

TBK & SONS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1960

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

INTRODUCTION

TBK & Sons Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “we”) are principally engaged in the provision of civil and structural works in Malaysia and the People’s Republic of China (the “PRC”) and trading of oil and related products in the PRC. The Group is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the year ended 30 June 2024 (the “Financial Year” or “2024”). This ESG Report discloses the Group’s environmental, social and governance (“ESG”) initiatives, plans, and performance transparently and demonstrates its ongoing commitment towards sustainable development.

The ESG Governance Structure

We consider ESG commitment as a part of our fiduciary duty and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. Our ESG governance structure is divided into two components, namely the board (the “Board”) of directors (the “Directors”) of the Company and an ESG Committee.

The Board holds the overall responsibility for the Group’s ESG issues and oversees the ESG strategies, direction and policies. In order to better manage the Group’s ESG performance and related issues, the Board discusses and reviews the Group’s ESG risks and opportunities, performance, progress, and targets at least once per year with the assistance of the ESG Committee. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitating the exchange of best practices with other comparable companies. With the assistance of ESG professionals, the Board is equipped with the skills, experience and knowledge needed for overseeing the ESG strategy of the Group.

The ESG Committee is composed of the Chief Executive Officer and management of different departments with adequate ESG knowledge. It facilitates the Board’s oversight of ESG issues and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations and preparing ESG reports. The ESG Committee arranges meetings at least once per year to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall ESG performance. At meetings, the ESG Committee discusses the existing and upcoming plans in order to monitor and manage the Group’s strategic targets in terms of sustainable development, mitigate potential risks, and minimise their negative impacts on its business operations. The ESG Committee would at least once per year report to the Board, assist in assessing and identifying the Group’s ESG risks and opportunities, evaluate the implementation and effectiveness of the internal control mechanism, and review the progress of the set targets.

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REPORTING SCOPE

The reporting scope is determined by senior management of the Group by considering the materiality principle, as well as the Group's core business and main revenue source.

Unless otherwise stated, the ESG Report mainly covers the Group's operations in Malaysia, Hong Kong and the PRC, including five reportable segments, namely, (i) site preparation works projects; (ii) civil works projects; (iii) building works projects; (iv) construction and renovation works project; and (v) trading of oil and related products. These segments are the Group's major sources of revenue during the Financial Year. The ESG key performance indicators ("KPIs") data are gathered only from the operations under the Group's direct operational control. The Group will continue to assess the major ESG aspects of different businesses or its major subsidiaries and extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report of the Group's 2024 annual report.

During the preparation for this ESG Report, the Group has applied the reporting principles in the aforementioned ESG Reporting Guide as the followings:

Materiality: Materiality assessment was conducted to identify material ESG issues during the Financial Year, thereby adopting the confirmed material ESG issues as the focus of the preparation of the ESG Report. The materiality of such issues was reviewed and confirmed by the Board and the ESG Committee. Please refer to the sections headed "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT" for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in this ESG Report, as well as the applicable assumptions were disclosed. The KPIs are supplemented with explanatory notes to establish benchmarks where applicable. The Group has set specific environmental targets to mitigate its impacts.

Consistency: The preparation approach of this ESG Report was substantially consistent with the ESG report of the year ended 30 June 2023 ("2023"), and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

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REPORTING PERIOD

Unless otherwise specified, this ESG Report covers the period from 1 July 2023 to 30 June 2024, the reporting content in this ESG Report comprises the ESG initiatives, plans, and performance of the Group during the Financial Year.

STAKEHOLDER ENGAGEMENT

We are dedicated to fulfilling stakeholders' expectations by truly understanding all their concerns and integrating such expectations into our ESG practices, with the purpose of maximising the economic output and business value while aligning with our long-term sustainable development goals.

To understand and address the key issues of concern of different stakeholders, we have been facilitating effective communication and maintaining ongoing relationships with them. We have established a comprehensive stakeholder engagement process and we will continue to increase the involvement of stakeholders via constructive conversation to chart long-term prosperity. Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods as shown below:

Stakeholders	Issues of Concern	Engagement Methods
Investors and shareholder	<ul style="list-style-type: none"> • Business strategies and performances • Investment returns 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Financial reports • Press releases and announcements • The Company's website and emails
Clients	<ul style="list-style-type: none"> • Product and service quality • Delivery times • Work safety 	<ul style="list-style-type: none"> • Client feedback • Phone and email communications
Employees	<ul style="list-style-type: none"> • Rights and benefits • Remuneration and compensation • Training and development • Working hours • Health and safety • Working environment • Career development 	<ul style="list-style-type: none"> • Meetings and briefings • Training • Internal memos • The Company's activities • The Company's policies • Employee satisfaction surveys
Suppliers and subcontractors	<ul style="list-style-type: none"> • Payment schedule • Business ethics and reputation • Fair tendering 	<ul style="list-style-type: none"> • Business meetings • Performance evaluation • Quotation and tendering processes • Field visits

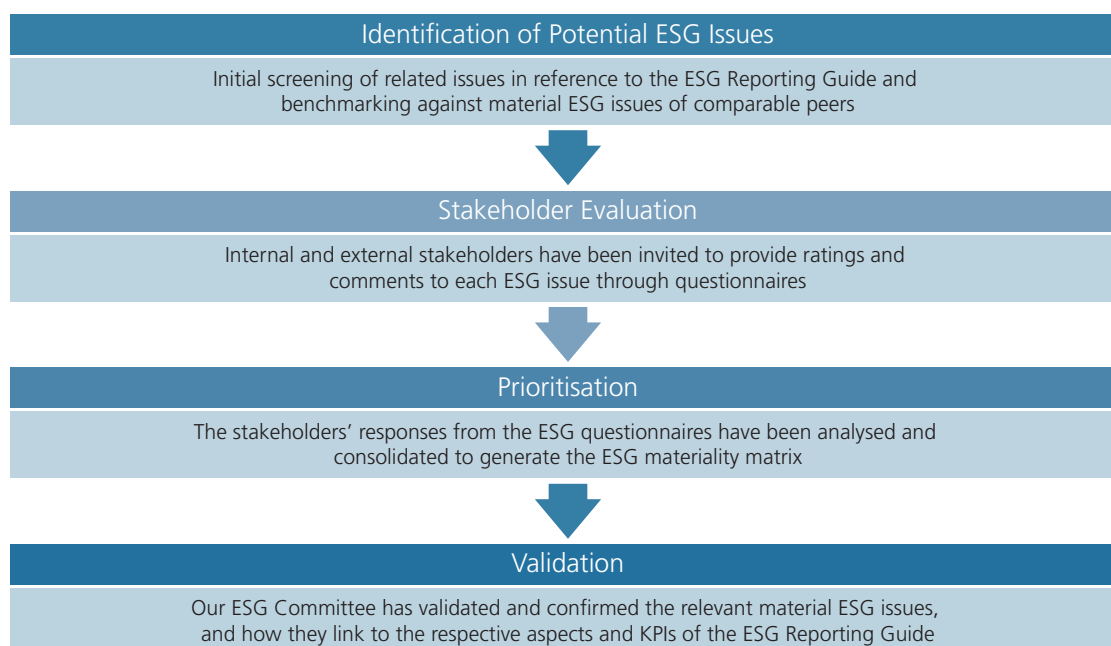
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Stakeholders	Issues of Concern	Engagement Methods
Government and supervising authorities	<ul style="list-style-type: none"> Compliance with rules and laws Implementation of policies Prevention of tax evasion 	<ul style="list-style-type: none"> Written correspondence Submission of statutory reports Involvement in public consultation
Community	<ul style="list-style-type: none"> Giving back to society Environmental protection Social welfare Health and safety Employment and community development 	<ul style="list-style-type: none"> Community services Press releases ESG reports Charitable donations

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

MATERIALITY ASSESSMENT

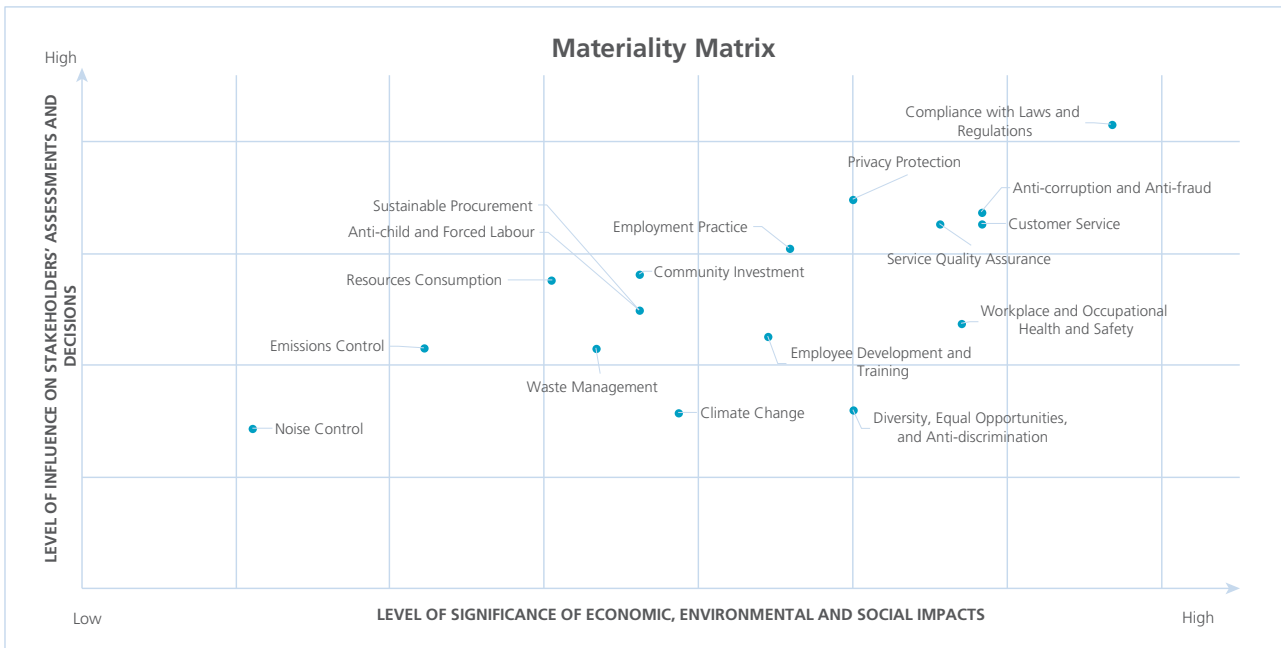
We conducted a materiality assessment with different stakeholder groups through the aforementioned engagement channels to identify corresponding ESG issues and assess the materiality of each by their level of significance of economic, environmental and social impacts and level of influence on stakeholders' assessment and decisions. The procedure of the materiality assessment is outlined as follows:



The result of the materiality assessment is one of the most important tools for the Group to evaluate and prioritise the ESG issues related to the Group. The Board will then develop strategies according to the result of the materiality assessment with the assistance of the ESG Committee to manage the ESG issues.

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The following matrix is a summary of the Group’s material ESG issues:



During the Financial Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents of the ESG Report comply with the “comply or explain” provisions of the ESG Reporting Guide.

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BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of the Group for the Financial Year. This ESG Report demonstrates our growing commitment to advancing our sustainability performance in areas such as corporate governance, community participation, customer satisfaction and employee care.

In order to effectively manage the Group's ESG issues, the Group has established a robust governance structure that allows it to implement ESG strategies across the business, manage its target setting and reporting processes, strengthen relationships with stakeholders and ensure overall accountability. Under the ESG governance structure, the Board has a primary role in overseeing the Group's ESG issues. The Group has set up the ESG Committee to assist the Board in governing ESG matters. During the Financial Year, the Board and the ESG Committee evaluated the impacts of ESG-related risks on the operation and formulated ESG-related policies in dealing with relevant risks. Information about the Group's ESG governance structure is stated in the section headed "The ESG Governance Structure".

By setting ESG-related targets to minimise the environmental impacts of the Group's operation, the Group affirmed its commitment to embedding sustainability into its business operation and fulfilling its corporate responsibility. The Group has set quantitative environmental targets to manage its environmental impact, covering greenhouse gas ("GHG") emissions, waste management, energy management, and water management. The ESG Committee will review the progress towards relevant targets and report to the Board at least once per year. Details of the targets and steps taken to achieve them can be found in the section headed "ENVIRONMENTAL".

The Group is committed to fulfilling its corporate responsibility for sustainable development. In order to meet our customers' requirements across various health, safety and environmental aspects, we are committed to integrating ESG considerations into our day-to-day operations. The Group has maintained effective control of quality assurance measures and has formed a project management team, which includes a project manager, construction manager and quality manager, to monitor the quality of each construction project. In addition, the Group has implemented a health, safety and environmental management system to prevent potential industrial accidents and ensure that a safe workplace is provided for workers. The Group also ensures that it has complied with all applicable safety regulations and properly implemented protection measures for its projects.

Besides its own corporate responsibility, the Group is principally required to comply with the laws and regulations in relation to environmental protection where it operates. Given the Group's substantial experience in the industry and its established operation workflow which includes preliminary site visits by its staff to determine possible environmental compliance issues, the Group has been able to address such environmental compliance issues. During the Financial Year, the Group was in compliance with applicable environmental laws and regulations in all material respects.

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Looking forward, the Group will further deepen the integration of ESG concepts, both internally and externally, and implement sustainable development more responsibly.

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, subcontractors, suppliers, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contributions to the development of the Group.

Tan Hun Tiong

Chairman

Hong Kong, 27 September 2024

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CONTACT US

For details on our ESG performance, corporate governance as well as financial performance, please visit our website at www.tbkssb.com.my and refer to our annual reports. You can also provide your feedback and comments on our sustainability performance.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. We aim to reduce the adverse environmental impacts of our business operations to the minimum. We have integrated environmental sustainability into the fundamentals of our business strategy and operational practices, and are committed to creating greater long-term sustainable value for both the Group and the environment.

The Group is wholly committed to mitigating negative environmental impacts linked to its business activities. An incident response team (the "Response Team") has been established in our environmental management system and it was formed to deal with any incidents that will potentially bring adverse implications to the environment. The Response Team manages the incident handling mechanism including incident detection and documentation, detailed investigation and analysis, remedial action plan and incident disclosure. The management system is reviewed by the management on an annual basis to ensure its effectiveness. The environmental management system of Qingdao Xinhongyao Construction Technology Company Limited ("Xinhongyao Construction"), which was acquired by the Group in the PRC, is certified to the ISO14001:2015 standard.

We have also formulated related environmental policies and initiatives to promote sustainability within our business. We constantly uphold the principles of emission reduction and resources efficiency in our environmental management approaches by implementing measures that promote energy efficiency, waste reduction, and other green initiatives. The Group is also committed to educating its employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continuously look for opportunities to pursue environmentally friendly measures that enhance our environmental performance by minimising the consumption of energy and other resources.

During the Financial Year, the Group was not aware of any material non-compliance with environmental-related laws and regulations, including but not limited to, the Environmental Quality Act 1974 of Malaysia, Environmental Quality (Clean Air) Regulations 1978 of Malaysia, the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 of Malaysia, the Air Pollution Control Ordinance of Hong Kong, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution that would have a significant impact on the Group.

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EMISSIONS CONTROL

Exhaust Gas Emissions

The exhaust gas generated by the Group's operation mainly comes from petrol and diesel consumed by vehicles and machinery. Due to our business nature, the use of vehicles is inevitable. Although heavy-duty vehicles are often considered less fuel-efficient, they are preferable for executing large-scale construction tasks. To control exhaust gas emissions from our business activities, we have adopted a series of preventive and corrective measures:

- Require the project managers to perform efficient planning on deliveries to minimise the number of trips made for transporting goods;
- Arrange regular maintenance and repair services for all vehicles to ensure fuel consumption efficiency and compliance with local emission standards; and
- Switch off the engine when the vehicles are idling.

During the Financial Year, the Group's overall exhaust gas emissions decreased compared to 2023, mainly due to the decreased use of vehicles and machinery based on the needs of construction projects. The Group will continue its effort in mitigating the exhaust gas emissions by performing emissions control measures.

The table below illustrates the Group's exhaust gas emissions performance:

Indicators ¹	Unit	2024	2023
Nitrogen oxides (NOx)	kg	3,865.40	17,452.72
Sulphur oxides (SOx)	kg	5.77	6.90
Particulate matter (PM)	kg	176.53	480.00

Note(s):

1. The calculation of exhaust gas emissions data is based on the "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Nonroad Compression — Ignition Engines: Exhaust Emission Standards" of United States Environmental Protection Agency. The data collection system has been improved in 2024 to ensure the accuracy of disclosures.

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GHG Emissions

The principal sources of the Group's GHG emissions are generated from petrol and diesel consumption by vehicles and machinery (Scope 1) as well as purchased electricity (Scope 2). Due to our business nature, the consumption of petrol, diesel and electricity depends greatly on the nature and number of projects.

The Group has set a target of reducing total GHG emissions intensity (tCO₂e/thousand RM revenue) by the year ending 30 June 2025 ("2025") compared to the year ended 30 June 2022 ("2022") (2022: 0.001 tCO₂e/thousand RM revenue). To achieve this target, we continuously promote green practices in our day-to-day operations and have actively adopted environmental protection and energy conservation measures which are described in the section headed "Energy Management" in order to reduce GHG emissions. Besides, the Group advocates environmental protection for employees by posting notices and posters of green information in office areas to raise their awareness and promote best environmental management practices.

During the Financial Year, the Group's total GHG emissions intensity remained the same compared to 2023. The Group will continue to monitor its GHG emissions and implement relevant measures, reduce its total GHG emissions intensity progressively and aim to achieve the target of reducing total GHG emissions intensity by 2025.

The table below illustrates the Group's GHG emissions performance:

Indicators ¹	Unit ²	2024	2023
Scope 1 — Direct GHG emissions	tCO ₂ e	1,012.14	1,217.06
• Fuel consumption — vehicles		597.74	737.26
• Fuel consumption — machinery		414.40	479.80
Scope 2 — Energy indirect GHG emissions	tCO ₂ e	132.11	179.95
• Purchased electricity		132.11	179.95
Total GHG emissions	tCO ₂ e	1,144.25	1,397.01
Total GHG emissions intensity²	tCO ₂ e/thousand RM revenue	0.004	0.004

Note(s):

- GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the global warming potential values from the Fifth Assessment Report and Sixth Assessment Report published by the Intergovernmental Panel on Climate Change, the "2023 Sustainability Report" published by the HK Electric Investments and HK Electric Investments Limited, the "Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025" published by the Ministry of Ecology and Environment of the PRC and the "Sustainability Report 2023" published by Tenaga Nasional.
- During the Financial Year, the Group recorded a total revenue of approximately RM288,093,000 (2023: approximately RM367,940,000). The data are also used for calculating other intensity data.

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WASTE MANAGEMENT

The Group adheres to the waste management principle and strives to properly manage and dispose of waste produced by its business activities. Our waste management practices have complied with relevant laws and regulations relating to environmental protection.

Hazardous Waste

Hazardous waste generated by the Group's business activities includes lead-acid batteries, lubricating oil, fluorescent lamps and waste oil. Stringent requirements for the management and disposal of such chemical waste have been put in place. For example, chemical waste generated at construction sites is required to be packed and stored securely with proper labelling. The disposal of such waste is required to be approved and documented for internal review. The Group also minimises and avoids the use of harmful materials during operations with the aim of further reducing the generation of hazardous waste.

During the Financial Year, all hazardous waste generated from our business activities was collected by qualified third-party contractors to lawfully handle and dispose of, therefore, we do not have access to relevant data. However, we pledge to improve our communications with the relevant third-party contractors to implement a more comprehensive control on the documentation of hazardous waste data for future disclosure.

Non-hazardous Waste

Due to our business nature, the non-hazardous waste we generate is mainly paper. We uphold the 5R principle, namely reduce, re-evaluate, reuse, recycle and rescue, as well as strive for resources utilisation. The Group has set a target of reducing total non-hazardous waste disposed intensity (kg/thousand RM revenue) by 2025 compared to 2022 (2022: 0.001 kg/thousand RM revenue). In order to minimise the environmental impacts of non-hazardous waste generated from our business operation and achieve the set target, apart from engaging a licensed specialist to handle the recycling of non-hazardous waste, the Group has also implemented various waste reduction measures and initiatives and assumed responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-side printed paper for reuse;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

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During the Financial Year, the Group's total non-hazardous waste disposed intensity increased compared to 2023, mainly due to the increase in paper consumption driven by the demand for business paper. The Group will continue to monitor the amount of non-hazardous waste disposed and implement relevant measures, reduce its total non-hazardous waste disposed intensity progressively, and aim to achieve the target of reducing total non-hazardous waste disposed intensity by 2025.

The table below illustrates the Group's non-hazardous waste disposed performance:

Indicators	Unit	2024	2023
Paper ¹	kg	4,093.97	3,424.11
Total non-hazardous waste disposed	kg	4,093.97	3,424.11
Total non-hazardous waste disposed intensity	kg/thousand RM revenue	0.014	0.009

Note(s):

1. The data excludes recycled paper.

SEWAGE DISCHARGES INTO WATER AND LAND

Due to our business nature, our business activities do not discharge a significant amount of sewage into water and land. Similarly, there was no unreasonable amount of sewage discharged during the Financial Year. Used water is discharged to the public wastewater collection sewer and it is processed centrally by the public wastewater treatment system. The Group has formulated relevant water-saving measures, specific measures for reducing sewage generated are described in the section headed "Water Management".

A2. Use of Resources

We are committed to becoming a resources-saving and environmentally friendly enterprise to promote environmental protection. The Group has established relevant policies and procedures governing the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources.

RESOURCES CONSUMPTION

Energy Management

The principal sources of the Group's energy consumption are non-renewable fuels, which include petrol and diesel consumed by vehicles and machinery, as well as purchased energy, which includes electricity. The Group aims to minimise the environmental impacts resulted from its operations by identifying and adopting appropriate measures. Energy-saving policies, measures, and practices have been developed to show our commitment to improving energy efficiency. Owing to its business operation model, the consumption of resources by the Group depends greatly on external factors such as location of projects, number of projects and size of the civil works. Although it is relatively difficult for us to control the usage of energy for our business operations, we endeavour to use resources more efficiently in all facets of our operations. The Group has set a target of reducing the total energy consumption intensity (MWh/thousand RM revenue) by 2025 compared to 2022 (2022: 0.005 MWh/thousand RM revenue).

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The Group regularly reviews its energy consumption target to continuously enhance the Group's energy consumption performance. Unexpected high consumption of energy will be investigated to find out the root cause and corresponding preventative measures will be taken. In order to further reduce energy consumption and achieve the set target, the Group has adopted the following measures and initiatives:

Approaches	Measures and Initiatives
Green initiatives	<ul style="list-style-type: none"> Adjust air-conditioning temperature to 25 degree Celsius at offices Switch off lighting, air-conditioning and office equipment when unattended Monitor electricity consumption from office operations regularly
Regular maintenance	<ul style="list-style-type: none"> Perform regular inspection of physical assets to ensure their durability Maintain checklist for vehicle maintenance to prevent reduction in fuel efficiency
Employee awareness	<ul style="list-style-type: none"> Engage employees by providing regular training on best practices and tips on electricity, water and paper-saving Convey environmental awareness messages via email and posters

During the Financial Year, the Group's total energy consumption decreased compared to 2023 due to the decreased use of vehicles and machinery based on the needs of construction projects. However, the Group's total energy consumption intensity during 2024 increased compared to 2023, mainly due to the decrease in revenue. The Group will continue to monitor its energy consumption and implement relevant measures, reduce its total energy consumption intensity progressively and aim to achieve the target of reducing the total energy consumption intensity by 2025.

The table below illustrates the Group's energy consumption performance:

Indicators ¹	Unit	2024	2023
Direct energy consumption	MWh	4,024.72	4,861.26
• Non-renewable fuels		4,024.72	4,861.26
Indirect energy consumption	MWh	238.45	324.75
• Purchased energy		238.45	324.75
Total energy consumption	MWh	4,263.17	5,186.01
Total energy consumption intensity	MWh/thousand RM revenue	0.015	0.014

Note(s):

- The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by International Energy Agency.

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Water Management

The Group's water consumption is mainly from offices and construction sites. Similar to energy consumption, the Group's water consumption depends heavily on the quantity and nature of its projects; therefore the fluctuation of water consumption may not fully reflect the Group's efforts in water saving. Yet, the Group is committed to saving water resources. The Group has set a target of reducing total water consumption intensity (m³/thousand RM revenue) by 2025 compared to 2022 (2022: 0.04 m³/thousand RM revenue). To achieve the target, the Group actively promotes the importance of water conservation to its employees. Apart from posting reminders next to water taps and on the notice board, the Group also regularly inspects water taps to prevent leakage. Project manager onsite will monitor and investigate the water usage of the project to prevent abnormal water usage.

During the Financial Year, the Group's total water consumption intensity increased compared to 2023, mainly due to the increased use of water based on the needs of construction projects. The Group will continue to monitor its water consumption and implement relevant measures, reduce its total water consumption intensity progressively and aim to achieve the target of reducing the total water consumption intensity by 2025.

The table below illustrates the Group's water consumption performance:

Indicators	Unit	2024	2023
Total water consumption	m ³	47,623.55	32,637.50
Total water consumption intensity	m ³ /thousand RM revenue	0.17	0.09

Due to the business nature and operating locations of the Group, the Group did not encounter any problem in sourcing water that is fit for purpose.

PACKAGING MATERIAL

Due to the Group's business nature, the use of packaging material is not considered as a material ESG issue of the Group.

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A3. The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment and natural resources, therefore, the Group recognises the responsibility of minimising the negative environmental impacts of its business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential environmental impact, therefore, it regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations.

NOISE CONTROL

As our business activities involve the operation of heavy machinery and equipment, we are fully aware of the noise pollution generated at the construction sites. We are committed to protecting the workers from excessive noise in their working environment, hence we strictly adhere to all the applicable local laws and regulations, including but not limited to, the Factories and Machinery Act 1967 of Malaysia, the Environmental Quality Act 1974 of Malaysia, the Environmental Quality (Motor Vehicle Noise) Regulation 1987 of Malaysia and the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution.

The Group has implemented different measures to reduce noise levels and ensure that workers and the surrounding neighbourhood will not be disturbed. Noise tests and controls are performed on a regular basis before the construction work commences and during the construction to ensure that the noise generated is within acceptable parameters as outlined in local laws and regulations. Our project manager performs close scrutiny and onsite inspection to detect and prevent potential violations of laws and regulations.

A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has established Risk Management Policy in identifying and mitigating climate-related risks. The Group assessed the identified risks, employed qualitative and quantitative methods to determine their potential impact and likelihood of materialisation in a specific timeframe. The Group prioritised risks based on their impact or relevance to the Group's strategic objectives, and shall adjust and update the business contingency plan accordingly to improve the business stability.

Through the above method, we identified the material impacts on the Group's business arising from the following risks and opportunities:

Physical Risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt operations by damaging the power grid and communication infrastructure, hampering and injuring our employees, leading to reduced capacity and a decrease in productivity, or exposing the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions. When extreme weather events occur or will possibly happen, the senior management will timely communicate with the employees about the work arrangements to ensure staff safety and operational continuity.

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Transition Risks

The Group anticipates that there will be more stringent climate legislation and regulations to support the global vision of carbon neutrality. As a listed company, we have recognised the increasing requirements for climate-related disclosures mandated by the Stock Exchange. Stricter environmental laws and regulations may expose the Group to higher risks of claims and lawsuits. The Group's reputation may also decline due to its failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs may thus increase. In response to the policy and legal risks as well as the reputational risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate change and is prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed responses. In addition, we have set targets to gradually reduce the Group's total energy consumption and GHG emissions intensity.

B. SOCIAL

B1. Employment

Employees are the most important asset to the Group. It is the Group's objective to nurture an inclusive and harmonious working environment. By upholding values of trust, respect and compassion, the Group believes that it will boost employees' sense of belonging and retain top talents.

The Group has established the Employment Policy and the Employee Handbook to govern the entire process of human resources management, which covers recruitment and selection, working hours, rest periods, attendance, performance appraisal and promotion, termination, workplace discipline and other employee benefits and welfare. The Employment Policy is reviewed regularly and updated if required to ensure the applicability of its terms and conditions and compliance with the latest labour laws and regulations.

During the Financial Year, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to, the Employment (Amendment) Act 2022 of Malaysia, the Industrial Relations (Amendment) Act 2020 of Malaysia, the Employment Provident Fund Act 1991, the Employers' Social Security Act 1969 of Malaysia, the Minimum Wage Order 2012 of Malaysia, the Minimum Retirement Age Act 2012 of Malaysia, the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China that would have a significant impact on the Group.

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EMPLOYMENT PRACTICES

Competitive Remuneration Package

Our employees are offered a competitive remuneration package in order to attract and retain talents. The remuneration package is formulated based on the Group's core principles, namely ability, competitiveness and fairness. Employee remuneration is determined on the basis of market levels, profitability of the Group, regulatory requirements, and individual performances assessed through the performance appraisal mechanism. The remuneration package also includes the entitlement of other benefits subject to their position and length of service with the Group. These benefits range from the employer's contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance System in accordance with the Malaysian statutory provisions, employee retirement schemes arranged by government authorities pertained to the PRC's statutory provisions as well as other voluntary provisions including health screening package, medical benefit, annual leave, medical and hospitalisation leave, compassionate leave, maternity leave and marriage leave. In Hong Kong, the Group operates the Mandatory Provident Fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for employees employed under the jurisdiction of the Employment Ordinance of Hong Kong.

Recruitment, Promotion, and Dismissal

The Group adheres to the principles of openness and fairness to adopt a robust recruitment process based on merit selection against the job criteria applied. According to the Code of Conduct, all decision-making processes ranging from recruitment to performance evaluation should be conducted solely based on meritocracies such as individual performances, skills, qualifications and experience. Employees should conform to the Code of Conduct and treat other colleagues with respect and dignity.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' capabilities. Performance reviews are conducted annually, and the results of performance reviews are used for employees' salary reviews and promotion considerations.

The Group does not tolerate the dismissal of employees on any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds. Exit interviews will also be conducted with leaving employees to help us better understand the needs of our employees and to improve the overall working environment.

Work-life Balance and Employee Satisfaction

The Group acknowledges the importance of maintaining a proper work-life balance for its employees, as this not only ensures both their physical and mental health but also further improves overall work productivity. To bolster the social bonding within and between colleagues and the management, the Group organises employee gatherings and social activities such as luncheons, annual dinners and festive gatherings during Hari Raya Aidilfitri, Chinese New Year and Deepavali.

Employee satisfaction is the key to improving productivity and quality, therefore the Group makes continuous efforts to create a good working environment and boost employee morale. The Group strives to create an open environment in which employees can speak up with ideas and issues. Employee satisfaction surveys are conducted regularly to collect feedback from the employees and understand their concerns for the Group. The survey results will be consolidated and reviewed for a future action plan by the management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Working Hours and Rest Periods

The Employment Policy stipulates that the standard working hour for full-time employees is eight hours per working day. Rest periods are arranged in accordance with relevant employment laws of Malaysia, Hong Kong and the PRC.

DIVERSITY, EQUAL OPPORTUNITIES, AND ANTI-DISCRIMINATION

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group advocates the principles of equal employment opportunities and diversity without any forms of discrimination. Discrimination, including unjust or prejudicial treatment of anyone due to certain personal characteristics, such as race, gender, ethnicity, religion, age and marital status, is strictly forbidden.

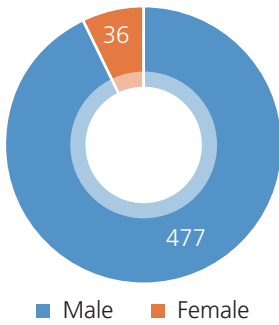
The Group values racial diversity in the workplace and respects all employees regardless of their race and ethnicity. In respect of each other's religious beliefs, the Group upholds employment policies that support diversity. For example, Muslim male employees are granted extended lunch breaks to fulfil their religious obligation of performing Friday prayers. The Group strives to understand both the social and cultural complexities inherent in embracing differences to promote an equal and fair workplace.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

As at 30 June 2024, the Group had a total of 513 (As at 30 June 2023: 510) employees which are all full-time employees. The distribution of employees according to gender, age group and geographical region is as follows:

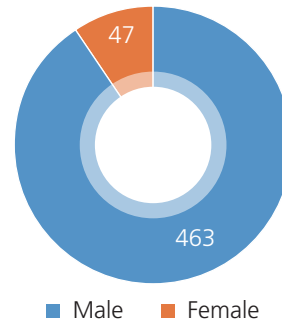
2024

Employee by Gender

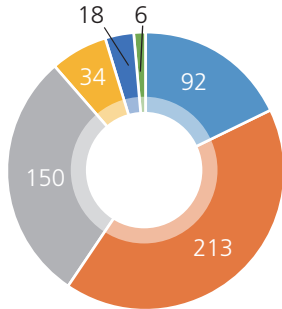


2023

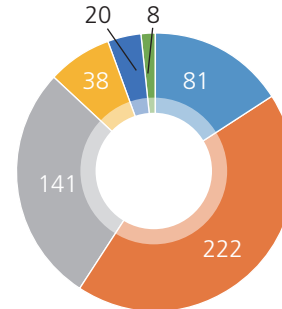
Employee by Gender



Employee by Age Group



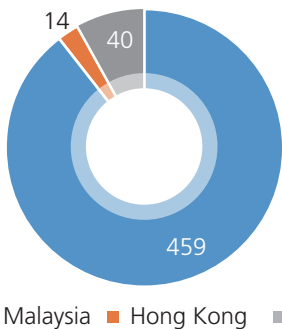
Employee by Age Group



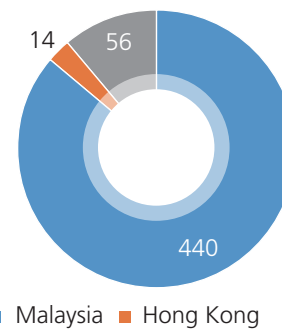
■ 18–25 years old ■ 26–35 years old ■ 36–45 years old
 ■ 46–55 years old ■ 56–65 years old ■ Over 65 years old

■ 18–25 years old ■ 26–35 years old ■ 36–45 years old
 ■ 46–55 years old ■ 56–65 years old ■ Over 65 years old

Employee by Geographical Region



Employee by Geographical Region



■ Malaysia ■ Hong Kong ■ PRC

■ Malaysia ■ Hong Kong ■ PRC

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

During the Financial Year, the Group's overall employee turnover rate¹ was approximately 20.08% (2023: approximately 12.35%). The table below shows the employee turnover rate² by gender, age group and geographical region:

Categories	2024	2023
By Gender		
Male	18.45	11.88
Female	41.67	17.02
By Age Group		
18–25 years old	18.48	6.17
26–35 years old	19.25	14.86
36–45 years old	20.00	12.06
46–55 years old	20.59	7.89
56–65 years old	33.33	10.00
Over 65 years old	33.33	37.50
By Geographical Region		
Malaysia	18.95	11.59
Hong Kong	–	–
PRC	40.00	21.43

Note(s):

1. The employee turnover rate = Total number of employees who resigned during the financial year ÷ Total number of employees at the end of the financial year × 100%.
2. The employee turnover rate (by category) = Number of employees who resigned during the financial year (by category) ÷ Number of employees at the end of the financial year (by category) × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

B2. Health and Safety

Occupational health and safety of our employees are of the utmost priority for our business operations. We believe that a safe and healthy workforce is the core to drive future success. To this end, the Group has implemented the Occupational Health & Safety Policy to ensure a safe working environment. All of the Group's workplace and occupational health and safety policies are in compliance with relevant legislation in Malaysia, the PRC and Hong Kong. All projects conducted in Malaysia adhere to the "Guidelines on Occupational Safety and Health Management Systems" issued by the Department of Occupational Safety and Health under the Ministry of Human Resources of Malaysia. Besides, the occupational health and safety management system of Xinhongyao Construction is certified to the ISO45001:2018 standard.

There were no work-related fatalities that occurred in each of the past three years including the Financial Year and there were no records of lost days due to work injury during the Financial Year (2023: nil). The Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to, the Construction Industry Development Board Act 1994 of Malaysia, Factories and Machinery Act 1967 of Malaysia, the Occupational Safety and Health Act 1994 of Malaysia, the Occupational Safety and Health Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Fire Control Law of the People's Republic of China that would have a significant impact on the Group.

WORKPLACE AND OCCUPATIONAL HEALTH AND SAFETY

For each of our engaged projects, the project manager is directly responsible for the individuals assigned to each site in order to oversee the project operations and make prompt responses. The management will be reported on a timely basis in the event of any notifications or alarms of unsettled hazards in the workplace. The Group has established an emergency response team which comprises an on-scene commander, wardens, first aid team, fire rescue team and oil spill team, with ongoing supervision and monitoring by the project manager. The team is formed specifically to handle any project-based emergencies, crisis management and disaster recovery protocols. The team is accountable for responding to emergencies, taking appropriate action in the initial minutes, and minimising threats to the employees and business operations.

All new recruits are required to attend the Operational Health and Safety Induction conducted by the project manager or the safety and health officer within the first week of reporting. Upon completion of the induction programme, employees shall undergo on-the-job training based on their responsibilities to learn the proper way of operating relevant machinery and tools before offering services to the Group's clients. Other workplace safety activities such as regular safety training and fire drills are conducted in order to maintain and refresh employees' awareness and knowledge of safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Provision of Safe Environment for Employees

Onsite employees are provided with and required to wear necessary personal protective equipment (“PPE”), depending on their work nature. To raise the safety awareness of the Group’s employees, the requirements for the use of PPE are highlighted in the Employee Handbook and in every site briefing. Warnings and/or safety notices are displayed on facilities and machinery to make employees aware of the hazards involved. In addition, the Group has implemented a set of workplace safety measures to protect its employees. A formalised incident management mechanism has been established and relevant information is communicated to all the employees. This increases the employees’ awareness and familiarity with the handling process and reduces the risk of unorganised controls in the event of an incident. The Group will keep recognising the importance of occupational health and safety and striving to maintain zero-injury workplaces.

Furthermore, periodic risk assessments are performed to identify and mitigate any potential risks arising from the workplace and to cultivate a safe, healthy and conducive working environment for the Group’s employees. As part of the occupational health and safety management system, the Group’s onsite project management team is responsible for conducting workplace inspections on a daily basis to identify and record hazards. All the observations and corrective action plans are documented in the Unsafe Condition and Unsafe Act Register. The Group will review the related measures regularly to ensure their effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

B3. Development and Training

Training and continuous development are indispensable for the Group's employees to keep abreast of the ever-changing trend of the industry and to satisfy its customers' evolving needs. The Group holds a firm belief that the provision of training opportunities and continuous career development to its employees could strengthen their professional capabilities and growth and retain high-calibre talent, providing a solid foundation for the Group's continued success. At the same time, the Group also supports the career development of its employees by maintaining the sustainable growth of the business and the Group's competitive edge in the industry.

EMPLOYEE DEVELOPMENT AND TRAINING

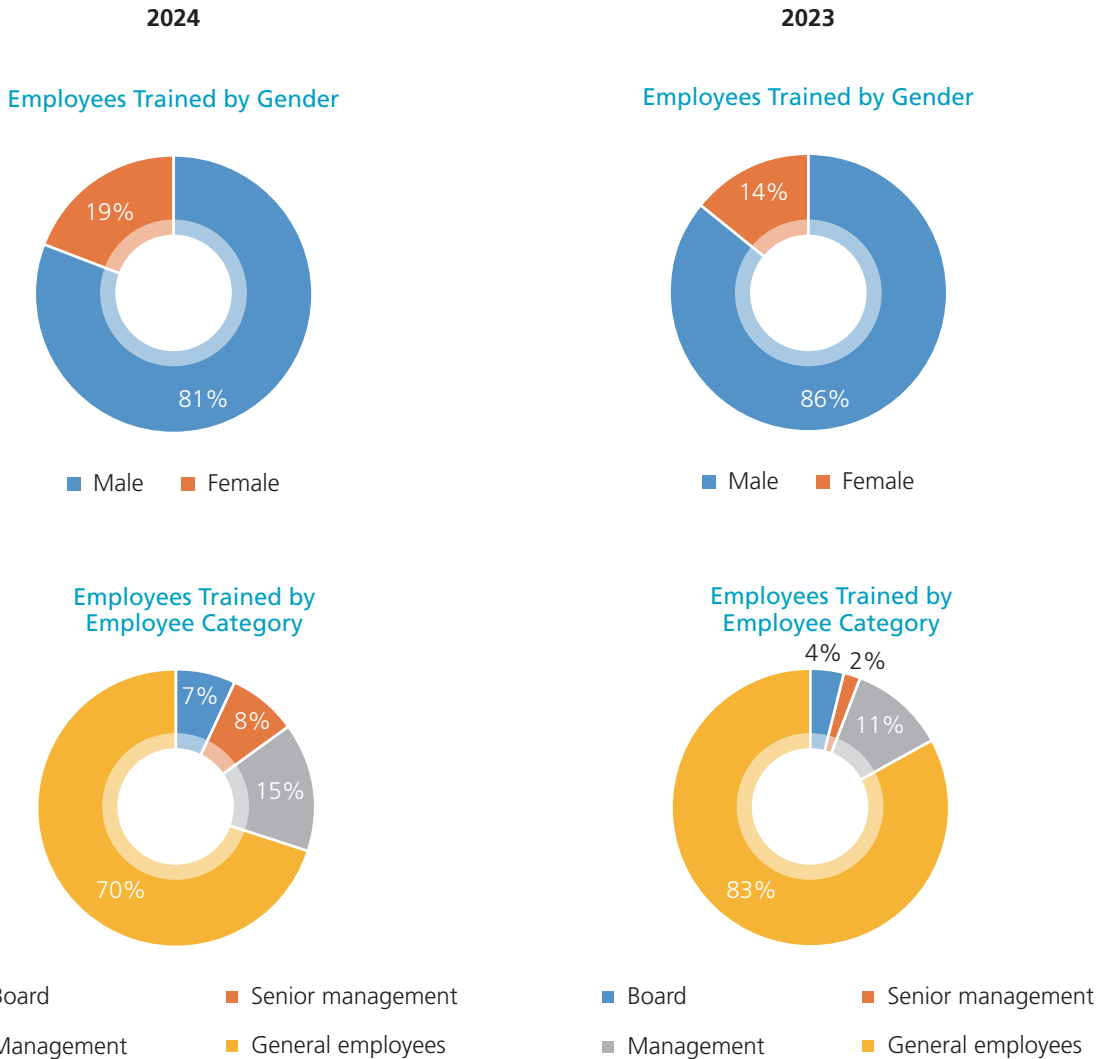
To nurture a professional workplace alongside fulfilling our employees' personal development, the Group provides enormous support for its employees in their pursuit of continuous professional training. New recruits are required to attend induction programme, safety training and on-the-job training to encourage their flexibility and adaptability at the workplace.

During the Financial Year, the Group's employees participated in a wide array of training courses ranging from general to technical aspects. The coverage of topics includes company introduction, content of the Code of Conduct and the Employee Handbook, hazardous chemical handling, working at height, traffic control, evacuation awareness as well as other safety-related subjects. A training matrix is maintained by the Group for gap analysis purposes to ensure that the required competencies of employees are satisfied, and acts as a tool for managing the development of its talents. Training contents are regularly updated to be in line with industrial standards.

The Group's resources allocation in the employee development initiatives elevates all employees as a whole to support their personal growth and professional advancement. To equip the employees with desirable skills and competencies, the Group had arranged training sessions that were conducted by external professional bodies covering topics in corporate governance, regulatory awareness, tax planning and strategies. Under our performance appraisal mechanism, supervisors are obliged to provide timely constructive feedback to the employees on their accomplishments and areas of improvement at work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

During the Financial Year, approximately 22.61% (2023: approximately 39.02%)¹ of the Group's employees have received training, and the average training hours completed per employee was approximately 2.70 hours (2023: approximately 5.73 hours)². The percentage breakdown of employees trained by gender and employee category³ is as follows:



Note(s):

- Percentage of employees trained = Total number of employees trained during the financial year ÷ Total number of employees at the end of the financial year × 100%.
- Average training hours completed per employee = Total training hours during the financial year ÷ Total number of employees at the end of the financial year.
- The breakdown of employees trained (by category) = Number of employees trained during the financial year (by category) ÷ Total number of employees trained during the financial year × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

The percentage of employee trained and average training hours per employee by gender and employee category are as follow:

Categories	Percentage of employees trained (%) ¹		Average training hours per employee (hours) ²	
	2024	2023	2024	2023
By Gender				
Male	19.71	36.93	1.99	5.02
Female	61.11	59.57	12.06	12.74
By Employee Category				
Board	100.00	100.00	3.75	1.00
Senior management	81.82	16.67	13.55	9.27
Management	72.00	4.56	15.00	16.47
General employees	17.27	35.79	1.77	5.03

Note(s):

1. Percentage of employees trained (by category) = Number of employees trained during the financial year (by category) ÷ Number of employees at the end of the financial year (by category) × 100%.
2. Average training hours per employee (by category) = Training hours during the financial year (by category) ÷ Number of employees at the end of the financial year (by category).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

B4. Labour Standards

ANTI-CHILD AND FORCED LABOUR

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group's human resources department is responsible for monitoring and ensuring compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of child labour and underage workers, personal data are collected during the recruitment process to assist the selection of suitable candidates and to verify candidates' identities. Minimum hiring age are clearly stipulated in the Employee Handbook. All of our employees must have reached the statutory age and possess identification documents before the commencement of work. The human resources department also ensures identity documents are carefully screened and checked. Supervisors are also encouraged to monitor and report to the project manager or head of department if any suspected non-compliance instances occur. In circumstances where any individual below the legal working age is hired, corrective actions will be taken immediately to rectify the situation, by terminating the employee and reporting to the relevant governmental authorities. For forced labour, the rights and responsibilities of employees, including the standard working hours, are stipulated clearly in the Employee Handbook for the acknowledgement of employees. In circumstances where any cases of forced labour are found, corrective action including punishing the staff who is responsible for the cause of the case will be taken immediately.

During the Financial Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to, the Children and Young Persons (Employment) Act 1966 of Malaysia, the Employment Ordinance of Hong Kong, the Employment of Young Persons (Industry) Regulations of Hong Kong and the Labour Law of the People's Republic of China that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

B5. Supply Chain Management

The Group recognises the importance of sound supply chain management practices in mitigating environmental and social risks, and therefore has formulated policies and guidelines to manage its supplier engagement and procurement process.

We prioritise the quality of suppliers and subcontractors to sustain top notch standards of our service offerings, and we strive to collaborate and maintain stable partnership with suppliers and subcontractors who possess qualifications or expertise in their respective fields.

The number of suppliers breakdown by geographical region are as follows:

Total suppliers by geographical region	Unit	2024	2023
Malaysia	Number	160	209
PRC	Number	72	32
Others	Number	–	–
Total number of suppliers	Number	232	241

SUSTAINABLE PROCUREMENT

In view of green supply chain management, the Group strives to engage suppliers and subcontractors who incorporate the consideration of environmental and social risks into their supply chain management. We value the sustainable commitment of suppliers as a crucial component in our consideration and highly value suppliers that have outstanding performances compared with their peers and enforce controls to minimise adverse implications of operations on society and environment.

The Group operates on the principle of transparency and therefore has established a formal tendering and procurement mechanism to select major suppliers or subcontractors. The management will scrutinise the entire supplier or subcontractor selection process to ensure openness and fairness in the tendering and procurement process. To ensure suppliers and subcontractors have met our requirements and standards, especially in the areas regarding managing environmental risks and providing environmentally preferable products, the Group has implemented stringent procedures and standards in selecting and reviewing suppliers and subcontractors. Factors such as production capacity, quality, performance, risk and environmental impacts are all taken into consideration when selecting new suppliers or in annual supplier review, suppliers who fail to meet our requirements will be delisted. During the Financial Year, all suppliers have been reviewed through the said practices (2023: all suppliers have been reviewed).

The Group strives to not rely solely on specific suppliers and maintains more than one supplier for each product or service it provides to ensure supply chain stability. In any procurement process, quotes must be compared, and at least two quotes must be obtained from different suppliers. The Group will continue to monitor and inspect the performance of its supply chain on a regular basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Managing Environmental Risks and Promoting Environmentally Preferable Products in Supply Chain

The Group also pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conference. Besides, we perform close monitoring of the suppliers' or subcontractors' business practices through onsite inspections. Any observations of non-compliance during the sites visit will be reported immediately to the management. Corrective action plan will be carried out to remediate the identified risks in a timely manner.

The Group will review its supplier management policy regularly to ensure its effectiveness.

B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of utmost importance for the sustainable growth of the Group. The Group believes completing work that meets or exceeds our clients' requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the process of each project to ensure that it delivers high-quality services and sustainable projects.

During the Financial Year, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress, including but not limited to, the Personal Data Protection Act 2010 of Malaysia, the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the People's Republic of China on Protection of Consumer Rights, the Advertising Law of the People's Republic of China, and the Patent Law of the People's Republic of China that would have a significant impact on the Group. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

SERVICE QUALITY ASSURANCE

The Group is committed to providing services with high standards of quality and reliability. We have attained the ISO9001:2015 Quality Management System (“QMS”) certification, which provides guidelines to our employees to meet the following objectives:

- To provide consistent, reliable and effective services to satisfy the demands and expectations of our clients;
- To comply with all relevant standards, statutory and regulatory requirements;
- To provide appropriate training for employees to enhance skills and knowledge to match with quality requirements of works and services; and
- To monitor and improve the effectiveness of QMS by conducting periodic internal reviews, inspections, feedback collection and enhancement.

In addition, the management constantly invests heavily in aspects such as human resources, health and safety, professional training, infrastructure and equipment to ensure the continuous delivery of high-quality services.

Recall procedure was not applicable due to the Group’s business nature.

PRIVACY PROTECTION

The Group recognises the protection of confidential information is the key to its success, therefore protecting confidential data and clients’ privacy always remains a priority of the Group. As such, a data privacy policy and data protection controls have been implemented by the Group, for which the corresponding guidelines are established in compliance with the Personal Data Protection Act 2010 of Malaysia, the Personal Data (Privacy) Ordinance of Hong Kong and the Personal Information Protect Law of the People’s Republic of China.

As stated in the Code of Conduct, the Group strictly prohibits any disclosure and transfer of the Group’s internal data to other entities without prior consent from the management. Unauthorised access and misuse of information are also strictly prohibited. Any violations of the Code of Conduct are major misconduct that shall be subjected to disciplinary action including dismissal and judicial proceedings.

Regarding the Group’s information system controls, the Group applies sufficient system security to grant access rights to designated personnel according to their job duties and prevent any unauthorised access to its system resources, information and personal data. Any transfer of personal data to a third-party processor is only allowed if the third party agrees to comply with the terms and conditions stipulated under the data privacy policy with adequate security measures in place.

In addition, a proper review mechanism has been established to approve any amendment within the system to establish accountability, prevent risks of inappropriate access grants, and decrease uncertainties of potential misuse of data. The policy is reviewed regularly to ensure its effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

CUSTOMER SERVICES

To understand our customers' needs and provide services that meet their expectations and standards, customer satisfaction surveys are distributed for our customers to provide feedback on our service provisions. We have also established the complaints handling mechanism to ensure that a thorough investigation is conducted in a timely manner and appropriate remedial actions are carried out when complaints were received. All complaint cases and details are documented to reduce the possibility of future recurrence.

During the Financial Year, the Group did not receive any cases of product or service-related complaints (2023: nil).

ADVERTISING AND LABELLING

In order to ensure that the promotion of the Group's product and services conforms to the actual situation, the Group strictly abides by the relevant laws and regulations on advertising marketing. The Group strictly prohibits the use of false and misleading descriptions in advertisements and is committed to ensuring that all advertising contents are clear, real and authentic.

INTELLECTUAL PROPERTY RIGHTS

Despite intellectual property rights not being considered as a material ESG issue due to the Group's business nature, the Group has established relevant policies to govern the information technology management within the Group. Also, the Information Technology Department is responsible for obtaining proper licenses for software, hardware and information the Group uses in its business operations. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. Furthermore, we closely monitor the infringement actions in the market to prevent any infringement behaviour, such as counterfeit trademarks. As at 30 June 2024, the Group has registered one trademark in Malaysia, one trademark in Hong Kong, and also has two registered domain names in Malaysia and Hong Kong. The Group regularly monitors to ensure that intellectual property rights are not being infringed upon.

B7. Anti-corruption

The Group strives to maintain a corporate culture of high ethical standards and strictly prohibits all forms of corruption, bribery, extortion, money-laundering and other fraudulent activities in relation to its business operations. The Group has formulated an Anti-corruption Policy to ensure that every employee complies with the rules of the Group in daily operations to prevent violation of the law and uphold professional ethics, integrity, and standards when dealing with the Group's finance, products, partnerships and public image.

During the Financial Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees (2023: nil). The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering, including but not limited to, the Anti-corruption Commission Act 2009 of Malaysia, the Prevention of Bribery Ordinance of Hong Kong, the Company Law of the People's Republic of China, the Law of the People's Republic of China on Bid Invitation and Bidding, the Criminal Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

ANTI-CORRUPTION AND ANTI-FRAUD

The Group upholds the principles of fairness and honesty in business dealings. Potential conflicts of interest that may increase the risk of bribery and bid-rigging will be constantly monitored. If there is any perceived potential or actual conflict of interest, employees are required to report to the management immediately.

The Group provides training related to anti-corruption to the Directors and employees to boost their awareness of the prevention of bribery at least once per year. During the Financial Year, the Group has provided anti-corruption training and related training materials to the Directors and employees. The content including the “Anti-Corruption Programme — A Guide for Listed Companies” published by the Independent Commission Against Corruption (“ICAC”) of Hong Kong Special Administrative Region, the Malaysia Anti-Corruption Commission Act and the Corporate Liability under Malaysian Anti-Corruption Commission (MACC) Act 2009, the Company Law of the People’s Republic of China, the Law of the People’s Republic of China on Bid Invitation and Bidding, the Criminal Law of the People’s Republic of China and the Anti-unfair Competition Law of the People’s Republic of China.

In addition, the Whistle-blowing Policy has been established to provide a confidential channel for employees to raise concerns about wrongdoings, fraudulent and unethical acts, and other malpractices at the earliest opportunity. The Group has assigned an independent investigation team to be responsible for dealing with reported issues and may escalate to relevant regulatory or enforcement authorities whenever necessary. Reports received will be handled in a fair and impartial way and the Group is committed to protecting the identities of whistleblowers and preventing retaliation against them. Relevant practices are reviewed regularly to ensure their effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

B8. Community Investment

The Group is committed to supporting the public through various means of social participation and contribution as part of its strategic development. The Group strives to nurture corporate culture and practice corporate citizenship in daily work life, and has implemented policies to understand the needs of society and ensure that its activities have taken the society's interests into consideration.

The Group focuses on supporting the socially and economically disadvantaged group in society. During the Financial Year, the Group has distributed a sum of RM120,821.00 in total to support different community events and the work of charities (2023: RM22,200.00). The details of the beneficiary are as follows:

Beneficiary	Focus areas
1. Kelab Bola Sepak Majlis Perbandaran Port Dickson	Sports
2. Persatuan Belia Berkemahiran Rasah	Community service
3. Pertubuhan Penganut Nan Yang Ann Poh Biao Port Dickson	Community service
4. Kelab Lions Lukut 88	Community activity
5. Persatuan Penganut San Zhong Cher	Community activity
6. Persatuan Penganut Buddha Jalan By Pass, Port Dickson	Community service
7. Kelab Kebajikan Sukan dan Sosial Cawangan Khas, IPD Port Dickson	Community activity
8. Persatuan Hainan Port Dickson	Community activity
9. Che Teck Khor Moral Uplifting Society	Community activity
10. Pertubuhan Pengurusan Tokong Tujuh Puteri Kampung Arab Port Dickson Negeri Sembilan	Community activity
11. The Group's Worker	Condolence

Moving forward, we aim to encourage our employees to participate in charitable activities to help the grassroots during their work and spare time as we believe participating in activities that repay society can increase our employees' civic awareness while establishing correct values.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Mandatory Disclosure

Requirements	Section/Declaration
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Governance Structure	INTRODUCTION — The ESG Governance Structure; Board Statement
Reporting Principles	REPORTING FRAMEWORK
Reporting Boundary	REPORTING SCOPE

Subject Areas, Aspects,

General Disclosures, and KPIs Description

Section/Declaration

Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — EMISSIONS CONTROL
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — EMISSIONS CONTROL
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — WASTE MANAGEMENT
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — EMISSIONS 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.	Emissions — WASTE MANAGEMENT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Subject Areas, Aspects,

General Disclosures, and KPIs Description

Section/Declaration

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
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).	Use of Resources — RESOURCES CONSUMPTION
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — RESOURCES CONSUMPTION
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — RESOURCES CONSUMPTION
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.	Use of Resources — RESOURCES CONSUMPTION
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable — Explained

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	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.	The Environment and Natural Resources — NOISE CONTROL

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Subject Areas, Aspects,

General Disclosures, and KPIs Description

Section/Declaration

Aspect A4: Climate Change

General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

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.

Climate Change

Aspect B1: Employment

General Disclosure Information on:
 (a) the policies; and
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Employment

KPI B1.1 Total workforce by gender, employment type, age group and geographical region.

Employment — DIVERSITY, EQUAL OPPORTUNITIES, AND ANTI-DISCRIMINATION

KPI B1.2 Employee turnover rate by gender, age group and geographical region.

Employment — DIVERSITY, EQUAL OPPORTUNITIES, AND ANTI-DISCRIMINATION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Subject Areas, Aspects,	General Disclosures, and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1		Number and rate of work-related fatalities.	Health and Safety
KPI B2.2		Lost days due to work injury.	Health and Safety
KPI B2.3		Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — WORKPLACE AND OCCUPATIONAL HEALTH AND SAFETY
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1		The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — EMPLOYEE DEVELOPMENT AND TRAINING
KPI B3.2		The average training hours completed per employee by gender and employee category.	Development and Training — EMPLOYEE DEVELOPMENT AND TRAINING
Aspect B4: Labour Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1		Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — ANTI-CHILD AND FORCED LABOUR
KPI B4.2		Description of steps taken to eliminate such practices when discovered.	Labour Standards — ANTI-CHILD AND FORCED LABOUR

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Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
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.	Supply Chain Management — SUSTAINABLE PROCUREMENT
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — SUSTAINABLE PROCUREMENT
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — SUSTAINABLE PROCUREMENT

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — Explained
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — CUSTOMER SERVICES
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — INTELLECTUAL PROPERTY RIGHTS
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — SERVICE QUALITY ASSURANCE
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — PRIVACY PROTECTION

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Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption — ANTI-CORRUPTION AND ANTI-FRAUD
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — ANTI-CORRUPTION AND ANTI-FRAUD
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	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