to prevent unintended use or delivery. In the rare occurrence a product is found to be defective after issuance or when a customer issues a formal complaint, it shall be reported to the project manager through designated communication channels and with the relevant subcontractor or personnel subsequently informed. Any non-conformity is assessed extensively by way of product examination, reporting, and follow-up action. Every case is recorded and reviewed to avoid similar recurrences. Further monitoring of quality performance is regularly conducted through on-site supervision and inspection. During the Reporting Period, we did not receive any complaints due to project delivery and quality of materials.





PEOPLE



Caring for our people and communities

Human capital is vital to ensuring the Group's continued sustainable development and ambition in retaining a leading and reputable industry position. We trust and respect our highly competent workforce and as such are committed to providing a better working environment that enhances job satisfaction, whilst supporting every individual's personal development and training. We place utmost importance in health and safety and ensure the highest standards of safety management is maintained in order to protect our employees, contractors, and frontline workers. We also believe in our communities and society at large. By investing in our communities and considering our impact on the skilled labour shortage in Hong Kong's construction industry, we endeavour to facilitate social inclusion to lead to a more harmonious society.

PROTECTING OUR HEALTH AND SAFETY

Occupational Health and Safety

As a leading formwork subcontractor in Hong Kong, the Group's top priority is in protecting the occupational health and safety of its employees, suppliers, and subcontractors. The Group acknowledges the potential for workplace accidents and as a result has established and strictly maintains robust and appropriate risk management controls and procedures.

Occupational health and safety is governed by the CSHEC, which comprises of senior management of relevant departments. The CSHEC meets periodically to discuss, evaluate, and monitor occupational health and safety risks, as well as identifying opportunities for continuous improvement in our safety performance through conducting safety assessments. Our goal is to minimise the accident rate as far as possible.

During the Reporting Period, we have updated our Company Safety Plan ("**Safety Plan**"), which affirms our commitment to the following aspects:

- Provide and maintain plant and system of work that are safe and without risks to health;
- Eliminate all hazards identified in all site operations and devise procedures to reduce to a minimum any risks to health and safety that may arise;
- Provide and maintain working environments for all employees and subcontractors that are safe and without risks to health;
- Provide such information, instruction, training and supervision as are necessary to ensure the health and safety of its employees and subcontractors at work; and
- Commit to progressive improvement and achieve a safety target of accident rate of no more than 1.5 per 100,000 man-hours work.

The Safety Plan details our safety organisation, responsibilities, training, in-house safety rules and regulations, safety committees, programme for inspection of hazardous conditions, job hazard analysis, personal protection programme, accident/incident investigation, emergency preparedness, safety promotion, health assurance programme, subcontractors evaluation, process control programme, as well as specific operational and equipment handling procedures.

The Group has established a Work Safety Code that all subcontractors and employees must adhere to. The Work Safety Code outlines the safety requirements related to the operation of electric tools, woodwork machineries, and other heavy machineries, as well as protocol for working-from-height and cargo lifting. Also included is information regarding, general, electric, and fire safety procedures. All employees working onsite are provided with personal protective equipment such as helmets, eye and ear protectors, respirators and so on.

To promote safety awareness and practices among our workers, occupational health and safety trainings are delivered internally for every fortnight with site-wide sessions coordinated every month. These sessions include toolbox talks carried out by safety supervisors, which are designed to enhance awareness of potential occupational hazards, related good practice and knowledge on relevant laws and regulations. At the commencement of all projects, standardised training is provided to inform workers of inherent risks onsite, basic first aid practices and key personnel to contact in case of emergency. Furthermore, Group members attended external safety training courses held by the CIC in order to keep informed of the latest industry approaches to safety.

Safety inspections and audits are conducted regularly by professionals to ensure safety compliance. Contractors will undertake regular site inspection to ensure best practices are maintained during the construction phase. Moreover, qualified external auditors are free to assess and verify the effectiveness and reliability of our safety management system and ensure it complies with relevant standards, including the Factories and Industrial Undertaking (Safety Management) Regulation (Cap. 59AF of the Laws of Hong Kong).


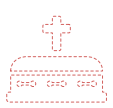



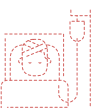

During the Reporting Period, we attended Construction Safety Week 2021. Industry experts spoke of the importance using emerging technologies, the application of smart safety devices and good practice to improve site safety improvement. We have endeavoured to apply this approach to our own operations.

Building on our stellar record from the previous year, several of the Group's workers were once again recipients of the "Monthly Safety Hero" award from Gammon Construction Limited. In addition, members of our workplace also received recognition from Yee Fai Construction Company Limited for their safety performance. We are deeply proud of the continued efforts of our employees in upholding and maintaining the safety standards needed to ensure the construction industry develops year-on-year.

Work-related Injuries

The Group recognises that occupational hazards can potentially be severe and are unavoidable on construction sites. As such, The CSHEC team is responsible for facilitating safety assessments and action plans that maintain the highest levels of safety minimising potential work-related injuries. In the event of incidents or accidents, we execute thorough investigations to identify the source of the cause, conduct rectifying actions and devise plans to prevent future recurrence. During this Reporting Period, the number of work-related injury cases decreased by 69.5%, resulting in 2,693 lost days. We are committed to placing greater efforts to ensure site safety and continuing to reduce the number of accidents in the future.

During the Reporting Period, there were 86 (2021: 64) cases of work injury claims (new cases and cases being brought forward) against the Group. The Group acknowledges the negative impact of labour disputes towards the Group and have taken necessary and appropriate actions to settle work injury claims. We strive to reduce the number of occupational injuries by establishing and adopting various methods to improve the safety awareness and performance of the employees.

	Work-related Fatalities		Work Injury Cases		Lost Days Due to Work Injury		Work Injury Rate
	Direct	Indirect	Direct	Indirect	Direct	Indirect	
							
2020	0	0	2	27	2	2,604	3.22
2021	0	0	9	50	843	2,886	4.62
2022	0	0	0	18	684	2,009	2.98

Precautionary COVID-19 Measures

The global COVID-19 pandemic has continued to disrupt life in Hong Kong changing how we approach work. To adapt to these changing circumstances, the Group has remained vigilant and established extensive safety protocols. The Group has created and promoted the Office Defence Measures under the Coronavirus Pandemic to safeguard its employees and contractors to contain the risks as far as possible. By closely monitoring the local situation and keeping informed of local and regional guidelines, we adjusted our internal updates and health advice on a regular basis.

Use of surgical masks on Group premises have remained a requirement during the Reporting Period and have regularly been dispensed by the Group to employees. The Group has continued to implement compulsory testing measures requiring all employees and site workers to have taken and submitted a negative COVID-19 test before contract sites or offices for work. In addition, in line with government recommendations, the Group has implemented use of the "Vaccine Pass" and "Safe Travel" arrangements on all company premises and sites. All persons who require access to these sites must comply with these arrangements. Finally, persons wishing to access any construction site are required to have received three doses of the COVID-19 vaccine as per the CIC's recommendations.

The HR department has continued to maintain its COVID-19 Case Register during the Reporting Period documenting cases of COVID-19 within our company in order to facilitate quicker adaptation measures and minimise the potential of disease spread into the community.

Key Control Measures

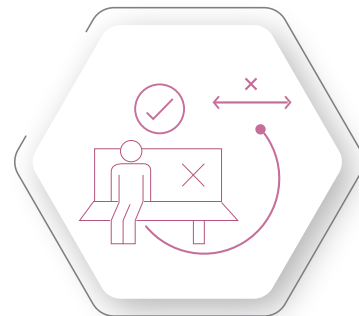
Maintain Workplace Hygiene

- Wear surgical mask before entering
- Conduct temperature screening at the entrance of the venue
- Complete a health declaration form
- Front desk and meetings rooms at headquarters are equipped with hand sanitisers
- Frequent cleaning and disinfection of common areas



Reduce Social Contact

- Restrict the number of occupants in meeting rooms
- Temporary suspension of meetings during periods of high cases
- Alternative arrangement to use online teleconferencing modes
- Rotate teams coming to work



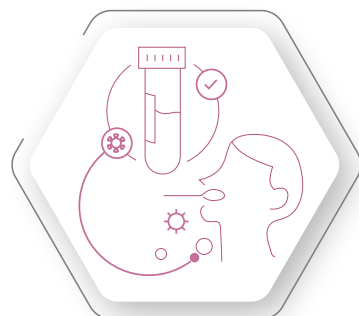
Communicate with Employees

- Employees are regularly informed of the latest guidance issued by Hong Kong's Centre for Health Protection of the Department of Health
- Notify and remind employees through email of the latest news and office defence measures
- Promote good personal hygiene through office notices



Compulsory Testing Measures

- All employees and site workers are required to present a negative COVID-19 test result issued within the past 14 days when entering contract sites or offices for work.
- Site workers' cross site working is prohibited for the purpose of the prevention and stop the spread of COVID-19 in the Group.
- Persons wishing to access any construction site are required to have received three doses of the COVID-19 vaccine.
- The "Vaccine Pass" and "Safe Travel" arrangements have been implemented on all company premises and sites.



EMPOWERING OUR PEOPLE

Human Capital Development and Training

The Group's overall performance and service provision lies in the competency of its employees. The work we do is labour intensive and skill specific, requiring our employees to be well-trained and capable in order to maintain the Group's continued success and growth. As such, we are highly committed to providing suitable and professional training opportunities that nurture a technically skilled workforce.

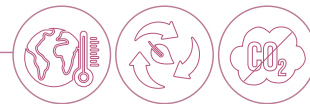
Our Training and Development Policy enables employees to pursue external training courses complementary to their job scope of work through the Group's subsidy scheme. This promotes professional development through the attainment of relevant professional qualifications leading to future career development. New recruits are all subject to orientation training upon joining the Group that introduces our core values, organisation structure, business goals, relevant policies, as well as code of conduct. In turn, new employees will then be transferred to their department heads for job specific training. Our company directors also regularly attend external training programmes on issues ranging from corporate governance to disclosure of interest.

To ensure that the programmes deliver value to our employees and our business, we invite employees to fill in the training course evaluation form, so as to assess the quality and delivery of the course, learning outcomes, and improvements and recommendations. During the Reporting Period, the Group's direct employees completed a total of 865.75 (2021: 971.50) hours of training, whilst our indirect employees completed a total of 6,674.67 (2021: 9,667.67) hours of training.



ESG TRAINING

The Group has invited its ESG consultant to conduct an overview of ESG training, separated into focus on environmental aspects, as well as social and governance aspects. For environmental aspects, staff members gained knowledge on climate change, air pollution, waste, energy and water consumption, as well as biodiversity, and how they relate to our industry practices. The social and governance focus training discussed talent management, diversity, health and safety, relationship management with clients, suppliers/ subcontractors, and society, as well as business ethics and risk management. A total of 27 attendees have participated and completed the trainings.



CLIMATE-FOCUSED TRAINING

To enhance our understanding of climate change impact on our company, regulatory frameworks, and sustainable finance, climate-related trainings became another key focus area of our training and development this year. We have participated in carbon assessment tools training, importance of sustainable finance and climate change in the lens of regulations, TCFD report overview, sustainable finance certification scheme, climate change debrief on COP26 and HKEx TCFD guide, HKEx Green Asia Summit 2021, as well as enhancing competency for effective board advice.

Recruitment and Retention

The Group values its human capital as its success and development is highly dependent upon its workforce. The Group is committed to providing a positive working environment that embraces equality and diversity, especially in recruiting and retaining talented individuals from a diverse array of backgrounds and experiences.

A competitive remuneration package, including performance-based bonus, provident fund scheme and training and development sponsorship among others are offered and communicated through the Employee Handbook. Leave entitlements including paid holiday leave, paid annual leave, statutory holidays, sick leave, maternity leave, and paternity leave are granted and guaranteed, dependent upon seniority and years of service in the company.

The Group also conducts performance appraisals on a biannual and annual basis, to foster an engaging workforce and recognise the achievements of its employees. Remuneration packages are rewarded based on professionalism, technical skills, and experience. These are reviewed periodically to meet the company's policy, direction, and objective.

We pride ourselves on a corporate culture that encourages teamwork and integrity. In order to foster this spirit, we regularly host various company activities including recreational sports competitions and staff birthday parties. A highlight of the Reporting Period was the mooncake-making workshop held in September 2021 ahead of the Mid-Autumn Festival.

Diversity and Equal Opportunities

The Group believes that the power of a diverse pool of talent promotes innovation, better decision-making and higher employee engagement. Therefore, the Group prides itself in being a competency-based employer and pays particular attention to ensure fair and just treatment throughout the recruitment, employment, and promotion process. For example, the screening process in recruitment considers criteria such as competency, technical skills, industry knowledge, experience, and education background, as guided by the Staff Requisition and Recruitment Policy. This procedure also prevents any occurrence of unfair treatment.



**Moon cake making
workshop 2021**



BUILDING A BETTER LIFE

Community Investment and Participation

With our roots firmly entrenched by more than 27 years of experience in the heart of Hong Kong, the Group maintains a special relationship with local communities and understands their needs. We are devoted to our role as a responsible corporate actor and, as such, are highly committed to fostering a healthy, caring, and sustainable society. We have adopted a proactive and constructive approach underpinned by community investment either through our charitable donations, participation in volunteering and community events, or continuous development in talented young people.

A sustainable society relies on a holistic approach benefitting not only the local community, but also our own staff members and the environment. Therefore, our community focus this year encompass all ESG factors, from coastal cleanup to distributing “Lo Pan Rice” to elderly and underprivileged families.

The Group has continued to uphold its proud history of supporting charitable and non-profit organisations. Our sponsorship and charitable donations aim to promote a sustainable community and create positive impact among our employees and within the community. During the Reporting Period, approximately HK\$203,000 (2021: HK\$167,000) has been donated to support the operations of various organisations.

The Tsinghua University Education
Foundation (HKSAR)

EDUCATION SPONSORSHIP TO TSINGHUA
UNIVERSITY PBC SCHOOL OF FINANCE

Construction
Industry Council

SCHOLARSHIP FOR FAMILY MEMBERS OF
REGISTERED CONSTRUCTION WORKERS

Crossroads Foundation Limited

INDIAN PANDEMIC RELIEF
CARING APPEAL

The Lighthouse Club Hong Kong Benevolent Fund
SPONSORSHIP FOR THE 2021 LIGHTHOUSE CLUB
LAP DOG CHALLENGE

Hong Kong Construction Services Association

FREE MINOR HOME RENOVATION AND
MAINTENANCE SERVICE SCHEME 2021-2022

LO PAN RICE CAMPAIGN

Due to the economic recession caused by the epidemic, the livelihood of the grassroots has greatly suffered. Therefore, the Group has continued its support to CIC’s “Construction Industry Lo Pan Rice Campaign 2021” this year. Our staff volunteers distributed 120 boxes of “Lo Pan Rice” to elderly, underprivileged families, sub-divided household residents, grassroots, ethnic minorities, the unemployed and low-income people at Chinese YMCA of Hong Kong Jordan Centre in August 2021. Inheriting the spirit of the great master Lo Pan in serving people, we were able to show them care and love from the construction industry.



GREEN COMMUNITY

This year, we have joined the Green-Community program activated by Hong Kong's Environmental Protection Department, which is actively building new community recycling network including recycling stations and stores to strengthen the support for waste reduction and recycling in Hong Kong.



LIFEWIRE RUN: HO SHEUNG HEUNG

Lifewire's mission to spread love and positivity across Hong Kong resonates with our company value. A total of 18 staff members joined the annual Lifewire Run this year, with all proceeds donated to help children with rare diseases access life-changing medical care.

Sustainable Labour Supply

We anticipate that a recovery in economic activity should enable the government to expand fiscal expenditure on major infrastructure projects, supporting industry growth. Accordingly, the workforce demand for the construction industry is forecasted to rise. However, the supply of formwork workers will not increase dramatically shortly thereafter. We believe this challenging prospect furthers our determination to inspire the youth to pursue a career in the formwork erection industry, which allows individuals an opportunity to build tangible results on the Hong Kong building construction landscape.

Human Rights – Child and Forced Labour

Protecting the human rights of our employees, contractors and subcontractors are of utmost importance. The Group has zero-tolerance to the hiring of forced and child labour throughout our operations. We also comply with relevant laws and regulations relating to employment, child and forced labour practices.

The Group rigorously adheres to its Requisition and Recruitment Policy, which stipulates strict policies relating to the recruitment process and the labour standard that we uphold. All personnel are required to provide valid personal identification documents for verification purposes, while reference checks are conducted accordingly. At the project sites, employees are correctly registered at the beginning of the contract and the site coordinator liaises with the head office to authenticate documents. Subsequently, incoming, and outgoing daily employee traffic are monitored using facial ID recognition technology, whilst employment cards are regularly checked.

Across the Group, overtime work and other allowances are rightfully compensated to our staff as per the Employee Handbook. In the unlikely event that false information or a false identity is discovered, the Group will address the situation by closely following the necessary procedures in accordance with relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to labour standards. Additionally, no cases of child or forced labour were reported.

ENVIRONMENT



Building towards a greener future

From managing our construction sites to evaluating our office environmental footprint, we are committed to environmental sustainability across our operations. As a responsible corporate body, the Group is committed improving its environmental policies, minimise carbon emissions, develop recycling capabilities, reduce waste generation and enhance efficient energy consumption. Our sustainability governance has incorporated a risk-based management system to address and mitigate our impact on the environment and the effects of climate change.



SUSTAINABLE RESOURCE MANAGEMENT

As landfill space becomes a scarcity and natural resources are used at an ever-increasing rate, corporate actors are facing increased expectations to manage resources effectively. As such, the Group strives to make the most of all its construction materials and resources in order to mitigate any long-term shortages. Our system of sustainable resource management has been adopted on the back of greater understanding of our annual consumption patterns and through the empowerment and encouragement of our employees to incorporate sustainable initiatives throughout our operations.

The Group is highly committed to fulfilling our environmental responsibilities and reducing the potential environmental impacts of our operations as far as practicable. During the Reporting Period, we have updated our Group Sustainability Policy and Green Office Policy.

Construction Material and Waste Reduction

As a way to champion a sustainable future, the Group monitors the selection of sustainable construction materials whilst promoting the reuse and recycling of all construction materials as much as possible. By extending the lifespan and maximising the usage of all materials, the Group aims to preserve limited natural resources and valuable landfill space.

The main construction materials we utilise are timber, aluminium, steel and metals. All project sites are equipped with a set of systematic procedures to sort, collect, transfer, and dispose of waste in an environmentally friendly manner. We strive to reuse all valuable materials multiple times prior to its end of life. When its lifespan is exhausted, we dispose of each material safely and professionally, under relevant regulations including the Construction Waste Disposal Charging Scheme. Where applicable, we also recycle materials with professional licensed recyclers.

As many of our construction materials are reused to extend its lifecycle, we are actively exploring the possibility to add a new KPI, "reuse rate (%)", to replace the previous calculation of recycling rate (%). The calculation methodology shall take into consideration the turnover of all reused material, as compared to amount of consumption.




Through our updated Green Office Policy, we encourage the sustainable use of resources in our offices and enhance recycling efforts. During the Reporting Period, we have extended and made recycling facilities and activities available at our head office, to recycle paper, plastic, cans, metal and glass bottles. Specifically, we have introduced sorting recycling bins in the head office at early September 2021 to promote recycling of beverage containers. In doing so, we hope to instil a sustainable mindset amongst our employees and inspire them to incorporate sustainability in the workplace.



TIMBER

Timber formwork is a traditional type of formwork system that is the most popularly accepted typical construction projects. It is therefore the most commonly used resource, despite it being labour and time intensive. It is also more difficult to be reused or recycled. To use timber sustainably, we procure certified timber products from certified PEFC and FSC suppliers. 100% of our timber has been procured with PEFC and FSC certification.




Unused timber panels and available scraps are returned to licenced collectors, when possible, or repurposed for another project site. As timber materials are difficult to fully recycle, we promote a policy of reuse and are exploring innovative strategies that can help transform timber waste into strong and functional new construction materials. During the Reporting Period, we consumed 3,478.05 m³ of timber.




	Consumed (m ³) 	Recycled m ³ 	Recycling Rate (%) 
2020	8,538.29	180	2.11
2021	17,836.20	Nil	Nil
2022	3,478.05	Nil	Nil

ALUMINIUM AND STEEL

Many architectural designs require engineered formwork system that is built out of prefabricated modules using steel, aluminium and metal. The major advantages of these metal formwork systems include the speed of construction and lower lifecycle costs as formworks constructed by aluminium are almost indestructible. This durability enables the material to be reused multiple times depending on application and proper care.




Similar to timber, before materials are sent back to authorised collectors or sorting facilities, we assess the material condition seeking to avoid hazards caused by corrosion, rust and dents. During the Reporting Period, we consumed 405.77 tonnes and 664.20 tonnes of aluminium and steel respectively, whilst 243.29 tonnes and 466.06 tonnes were recycled respectively.

Aluminium	Consumed (t) 	Recycled (t) 	Recycling Rate (%) 
2020	1,017.91	291.97	28.68
2021	1,598.22	319.66	20.00
2022	405.77	243.29	59.96

Steel	Consumed (t) 	Recycled (t) 	Recycling Rate (%) 
2020	1,542.38	1,404.85	91.08
2021	3,318.68	1,173.64	35.36
2022	664.20	466.06	70.17




METALS

The Group uses and reuses metal components in most of its formwork projects. During the Reporting Period, 232.35 tonnes of metals were consumed.

	Consumed (t) 	Recycled (t) 	Recycling Rate (%) 
2020	301.92	180	2.11
2021	569.52	Nil	Nil
2022	232.35	Nil	Nil

PAPER

We continue to promote the digitalisation of our operations as a way to reduce paper consumption. For example, we encourage communication through email and distribute electronic greeting cards during the holiday season. In addition to reusing paper, we have designated recycling bins placed next to printers and fax machines for paper collection. These bins are clearly labelled and easily accessible to encourage employees to recycle. Our paper waste is collected by professional licensed recyclers.

	Consumed (kg) 	Recycled (kg) 	Recycling Rate (%) 
2020	5,782.20	479.00	8.28
2021	5,595.87	510.00	9.11
2022	3,498.41	533.00	15.24

Energy and Water Management

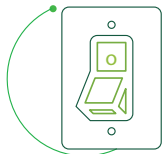
Energy is essential to our daily operations as it powers all equipment in our offices and project sites. The Group mainly uses three types of energy: electricity to power our offices and project sites, as well as petroleum and diesel to power our vehicles. Our energy use combined represents over 86% of our greenhouse gas emissions inventory.

Reducing our energy consumption can help to reduce fossil fuel use, improve air quality, mitigate climate change, and protect our environment and local communities. Hence it is crucial that we promote energy efficiency initiatives to reduce our energy reliance. For more information about greenhouse gas emissions or air emissions from the company vehicles, please visit the "Emissions" subsection under "Impact of Operations on Local Community" section.

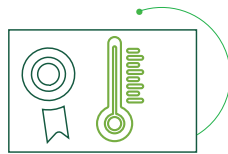
During the Reporting Period, we have added solar lighting and solar-powered CCTV to one of our project sites. This is currently under a trial basis, and if proven successful, the technology may be expanded to more project sites.



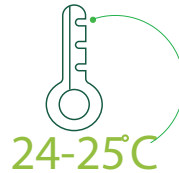
Energy Saving Initiative



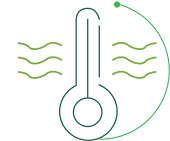
Switch off electrical appliance when not in use or after office hours



Advocate for "Energy Saving Charter on Indoor Temperature"



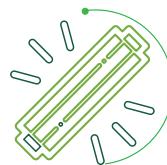
Maintain indoor temperature at 24-25 degrees Celsius



Monitor temperature through thermometers



Encourage staff to use staircase instead of lift



Use energy-efficient light bulbs such as LED, T5 or compact fluorescent lamp with energy labels (i.e. EMSD's Grade 1 and 2 or equivalent)



Adopt refrigerator and air conditioning appliances with "Grade 1" energy labels

Water is a precious natural resource that must be safeguarded. However, as we mainly use water for cleaning purposes and in the communal washrooms operated by our office building management, it has not been designated a material aspect by the Group. At our project sites, water management is handled by the main contractors or property owners. Therefore, we are unable to retrieve water usage records. Nevertheless, we endeavour to encourage the responsible consumption of water responsibly throughout our operations.

RESOURCE TYPE	ELECTRICITY USAGE KWH	WATER USAGE ¹ M ³
2020	76,635.00	187.00
2021	130,361.20	2,617.40
2022	95,692.27	252.33

¹ Water usage at the office is managed by property management whilst project sites are managed under the main contractor.

IMPACT OF OPERATIONS ON LOCAL COMMUNITY

As a subcontractor in the construction industry, the Group acknowledges the impact of its work to the community, employees, and the environment. Hence, we have a responsibility to mitigate our environmental impact in every community we operate in. We have developed an Environmental Management System (“**EMS**”) that guides our contracting activities, while ensuring environmental considerations are included in all decisions we make. Through communicating the EMS to our employees, suppliers and subcontractors, we ensure compliance throughout our operations, as well as promoting good environmental practices for environmental protection.

We have adopted the CIC Carbon Assessment Tool during the Report Period, which assesses the carbon performances of buildings and infrastructure in Hong Kong, from raw material extraction to the end of construction. By adopting this tool, we aim to collaborate with professionals in the construction industry to contribute to a carbon reduction goal.








Additionally, each year we are involved in several sustainable BEAM Plus projects. BEAM Plus is a local assessment tool to certify building sustainability performance. During the Reporting Period, we have completed 6 BEAM Plus projects and engaged in 10 ongoing BEAM Plus projects.

GHG Emissions

Curbing our greenhouse gas emissions (“**GHG**”) is essential to improving the environmental outlook for our local communities. The Group’s GHG sources are primarily attributed to the use of company vehicles and electricity consumption within our operations. During the Reporting Period, these areas of operation comprised of the headquarter offices and warehouses for the storage of documents.

To accurately quantify the Group’s GHG emissions, the calculation process refers to both local and international guidelines, including the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the Environmental Protection Department and the Electrical and Mechanical Services Department. We also utilised the latest emission factors, which are periodically published by relevant power companies.

In order to minimise our emissions, we continue to encourage digital teleconferencing in place of business travel. We also perform regular vehicle assessments and maintenance and check fuel efficiency. Furthermore, we aim to use more hybrid and electric vehicles in the coming years. Other energy efficiency initiatives are reported in the “Energy and Water Management” subsection. Because our paper is recycled by way of external licenced contractors, we avoided a total of 2.56 tonnes of tCO₂-e. During the Reporting Period, we emitted a total of 119.32 tCO₂-e, which is a decrease of 26.33% from the previous year.

2020	53.84	37.82	4.50	27.75	0.08	0.04	124.03
2021	88.21	48.23	N/A	24.41	0.58	0.53	161.96
2022	69.52	35.41	N/A	14.23	0.11	0.05	119.32
							
MOBILE COMBUSTION: PETROL AND DIESEL TCO₂-E	PURCHASED ELECTRICITY TCO₂-E	PURCHASED TOWNGAS² TCO₂-E	DISPOSAL OF PAPER WASTE TCO₂-E	FRESH WATER PROCESSING TCO₂-E	SEWAGE WATER PROCESSING TCO₂-E	TOTAL GHG EMISSIONS TCO₂-E	
SCOPE 1	SCOPE 2		SCOPE 3				

² Towngas is not reported in this Reporting Period due to a change in billing ownership, resulting in the exclusion of the director’s quarter from the reporting scope.

Air Emissions

We continue to operate under preventative measures minimising the production of dust or respirable suspended particulates when handling construction materials, using machinery equipment, or operating company vehicles. To prevent dust from dispersing into the environment, large amounts of dusty materials are covered with sheeting, placed in sheltered areas, and sprayed with water or dust suppression chemicals to dampen the surface. During the loading, unloading and transfer processes, large bulk materials are handled with care to reduce the release of dust particles.

Air emissions also stem from our company vehicles. During the Reporting Period, we maintain a total of seven (2021: eight) vehicles, which may emit nitrogen oxide (NOx), sulfur oxides (SOx) and particulate matter (PM) in the combustion process. As aforementioned, we perform regular maintenance checks and assessments on our company vehicles to ensure air emissions standards are upheld. In addition, we plan to replace some of our vehicles to hybrid or electric vehicles, thereby reducing the amount of air pollutants in the future.

EMISSION TYPE	NOX (KG)	SOX (KG)	PM (KG)
2020	104.43	0.31	9.97
2021	142.07	0.51	13.57
2022	139.66	0.40	10.31

Noise Emissions

Noise emissions arise from the use of machinery generated by our construction activities. The Group recognises the adverse impacts that noise emissions transmit into the surrounding community. To mitigate these impacts, we erect noise protection barriers in the vicinity of noise sensitive receivers such as residential buildings, schools and hospitals, and require construction activities to operate at reasonable hours when possible.

Furthermore, we opt for quieter construction equipment that is approved and in line with the Construction Noise Permit issued by the Environmental Protection Department. We also require engines of idling machinery to be turned off or minimised as much as possible, while machinery known to emit significant noise are strategically placed to avoid noise sensitive receivers. During the Reporting Period the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) was updated and as such we shall enhance training and control measures especially during the night and holidays to ensure compliance.

Climate Change

Climate change is an ongoing phenomenon and continues to pose a major threat to the sustainable development of societies. Changes in climate patterns and the increased severity of weather events, such as typhoons, heatwaves and flooding could cause substantial damage and disruption to our operations, whilst also exposing our workers to risk of injury. The adverse effects and challenges that climate change is projected to bring will have severe consequences unless we adapt to this issue. Royal Deluxe recognises the urgency of devising a strong climate change strategy in order to mitigate foreseeable climate-driven risks and prevent disruption to its operations.

Thus, we have conducted our first self-evaluation on our climate risk assessment with reference to the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). Four physical risks, representing acute and chronic risks, and ten transition risks (within policy and legal, technology, market, and reputation) were established as relevant risks that the Group is likely to be susceptible to.

For acute physical risks that are concerned with extreme weather events, a frequency and severity rating was assigned, and appropriate risk level is calculated. For transition risks that are concerned with compliance-driven and market-driven aspects, the Group employed desk research and scientific estimation to calculate the risk score and thereby determine the risk level for each transition risk.

Of the four physical risks identified, none were considered to be of particularly high risk to the Group, with the threats of typhoons, rising temperatures and extreme precipitation to be of medium risk.

It was concluded that one transition risk was deemed to be a high risk to the Group, namely enhanced emissions-reporting obligations were deemed a high policy and legal risk. Compliance requirements of changes to building standards, and climate-related disclosures were deemed as medium risks within policy and legal risk. With regards to technology and innovation, reduced emissions technology or material supply may lead to increased costs of capital expenditures, leading to a medium risk to the Group. Within the supply chain, medium risks focus on change in supply chain, including emissions from transportation and reduced emissions construction processes requiring the application of new technology. Change in consumer demand for sustainable element also pose as a medium risk, while concurrently a shift in market preference may also pose a medium risk for our corporate image and brand.

Moving forward, we will incorporate the findings from the assessment to reinforce our commitment and drive appropriate mitigation measures to address the short, medium and long-term risks associated with climate change.

To mitigate against these climate risks, we implemented a series of emergency protocols for our office staff and our site staff, as outlined in the Employee Handbook and in-house Work Safety Code. Emergency drills are conducted annually to enhance effectiveness and stamp out weaknesses for improvement. We have also established emergency units at each project sites, who are responsible for completing a Strong Wind and Heavy Rain Checklist.

Precautionary Emergency Responses for Office



If the typhoon signal is hoisted during working hours, the HR department will arrange appropriate times for leaving



Stay in the office until black rainstorm signal is lowered and safety



Transportation difficulties may be reported to the department head

Precautionary Emergency Responses for Project Site

BEFORE AN EXTREME EVENT



Securely fasten and anchor loose and stacked materials, working platforms, hoists and temporary work structures



Cover mechanical appliances and cut off power supply



Move electrical appliances away from any potential flooding locations



Strengthened and secure partially completed buildings and scaffolding



Cease work on scaffolding, walls or building parts if these pose a threat risk



Check and clear blockage in the site drainage system



Follow steps issued by the Emergency Team and gather to the assembly area with personal protective equipment in hand



Conduct a thorough site inspection using a checklist to make sure that all precautionary measures have been conducted

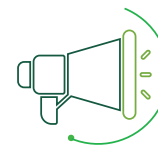
AFTER AN EXTREME EVENT



Inspect the site, report damages and repair damaged facilities back to safe condition prior to work commencement



Examine electrical appliances and scaffoldings to ensure that they are all in safe working condition before use; and



Instruct all employees to return to site once upon management confirmation

ENVIRONMENTAL TARGETS

We recognise that our journey to sustainability is insignificant without a solid commitment to reducing the environmental impact of our business activities. Our advocacy to protect the environment is reinforced by our series of environmental targets formulated in 2021/22 that will drive individual and collective responsibility, as well as delivering significant contributions.

GHG	10% of reduction in GHG emissions (scope 1-3) intensity by revenue (tCO ₂ -e/HK\$million) (2021 baseline) by 2030.
Petroleum	30% of the vehicles are electric or hybrid by 2025.
Diesel	40% reduction in diesel consumption (Liters) (2021 baseline) on all of our construction sites by 2025 with aim to eliminate diesel on all of our construction sites by 2035.
Electricity	5% of reduction in electricity consumption intensity by revenue (kWh/HK\$million) (2021 baseline) by 2030.
Waste	By 2024, identify a company-specific KPI for the reuse rate for timber, aluminium, and steel.
Paper	By 2025, increase paper recycling rate to 20% compared to 2021.

LAWS AND REGULATIONS

ENVIRONMENTAL

- Public Health and Municipal Services Ordinance (Cap. 132 of the Laws of Hong Kong)
- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)
- Air Pollution Control Ordinance (Non-road Mobile Machinery) (Emission) Regulation (Cap. 311Z of the Laws of Hong Kong)
- Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong)
- Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong)
- Code of Practice on Good Management Practice to Prevent Violation of the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) (for Construction Industry)
- Dumping at Sea Ordinance (Cap. 466 of the Laws of Hong Kong)
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong)

SOCIAL

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)
- Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)
- Building Ordinance (Cap. 123 of the Laws of Hong Kong)
- Competition Ordinance (Cap. 619 of the Laws of Hong Kong)
- Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)
- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)
- Patent Ordinance (Cap. 514 of the Laws of Hong Kong)
- Supply of Services (Implied Terms) Ordinance (Cap. 457 of the Laws of Hong Kong)
- Trademarks Ordinance (Cap. 599 of the Laws of Hong Kong)
- Apprenticeship Ordinance (Cap. 47 of the Laws of Hong Kong)
- Employment of Young Persons (Industry) Regulations (Cap. 57C of the Laws of Hong Kong)
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong)
- Immigration Ordinance (Cap. 115 of the Laws of Hong Kong)
- Occupiers Liability Ordinance (Cap. 314 of the Laws of Hong Kong)
- Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)
- Construction Works Registration Ordinance (Cap. 583 of the Laws of Hong Kong)

PERFORMANCE DATA TABLE

Key Performance Indicators	Unit	2020	2021	2022
Environmental				
Air and GHG Emissions				
NOx Emissions	kg	104.43	142.07	139.66
SOx Emissions	kg	0.31	0.51	0.40
PM Emissions	kg	9.97	13.57	10.31
GHG Emission – Scope 1	tCO ₂ -e	53.84	88.21	69.52
GHG Emission – Scope 2	tCO ₂ -e	42.32	48.23	35.41
GHG Emission – Scope 3	tCO ₂ -e	27.87	25.52	14.39
Total GHG Emissions (Scope 1 –3)	tCO ₂ -e	124.03	161.96	119.32
GHG Emission Intensity by Area (warehouse included) ³	tCO ₂ -e/m ²	0.03	0.05	N/A
GHG Emission Intensity by Area (warehouse excluded)	tCO ₂ -e/m ²	0.34	0.45	0.19
GHG Emission Intensity by Workforce	tCO ₂ -e/person	N/A	1.64	1.19
Energy Use				
Petroleum Usage	Litre	4,132.34	4,813.57	6,597.62
Diesel Usage	Litre	15,385.49	27,420.12	18,897.00
Towngas ⁴	MJ	7,536.00	N/A	N/A
Electricity Usage	kWh	75,635.00	130,361.20	95,692.27
Total Energy Usage	MJ	N/A	1,689,356.60	1,252,797.92
Energy Usage Intensity by Workforce	MJ/person	N/A	17,064.21	12,527.98
Water				
Water Usage	m ³	187.00	2,617.40	252.33
Water Usage Intensity by Workforce	m ³ /Person	N/A	26.44	2.52
Waste				
Paper Consumption	kg	5,782.00	5,595.87	3,498.41
Paper Recycling	kg	479.00	510.00	533.00
Paper Disposed	kg	5,303.00	5,085.87	2,965.41
Paper Disposal Intensity by Workforce	kg/person	N/A	51.37	29.65
Timber Consumption	m ³	8,538.29	17,836.20	3,478.05
Timber Recycling	m ³	180.00	Nil	Nil
Aluminium Consumption	Tonnes	1,017.91	1,598.22	405.77
Aluminium Recycling	Tonnes	291.97	319.66	243.29
Steel Consumption	Tonnes	1,542.38	3,318.68	664.20
Steel Recycling	Tonnes	1,404.85	1,173.64	466.06
Metal Consumption	Tonnes	301.92	569.52	232.35

³ The warehouse for storage of construction material has closed while the warehouse for storage of document does not contribute any environmental impact, henceforth this Report shall limit all intensity by area to the offices only.

⁴ Towngas was not applicable since the 2020/21 Reporting Period due to the removal of director's quarter from the reporting scope.

PERFORMANCE DATA TABLE

Key Performance Indicators	Unit	2020	2021	2022
Social				
Direct Workforce⁵				
Direct Workforce by Gender				
Male	Person	64	71	65
Female	Person	24	28	35
Direct Workforce by Age				
18 – 25	Person	4	8	3
26 – 35	Person	38	43	45
36 – 45	Person	20	20	25
46 – 55	Person	17	19	19
56 – 65	Person	9	9	8
Direct Workforce by Category				
Senior Management	Person	7	6	12
Middle Management	Person	17	18	18
General Staff	Person	64	73	68
Others	Person	N/A	2	2
Indirect Workforce⁶				
Indirect Workforce by Gender				
Male	Person	3,645	4,810	2,404
Female	Person	76	81	62
Indirect Workforce by Age				
18-65	Person	3,616	4,694	2,156
65 or above	Person	105	197	310
Indirect Workforce by Nationality				
Chinese Nationals	Person	3,343	4,066	2,075
Non-Chinese Nationalities	Person	378	825	391

⁵ All employees under direct employment of the Group and not subcontracted.

⁶ All employees working at the Group's operation sites but not directly employed by the Group.

PERFORMANCE DATA TABLE

Key Performance Indicators	Unit	2020	2021	2022
Social				
Turnover Rate⁷				
Total Turnover Rate	%	48.30	47.06	15.08
Turnover Rate by Gender				
Male	%	42.50	38.52	17.39
Female	%	62.80	69.23	9.84
Turnover Rate by Age				
18-25	%	85.70	112.44	75.00
26-35	%	45.70	43.04	8.82
36-45	%	57.10	35.89	17.86
46-55	%	22.20	45.69	8.89
56-65	%	33.30	33.38	18.18
Turnover Rate by Employee Category				
Senior Management	%	0.00	15.38	0.00
Middle Management	%	11.80	5.71	11.11
General Staff	%	63.10	61.31	18.44
Others	%	0.00	0.00	0.00
Training and Development⁸				
Total Training Hours	hours	743.50	971.50	865.75
Average Training Hours	hours/employee	8.50	9.91	8.66
Percentage of Employees Trained by Gender				
Male	%	29.20	32.29	47.69
Female	%	43.50	35.71	57.14
Percentage of Employees Trained by Employment Category				
Senior Management	%	42.90	50.00	33.33
Middle Management	%	17.80	33.33	22.22
General Staff	%	35.90	32.00	63.24
Others	%	N/A	N/A	N/A
Average Training Hours by Gender				
Male	Hours/employee	10.00	12.36	11.02
Female	Hours/employee	4.00	3.13	4.27

⁷ Turnover rates are limited to direct workforce only.

⁸ Training-related KPIs are limited to direct workforce only.

PERFORMANCE DATA TABLE

Key Performance Indicators	Unit	2020	2021	2022
Social				
Average Training Hours by Employment Category⁹				
Senior Management	Hours/employee	24.00	21.08	5.15
Middle Management	Hours/employee	2.00	5.31	7.28
General Staff	Hours/employee	8.50	10.27	9.90
Others	Hours/employee	N/A	N/A	N/A
Work-related Incident¹⁰				
Work-related Fatalities	Case	Nil	Nil	Nil
Work Injury Case	Case	29	59	18
Lost Days due to Work Injury	No. of Days	2,606	3,729	2,693
Work Injury Rate	Per 1,000 Employees	3.22	4.62	2.98

⁹ The calculation methodology for average training hours by employment category in 2021 has been adjusted this year to ensure consistency in 2020 and 2022. The average training hours by employment category denotes the total training hour per employment category divided by the total direct workforce in each employment category.

¹⁰ Inclusive of both direct workforce and indirect workforce.

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

A. Environmental

Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-47; Laws and Regulations Page 49
KPI A1.1	The types of emissions and respective emissions data.	Environment – Impact of Operations on Local Community Pages 43-47
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Impact of Operations on Local Community Pages 43-47; Performance Data Table Page 50
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The production of hazardous waste continues to be insignificant when compared to other non-hazardous waste generated by our Group. Hence, we currently do not have a centralised monitoring system to record the amount of hazardous waste we produce.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 50
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environment – Environmental Targets Page 48
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment – Sustainable Resource Management Pages 39-43, Environmental Targets Page 48

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Sustainable Resource Management Pages 39-43
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 50
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment – Sustainable Resource Management Pages 39-43; Performance Data Table Page 50
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment – Environmental Targets Page 48
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environment – Environmental Targets Page 48
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations does not involve the use of packaging for finished products.

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-47
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment – Sustainable Resource Management Pages 39-43, Impact of Operations on Local Community Pages 43-47

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment – Impact of Operations on Local Community Pages 43-47
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Environment – Impact of Operations on Local Community Pages 43-47

B. Social Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People – Protecting our Health and Safety Pages 30-33, Empowering our People Pages 34-35, Building a Better Life Pages 36-37; Laws and Regulations Page 49
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Performance Data Table Pages 51-52
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Table Pages 51-52

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People – Protecting our Health and Safety Pages 30-33; Value Chain – Procurement Practices Pages 27-28; Laws and Regulations Page 49
KPI B2.1	Number and rate of work-related fatalities.	People – Protecting our Health and Safety Pages 30-33; Performance Data Table Page 53
KPI B2.2	Lost days due to work injury.	People – Protecting our Health and Safety Pages 30-33; Performance Data Table Page 53
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People – Protecting our Health and Safety Pages 30-33; Value Chain – Procurement Practices Pages 27-28

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People – Empowering our People Pages 34-35
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Table Pages 52-53
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Table Pages 52-53

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People – Building a Better Life Pages 36-37
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People – Building a Better Life Pages 36-37
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People – Building a Better Life Pages 36-37

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Value Chain – Procurement Practices Pages 27-28
KPI B5.1	Number of suppliers by geographical region.	Value Chain – Procurement Practices Pages 27-28
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Value Chain – Procurement Practices Pages 27-28
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Value Chain – Procurement Practices Pages 27-28
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Value Chain – Procurement Practices Pages 27-28

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**Aspects,
General Disclosures
and KPIs**

Description

Relevant Chapter or Explanation

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Business – Ethical Business Behaviour Pages 19-21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Nil
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	The Group received no material complaints during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Business – Ethical Business Behaviour Pages 19-21
KPI B6.4	Description of quality assurance process and recall procedures.	Business – Ethical Business Behaviour Pages 19-21
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Business – Ethical Business Behaviour Pages 19-21

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Aspects, General Disclosures and KPIs

Description

Relevant Chapter or Explanation

Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business – Ethical Business Behaviour Pages 19-21; Laws and Regulations Page 49
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting period and the outcomes of the cases.	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business – Ethical Business Behaviour Pages 19-21
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business – Ethical Business Behaviour Pages 19-21

Community

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	People – Building a Better Life Pages 36-37
KPI B8.1	Focused areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	People – Building a Better Life Pages 36-37
KPI B8.2	Resources contributed (e.g. money or time) to the focused area.	People – Building a Better Life Pages 36-37