

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

REPORTING SCOPE AND REPORTING PERIOD

This is the 6th Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) disclosing the ESG performance of Applied Development Holdings Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group” or “We”) during the period from 1 July 2021 to 30 June 2022 (the “Reporting Period”). This ESG Report highlights our commitment and approach to creating value for the environment, our employees, our customers, and the community. Unless otherwise stated, this ESG Report focuses on the sustainability performance of our head office and property investment business in Hong Kong as well as our Wuxi Property Project.

REPORTING STANDARDS

This ESG Report has been prepared in accordance with the “mandatory disclosure requirements” and “comply or explain” provisions of the latest disclosure requirements of the Environmental, Social and Governance Reporting Guide under the Appendix 27 (“ESG Reporting Guide”) to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “HKEx”).

REPORTING PRINCIPLES

The ESG Report has been prepared based on the following reporting principles.

Materiality

ESG topics that are material to our business operations and key stakeholders are defined by considering the Group’s business development and the responses received from stakeholders. Please refer to “Materiality Assessment” on page 37 for more information.

Quantitative

The Group discloses the standards and methodologies used to calculate our environmental and social performance indicators when appropriate. Please refer to “Key Performance Data” from pages 49 to 51 for more information.

Balance

This ESG Report covers both challenges and achievements to provide an unbiased picture of our overall performance.

Consistency

Reporting standards and principles are substantially consistent with those of the prior year. Should there be any changes, footnotes and explanation will be given to facilitate information interpretation.

FEEDBACK

Every stakeholder’s feedback matters to the Group’s business and sustainable development. Should you have any opinions and comments on this ESG Report or our sustainable development strategy, please share your thoughts at info@applieddev.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

The Company headquartered in Hong Kong, has been listed on the Main Board of HKEx since 1986. Our core business consists of (i) resort and property development, (ii) property investment and (iii) investment holdings. Our vision and mission are as follows:

Our Vision	The Group believes in the vision of "Artists Create Beautiful Things, We Create Value" and devotes continuous efforts in creating value for various stakeholders.
Our Mission	– To be passionate about our customers, partners, and business development – To bring sustainable growth to our shareholders – To achieve excellence in every project we undertake – To stand accountable to customers, shareholders, partners, and employees for commitment to quality – To encourage teamwork, and to be committed in the best interests of the Group

OUR APPROACH TO SUSTAINABILITY

Sustainable development is the foundation for the Group's long-standing belief in creating value for our stakeholders. The concept of sustainability is integrated into our decision-making process and day-to-day operation to maximize value creation. We are continuously optimizing the value creation process through our sustainability governance strategies and policies. In addition to our internal practices, we value feedback from our various stakeholder groups and always maintain an open communication channel to allow mutual understanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY GOVERNANCE AND BOARD'S OVERSIGHT

We have established an ESG governance structure to incorporate sustainability into our corporate decisions. The Board has the overall responsibility for the Group's ESG strategy and reporting. The Board provides oversight of ESG issues with an emphasis on the Group's long-term development and positioning. Delegated by the Board, we have set up an ESG Working Group (the "Working Group") to plan and implement the Group's ESG-related matters during the Reporting Period. Led by the Company Secretary, the Working Group is constituted by senior representatives from across the Group's business units. The Working Group oversees and advises the Board on ESG matters on a regular basis.

The Board	• Oversight of long-term ESG strategy and management approach, including material ESG risks • Reviewing the progress made against ESG goals and targets • Appointment of members for the ESG Working Group
Working Group	• Development and review of the sustainability vision, strategies, priorities, goals, and targets of the Group • Identification, review and management of material ESG-related trends, risks, and opportunities • Reviewing and monitoring the implementation of ESG-related policies and practices to ensure compliance with laws and regulations • Monitoring and reviewing the Group's ESG performance and progress against any targets, goals, and metrics • Reviewing and monitoring the Group's stakeholder engagement channels to ensure effective communication with key stakeholders • Preparation of an annual ESG report on its activities for Board's approval

ESG Management Approach and Strategy

Sustainability is integral to our business and all aspects of our operations. With the aim of pursuing the sustainable development, the Board approved the ESG Framework, which consists of our priority areas with a set of goals and environmental targets, as shown below:

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Our ESG Framework



ESG Risk Identification and Mitigation

ESG-related risks are identified, evaluated, prioritized, and managed by the Working Group. The Working Group submits an ESG risk assessment report to the Board periodically to identify the likelihood and significance of potential risks to the Group and the Board retains the ultimate responsibility for oversight of the Group's risk management activities. ESG-related controls have been formulated to mitigate significant ESG risks of which the control measures are operated effectively at corresponding business levels. Further details of our risk management approach and practices are provided in the Corporate Governance Report in this annual report.

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STAKEHOLDER GROUPS AND ENGAGEMENT CHANNELS

We maintain a dynamic and ongoing communication with our stakeholders to gather views, opinions, and expectations from them. Grouped into eight categories, stakeholders are engaged through different channels to help us identify possible emerging risks and opportunities to our business operations. Regular communication channels deployed, the key concerns and our responses are summarized below:

Stakeholder Groups	Engagement Channels	Frequency	Key Concerns	Our Responses
Employees	- Online Questionnaire - Meeting - Interview - Staff Mailbox - Training - Intranet	- Annually (performance appraisal) - On-going (day-to-day communication)	- Sound welfare - Training and development - Workplace health and safety	- Provide competitive remuneration package - Provide on-going training
Customers	- Social Media (e.g. WeChat) - Daily Operation - E-mails - Customer services - Customer satisfaction survey	Periodically	- Design and quality - Customer service - Health and Safety	Ensure product and service quality
Government Authorities	- Online Questionnaire - Interview - Visit - Site Visit - Consultation	Periodically	Compliance with regulatory requirements	Maintain compliance with laws and regulations
Shareholders and Investors	- Online Questionnaire - General Meeting - Telephone - Company Website - Announcement - Financial Report	- Annually (General Meeting) - When necessary (for other meetings)	- Financial performance - Corporate governance - Risk management - Compliance with regulatory requirements	- Maintain sound corporate governance - Factual and sufficient disclosure
Business Partners	- Online Questionnaire - Cooperation Meeting - Visit - Site Visit	Periodically	- Design and quality - Compliance with regulatory requirements	- Abide by the contract - Stay open and transparent
Non-Governmental Organizations/ Environmental Bodies	- Online Questionnaire - Interview - Visit - Site Visit	Periodically	- Social inclusion - Environmental protection	- Promote environmental protection - Factual and sufficient disclosure
Suppliers	- Online Questionnaire - Interview - Site Visit	Periodically	- Fair operating practices - Fair competition	- Abide by the contract - Stay open and transparent
Media and Public	- Social Media (e.g. WeChat) - Site Visit - Interview	Periodically	- Business ethics - Financial performance	- Factual and sufficient disclosure - Invest into local community

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

We engaged an independent consultant to conduct an assessment on topics that may impose material economic, environmental, and social impacts on the Group. The identified topics were ranked by various groups of stakeholders based on their importance. The stakeholders also provided their views on the Group's sustainability performance. Our approach to the assessment was as follows:

1. Identification of Material Topics

A total of 26 sustainability issues related to our business operations and development was identified based on industry research and communication results with our stakeholders.

2. Establishment of Materiality Matrix

Different stakeholder groups were invited to rank the sustainability issues identified at stage 1 based on their perceptions of the importance of the topics to themselves and to the Group. The result would be analyzed and presented in form of materiality matrix, measuring the degree of importance to stakeholders and the significance of the impact to the Group's business continuity.

3. Review of Material Topics and Data Analysis

The prioritized material topics and boundaries would be reviewed by the Board to ensure the reasonableness, balance, and completeness of the Report. Topics with the highest importance will be disclosed in detail in the ESG Report based on the identified ESG framework. By gathering stakeholder feedback, we ensure that the topics are aligned with our organisational strategy.

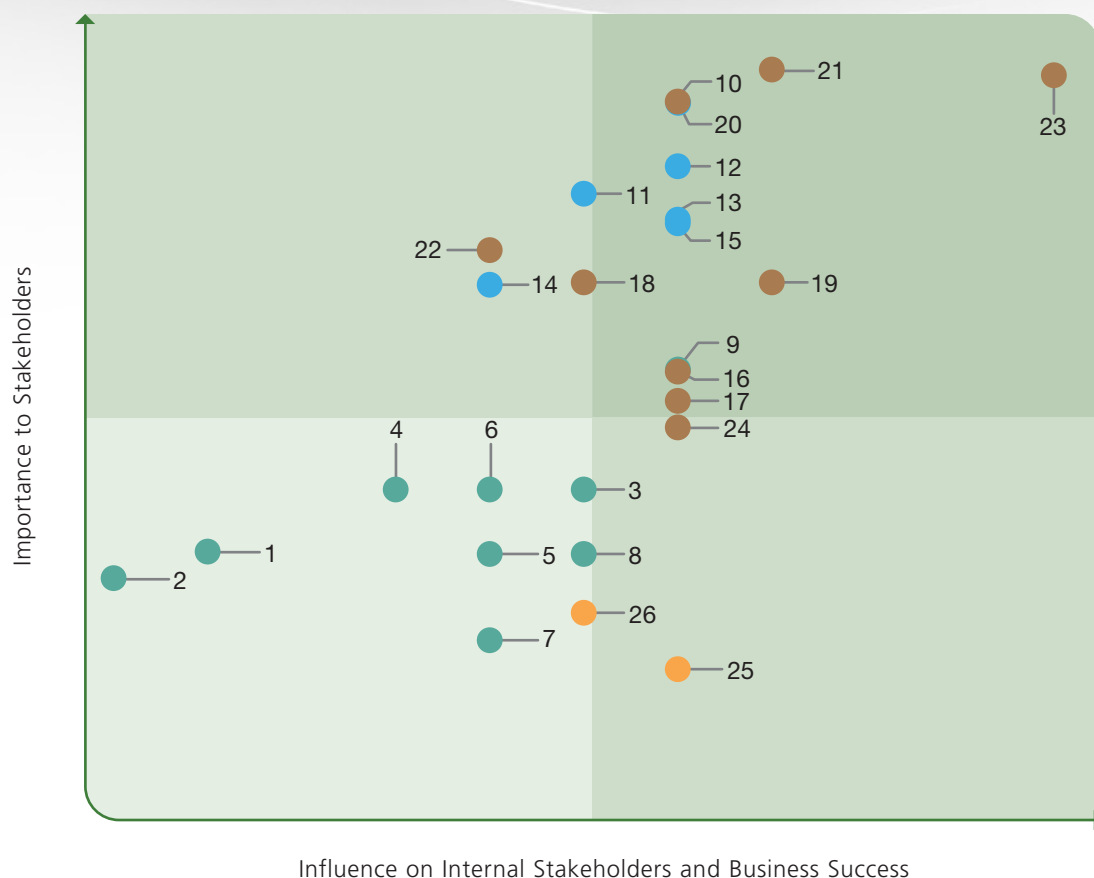
During the Reporting Period, a total of 26 ESG topics were identified for this year's materiality assessment. The findings were then summarized and analyzed by the consultant in form of materiality matrix based on two parameters: importance to the stakeholders and influence on internal stakeholders and business success. 11 topics were identified as material issues for this year and became the focus of this ESG Report.

LIST OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE TOPICS

The Environment	Our Employees	Our Customers	The Community
1. Air Emissions Management	10. Employee Benefits	16. Green Procurement	25. Social Investment
2. Non-Hazardous Waste Treatment	11. Diversity and Equal Opportunities (age, sex, disability, etc.)	17. Supply Chain Environmental Risks	26. Community Engagement
3. Hazardous Waste Treatment	12. Occupational Health and Safety	18. Supply Chain Social Risks	
4. Wastewater Management	13. Training and Development	19. Customer's Health and Safety	
5. Greenhouse Gas Emissions and Energy Conservation	14. Labour Relations and Communication	20. Customer's Satisfaction	
6. Water Resources	15. Employment Compliance	21. Quality Products and Services	
7. Climate Risks		22. Marketing and Advertising	
8. Impact on Surrounding Environment		23. Anti-Fraud and Corruption	
9. Sustainable Property		24. Data Protection and Cybersecurity	

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MATERIALITY MATRIX



Most critical material topics
 Important material topics
 Relatively less important material topics

List of Material Issues Identified

Material Issues	Relevant Chapters
● Anti-Fraud and Corruption	Anti-corruption
● Quality Products and Services	Premium Property
● Customer's Health and Safety	Premium Property
● Employee Benefits	Talent Attraction and Retention
● Customer's Satisfaction	Customer Satisfaction
● Occupational Health and Safety	Caring for Health and Safety
● Training and Development	Professional Development
● Employment Compliance	Ethical Workplace
● Sustainable Property	Sustainable Properties
● Green Procurement	Responsible Procurement
● Supply Chain Environmental Risks	Responsible Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL TARGETS FOR FY2025

The Group recognized that a comprehensive sustainability governance requires well developed goals, targets and Key Performance Indicators ("KPIs"). As such, we have formulated a set of environmental targets for FY2025. Using FY2020 as the baseline year, we aim to reduce greenhouse gas, waste generation, energy use and water consumption. Our progress towards the targets will be regularly monitored and reported.

Metric	Target	FY2020 Baseline Year Performance	FY2022 Performance	Progress
 GHG	Reduce greenhouse gas emissions by 20% on or before FY2025	468.38 tCO ₂ e	261.80 tCO ₂ e	 Achieved
 Waste	Reduce waste generation by 20% on or before FY2025	70.05 Tonnes	44.19 Tonnes	 Achieved
 Energy	Reduce energy consumption by 20% on or before FY2025	694.73 MWh	427.83 MWh	 Achieved
 Water	Reduce water use by 20% on or before FY2025	1,080 m ³	360 m ³	 Achieved

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR OUR CUSTOMERS

We are committed to designing, constructing and creating quality development for our customers. The Group believes that implementing sustainable practices into our projects will be the key to delivering long-term value to our customers.

GOAL:

We are committed to providing products and services with excellent quality to create value for our customers.

MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Customer's Satisfaction
- Anti-Fraud and Corruption
- Customer's Health and Safety
- Quality Products and Services
- Supply Chain Environmental Risk
- Green Procurement

PREMIUM PROPERTY

The Group believes that delivering high quality products and services to our customer is the crucial part of our business. To ensure that our Wuxi Property Project will always meet our standard, we have implemented a series of policies to monitor every stage, including early planning and design, construction, acceptance, handover, and after-sale. Whenever a stage of the project fails to meet the legal and internal standard, the responsible personnel must revise it before moving on to the next stage. The development project was approved under local Department of Development and Reform.

For leasing business in Hong Kong, we strive to provide safe and quality workplace for our tenants. Before office handover, a thorough site inspection would be conducted together with the tenants to identify and address their concerns about the office immediately. During the Reporting Period, the Group was not aware of any material non-compliance with Landlord and Tenant (Consolidation) Ordinance (Cap 7, the Laws of Hong Kong) and other relevant laws and regulations relating to our operation.

CUSTOMER SATISFACTION

Customers feedback is of great importance to our business improvement and success. Thus, we value every piece of opinion from our customers by collecting their feedbacks from different communication channels. Complaints received are addressed by responsible departments within a reasonable time frame. During the Reporting Period, we received 42 complaints regarding the property handover process, which were resolved by relevant departments according to internal procedure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CUSTOMER DATA PROTECTION

Customer data security has always been one of our focuses since our business involves various transactions with our tenants and customers. To protect customer data, we only collect necessary information from customers. The Group abides by the requirements of Personal Data (Privacy) Ordinance (Cap. 486, the Laws of Hong Kong) and other relevant laws and regulations to limit the access to sensitive data. It is strictly prohibited to disclose data without proper authorization, and violators may subject to internal penalties. During the Reporting Period, the Group was not aware of any substantiated incidents regarding leakage of customer data privacy.

RESPONSIBLE PROCUREMENT

With the raising concerns over environmental issue from customers, the Group promotes sustainable values to our supply chain partners. We will make our best effort to purchase environmentally friendly raw materials and engage with local suppliers to reduce the emission brought by transportation whenever applicable.

The Group also integrates social and environmental factors into our supplier selection process. In addition to the traditional selection criteria, we have included criteria related to energy efficiency and environmental protection when assessing suppliers. Supplier assessment is an on-going process and regular review process would be conducted to ensure existing suppliers meet our requirements. A timely correction of any detected problem will be requested, along with a follow-up assessment.

ANTI-CORRUPTION

The Group has zero tolerance for bribery, extortion, fraud, and money laundering. Similarly, we expect our suppliers to operate with integrity. An Anti-Corruption Agreement would be signed with our major partners to prohibit any form of unlawful behaviors, including bribery, extortion, fraud, and money laundering. In the event of any inappropriate activity detected, a comprehensive investigation would be performed, and remedial action would be taken to protect the Group and its stakeholders.

During the Reporting Period, the Group was not aware any material non-compliance with Prevention of Bribery Ordinance (Cap. 201, the Laws of Hong Kong), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and other applicable laws and regulations regarding anti-corruption and competition.

MARKETING STRATEGY

In accordance with the Advertising Law of the PRC (《中華人民共和國廣告法》), the Law of the PRC on the Protection of Consumer Rights and Interest (《中華人民共和國消費者權益保護法》) and others relevant laws and regulations, all marketing materials would be verified by responsible staff to ensure accuracy. During the Reporting Period, the Group was not aware of any material non-compliance regarding advertising.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR THE ENVIRONMENT

We are committed to minimizing pollution and contribute positively to the mother nature in every aspect of our operations. We strive to promote sustainable living among our stakeholders and the broader community.

GOAL:

We pursue a sustainable operation pattern by reducing our ecological footprints.

MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Sustainable Property

HIGHLIGHTS



GHG Emission

Our **total Scope 1&2 GHG emissions** in FY2022 was **44%** below our FY2020 baseline



Energy Use

Our **total electricity consumption** in FY2022 was **38%** below our FY2020 baseline



Water Consumption

Our **total water consumption** in FY2022 was **67%** below our FY2020 baseline



Waste Generation

Our **total waste generation consumption** in FY2022 was **37%** below our FY2020 baseline

RESPONSE TO CLIMATE CHANGE

The financial impact caused by climate change may pose a serious concern for the Group. To become more capable to manage our climate-related risks, both physical and transition risks, the Group has been actively responding to the climate change by setting our environmental targets for FY2025 during FY2021 and has kept evaluating our climate-risk exposure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE RESILIENCE STRATEGY

With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), the Group identified the direct and indirect effects of climate change on our business operations and applied the following mitigation measures in response to the climate-related risk identified below.

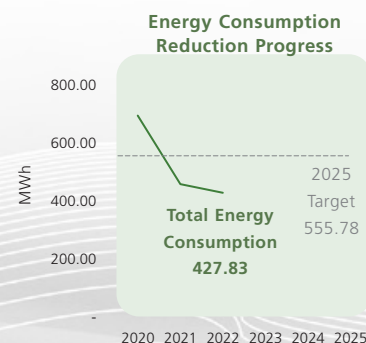
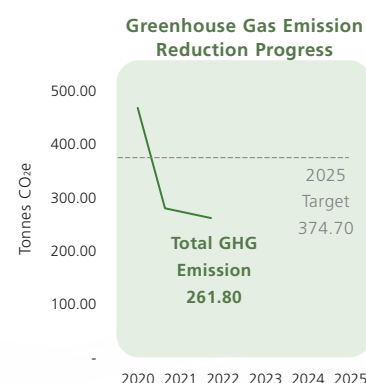
Physical Risk	Impact on the Group	Mitigation Measures
Extreme Weather Events	– Employee safety issues caused by extreme weather	– Codes of Practice on extreme weather events have been well established in Hong Kong
	– Invested property may be severely damaged by extreme weather events	– The safety design of the Wuxi Property Project has been taken the impact of extreme weather like flooding and typhoon into consideration
		– Materials with high resistance against wind, water and heat are selected to provide better resilience against extreme weather
		– Monitoring weather forecasts for safety measures in advance
Transition Risk	Impact on the Group	Mitigation Measures
Tightened Climate-related Policy	– Failure to meet the latest emission requirement may subject to legal liability.	– Monitoring the regulatory trends to ensure the Group’s emissions meet the latest legal requirement.

GREENHOUSE GAS REDUCTION AND ENERGY CONSERVATION

Our GHG emission primarily came from electricity consumption from our offices and construction development. Since our business operation did not consume any fuel during the Reporting Period, there were no air pollutant and scope 1 emissions during the Reporting Period.

To reduce our impact on the environment, we have implemented a series of measures to raise the energy saving awareness of our employees. Staff members are encouraged to turn off all unnecessary electric equipment when leaving the office and maintain a room temperature of no less than 25°C. Furthermore, video conferencing is recommended to reduce our carbon footprint by replacing business travel.

During the Reporting Period, the Group was not aware of any material non-compliance with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) and other relevant laws and regulations relating to environmental protection and pollution.



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WASTE MANAGEMENT

The Group's major source of waste generation came from construction projects and general waste produced by our offices. No hazardous waste and packaging materials were generated in our operation during this Reporting Period. We will keep putting more effort on reducing the waste generated from our business operation to achieve the waste reduction target set for FY2025. With the aim of minimizing the paper usage, most of our corporate communication is now in form of electronic copies. Towards transforming into a paperless office, our employees are encouraged to use both sides of paper and to recycle scrap paper.

During the Reporting Period, the Group was not aware of any material non-compliance with Hong Kong Waste Disposal Ordinance, Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and other relevant laws and regulations relating to waste disposal.

CONSERVING WATER RESOURCES

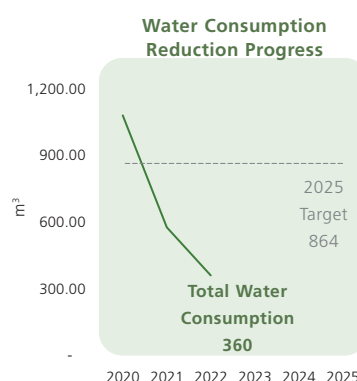
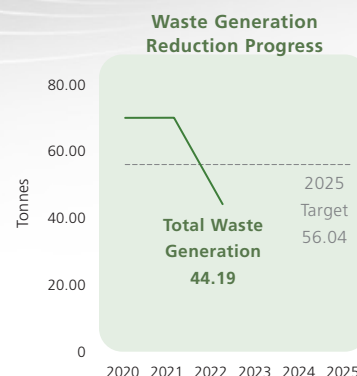
The water consumption of our business was mainly from the project development and office operations in Wuxi. The Group strives to reduce the consumption by 20% compared to the baseline year, and therefore we regularly remind all employees to save water whenever possible. As our water was directly supplied from local water supply companies, the Group did not encounter any problems in sourcing water during the Reporting Period.

SUSTAINABLE PROPERTIES

In view of better climate risk resilience and lower cost on electricity, green buildings are gaining more popularity in the Chinese property market. Therefore, our Wuxi Property Project had incorporated sustainability elements by implementing sustainable designs.

Sustainable Design Features for Wuxi Property Project

Installation of renewable energy system	Solar power and heating systems were installed on the rooftop of our property project to supply the building with no less than 0.2% of the actual electricity consumption and no less than 30% of the actual hot water consumption respectively.
Reuse of rainwater	A rainwater harvest system capable of holding 150 tons of rainwater was applied in the property project to reuse the rainwater collected for the use of cleaning and irrigation.
Smart building technology	Smart building sensors and management systems were installed in the property project to monitor and control the building energy consumption. For instance, sound activated lighting systems at the staircases, and electricity usage monitoring system, etc.
Indoor air quality	Mechanical ventilation systems in car parks, equipment rooms, and boiler rooms were tested to ensure sufficient flow rate are provided to meet the good indoor air quality standards.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR OUR EMPLOYEES

We are committed to providing our employees with a supportive and nurturing working environment. The Group continues to invest in our employees and provide them with rewarding career path in order to build an effective and productive team.

GOAL:

We provide nurturing and fulfilling environments to create value for our employees.

MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Occupational Health and Safety
- Employee Benefits
- Training and Development
- Employment Compliance
- Anti-Fraud and Corruption

HIGHLIGHTS

Workforce

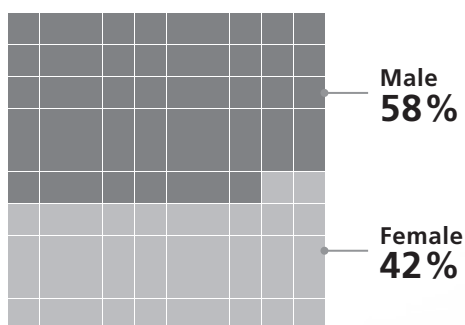
We have a total of
38 employees in FY2022

Employee Training

Our average training hours in FY2022 was
5.71 hours per employee

Employee Diversity

Percentage of staff by gender in FY2022:



Our percentage of employees trained in FY2022 was **97%**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TALENT ATTRACTION AND RETENTION

Attracting and retaining talent is one of the most important issues in our business development as employees are the ones who help us to create value. The Group has multiple recruitment channels, including internal referrals, job advertisements, etc. Candidates from all backgrounds are given equal opportunity in the recruitment process. We appoint people by merit, regardless of their gender, age, marital status, family status, pregnancy, disability, race, or religion. Our policies explicitly prohibit any form of harassment and discrimination in the working environment.

To retain our valuable human capital, we offer competitive compensation and benefit packages to our employees. Compensation and non-statutory holidays are given to our staff upon festival, birthday, and meals. Besides, we provide our employees with comprehensive welfare packages including parental leave, health checks, and hospital benefits as well as a variety of allowances. The Group strictly adheres to legal requirements of Mandatory Provident Fund Schemes Ordinance (Cap. 485, the Laws of Hong Kong) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) to contribute Mandatory Provident Fund and social insurance and housing provident fund for employees in Hong Kong and PRC respectively. The remuneration package will be benchmarked regularly against the industry to ensure it remains competitive.

During the Reporting Period, the Group was not aware of any material non-compliance with the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant laws and regulations relating to employment and labour standards.

FOSTERING AN IDEAL ENVIRONMENT

To recognize exceptional performance among employees, formal appraisals will be conducted periodically, with the result reflected in the annual compensation adjustment and promotion review. As a responsible employer, the wellness of our employees is of paramount importance, and we seek to provide employees with enough resting time. Prior to working overtime, permission from department head would be required, and overtime pay, or compensation leave will be arranged afterward. Our employees are encouraged to address issues of potential misconduct to the Chairman of Audit Committee in case of dissent at work. In addition, upon resignation, an exit interview would be conducted to collect employees' opinions about the Group.

Business integrity is the foundation of our business, we adopt "zero-tolerance" approach towards all forms of forced labour and the use of child labour. We strictly abide by the Employment Ordinance (Cap. 57, the Laws of Hong Kong) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). During the preliminary stage, our Human Resources Department will verify the eligibility of each candidate by scanning the personal document submitted. Labour would be removed from the position instantly to secure its safety once it is discovered.

During the Reporting Period, the Group was not aware of any material violations of laws and regulations related to the prohibition of the use of child labour or forced labour.

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CARING FOR HEALTH AND SAFETY

Safeguarding our people and creating a safety workplace remain our top priority. We have set out all the required safety precautions in the construction site to ensure the safety of workers. Workers would also receive training regard on the health and safety measures.

The concern and impact posed by COVID-19 continues in this Reporting Period. We have implemented a series of precautionary measures to safeguard the health of our staff following guidelines and suggestions from the government. Protective gear such as face masks, sanitizers, and rapid antigen testing kits were distributed to our employees. We also encourage our employees to conduct COVID-19 testing twice every week. In addition, we have implemented flexible working hours, work from home policy, and video conference arrangements to reduce face-to-face contacts.

During the Reporting Period, there were no lost days due to work injury and absence of any work-related casualties. Also, there were no work-related fatalities in the past three years. The Group was not aware of any non-compliance with laws and regulations regarding occupational health and safety.

PROFESSIONAL DEVELOPMENT

Training is essential to create value to our staff, which further help create value to our business. We regularly review the learning and development needs of our employees and provide comprehensive internal and external training and development opportunities for our employees to acquire the latest knowledge and skills. Our managers/department heads will regularly review employees skills and performance to ensure sufficient and effective trainings are provided.

Internal training includes theoretical and hands-on training covering relevant technical, safety and integrity topics to ensure employees are familiarized with their responsibilities inside the Company and meet the requirements of their positions. For external trainings, we encourage our employees to pursue professional certifications, and offer disbursements once the certification has been achieved.

ETHICAL WORKPLACE

We prohibit all forms of corruption, bribery, extortion, fraud, money laundering and other illegal and unethical business practices and integrity violations. Every employee must agree to sign the integrity pledge and abide by the code of conduct and policies pertaining to anti-corruption. New joiners are provided with an induction training that introduces the Group's ethical standards. To further strengthen the awareness towards misconduct and fraudulent activities, the Group organized anti-corruption training during the Reporting Period for both Directors and employees to enhance their understanding on anti-corruption and other unethical business practices.

During the Reporting Period, the Group was not aware of any material non-compliance with the Prevention of Bribery Ordinance (Cap. 201, the Laws of Hong Kong), the Criminal Law of the PRC (《中華人民共和國刑法》) and other relevant laws and regulations relating to bribery, extortion, fraud, and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR THE COMMUNITY

We are committed to impacting the community positively by leveraging our advantage. We support many charity events throughout the year, sharing our love with the less fortunate in the community.

GOAL:

We deliver positive impacts and build bonds with all around us to create value for the community.

MATERIAL TOPICS COVERED IN THIS CHAPTER:

– N/A

CARING FOR THE COMMUNITY

Embracing our philosophy and the core value of We Create Value, the Group not only aims to create values on our business operation, but we also create value to our community. During the Reporting Period, the Group's community projects mainly focused on underprivileged groups in our society. As part of our volunteering culture, we encourage employees at all levels across different business units to serve the community with their skills and expertise.

A VISIT TO DISABILITY SERVICE CENTRE

The Group has been supportive in helping the community during the COVID-19 pandemic outbreak. In May 2022, we visited the disability service center in Hui Shan District and devoted caring packs for them to overcome the hard situation during the pandemic outbreak.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KEY PERFORMANCE DATA

ENVIRONMENTAL

Indicator ¹	Unit	FY2021	FY2022
Greenhouse Gas Emission			
Total GHG Emission	Tonnes CO ₂ e	280.22	261.80
Indirect Emission (Scope 2) ^{2,3}	Tonnes CO ₂ e	280.22	261.80
Total GHG Emissions Intensity	Tonnes CO ₂ e/m ²	0.11	0.10
Energy			
Total Energy Consumption	MWh	457.99	427.83
Purchased Electricity	MWh	457.99	427.83
Energy Consumption Intensity	MWh/m ²	0.17	0.16
Non-Hazardous Waste			
Total Non-Hazardous Waste ⁴	Tonnes	70.07	44.19
Non-Hazardous Waste Generation Intensity	Kg/m ²	26.51	16.25
Water			
Total Water Consumption ⁵	m ³	576.00	360.00
Water Consumption Intensity	m ³ /m ²	0.22	0.13

¹ The Group's business operation did not consume any fuel during the Reporting Period and therefore did not produce Scope 1 GHG and air emissions.

² Since the energy supplier could not provide the electricity consumption data for individual occupants, electricity consumption in Wuxi office was estimated based on the amount of electricity consumption per person from the design of property.

³ The electricity consumption is estimated based on per person consumption data according to the property design during the Reporting Period to provide a more accurate view of the data.

⁴ The amount of non-hazardous waste produced was estimated using daily waste generation amount.

⁵ Water supply in the Hong Kong office was solely controlled by the building management. Since the building management could not provide the provision of water supply and sub-meter for individual occupant, the water consumption data only covers that of the business in Wuxi, which water consumption data in Wuxi was estimated based on the amount of water consumption per person from the design of property.

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SOCIAL

Indicator	Unit	FY2021	FY2022
Workforce			
Total Workforce ⁶	Number of People	28	38
Male		16	22
Female		12	16
Workforce by Employment Type			
Full-Time	Number of People	28	38
Part-Time		–	–
Workforce by Age Group			
30 or below	Number of People	1	6
31-40		16	16
41-50		8	13
51 or above		3	3
Workforce by Geographical Region			
Hong Kong	Number of People	4	6
China		24	32
Employee Turnover ⁷			
Total Turnover	Number of People	5	4
Total Turnover Rate	%	18	11
Employee Turnover by Gender ⁷			
Male	%	6	14
Female		33	6
Employee Turnover by Age Group ⁷			
30 or below	%	200	–
31-40		13	25
41-50		–	–
51 or above		33	–

⁶ The boundary of the total workforce reported is in line with the scope of the Human Resources and Remuneration Policy under the section “Management Discussion and Analysis” of this annual report.

⁷ Employee turnover rate refers to the total number of employee turnover of particular categories (i.e. gender, age group and geographical region) divided by the total number of employees of the corresponding category.

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Indicator	Unit	FY2021	FY2022
Employee Turnover by Geographical Region ⁷			
Hong Kong	%	–	–
China		21	13
Health and Safety			
Work-Related Fatality	Number	–	–
Lost Day due to Work Injury	Day(s)	–	–
Employee Training ^{8, 9}			
Total Training Hours	Hour(s)	100	217
Average Training Hours of Employees	Hour(s)	3.57	5.71
Percentage of Employees Trained	%	82	97
Average Training Hours by Gender			
Male	Hour(s)	2.44	4.82
Female	Hour(s)	5.08	6.94
Average Training Hours by Employee Categories			
Senior Management	Hour(s)	3	5.50
Middle-level Management	Hour(s)	3.25	6.18
General and Technical Staff	Hour(s)	3.93	5.43
Percentage of Employees Trained by Gender			
Male	%	52	57
Female	%	48	43
Percentage of Employees Trained by Employee Categories			
Senior Management	%	9	5
Middle-level Management	%	30	38
General and Technical Staff	%	61	57
Suppliers			
Hong Kong	Number	14	18
China		44	80
Product Responsibility			
Products and Service-Related Complaints	Number	17	42
Community Investment			
Resources Contributed	RMB	18,178	9,720

⁸ Average training hours refer to total training hour of particular categories (i.e. gender and employee categories) divided by the total number of employees of the corresponding category.

⁹ Percentage of employee trained refers to total number of employees trained of particular categories (i.e. gender and employee categories) divided by the total number of employees of the corresponding category.

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ESG REPORTING GUIDE CONTENT INDEX

Indicator	Chapter/Disclosure	Page
Mandatory Disclosure Requirements		
Governance Structure		
A statement from the board containing the following elements:	Our Approach to Sustainability	33
(i) a disclosure of the board's oversight of ESG issues;	Sustainability Governance and Board's Oversight	34
(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and		
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		
Reporting Principles		
A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	Reporting Principles	32
Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.		
Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.		
Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.		
Reporting Boundary		
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope and Reporting Period	32

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Indicator		Chapter/Disclosure	Page
"Comply or explain" Provisions			
A. Environmental			
Aspect A1: Emissions			
General Disclosure		Creating Value for the Environment	42-44
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.		
KPI A1.1	The types of emissions and respective emissions data.	Key Performance Data – Environmental	49
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and intensity.	Key Performance Data – Environmental	49
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	No hazardous waste directly produced by businesses owned or controlled by the Group in this reporting year.	–
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Key Performance Data – Environmental	49
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets For FY2025	39
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.	Waste Management	44

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Indicator		Chapter/Disclosure	Page
Aspect A2: Use of Resources			
General Disclosure		Creating Value for the Environment	42-44
Policies on the efficient use of resources, including energy, water and other raw materials.			
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Key Performance Data – Environmental	49
KPI A2.2	Water consumption in total and intensity.	Key Performance Data – Environmental	49
KPI A2.3	Description of energy use efficiency target and steps taken to achieve them.	Environmental Targets For FY2025 Greenhouse Gas Reduction and Energy Conservation	39, 43
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 Targets For FY2025 Conserving Water Resources	39, 44
KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	–
Aspect A3: The Environment and Natural Resources			
General Disclosure		Creating Value for the Environment	42-44
Policies on minimizing the issuer's significant impact on the environment and natural resources.			
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating Value for the Environment	42-44
Aspect A4: Climate Change			
General Disclosure		Climate Resilience Strategy	43
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.			
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.	Climate Resilience Strategy	43

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Indicator		Chapter/Disclosure	Page
B. Social			
<i>Employment and Labour Practices</i>			
Aspect B1: Employment			
General Disclosure		Talent Attraction and Retention	46
Information on:			
(a)	the policies; and		
(b)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Data – Social	50
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Data – Social	50-51
Aspect B2: Health and Safety			
General Disclosure		Caring for Health and Safety	47
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.		
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Data – Social Caring for Health and Safety	51 47
KPI B2.2	Lost days due to work injury.	Key Performance Data – Social	51
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Health and Safety	47

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Indicator		Chapter/Disclosure	Page
Aspect B3: Development and Training			
General Disclosure		Professional Development	47
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.			
KPI B3.1	The percentage of employees trained by gender and employee category.	Key Performance Data – Social	51
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Data – Social	51
Aspect B4: Labour Standards			
General Disclosure		Fostering an Ideal Environment	46
Information on:			
(a)	the policies; and		
(b)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Fostering an Ideal Environment	46
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Fostering an Ideal Environment	46
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure		Responsible Procurement	41
Policies on managing environmental and social risks of the supply chain.			
KPI B5.1	Number of suppliers by geographical region.	Key Performance Data – Social	51
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Procurement	41
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement	41
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement	41

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Indicator		Chapter/Disclosure	Page
Aspect B6: Product Responsibility			
General Disclosure		Creating Value for our Customers	40-41
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.			
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations.	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Key Performance Data – Social	51
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights are not material to the Group's operations.	–
KPI B6.4	Description of quality assurance process and recall procedures.	Recall procedures are not material to the Group's operations.	–
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Data Protection	41

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Indicator		Chapter/Disclosure	Page
Aspect B7: Anti-corruption			
General Disclosure		Anti-corruption Ethical Workplace	41, 47
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.		
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.	There was no material noncompliance with anti-corruption practice in the Reporting Period.	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Ethical Workplace	47
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ethical Workplace	47
Community			
Aspect B8: Community Investment			
General Disclosure		Creating Value for the Community	48
	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.		
KPI B8.1	Focus areas of contribution.	Care For Community	48
KPI B8.2	Resources contributed to the focus area.	Key Performance Data – Social	51