



Environmental, Social and Governance Report 2023

泰林科建控股有限公司

Tailam Tech Construction Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6193)

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ABOUT THIS REPORT

Tailam Tech Construction Holdings Limited (the “**Company**”) is pleased to present this environmental, social and governance (“**ESG**”) report (the “**Report**”) which summarises the ESG policies, initiatives and performance for the Company and its subsidiaries (collectively, the “**Group**”) as well as demonstrates its commitment in achieving environmental and social sustainability for the year ended 31 December 2023 (“**FY2023**”). This Report should be read in conjunction with the Corporate Governance Report in the 2023 Annual Report of the Company to help readers gain a more comprehensive understanding of the ESG performance of the Company.

The objective of this Report is to highlight the Group’s ESG performance for the purpose of assisting all stakeholders in understanding the Group’s ESG concepts and practices in achieving sustainable development for the future.

The Group is engaged in the manufacturing and sale of pre-stressed high-strength concrete piles (the “**PHC piles**”), commercial concrete and ceramsite concrete block in the People’s Republic of China (the “**PRC**”). The PHC piles, commercial concrete and ceramsite concrete block produced by the Group are primarily used in buildings and infrastructure projects. During FY2023, the Group’s products were mainly sold to property developers and construction companies in Jiangsu Province.

GOVERNANCE STRUCTURE

The board of directors of the Company (the “**Board**”) oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanism through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying and assessing the Group’s ESG risks. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

REPORTING SCOPE AND BOUNDARY

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2023 to 31 December 2023. There was no material change to the methods or key performance indicators (“**KPIs**”) used by the Group compared with the previous years. The reporting boundary of this Report covers the Group’s principal business of manufacturing and sale of building materials and the scope of reporting covers the Group’s ESG performance with environmental and social data of the Group’s operation site in Hong Kong and the PRC.

REPORTING STANDARD AND PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) of Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), strictly fulfils the disclosure obligations of the mandatory disclosure requirements and the “comply or explain” provisions, and discloses KPIs based on the business nature of the Company.

The Group has prepared this Report in accordance with the following reporting principles:

Reporting Principles	Principle	Response of the Company
Materiality:	The issues covered in the Report should reflect the significant impacts of the Company on the economy, environment and society, or substantially affect the scope of assessment and decision of stakeholders.	Through continuous communication with stakeholders, and based on the development strategy of the Company as well as the industry and business conditions, the Company identifies current material sustainable development issues.
Quantitative:	KPIs disclosed in the Report should be measurable to evaluate and validate the performance of ESG policies and management systems.	This Report discloses environmental and social KPIs quantitatively where practicable and includes relevant notes to facilitate readers’ better understanding of our achievements.
Consistency:	The Company should use consistent disclosure principles for preparation of the Report so that stakeholders can analyze and evaluate the performance of the entity over time. The entity should explain any changes to the methodologies.	The Company will ensure the scope of disclosure and reporting methodologies used in the Report are generally consistent every year.
Balance:	The Report should provide an unbiased picture of the issuer’s performance, and should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	Based on objective facts, this Report elaborates the sustainability issues that have significant impacts on the business and discloses relevant performance.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address their key concerns, the Group has maintained close communication with key stakeholders including but not limited to, shareholders and investors, employees, customers, suppliers, media and the public, and government and regulatory authorities.

In formulating operational and ESG strategies, the Group will take stakeholders' expectations and concerns into consideration by utilising diversified engagement methods and communication channels, as shown below:

Stakeholders	Communication channels	Expectations and concerns
Shareholders and investors	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars Company's website 	<ul style="list-style-type: none"> Sustainable profitability Corporate governance Business compliance Maintain shareholder's return
Employees	<ul style="list-style-type: none"> Training activities, seminars and briefings Email and suggestion boxes Regular meetings 	<ul style="list-style-type: none"> Remuneration and benefits Ensure safe working environment Career development
Customers	<ul style="list-style-type: none"> Customer service hotline and emails Business meetings 	<ul style="list-style-type: none"> High-quality products Enhance customer satisfaction
Suppliers	<ul style="list-style-type: none"> Business visits Business meetings and discussion 	<ul style="list-style-type: none"> Fair and open procurement Ensure on-time payment Maintain sustainable relationship
Media and the public	<ul style="list-style-type: none"> ESG reports Announcements and circulars Financial reports 	<ul style="list-style-type: none"> Information transparency Legal compliance Corporate governance
Government and other regulatory authorities	<ul style="list-style-type: none"> Written or electronic correspondences Visits and site inspections 	<ul style="list-style-type: none"> Compliance with local laws and regulations Stability in business operations

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and maintaining the success of the Group's business in a challenging market.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and KPIs are reported in the Report according to the recommendations of the ESG Reporting Guide.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

STEP 1: IDENTIFICATION – INDUSTRY BENCHMARKING

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of the ESG Reporting Guide.

STEP 2: PRIORITIZATION – STAKEHOLDER ENGAGEMENT

- The Group discussed with key stakeholders on key ESG areas identified above to ensure that all the key aspects were covered.

STEP 3: VALIDATION – DETERMINING MATERIAL ISSUES

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in FY2023, those important ESG areas to the Group were discussed in this Report.

STAKEHOLDER FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. You can provide valuable advice or comments in respect of the ESG Report or the Group's performances in sustainable development by email (info@tailamgroup.com).

A. ENVIRONMENTAL

As a responsible corporate, the Group is committed to protecting the environment by reducing carbon emissions. The Group carefully monitors and mitigates the environmental impacts by integrating environmental considerations into all aspects of business operations. Environmental management was developed based on respective local requirements and environmental standards. In response to the community's power saving and waste-reduction demand, the Group has also adopted the procedures in relation to waste reduction, water conservation, energy conservation and solid waste recycling.

This section primarily discloses the policies and practices of the Group along with the quantitative data on emissions, use of resources, the environment and natural resources during FY2023.

A1. Emissions

General Disclosure and KPIs

Environmental protection has always been one of the fundamental values of the Group. The Group attaches great importance to sustainable development in its operations. To reduce energy consumption and GHG emissions, the Group has actively implemented environmental policies and procured more energy-efficient machinery to reduce its carbon footprint. The Group has implemented an environmental management system with ISO14001:2015 certification in its business operations. The Group continuously improves existing policies and incorporates new policies to mitigate potential direct and indirect negative environmental impacts arising from its business operations.

During FY2023, the Group was not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including the Environmental Protection Law of the PRC, the Prevention and Control of Atmospheric Pollution of the PRC, the Water Pollution Prevention and Control Law of the PRC and the Prevention and Control of Environmental Pollution by Solid Waste of the PRC.

The Group does not establish any quantitative targets or processes for tracing the achieved result but we have set preliminary directional targets in terms of reducing emissions (including air pollutants, greenhouse gas, hazardous and non-hazardous wastes, and sewage). The Group actively implements the air pollutants control plan, electricity-saving plan, material-saving plan and measures to maintain or reduce the intensity of waste production and relevant gas emissions. It is believed that the established measures help raise employee's environmental awareness on reducing air pollutants and GHG emissions and waste generation.

Environmental aspects	Targets and Steps	Steps taken to achieve the targets
Air Pollutants Emissions	The Group actively implements the air pollutants control plan and measures to maintain or reduce the intensity of air pollutants emissions	<ul style="list-style-type: none"> - Reducing the use of chemical fuels by replacing gas with electrical
Greenhouse Gas Emissions	The Group actively implements the electricity-saving plan and measures to maintain or reduce the intensity of greenhouse gas emissions	<ul style="list-style-type: none"> - Promoting environmental protection such as saving electricity by slogan or poster - Switching off lights and turn off unnecessary energy-consuming devices when they are not in use
Waste Reduction	The Group actively implements the material-saving plan and measures to maintain or reduce the intensity of waste production	<ul style="list-style-type: none"> - Encouraging the use of paper by printing or photocopying on both sides of paper, where applicable - Avoiding the use of disposable items, such as paper cups, stirrers

Air Emissions

The principal source of air emissions arising out of the Group's operations was petrol consumed by vehicles. In response to the abovementioned source, the Group has actively taken measures to control air emissions. Such measures will be described in the following section – "GHG Emissions".

Summary of exhaust gas emissions performances:

Indicators	Unit	FY2023	FY2022
Nitrogen oxides (NO _x)	kg	37.35	23.34
Sulphur oxides (SO _x)	kg	1.07	0.93
Particulate matter (PM)	kg	2.75	1.72

GHG Emissions

The principal GHG emissions of the Group were generated from petrol by vehicles and natural gas for the production of PHC piles (Scope 1) and purchased electricity (Scope 2).

Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from petrol consumption by company vehicles and natural gas for the production of PHC piles in its operations:

- Regularly maintain boilers to minimise unnecessary natural gas consumption;
- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Regularly maintain vehicles to ensure optimal engine performance and fuel use; and
- Switch off the engine when the vehicle is idling.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for a sizeable percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption. Such measures will be described in “Aspect A2 – Use of Resources”.

Through the implementation of such measures, the employees’ awareness of reducing GHG emissions has been increased.

Summary of GHG emissions performances:

Indicators ¹	Unit ²	FY2023	FY2022
Scope 1 - Direct GHG Emissions	tCO ₂ e	1,733.57	5,843.77
• Petrol consumption			
• Natural gas			
Scope 2 – Energy Indirect GHG Emissions	tCO ₂ e	963.70	1,652.89
• Purchased electricity			
Total GHG emissions	tCO₂e	2,697.27	7,469.66
Intensity³	tCO₂e/million revenue (RMB)	11.01	22.98

Notes:

1. *GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the latest released emission factors of China's regional power grid basis and the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).*
2. *tCO₂e is defined as tonnes of carbon dioxide equivalent.*
3. *For FY2023, the Group recorded a revenue of approximately RMB245.03 million (FY2022: approximately RMB326.17 million). This data is used for calculating other intensity data.*

Sewage Discharges into Water and Land

The Group did not consider the amount of sewage discharge into water to be disproportionate. To reduce sewage discharge into water, the Group has invested in a water treatment and recycling system to allow for the recycling and subsequent reuse of waste water. The waste water discharged by the Group is disposed of through the municipal sewage network to the regional water purification plant. Similarly, the sewage discharge into land was insignificant.

Waste Management

Hazardous Waste Management

The Group has no direct involvement in the generation of hazardous waste. The Group has engaged a subcontractor for the production of commercial concrete, and as such, any hazardous waste produced as a result of the said production is not under the Group's direct operational control. The Group is nevertheless conscious of the need for proper hazardous waste disposal management should hazardous wastes be generated directly by the Group and that the disposal process should comply with applicable statutory requirements.

Non-hazardous Waste Management

Non-hazardous waste generated was mainly office paper. The Group did not note a disproportional amount of non-hazardous waste produced. The Group endeavours to extend the scope of disclosure of other non-hazardous waste produced when the data collection process matures.

The Group places great effort in raising the awareness of its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its performance in this regard. Green measures include but are not limited to the following:

- Reduce the use of single-use disposable items;
- Reuse single-sided waste paper where possible;
- Print electronic correspondences only when necessary; and
- Recycle office and electronic equipments after their life cycle.

Employees' awareness of waste management has increased as a result of these implementations.

Summary of non-hazardous waste disposal performance:

Indicators	Unit	FY2023	FY2022
Office paper	tons	1.39	1.46
Total non-hazardous waste disposed	tons	1.39	1.46
Intensity	tons/million revenue (RMB)	0.006	0.004

A2. Use of Resources

General Disclosure and KPIs

The Group advocates energy and resources saving, and is committed to achieving sustainable operations and compliance with emission requirements by local authorities. The Group does not establish any quantitative targets or processes for tracing the achieved result but we have set preliminary directional targets in terms of energy use efficiency and water efficiency, in order to perform better energy conservation and water conservation. The Group actively implements the electricity-saving plan, water-saving plan and measures to maintain or reduce the intensity of electricity consumption and water consumption. It is believed that the established measures help raising employee's environmental awareness on saving energy and conserving resources. The Group will review the progress and explore more opportunities for various environmental protection goals.

Environmental aspects	Targets and Steps	Steps taken to achieve the targets
Energy Conservation	The Group actively implements the electricity-saving plan and measures to maintain or reduce the intensity of electricity consumption	<ul style="list-style-type: none"> - Promoting environmental protection such as saving electricity by slogan or poster - Switching off lights and turn off unnecessary energy-consuming devices when they are not in use
Water Conservation	The Group actively implements the water-saving plan and measures to maintain or reduce the intensity of water consumption	<ul style="list-style-type: none"> - Promoting environmental protection such as saving water by slogan or poster - Monitoring usage of water and checking for variance with past records

Meanwhile, the Group strives to improve the efficient use of natural resources, such as minimising waste and emissions. Practical measures are implemented as follows.

Energy Consumption

The Group recognises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees;
- Anomaly in electricity consumption will be investigated and preventive measures will be taken;
- Switch off all idle machines, appliances and unnecessary lightings upon leaving the Group's premises; and
- Purchase equipment with higher energy efficiency on the replacement of old equipment.

Through the implementation of the aforementioned energy-saving measures, the employees' awareness of energy conservation has been increased. Besides, in order to contribute to climate change mitigation, the Group actively explore opportunities to support renewable energy generation. Solar panels are installed at our manufacturing plant located in Qidong City, Nantong, Jiangsu Province to generate renewable energy.

Summary of energy consumption performance:

Indicators	Unit	FY2023	FY2022
Direct energy consumption			
Petrol	KWh	387,654	242,384
Natural gas	KWh	8,049,098	15,193,743
Indirect energy consumption			
Purchased electricity	KWh	1,579,580	2,664,953
Total energy consumption	KWh	10,016,332	18,100,980
Intensity	KWh/ million revenue (RMB)	40,878	55,496

Water Consumption

The Group actively promotes the importance of water conservation to its employees. Apart from posting eye-catching reminders around the Group's premises, the Group also regularly inspects water taps to prevent leakage and installs dual flush water cistern in toilets and water-saving thimble in sinks where possible. Through the implementation of said water-saving measures, employees' awareness of water conservation has been increased.

Due to the geographical location of the Group's premises, the Group did not encounter any problem in sourcing water that was fit for purpose.

Summary of water consumption performance:

Indicators	Unit	FY2023	FY2022
Total water consumption	m³	23,426.00	37,881.00
Intensity	m³/ million revenue (RMB)	95.60	116.14

During FY2023, the Group consumed a total of 23,426 m³ of fresh water for industrial production, and offices and dormitories daily usage purposes. For the coming year, we will continue to mobilise our staff and workers to save fresh water consumption, nevertheless continue to expand our operations, and target a 1% decrease in water consumption.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material was not considered to be a material ESG aspect to the Group.

A3. The Environment and Natural Resources

General Disclosure and KPIs

As a PHC piles, commercial concrete and ceramsite concrete block manufacturer, dust, wastewater and noise are generated during the Group's production processes. The Group recognizes its responsibility in minimising significant negative impacts on the environment and natural resources in its business operations and has therefore established a pollution control system and installed various equipment to process and dispose of its industrial wastes. The Group remains conscious of its existing and potential impacts, and regularly assesses the environmental risks of its business model, adopts preventive measures and ensures compliance with relevant laws and regulations.

Generation of Airborne Pollutants

The Group has adopted various measures to reduce dust generated. For vehicles, incoming and outgoing transport vehicles are cleaned. For road surfaces, water is sprayed on the road regularly to reduce the generation of fugitive dust during vehicle travelling. For raw materials that are imported, such raw materials are transported via a fully enclosed conveyor belt from the point of discharge to the raw material warehouse. For raw materials that are temporarily stored at the Group's premises, they are fully covered by a dust cloth. In addition, the Group's fully enclosed green environmental protection station has been put into operation, which enables raw materials to be properly stored and protected against the external environment.

To further its effort in reducing the generation of pollutants arising from its production process, the Group has transitioned from using coal to natural gas, a cleaner fuel, as a fuel for the boilers.

Noise Control

The Group has installed soundproof wall in the production plant to reduce noise generated during operations.

A4. Climate Change

Climate change is an environmental challenge affecting the world. The impacts include typhoons, rainstorms and floods, and may lead to damage to plant machinery, inability of employees to work as usual, disruptions of transportation and supply chain, which may affect our business. Therefore, the Group is committed to identifying and mitigating the impacts of climate change on the Company's strategy, business operations, and financial performance. Climate-related risks and issues are considered and monitored by the Board periodically. Climate change is regarded as a specific issue for revision and discussion. The Board acknowledges that the climate change may bring physical and transition risks and the Group will remain alert to the climate change and take prompt actions where necessary.

Physical Risks

The increasing frequency and severity of extreme weather events, such as extreme cold or extreme heat, storms, rainstorms and typhoons, could lead to an increased risk of power shortages, interrupt the operation chain and damage the Group's assets. Taking into account the risk of business interruption related to extreme weather events, the Group will remain alert of significant policy changes, and is committed to reducing its environmental impact to minimize the impact of any potential tightening of environmental regulations on the Group's business operations.

Transition Risks

The Group keeps on monitoring changes in regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules. The Group has been taking comprehensive measures to deal with changing situation.

B. SOCIAL

B1. Employment and Labour Practices

Valuing its people and regarding them as the key to attaining the Group's long-term success, the Group is committed to creating a workplace where everyone can thrive, feel respected and engaged. Living its values of equity and inclusion, the Group's strives to maintain a supportive environment that safeguards every employee's unique background and voice, while enabling them career development opportunities with rewards. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensation, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against service providers of the same industry.

Our Workforce

As at 31 December 2023, the Group employed approximately 58 full-time employees and 82 outsourced workers (FY2022: approximately 53 full-time employees and 96 outsourced workers). The total workforce categorised by gender, employment type, age groups and geographical region are depicted below:

Total workforce by gender, employment type, age group and geographical region					
		FY2023		FY2022	
		Number of employees (person)	Percentage (%)	Number of employees (person)	Percentage (%)
By gender	Female	27	19.29	42	28.19
	Male	113	80.71	107	71.81
By employment type	Full-time	58	41.43	53	35.57
	Outsourced worker	82	58.57	96	64.43
By age	Below aged 30	13	9.29	19	12.75
	Aged 31 – 40	38	27.14	38	25.50
	Aged 41 – 50	39	27.86	40	26.85
	Above aged 50	50	35.71	52	34.90
By location	PRC	131	93.57	140	93.96
	Hong Kong, China	9	6.43	9	6.04
Total		140	100.00	149	100.00

The employee turnover rate was 48.72% for FY2023 (FY2022: 54.15%). The employee turnover rates categorised by gender, employment type, age groups and location are depicted below:

Employee turnover rate by gender, employment type, age group and geographical region					
		FY2023		FY2022	
		Number of employee turnover (person)	Turnover rate (%)	Number of employee turnover (person)	Turnover rate (%) (restated) ⁷
By gender⁴	Female	33	55.00	24	36.36
	Male	100	46.95	152	58.69
By employment type⁵	Full-time	4	6.45	7	11.67
	Outsourced worker	129	61.14	169	63.77
By age⁶	Below aged 30	12	48.00	27	58.70
	Aged 31 – 40	27	41.54	48	55.81
	Aged 41 – 50	40	50.63	55	57.89
	Above aged 50	54	51.92	46	46.94
By location	PRC	133	50.38	176	55.70
	Hong Kong, China	-	-	-	-
Total		133	48.72	176	54.15

Notes:

4. *Turnover rate refers to total number of employee turnover of the gender group divided by the sum of the number of departures of the corresponding gender group during the reporting period and total number of employees of the corresponding gender group at the end of the reporting period.*
5. *Turnover rate refers to total number of employee turnover of the employment group divided by the sum of the number of departures of the corresponding employment type group during the reporting period and total number of employees of the corresponding employment type group at the end of the reporting period.*
6. *Turnover rate refers to total number of employee turnover of the age group divided by the sum of the number of departures of the corresponding age group during the reporting period and total number of employees of the corresponding age group at the end of the reporting period.*
7. *Total turnover rate is restated for consistency with the calculation of the current year.*

Law compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Hong Kong and the PRC, including the Employment Ordinance (Chapter 57 of the laws of Hong Kong), the Labour Law of the PRC* (中華人民共和國勞動法) and the Labour Contract Law of the PRC* (中華人民共和國勞動合同法). During FY2023, the Group was not aware of any material non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group. The Human resources department of the Group reviews and updates the relevant company policies regularly in accordance with the latest laws and regulations.

Remuneration, Benefits and Welfare

The Group understands that good benefits and welfare encourage retention and foster a sense of belonging. Therefore, the Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on their job scope, responsibilities and performance. Share options may also be granted to eligible employees of the Group.

In accordance with the laws, the Group legally pays “five social insurance and one housing fund” for its employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and mandatory housing fund, to ensure that employees are covered by social insurance.

Recruitment, Diversity and Equal Opportunities

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions, respecting all employees and has established “Equal Employment Policy”.

Sustainable growth of the Group relies on the diversity of talents and a non-discriminatory recruitment process. The Group’s employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion.

The Group is of firm belief that employees should have the right to work in an environment free of discrimination, harassment and vilification. Therefore, the Group is committed to creating and maintaining an inclusive and harmonious workplace culture. In addition, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Promotion and Performance Appraisal

The Group assesses the performance of the employees on a regular basis, the results of which are used for their annual salary review and performance appraisal. The Group gives preference to internal promotion to provide an incentive for consistent and continuous effort. Performance bonus may also be awarded to employees with outstanding performance.

Working Hours and Vacations

Official working hours and vacations are clearly stated in the Employee Handbook and are in accordance with local employment laws.

Compensation and Dismissal

The Group compensates employees according to the statutory requirements. Unreasonable dismissal under any circumstances is strictly prohibited. Dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

B2. Health and Safety

During FY2023, the Group was not aware of any material non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group, including the Labour Law of the PRC, the Production Safety Law of the PRC, the Law of the PRC on the Prevention and Treatment of Occupational Diseases and the Fire Protection Law of the PRC.

Occupational Health and Safety Management

Anchored by its top priority, occupational health and safety are foundational to the Group's operations. As part of its corporate commitment, the Group has spared no effort in maintaining a high standard of safety at all of the Group's facilities, and in particular, committed to addressing any exposure of its employees to occupational health and safety risks. As such, the Group strives to create a safe and healthy working environment for its employees by eliminating potential health and safety hazards at the workplace. The Group has formulated and adopted measures and obtained the certification of OHSAS18001:2007 (occupational health and safety management). In addition, the Group's safety personnel conducts regular safety supervision in each business area, including the production lines, testing laboratories and office, and provides its workforce with safety information and training on the operations of office equipment, production facilities, tools and testing equipment. Safety guidelines are detailed in the Employee Handbook for employees' easy reference.

Fire extinguishers are stored at visible areas and fire escape routes are clearly shown throughout the Group's premises. To further avoid fire hazards, no smoking is allowed within the production facilities, fire exits and major passageways are kept clear from obstruction. Additionally, the Group provides its employees with clean dormitory rooms with proper sanitary facilities and proper workwear or personal protective equipment.

Furthermore, the Group has established the Occupational Disease Prevention and Responsibility Policy (《職業病防範責任制》) in accordance with the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The policy states the roles and responsibilities of different departments and members of the Group on protecting its employees from occupational hazards.

The Group places great importance on ensuring that its employees receive adequate and appropriate training to safeguard workplace safety procedures. As such, the Group holds induction safety training for its employees and encourages them to undergo continuous safety training. To further ensure that workplace accidents and common emergencies can be tended to as soon as possible, the Group provided fire hazard training sessions and an external first aid training session to its employees during FY2023.

For employees and outsourced worker who are engaged in relatively dangerous activities, the Group has formulated unified safety and civilisation management and standard practises, large-scale machinery safety operation standards and other system specifications, and organised training for all employees within the Group to enhance the awareness of safe operation management.

The Group has formulated different initiatives and organised various activities to achieve the goal of improving employee’s physical and mental health, as well as achieving work-life balance. By organising the “National Fitness Program”, the Group encourages employees to set and achieve a target every month and participating in sport events such as basketball, badminton, cycling, running, swimming etc., thereby improving the physical and mental health of employees. The Group advocates employees to devote themselves into work with stronger physiques and with full enthusiasm.

In the past few years, the Group has closely tracked the preventive mandates issued by local governments and adjusted its internal guidelines accordingly to prioritise the health of its staff members and the broader community. Attributed to the Group’s dedication, the Group has gone through the hard times of the pandemic. Yet, the Group treated the pandemic as a valuable lesson as it highlighted the equal importance of public health and economic development.

In 2023, the world has gradually resumed from the impacts of the COVID-19 pandemic, entering the new normal. Anticipating the normalisation of the COVID-19 virus, the Group aims to shift its primary focus towards business development progressively. Despite this, the Group is committed to closely monitoring the situation and promptly adopting corresponding preventive measures to protect its employees. Besides, the Group strives to enhance the hygienic condition of the workplace and develop emergency plans to handle future similar incidents in a better way.

Key performance indicators related to work-related injuries and fatalities:

Primary indicators	Secondary indicators	Unit	
Number and rate of work-related fatalities in the past three years (including the reporting year)	Number of work-related fatalities in 2021	Person	-
	Number of work-related fatalities in 2022	Person	-
	Number of work-related fatalities in 2023	Person	-
Lost days due to work-related injuries	Number of work-related injuries in 2023	Case	4
	Lost days due to work-related injuries in 2023	Day	556

In order to further improve the health and safety performance at work and reduce work-related injuries, the Group also takes the health and safety performance of the year into consideration during the annual team and individual assessment. The Group also implements a balanced scorecard system to evaluate project performance. In the event of serious/extra serious quality or safety liability accidents, the project scores will be deducted, which may affect its performance rating.

B3. Development and Training

Provision of Training Opportunities

The Group sees its employees as the driving force to its sustainable development, thereby attaching particular attention to talent cultivation and the development of its employees' skillsets and taking an active approach in providing employees with opportunities to advance their careers.

The Group has established relevant training policies to effectively manage the provision of training opportunities to employees. The management regularly reviews the training plans to ensure that the training courses given continue to benefit its employees. The Group provides induction training to new comers and on-the-job training to all its employees regularly. The content of other training activities varies from safety education, understanding financial workflow, coordinating and dealing with inter-departmental issues, to customer service skills, etc. In addition, the Group encourages its employees to take part in external training activities to broaden their horizon and keep them abreast of the ever-changing trend of the manufacturing industry and related industrial requirements.

Percentage of employees trained and average training hours completed per employee gender and rank					
		FY2023		FY2022	
		Percentage of employee trained	Average training hours completed by employee	Percentage of employee trained	Average training hours completed by employee
By gender	Female	92%	42	94%	48
	Male	95%	42	96%	48
By rank	Senior management	100%	56	100%	54
	Middle management	100%	56	100%	54
	Common employees	90%	38	92%	36

B4. Labour Standards

Prevention of Child and Forced Labour

The Group guarantees that no employee will be made to work against his/her will or be coerced to work. The recruitment of child labour is strictly prohibited. All employees recruited by the Group are above the minimum age requirement stipulated by the law. Personal data is collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The human resources department ensures that their valid identity documents are carefully checked.

Being a socially responsible enterprise, the Group respect human rights for all. The Group has delegated the human resources and administration department to conduct monitoring so as to ensure that there is no child labour and forced labour. As a result, during FY2023, there was no non-compliance case with relevant laws and regulations relating to child and forced labour in respect of the Labour Law of the PRC and the Employment Ordinance of Hong Kong. If the Group find any relevant acts, the Group will immediately notify the human resources department, and at the same time report them to the labour department or public security department, and make appropriate arrangements according to the opinions of the relevant departments.

B5. Supply Chain Management

The Group places great emphasis on maintaining quality control, safety standard and environmental protection as these factors directly affect the Group's reputation, service quality and competitiveness against other PHC piles, commercial concrete and ceramsite concrete block suppliers. Furthermore, the Group understands the importance of incorporating environmental and social practices of its suppliers and therefore endeavours to engage suppliers who act responsibly with regard to green supply chain management.

In selecting suppliers of raw materials, the Group requires all suppliers to provide relevant quality control certificates such as quality management systems and copies of their valid business licenses where applicable to prevent establishing business with suppliers that are operating illegally or at a substandard level. The Group's procurement department has devised a rigorous supply chain management system to govern the procurement process and has developed a comprehensive supplier's questionnaire to ensure that potential suppliers are evaluated carefully. In addition, trial samples of the raw materials will be requested before placing orders with potential suppliers. Upon ordering and the subsequent delivery of the raw materials, tests on the raw materials will be conducted again. If the quality of the raw materials falls below the agreed standard, they will be returned to the suppliers for replacement. Visits to the Group's main suppliers' business premises are also conducted annually to evaluate their social and environmental responsibility performance.

The Group not only reviews suppliers' basic information during the supplier selection process, but also considers the sustainability of the materials and their impact on the environment, the price offered, production and quality management systems, possession of certifications, and compliance with relevant laws, regulations and standards. Upon qualifying as the Group's suppliers, regular reviews, due diligence, supplier environmental and social risk assessment, and site visits are conducted to monitor their performance in areas including environment, health, safety, and labour practices. Suppliers who fail to demonstrate a good standard or fail to meet the Group's supplier selection criteria will be excluded from the list of suppliers for future engagements.

The Group has also formulated rules to ensure that suppliers could be selected in an open, fair and transparent manner. The Group will not differentiate or discriminate against any suppliers

and any forms of corruption and bribery are also strictly prohibited. During FY2023, the Group had a total of 401 suppliers in the PRC.

B6. Product Responsibility

As a PHC piles, commercial concrete and ceramsite concrete block manufacturer, ensuring product quality and safety is of paramount importance and critical to the success of the Group's business.

During FY2023, the Group was not aware of any material non-compliance with relevant laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including the Protection of Consumer Rights and Interests of the PRC, Advertising Law of the PRC, the Patent Law of the PRC, the Trademark Law of the PRC and the Product Quality Law of the PRC.

Product Quality Assurance

The Group's production facilities are accredited with ISO 9001:2015 quality management certification. Products produced by the Group are subject to an extensive quality assurance process to ensure that the products are in compliance with relevant laws and regulations. The Group believes that its effective quality management system would improve the overall service quality and customer satisfaction.

Policies relating to product safety have been established and are drafted based on the guidelines of ISO 9001:2015. Such policies detail the procedures of the quality control inspections of raw materials, production process and finished products. Employees are duly notified of the quality control process and are required to strictly abide by such procedures. The Group has established testing laboratories equipped with various testing equipment at the production facilities to conduct quality testing. Multiple inspection points at different production stages have been set up to test the products. PHC piles are inspected and tested every six months by a qualified inspection institution to ensure compliance with national standards.

The Group has established the management standards for quality incidents. In accordance with the management standards, the Group makes judgement about the quality incidents, and formulates the solutions for treatment of unqualified products, the recall mechanisms and treatment procedures, etc. When the delivery of unqualified products is discovered and verified, or serious quality problems occur during the use of products, we will immediately inform relevant customers to stop using or separate the batch of products according to the management standards, organize the recall of the unused products, conduct the investigation and analysis of the quality incidents, formulate rectification measures and determine responsibility, to ensure the rectification effect. During FY2023, no products were subjected to recall for safety and health reasons.

Complaints Handling


Committed to enhancing its service quality and providing its customers with satisfactory experience, the Group values its customers' opinions and formulates its customer service management systems by maintaining active communication with its clients. Once the Group receives any complaint, an acknowledgement will be sent to the customer in a timely manner. Specific responsible departments are required to communicate the investigation processes and results to the customers through formal replies.

During FY2023, the Group did not receive any substantial complaints about the service quality and the customer satisfaction was high according to the Group's customer surveys.

Data Privacy Protection

The Group endeavours to safeguard all sensitive information pertaining to its customers and has established guidelines relating to data protection. Employees are required to respect the confidentiality of customers' information. The Group has also implemented firewall, anti-virus, and anti-spam solutions for its information technology systems to safeguard confidential information. Such data protection solutions are routinely upgraded. Employees are required to respect the confidentiality of customers' personal data and the Group's confidential information upon signing the legally binding labour contract. Where necessary, applicable employees of the Group may be required to sign a non-disclosure agreement. A periodic assessment is conducted by the Group to ensure that its consumer data protection and privacy policies and practices remain in compliance with the applicable laws and regulations.

Protection of Intellectual Property Rights

The Group's PHC piles are mainly sold to customers under the Group's own trademark . The logo of the Group had been registered as a trademark in the PRC and a number of patents had also been successfully registered. The Group has established relevant policies to govern the protection of its intellectual property rights. In addition, upon joining the Group, employees are required to protect the intellectual property rights of the Group under the legally binding labour contract.

Any unauthorised use of the Group's brand names, trademarks, and other intellectual property rights by third parties could adversely affect our business, reputation and market position. For any infringement of its intellectual property, the Group will urge infringers to cease such action.

Advertising and Labelling Matters

As mentioned in the preceding "Protection of Intellectual Property Rights" section, the Group's PHC piles are sold under the Group's own trademark. The Group has relevant measures in place that state the general requirements for the presentation of the registered trademark on the Group's products.

Due to the Group's business nature, the Group considers that advertising matters are not material to the Group.

B7. Anti-corruption

The Group believes that solid corporate governance is the key to its continuous growth and development. The Group does not tolerate any forms of corruption, fraud and all other behaviours that severely damage the business integrity and reputation of the Group.

Bribery, fraud and corruption in any forms or in relation to any parties are all strictly prohibited in the Group. The Group has incorporated a section in the employee handbook regarding the procedures for employees to report any suspected fraudulent activities. Employees, customers and suppliers may report in writing to audit committee of the Company regarding the suspected misconduct. Reports and complaints received will be handled in a prompt and fair manner. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

The Group provides induction training to all new directors and employees. The training covers a variety of areas, including but not limited to, anti-corruption laws and regulations and the Company's requirements in relation thereto, as well as the code of ethics that all directors and employees must comply with.

During FY2023, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering of the PRC. During FY2023, there was no legal case regarding corrupt practices brought against the Group or its employees.

B8. Community Investment

The Group understands well of the importance for making positive contribution to the community where it operates, and considers community benefits as one of its social responsibility. The Group considers that enterprises and communities are inseparable as a whole. Enterprise development has played a leading role in the economic and social development of the community, such as providing employment opportunities and increasing taxes. At the same time, enterprise development is also inseparable from community's support and help. In order to better fulfil its social responsibilities, the Group is very concerned about environmental and health issues and sponsors relevant activities or organisations when necessary. During FY2023, the Group has distributed some daily commodities to its neighbours in the same community, fully extending the Group's people-oriented principle to the neighbouring community. Besides, the Group has also supported for some sport activities in the same community.

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