



廣駿
集團

Grand Talents Group Holdings Limited

廣駿集團控股有限公司

(Incorporated In The Cayman Islands With Limited Liability)

Stock Code: 8516

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT
2021



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OUR REPORTING APPROACH

Grand Talents Group Holdings Limited (hereafter the “Company” or “**Grand Talents**”) and its subsidiaries (collectively the “Group” or “**We**”) are delighted to present our third environmental, social and governance (“**ESG**”) report (the “**Report**”) in presenting the strategies we adopted in achieving balanced and optimal performance in ESG while conducting our businesses. We are an established subcontractor engaged in civil engineering works in Hong Kong for over ten years, undertaking (i) repair and maintenance projects for roads and highways and other infrastructures such as construction of pavilion and seawall; and (ii) civil engineering construction projects.

SCOPE OF REPORT

The Report covers our core business operations between 1 April 2020 and 31 March 2021 (“**FY2021**” or the “**Reporting Period**”). The Report boundary encloses our subsidiaries engaged in civil engineering works, namely Talent Mark Development Limited and Talent Mart Construction Co. Ltd. Unless otherwise specified, the data covers the offices of the subsidiaries and one construction project, which are consistent with FY2020.

REPORTING STANDARDS

This Report has been prepared according to the Environmental, Social and Governance Reporting Guide under Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**the Guide**”). This report will answer to parts (a) mandatory disclosure requirements; and (b) “comply or explain” provisions. The information in this report has been approved and verified by the board of directors (the “**Board**”) of the Group, such that this report could include content and data that is accurate, up-to-date and prompt.

REPORTING PRINCIPLES

The report is prepared and processed under the following reporting principles:

| Materiality | Quantitative |
|---|---|
| With peer review and stakeholder engagement, a materiality review was made. It provided aspects for us as it guided the focus of this Report. Issues that will potentially impact the Group materially was also identified and reported such that the information could provide a full picture of the situation and the effort the Group has committed into ESG performances. | To provide a more concrete and applicable ideology on the Group’s ESG actions. The Report also consists of quantitative data. All of the disclosed information, including statistics of environmental and social KPIs in particular, were well organized and calculated according to a series of standardized methodologies which are illustrated in the relevant sessions provided by the Guide or by other well-credited sources. |
| Balance | Consistency |
| The Board reviewed the Report and confirmed that the information from the ESG Report is free from omission and errors. This Report had been prepared without bias to ensure the transparency of the operation and the meaningfulness for readers to view this report. | Consistent environmental and social data treatment approaches were utilized to allow fair comparison of our environmental, social and governance of our past, current and future performances. |



OUR REPORTING APPROACH (continued)

CONTACT AND FEEDBACK

The Group heavily values your feedback on this Report, were you to have any comments, suggestions, or feedback of any kind, you are more than welcome to contact us via info@grandtalentsgroup.com.hk.

This report is available for download and viewing on HKEXnews (via www.hkexnews.com) and the company's website www.grandtalentsgroup.com.hk under "What's new" and a printed version of the ESG Report is to be available to the shareholders of the Company upon request.



OUR BUSINESS

Grand Talents Group Holdings Limited engages in the provision of civil engineering construction works of road and highway related infrastructures in Hong Kong. The Group's services also cover repair and maintenance projects for roads and highways, and other infrastructures, such as construction of pavilion and seawall; and construction projects for barrier-free access facilities and drainage systems. Established in 2010, the Group has engaged civil engineering works with over ten years of experience.

During the past years, the Company operated under a challenging atmosphere with the outbreak of novel coronavirus ("COVID-19") in Hong Kong adversely impacted the Group's construction activities. The construction industry in Hong Kong has been heavily impacted by the incident given that some construction sites were temporarily shut to health and safety reasons regarding the contagious disease. In addition, the Group has witnessed a decrease in the number of available tenders in the industry. Despite this, the Group has continued to focus on developing its business of undertaking repair and maintenance alongside civil engineering construction works while being ESG engaged.

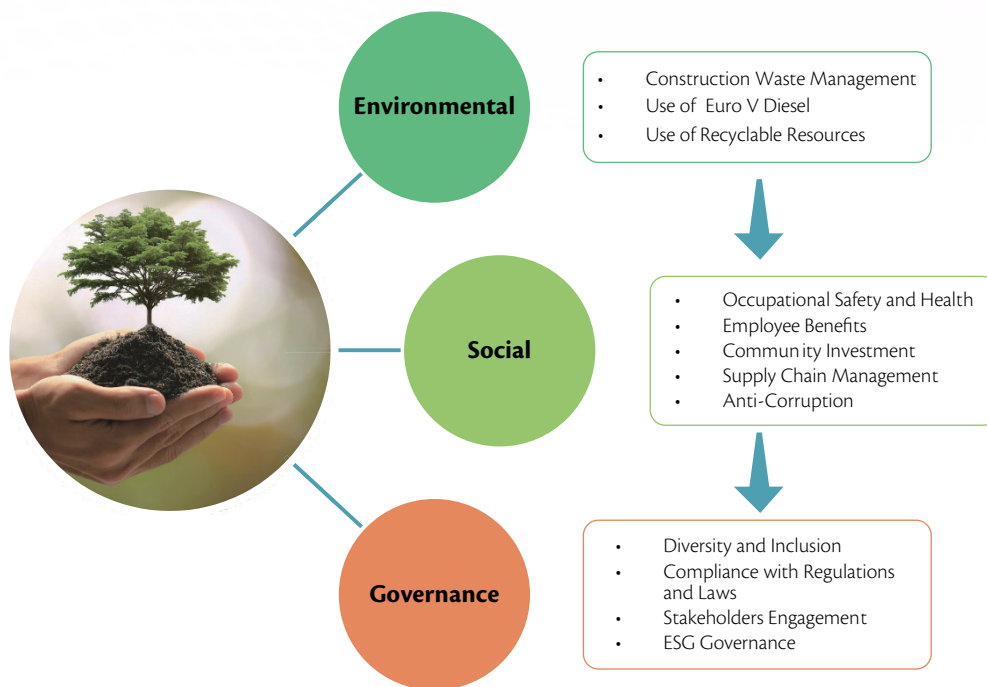


OUR ESG GOVERNANCE

Grand Talents Group Holdings Limited emphasizes ESG risk management in our decision-making processes, protecting our business growth and the environment simultaneously. We intend to not only comply with laws and regulations but also strive to build sustainability into everything we do so as to create values for our key stakeholders.

Our Board continues to oversee the Company's ESG strategies, as well as to monitor the direction of sustainability strategy and the progress of the sustainability performance. Our Chief Executive Officer represents the different departments of the Group and reports to the Board about the sustainability implementations. The potential risks and strategies are under monitoring and assessed to ensure the internal system is undergoing properly.

We ground our sustainability strategy and commitments in the belief that ESG governance can help solve environmental challenges. The policy is reviewed regularly with the involvement of the Board to ensure the ESG standards of the Group are fulfilled.



STAKEHOLDER ENGAGEMENT

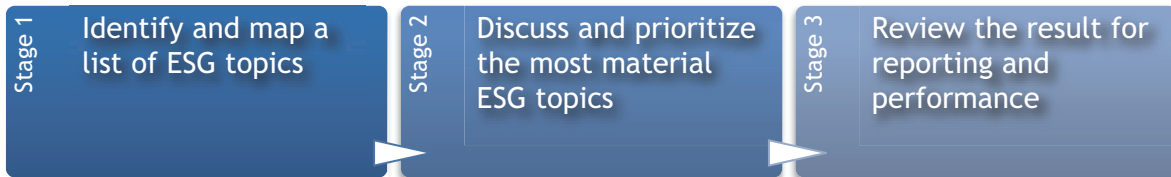
Stakeholders play an important role for the Group; we affect them as much as they do to us, we listen to their interests and opinions no matter their size or power. Some of our stakeholders include shareholders, the community, our clients, employees, and suppliers. In order to develop our direction in devising appropriate ESG strategies, the Group believes that through regular engagement, we can work towards a more sustainable business operation and our long-term business goals.

| Key stakeholder group | Communication channels |
|--|--|
| Shareholders and Investors | <ul style="list-style-type: none">• Company transparency• Announcements• Annual General Meeting• Annual, Interim, Quarterly and ESG Reports• Company Website |
| The Community and Media | <ul style="list-style-type: none">• Company Website• Press Release• Public Welfare• Community benefits• Minimization of inconvenience and nuisance |
| Clients and Consumers | <ul style="list-style-type: none">• Company website• Direct communication• Document submissions• Feedback and complaints |
| Employees and Sub-contractors | <ul style="list-style-type: none">• Training and Orientation• Regular Meetings and Communication• Employee Performance Evaluation• Fair and Ethical contracts |
| Suppliers and Partners | <ul style="list-style-type: none">• Business Meetings• Practice screening and monitoring• Training and Team Building• Performance Evaluations• Communications• Fair and Ethical contracts |
| Local Government and Other Authorities | <ul style="list-style-type: none">• Compliance to Laws and regulations• Publicity and Notice• Public Consultation |

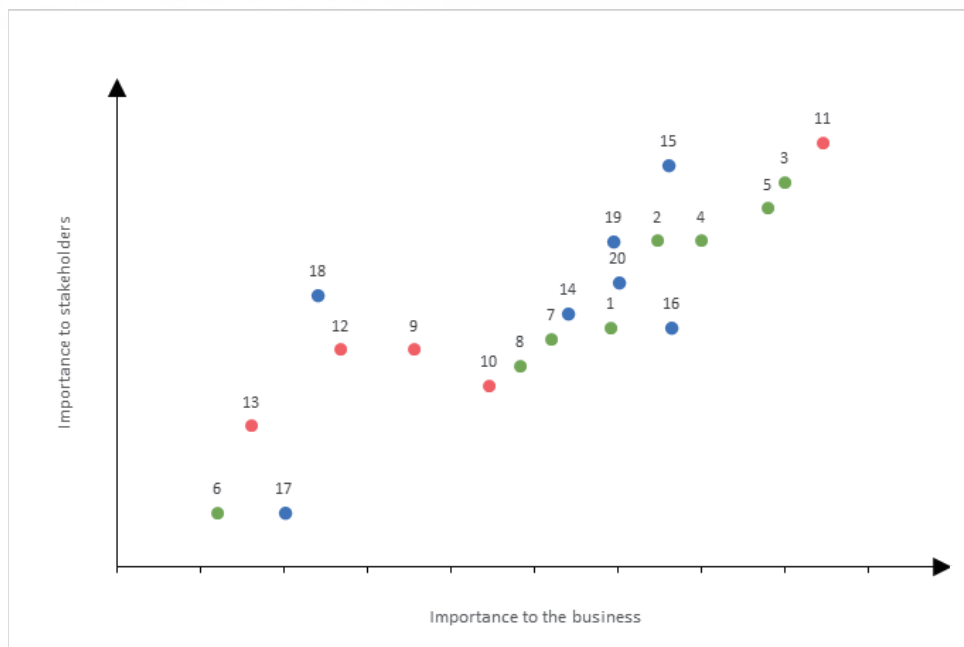


MATERIALITY ASSESSMENT

To conduct the materiality analysis, we conducted in-depth focus group discussions to understand which ESG topics these groups find most relevant to our business. We also researched various ESG reports as well as international and local industry peers to assess topics, which valuable input from the board was gathered.



A materiality matrix has been set out to show a total of 20 topics that are relevant to our stakeholders and our business were considered this year.



- 1 Air Pollutants Emissions
- 2 GHG Emissions
- 3 Waste Management
- 4 Energy Consumption
- 5 Use of Resources
- 6 Use of Packaging Material
- 7 Environment and Natural Resources
- 8 Climate Change
- 9 Equality
- 10 Employee Benefits
- 11 Occupational Safety
- 12 Training and Development
- 13 Child and Forced Labour
- 14 Supply Chain Management
- 15 Information Privacy
- 16 Quality Management
- 17 Intellectual Property Rights
- 18 Client Services
- 19 Anti-corruption
- 20 Community Investment

According to the materiality matrix, Occupational Safety, Waste Management, and Use of Resources were ranked the top three material issues, in line with our business development, and accordingly received higher attention from us. Nevertheless, issues such as Greenhouse Gas (“GHG”) Emissions, Energy Consumption, Information Privacy, Quality Management and Anti-corruption are also highly important to our operation and hence we have devote much efforts on them during our operation.



ENVIRONMENTAL PROTECTION

The consequence of human's damage to the environment has become more apparent and collective efforts are required to minimize further damage. The Group adheres to good environmental management, striving to protect the environment with our best effort.

EMISSION CONTROL

Emission control plays an important role in environmental protection, and our Group would opt to minimize all unwanted emissions regardless of its shape or form. The majority of the Company's operations lies on contracting jobs, where emission policies follow the construction methods and procedures of the main contractor in implementing appropriate control and mitigation measures, while at the same time ensuring all the emissions comply with relevant laws and regulations in Hong Kong. Good site practices are performed with collaboration, communication, screening and monitoring. The Group regularly inspects the conduct and works of our staff to ensure their actions align with the assigned emission policies and provides further guidance and practical advice, or warnings where appropriate. In our experience, the focus of most of our main contractors is to prevent fugitive dust emission, wastewater discharges and noise generation. Air Pollution Control Ordinance and the Noise Control Ordinance are some of the great examples of laws and regulations the Group strictly follows. Our Group ensures these our ESG-related policies and plans are implemented so our operations could inflict the least amount of damage to the environment and the minimizes inconvenience to the public.

Waste¹

| KPIs | Unit | FY2021 | FY2020 |
|------------------------------------|---|--------|--------|
| Non-hazardous waste | | | |
| Total construction Waste | Tonnes | 6,965 | 4,949 |
| — Non-inert | Tonnes | 185 | 337 |
| — Inert | Tonnes | 6,780 | 4,612 |
| Total construction waste intensity | Tonnes per floor area (m ²) | 3.22 | 4.95 |

The generation of construction wastes increased in FY2021 as the Group has been engaged in works with more area compared with FY2020 and since the increase in wastes is smaller than the corresponding increase in area, the intensity decreased. The Group strictly and heavily reinforces waste management principles and strives to properly manage and dispose of wastes produced by our business activities. Throughout the financial year, no hazardous waste was disposed of within the notice of the company. The non-hazardous waste produced by the Group was mainly construction waste. Strict compliance with the main contractor's waste management plan and procedures are practiced in the process of disposal of the waste. Relevant laws and regulations such as Waste Disposal Ordinance were also fulfilled in storing and handling the waste. A trip ticket system is established and implemented to track the disposal process and ensure the construction waste is disposed to assigned dumping sites appropriately.

¹ Non-hazardous waste produced from the office is collected by the property management company and hence the data is not available.

ENVIRONMENTAL PROTECTION (continued)

GHG Emissions

| KPIs | Unit | FY2021 | FY2020 |
|--|---|--------|--------|
| GHG Emissions⁵ | | | |
| Total GHG Emission | tCO ₂ e | 274.0 | 269.3 |
| — Direct GHG Emissions (Scope 1) ² | tCO ₂ e | 250.6 | 244.4 |
| — Indirect GHG Emission (Scope 2) ³ | tCO ₂ e | 23.43 | 24.87 |
| Intensity | tCO ₂ e per floor area (m ²) | 0.13 | 0.27 |
| Air Emissions⁴ | | | |
| SO _x | kg | 1.70 | — |

Our business involved the use of vehicles, diesel fuel-powered mechanical equipment, which are the major greenhouse gas emission sources. To mitigate the emissions, the Group adopted cleaner fuels (Euro V or VI Diesel) in our transportation. During the reporting period, the intensity of GHG emissions has been lowered by 52%. The Group is closely monitoring the emission and actively seeking new ways to reduce the air pollution brought by our business.

Measures adopted by the Group to mitigate the direct GHG emissions in our operations:

- Regularly maintain and check-up on vehicles and equipment to lower inefficient fuel consumption or abnormal operations;
- Plan an effective route to reduce unnecessary trips to save time and fuel;
- Encourage staff to shut down electrical appliances when idle or leaving the workplace;
- Invest in energy-saving appliances and make use of other ways to reduce electricity consumption.

USE OF RESOURCES

The reduction of resource usage significantly lowers the impact on the environment. As waste is usually made during the production and disposal of resources, minimizing resource consumption is a good way to be more eco-friendly. The Group strives to minimize our footprint in consuming resources within our business operation and continues with initiatives to introduce resource-efficient and eco-friendly plans and policies. The Group is committed to optimize the use of resources in all of our business operations while encouraging our suppliers and (sub)contractors to follow.

The Group has adopted internal written procedures to ensure higher energy efficiency, and reduction of use of resources is achieved; for instance, all electrical appliances should be switched off when not in use, recyclable materials should be placed properly into recycling bins provided by the Group. We will continue our monitoring and analytics of the energy consumption and make amendments to our energy-saving policy and plans accordingly, with the help of this report. In FY2021, total energy consumption is 1,108,000 kWh.

² Direct emission (Scope 1) covers the emission from the mobile and statutory sources combustion.

³ Indirect emission (Scope 2) covers the emission from the purchased electricity. The calculation is based on the published emission factors of the 2018 Sustainability Report of CLP Group.

⁴ Detailed calculation of NO_x and Particulate Matter (“PM”) emission requires the detail information on the mileages of each of our vehicles and they were difficult maintain or verified, and our NO_x and PM emission is generally minor. We will endeavour to obtain and verify such information for the coming years and thus improve the disclosure.

⁵ The GHG emission is calculated based on the “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange of Hong Kong (“HKEx”) and international standards such as ISO 14064 and GHG Protocol.



ENVIRONMENTAL PROTECTION (continued)

Energy Consumption

| Types of Energy | Unit | FY2021 | FY2020 |
|---|---|--------|--------|
| Total Energy Consumption (Scope 1+2) ⁶ | '000 kWh | 1,108 | 940.8 |
| Direct Energy Consumption (Scope 1) | | | |
| — Diesel | '000 kWh | 836.5 | 547.4 |
| — Gasoline | '000 kWh | 207.9 | 344.7 |
| Indirect Energy Consumption (Scope 2) | | | |
| — Purchased electricity | '000 kWh | 63.33 | 48.76 |
| Total energy intensity | '000 kWh per floor area (m ²) | 0.513 | 0.941 |

In addition, we consume 0.786 m³ per floor area (m²) of water and 29.32 kWh per floor area (m²) of electricity in FY2021, which a large proportion is generated from the construction project. We will continue to monitor our consumption patterns, identify potential improvement areas to reduce the use of resources and enhance our planning in reducing energy and resource consumption.

Resource Use

| Resource Use | Unit | FY2021 | FY2020 |
|---|---|--------------------|--------|
| Water consumption | m ³ | 1,697 ⁷ | 1,408 |
| Total water consumption intensity | m ³ per floor area (m ²) | 0.786 | 1.34 |
| Electricity consumption | kWh | 63,334 | 48,760 |
| Total electricity consumption intensity | kWh per floor area (m ²) | 29.32 | 48.77 |
| Paper consumption ⁸ | kg | 575.2 | 494.0 |
| Total paper consumption intensity | kg per floor area (m ²) | 0.266 | 5.83 |

Water Supplies Department is the water source for the Group's projects and construction works. In our business activities, there is no significant water usage and wastewater generated. However, water conservation is still an important issue considered by the Group. To commit preservation of water usage, the Group encourages our staff to switch off the water tap after using it, and we also consider the installation of flow controllers for a water tap to reduce unnecessary water consumption.

The issue of packaging is not material for the Group's business as the construction work services do not involve any packaging procedures. The Group has not produced any packaging material during the Reporting Period.

Apart from construction waste management, the Group also focuses on waste reduction management in daily office operations. Paper consumption is considered the major waste management issue in the office. To reduce the amount of paper consumed, electronic communication, such as E-mail, is recommended for usual business communication and two-sided printing is recommended whenever printing is required. The Group places heavy efforts to reduce the harmfulness brought by the Group's businesses to the environment.

⁶ The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are with reference to CDP Technical note: Conversion of fuel data to '000 kWh.

⁷ Water charge of the office was included in the property management fee and hence the water consumption included the consumption in construction site only.

⁸ Paper Consumption in the office is included.



ENVIRONMENTAL PROTECTION (continued)

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is concerned about the protection of the environment and natural resources, in various aspects, we implement environmental-friendly measures as mentioned in the previous sections to minimize the impacts brought by our businesses. Not only the environment and natural resources are taken into account, but we also consider the sensitive receivers. The Group undertakes proper environmental protection policies to mitigate the adverse environmental impacts:

- Installation of sound insulation materials on our machines and setting up sound barriers in the construction site to eliminate the noise generated;
- Dust controlling with water spraying regularly when the construction is under operation;
- Sorting construction wastes for transporting to public fill reception facilities; and
- Collection of polluted water in sedimentary tanks for sewage disposal at the designated area.

The Group integrated the elements of sustainable development into the internal management and daily business to pursue the best achievement in environmental protection by complying with the relevant environmental laws and regulations, as well as preserving the natural resources. Regarding our construction businesses, we strive to minimize any adverse impacts brought by our operation; thus, we provide sufficient supports and training for the staff to practice eco-friendly procedures and methods in their respective work fields. The Group also cooperated with business partners and main contractor to build a sustainable environment by increasing the utilization of clean energy in our business. As being an environmentally sustainable enterprise, we are willing to pay more affords on environmental conservation. We believe that bringing a long-term profitable result to the environment can be in tandem with financial growth through the establishment of high environmental awareness and positive behavioral changes.

CLIMATE CHANGE

During the Reporting Period, the Group was not aware of any material non-compliance of environmental laws and regulations relating to air and GHG emissions, wastewater discharges, and generation of hazardous and non-hazardous waste. As such we believe our operation had posed no significant impact on the climate. We will keep track of our business and formulate emergency mitigation if any suspected climate-related issues have occurred.



EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT CONDITIONS

The Group advocates fairness, inclusion, equality and employee benefits; we endeavor to provide a pleasant working environment for our staff. Our employment policy strictly holds on the principles of fairness and equality, any discrimination or harassment is not tolerated in our Group. According to the employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485), and other relevant laws and regulations, which cover all employment protection and benefits, the Group strives to offer benefits to protect employee's right and treat them equally regardless of gender, marital status, pregnancy, disability, race, or family status. We fully comply with the employment benefits-related laws and regulations during the reporting period.

The Group clearly stipulates company standards in our employment system, the standards cover recruitment and promotion, dismissal, compensation, working hours, and rest periods which are mentioned in the employee handbook. All basic employment benefits, including Mandatory Provisional Fund, sick leave, maternity leave, paternity leave, compensation leave, and overtime allowance, are provided to the eligible employees with the compliance of the employment laws and regulations. The Group intends to retain the talent and motivate our staff's working performance, as such we offer attractive remuneration package, which covered competitive salary, medical insurance, and annual leaves, etc. Based on the employee's performance, experience and qualification, the salary will be reviewed and adjusted annually with reference to the peer standards.

The Group uses multiple channels to recruit the most suited individuals. In Financial Year 2021, the total number of employees in our Group as of 31 March 2021 is 61. We have a diverse workforce to bring new perspectives and innovative ideas to our business.

Number of Employees

| Staff Information | FY2021 | FY2020 |
|--|-----------|-----------|
| Total number⁹ and percentage (%) | 61 | 66 |
| By employment type | | |
| — Permanent | 61 (100%) | 66 (100%) |
| — Part-time | 0 (0%) | 0 (0%) |
| By employment category | | |
| — General Staff | 42 (69%) | 43 (65%) |
| — Management/Supervisor | 8 (13%) | 11 (17%) |
| — Senior Management | 11 (18%) | 12 (18%) |
| By age group | | |
| — Under 30 years old | 11 (18%) | 6 (9%) |
| — 30–50 years old | 27 (44%) | 35 (53%) |
| — Over 50 years old | 23 (38%) | 25 (38%) |
| By gender | | |
| — Male | 54 (89%) | 53 (80%) |
| — Female | 7 (11%) | 13 (20%) |
| By geographical region | | |
| — Hong Kong | 60 (98%) | 65 (98%) |
| — Mainland China | 1 (2%) | 1 (2%) |

⁹ The Number of staff information is presented in headcount as of 31 March 2021.



EMPLOYMENT AND LABOUR PRACTICES (continued)

Employee Turnover Rate

| Departed Employment | FY2021 |
|---|-----------|
| Total number and turnover rate¹ | 34 (54%) |
| By employment type | |
| — Permanent | 34 (100%) |
| — Part-time | 0 (0%) |
| By employment category | |
| — General Staff | 30 (88%) |
| — Management/Supervisor | 2 (6%) |
| — Senior Management | 2 (6%) |
| By age group | |
| — Under 30 years old | 4 (12%) |
| — 30–50 years old | 16 (47%) |
| — Over 50 years old | 14 (41%) |
| By gender | |
| — Male | 32 (94%) |
| — Female | 2 (6%) |
| By geographical region | |
| — Hong Kong | 34 (100%) |
| — Mainland China | 0 (0%) |

HEALTH AND SAFETY

As severe and fatal accidents do occur in the construction industry, we take occupation health and safety as utmost importance to safeguard the confidence of our stakeholders. We follow strictly the safety protocols, guidelines and best practices as promulgated by the main contractor of the construction project. Our staff and employees must follow all safety precautions measures and standards, such as wearing personal protection equipment including safety helmets and earplug as necessary. No work-related fatalities occurred in FY2021.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Occupational Safety and Health Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group.

Health and Safety FY2021

| Health and Safety | FY2021 | FY2020 |
|--|--------|--------|
| Number of day lost-due to injuries (Day) | 0 | 127 |

In order to ensure that our employees working in the construction sites possess adequate safety knowledge and awareness, induction trainings to provided. Qualifications such as valid Construction Workers Registration, Mandatory Basic Safety Training Course (Construction Work) and other specialized licenses are required as applicable, and are checked before commencement of works and checked periodically. The safety condition of the site, such as the use of the lifting gear and other machineries, working at height and earthwork are checked by the safety officer of the main contractor, and our site team cooperate and comply with the instructions and recommendations of the safety officers at all times, so that the safety of the site is ensured.



EMPLOYMENT AND LABOUR PRACTICES (continued)

With the outbreak and persistent presence of COVID-19, the Group is highly conscious of the potential health and safety risks brought to its staff and clients. Apart from strengthening the sanitation of its operations and workplace to ensure a healthy and safe working environment, precautionary measures such as temperature screening before entering the site or any workplace, and ensuring sufficient disinfection supplies like face masks and hand sanitizers in our operations are implemented.

DEVELOPMENT AND TRAINING

To provide a better career prospect and job position that best suits the candidates, the Group will assign different tasks and positions as far as practicable to expose them to various work opportunities and enrich their development potential. Internal staff will be first considered for any promotion or transfer so to maximize their capability and helps retain the talents in the Group. Internal and external training are provided to the appropriate employees to enhance their technical competence.

Regular training is conducted by the main contractor to enhance safety awareness of our employees by refreshing their knowledge and alertness to risks associated with the working environment.

LABOUR STANDARDS

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Hong Kong Employment Ordinance. Personal data are collected during the recruitment process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation the relevant laws and regulations are discovered, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Reporting Period, the Group strictly complies with child and forced labour and related laws and regulations in Hong Kong, including but not limited to the Employment of Children Regulations and Employment Ordinance. The Group was not aware of any material noncompliance with child and forced labour-related laws and regulations that would have a significant impact on the Group.

SUPPLY CHAIN MANAGEMENT

As a socially responsible enterprise, we do not only require the products and services we deliver to be sustainable in terms of business, we also manage our supply chain to ensure its reliability for delivery on time, as part of our effort to safeguard the construction programme. We also understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and we try to engage suppliers with responsible acts to society in view of green supply chain management.

Good supplier management can increase the quality of our services and products. To ensure our suppliers or (sub) contractors (who provide products and services related to our construction activities) can fulfill the project requirements, needs and specifications, our project team will also be involved in the assessment process based on their merits, including qualifications, past experience, licenses and certifications, quality of services rendered or products supplied and reputation in the industry. Qualified suppliers can be included in the approved supplier list of the Group.

Continuous evaluation of the existing suppliers and (sub)contractors is performed to ensure that the quality of their products and services are maintained up to our required standards. Performance review criteria include suppliers' capacity, delivery time, quality control standards and defect rates. Suppliers with unsatisfactory performance will be removed from our approved list. Supplier relationship may also be terminated when there is substantial violation of environmental and labour laws and regulations.

We actively source from local suppliers or vendors as far as possible in order to support community development and local employment. In FY2021, we managed 89 suppliers who are mainly based or operate in Hong Kong.

Suppliers Information¹⁰

| Suppliers Information | FY2021 | FY2020 |
|------------------------|--------|--------|
| By geographical region | | |
| — Hong Kong | 87 | 63 |
| — Mainland China | 2 | 4 |
| Total number | 89 | 67 |

SERVICE RESPONSIBILITY

The Group endeavours to provide quality construction and maintenance services by following all the contract requirements and construction programme of our clients, as well as minimizing construction risks that may pose to the public. The Group has established a quality control system in accordance with the requirements of ISO 9001:2015 to develop a substantiable performance-oriented culture emphasizing the pursue of continuous improvement and long-term development. Process control procedures have been established to ensure that the works meet the contractual specification and the environment, health and safety requirements, and the details are shown below:

- Assign an experienced project manager or site agent (or other site supervisors as appropriate) to monitor the performance and progress of the construction works in order to meet with the project timeline and specifications;
- Collaborate with the main contractor in delivering the construction works; and

¹⁰ Suppliers from Talent Mark Department Limited and Talent Mart Construction Co., Ltd are included.



OPERATING PRACTICES (continued)

- Inspect the site in a regular basis to ensure the work standards, procedures, methodologies are fulfilled during the project implementation stage.

In addition, suppliers from Talent Mark Development Limited and Talent Mart Construction Co., Ltd are included.

The Group strictly complies with related laws and regulations in Hong Kong, including but not limited to the Building Ordinance and Construction Industry Council Ordinance of Hong Kong. During the Reporting Period, the Group was not aware of any incidents of non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services, provided that they would have a significant impact on the Group.

Regarding our product or works quality, most of our contracts contain a defects liability period (“**DLP**”), during which we are responsible to rectify any works defects. In addition, there is usually a contract term for the clients to withhold retention money from us. In general, our clients may retain 3% to 10% of the interim payment for repair and maintenance projects and up to 5% of the contract sum for civil engineering construction works projects as retention money for a project. The terms and conditions in relation to the release of retention monies vary from contract to contract. Depending on the specific terms of the contract, the retention monies are generally released after completion of works or upon the expiration of the DLP. During the Reporting Period, the Group did not experience any material claims from the clients in respect of works defects.

We highly respect intelligence property rights and prohibit unauthorised use of patented products, technologies and concepts. Employees are prohibited to disclosing any form of confidential information under any circumstance. All the client information, such as trade secrets and construction information (including status, design, and costs) are kept in absolute confidence to prevent data or information leakage. In respect of client personal data and confidential documents, the Group preserves them properly and strictly complies with the Hong Kong Personal Data (Privacy) Ordinance. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of client’s privacy or loss of client’s information.

ANTI-CORRUPTION

Integrity and honesty are the cornerstones to maintain our business operation. As illustrated in our staff handbook, all employees must abide by business ethics and laws and regulations such as the Prevention of Bribery Ordinance while conducting business activities. We are committed to high ethical standards and adopt a zero-tolerance approach to corruption, bribery, fraud, money laundering etc. Employees are prohibited from receiving or requesting any forms of benefits, including money, gifts, loans or offers. Any conflict of interest should be avoided and if noticed, immediately reported to the directors and general manager. Any violation of the code of business ethics will result in disciplinary actions or even prosecution in some serious violations.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Prevention of Bribery Ordinance of Hong Kong. During the Reporting Period, 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. There were no concluded legal cases against the Group or its employees during the Reporting Period.

We always value the opinions and suggestions of our employees. By establishing an opinion box in both office and construction site, our employees can express their opinions or report any suspected malpractices through leaving an anonymous message. This is part of our whistleblowing policy and the management will take immediate action to investigate and take follow-up actions if necessary.



COMMUNITY INVESTMENT

Our Group values that repaying the community is part of the responsibility of being a corporate, through social participation, donating funds or holding charitable events, the Group is seeking more opportunities in contributing to the wellbeing of the community. As the Group continues to focus their efforts on the services to improve the society, by ethically operating and valuing community safety, the group is very encouraging to its staff to take part in community investing.

Hopefully, in the near future, the Group could support the community for its good causes with its profits. Contributing back to the society by holding events or funding the needs of our tomorrow.



HKEx ESG REPORTING GUIDE INDEX

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|------------------------------------|---|--|---|
| Environmental | | | |
| Aspect A1: Emissions | 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. | Environmental Protection | Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations. |
| KPI A1.1 | The types of emissions and respective emissions data. | Environmental Protection — Emission Control | |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity. | Environmental Protection — Emission Control | |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | N/A | There were no hazardous wastes produced during the reporting period. |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental Protection — Emission Control | |
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | Environmental Protection — Emission Control | |
| 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. | Environmental Protection — Emission Control | |
| Aspect A2: Use of Resources | Policies on efficient use of resources including energy, water and other raw materials. | Environmental Protection — Use of Resources | Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. |

HKEx ESG REPORTING GUIDE INDEX (continued)

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|---|--|---|--|
| 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). | Environmental Protection — Use of Resources | |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Environmental Protection — Use of Resources | |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Environmental Protection — Use of Resources | |
| 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. | Environmental Protection — Use of Resources | There were no packaging materials used during the reporting period. |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | N/A | The Group's business do not involve any packaging procedures. |
| Aspect A3: The Environment and Natural Resources | Policies on minimising the issuer's significant impact on the environment and natural resources. | Environmental Protection — The Environment and Natural Resources | No significant impact on the environmental and natural resources is identified by the Group in the Reporting Period. |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Environmental Protection — The Environment and Natural Resources | |
| Aspect A4: Climate Change | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Environmental Protection — Climate Change | |
| 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. | Environmental Protection — Climate Change | |



HKEx ESG REPORTING GUIDE INDEX (continued)

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|-------------------------------------|---|---|---------|
| Social | | | |
| Aspect B1: Employment | 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, antidiscrimination, and other benefits and welfare. | Employment and Labour Practices | |
| KPI B1.1 | Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region. | Employment and Labour Practices — Employment Conditions | |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Employment and Labour Practices — Employment Conditions | |
| Aspect B2: Health and Safety | 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. | Employment and Labour Practices -Health and Safety | |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Employment and Labour Practices -Health and Safety | |
| KPI B2.2 | Lost days due to work injury. | Employment and Labour Practices -Health and Safety | |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Employment and Labour Practices -Health and Safety | |



HKEx ESG REPORTING GUIDE INDEX (continued)

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|--|---|--|--|
| Aspect B3: Development and Training | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Employment and Labour Practices — Development and Training | Training refers to vocational training. It may include internal and external courses paid by the employer. |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | N/A | Regular training is conducted and recorded by the main contractor. |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | N/A | Regular training is conducted and recorded by the main contractor. |
| Aspect B4: Labour Standards | 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 or forced labour. | Employment and Labour Practices — Labour Standards | |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Employment and Labour Practices — Labour Standards | |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Employment and Labour Practices — Labour Standards | |
| Aspect B5: Supply Chain Management | Policies on managing environmental and social risks of the supply chain. | Operating Practices — Supply Chain Management | |
| KPI B5.1 | Number of suppliers by geographical region. | Operating Practices — Supply Chain Management | |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Operating Practices — Supply Chain Management | |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Operating Practices — Supply Chain Management | |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Operating Practices — Supply Chain Management | |



HKEx ESG REPORTING GUIDE INDEX (continued)

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|--|---|--|---|
| Aspect B6: Product Responsibility | 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. | Operating Practices — Service Responsibility | |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Operating Practices — Service Responsibility | There were no recalls in the reporting period. |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Operating Practices — Service Responsibility | |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Operating Practices — Service Responsibility | |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Operating Practices — Service Responsibility | |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Operating Practices — Service Responsibility | |
| Aspect B7: Anti-Corruption | 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. | Operating Practices — Anti-corruption | |
| 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. | N/A | The Group was not aware of any material non-compliance of laws and regulations about corrupt practices. |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Operating Practices — Anti-corruption | |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Operating Practices — Anti-corruption | |



HKEx ESG REPORTING GUIDE INDEX (continued)

| General Disclosures and KPIs | Description | Explanation/ Reference Section | Remarks |
|--|--|--------------------------------|---------|
| Aspect B8: Community Investment | 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. | Community Investment | |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Community Investment | |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Community Investment | |

