



# 上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Stock Code : 363)



## 2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This environmental, social and governance report (the “**Report**”) focuses on the disclosure of the performance of Shanghai Industrial Holdings Limited (“**SIHL**” or “**we**” or “**our**”) and its subsidiaries (the “**Group**”) on environmental, social and governance aspects for the year commencing 1 January 2024 to 31 December 2024 (“the **Year**” or the “**Reporting Year**”).

The Group’s environmental, social and governance performance as stated in this Report covers its principal businesses, including infrastructure facilities (water-related businesses), real estate and consumer products (tobacco business and printing business), which are conducted in mainland China and Hong Kong.

This Report, which is prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions contained in the Environmental, Social and Governance Reporting Guide set out in the latest Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEx**”) (the “**Listing Rules**”). This Report shall be read in conjunction with the Corporate Governance Report set out in the 2024 Annual Report of the Company for a comprehensive understanding of SIHL’s environmental, social and governance performance.

## The Environmental, Social and Governance Management Philosophy of SIHL

The Group well acknowledges that, as a responsible enterprise for sustainable development and social development, SIHL has always maintained a balance between business development and social responsibility by integrating the concept of sustainable development into its day-to-day business operations and major commercial decisions. As a listed company in Hong Kong, we not only assume responsibility for the social and economic development of the community, but also strives to facilitate the community’s green development and prosperity. The Board of Directors of the Company (the “**Board**”) has always attached great importance to sustainable development and is committed to creating long-term values and a sustainable future for the society by taking into account and balancing the interests of major stakeholders.

## Board Statement

The Board is committed to monitoring and formulating the Group’s sustainable development management policies and strategies, managing the Group’s environmental, social and governance performance, and ensuring that sustainability principles and values are effectively integrated into the Group’s decision-making process. The Board delegates a social environmental and corporate governance steering committee (the “**ESG Steering Committee**”) to direct and promote environmental, social, and governance strategies to each operating unit for effective implementation. In order to ensure the effective implementation of the management system and measures, the Board and the management pay regular attention to environmental, social and governance-related matters and formulate appropriate management approaches and risk management mechanisms. The Board annually reviews and approves internal policies, reviews and approves the environmental, social and governance reports, including progress towards related targets, to ensure that the business can manage corresponding risks and opportunities. During the Reporting Year, the Board kept abreast of the new Listing Rules, including the new reporting requirements of the HKEx related to climate risks, in order to continuously improve the climate risk management of the Group.

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### Governance Structure for Environmental, Social and Governance Issues

The Board leads the development of strategies for the Group's environmental, social and governance issues as well as managing their performance and reporting. The ESG Steering Committee comprising the Group's senior management directs the environmental, social and governance issues, and is responsible for formulating strategies and policies for sustainable development and effectively identifying and managing risk management matters that are related to sustainable development in a timely manner. In addition, a social, environmental and corporate governance planning and information disclosure working team (the "ESG Working Team") comprising the heads of various business units facilitates and monitors and reports the progress of sustainable development issues regularly to the management of the Group. We believe our governance structure has incorporated the expertise and experience of our business units, enabling them to facilitate the development of the Group's sustainable development.

### Stakeholder Engagement and Materiality Assessment

SIHL has always emphasized on the importance of regular communication with various stakeholders, including employees, customers, shareholders, business partners, suppliers, media and the community, and has all the way been listening to the needs and expectations of different stakeholders with an open mind, formulating counter measures in response to the concerns of stakeholders and strengthening information disclosure. A number of communication channels, such as meetings, interviews and surveys, have been established to gather stakeholders' ideas, opinions and suggestions on how we can create long-term value for the society and attain sustainable future development.

Our communication channels with respective stakeholders are as follows:

Major Stakeholders	Our Communication Channels
Employees	<ul style="list-style-type: none"> <li>regular meetings and gatherings</li> <li>training, seminars and workshops</li> <li>performance and development discussions</li> <li>volunteer activities</li> </ul>
Customers	<ul style="list-style-type: none"> <li>daily operations and interaction</li> <li>customers' satisfaction surveys</li> <li>company website</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>annual general meetings and other meetings</li> <li>corporate communications, including circulars, notices, results announcements, annual reports and interim reports</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>meetings and seminars</li> <li>on-site inspections</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>assessment and performance reviews</li> <li>on-site inspections and meetings</li> </ul>
Media	<ul style="list-style-type: none"> <li>management interviews and meetings</li> <li>results reports</li> </ul>
Community	<ul style="list-style-type: none"> <li>volunteer activities</li> <li>sponsorship and donation</li> <li>community outreach</li> </ul>

To meet the principles of consistency, materiality and balance for this Report, we have solicited the opinions of our stakeholders to further understand their expectations and recommendations in respect of the Group's performance on environmental, social and governance areas, and have identified the latest important environmental, social and governance issues. After reviewing the opinions of the stakeholders of our various businesses and the results of materiality assessment, we noted that the stakeholders have expressed greater concerns in the areas of the Group's performance in pollutant emission management, staff development and training, occupational safety and health as well as green construction, the relevant content of which has been disclosed in the corresponding sections in this Report in details.

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The members of the ESG Steering committee and the ESG Working Team discussed the feedback obtained internally, which are then formed as the basis of our key environmental, social and governance agenda for incorporation into this Report. Therefore, this Report has focused on the concerns and expectations of our stakeholders, highlighted issues that are representative of them, and reported on important matters that are in line with the development strategies of the Company.

### ENVIRONMENT PROTECTION

The Group gives high priority to environmental protection, and continuously explores opportunities and applies advanced technologies to minimise consumption of energy and resources, reduce wastes and contribute to the green development of the society. The Group strictly complies with the laws and regulations in which it operates related to air and greenhouse gas emissions, discharges into water and soil, and hazardous and non-hazardous wastes which have a significant impact on the Group, namely the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Soil Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law on Prevention and Control of Environmental Noise Pollution of the People's Republic of China, Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance. During the Reporting Year, the Group did not violate the above-mentioned laws and regulations that had a significant impact on the Group.

The Group will also actively align with Hong Kong in achieving “carbon neutrality” and targeting “carbon emissions and achieving carbon neutrality” in mainland China, and seize the market opportunities brought by China's promotion of energy conservation and emission reduction. We will continue to expand our business development, and continuously improve environmental protection technology, strengthen technology research and development and improve project efficiency, with a view to promote business development while reducing environmental impact.

### Air Emissions and Greenhouse Gas Emissions

We highly regard green development as an integral part of our operation concept, and the real estate business of the Group adopts the green construction management concept of environmental protection and energy saving as our primary goal. Green construction involves not only construction of temporary drainage systems, temporary roads, and temporary construction facilities on site, but also construction of building structures and the production, processing and installation of building structural raw materials, components and parts. It covers different stages including construction planning, material procurement, on-site construction, and project inspection and completion. We hope to reduce waste and air pollutants and greenhouse gas emissions by improving operational efficiency.





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Air pollution caused by the real estate business mainly originates from the foundation construction, structural construction and decoration construction stages. It is requested that all construction units participating in the construction projects to formulate various management systems and related guarantee measures for environmental protection and energy conservation. By identifying the sources of pollution, such as emissions from vehicle transportation, emissions from civil engineering machinery operations, dust from roads connecting the construction sites and dust from earthworks, the Group has actively formulated corresponding prevention and control measures. We have installed sprinklers to control dust emission from civil engineering operations and used water mist cannons and water sprayers to clean the roads regularly during the construction stage to control dust pollution from construction areas and access roads. We store cement, fugitive and fine particulate bulk materials in storage or tightly cover them to avoid spillage during transportation. All access roads and stackyard in construction sites are paved with concrete to control dust pollution. All transport vehicles are requested to install movable baffle at unloading chute to prevent spillage of dust as well as clear the concrete after unloading. Meanwhile, we have set up a vehicle washing machine at the entrance and exit where vehicles can leave the site only after being washed, preventing environmental pollution.

In respect of reducing air pollution and greenhouse gas emission, the Group has adopted cleaner ultralow sulphur diesel fuel for the three boilers used for tobacco business, which has reduced emission of smoke, respirable suspended particles, sulphur dioxide and other air pollutants. In addition, the air emissions generated by processing equipment and workshops pass through dust collectors first, enabling them to remove dust before removing odour through eight sprinkler deodorising machines. The deodorising machines are subject to our regular cleaning and potion refill to ensure their effective operation. Closed-circuit televisions are installed in exhaust chimneys to monitor the systems round-the-clock to ensure that the machines are running normally and no black smoke is generated due to poor combustion. Furthermore, piped gas has been used as fuel at incinerator of the tobacco business to clear the odour and dust generated during production process under high temperature so as to reduce environmental pollution. The Group's printing business also converts old burners to new low nitrogen oxides burners on its production equipment to reduce nitrogen oxides emissions, with a view to reducing nitrogen oxides to below 50 milligrams per cubic meter of air.

The major emissions from the operation of the Group's water-related business are sulphur oxides, nitrogen oxides, dioxins, carbon monoxide and flue gas from the solid waste incineration business, as well as hydrogen sulphide, ammonia and other odours from the sewage and sludge treatment business. In respect of the various types of emissions from solid waste incineration, the Group strictly complies with the relevant national emission standards and adopts treatment processes and techniques such as semi-dry desulphurisation, activated carbon adsorption, bag filtering and selective non-catalytic reduction for nitrogen removal, etc. for the removal of heavy metals and organic substances and to ensure that the emissions meet the standards. For emissions and odours from the sewage and sludge treatment operations, we use negative pressure collection and closed covers for specific treatment facilities to prevent the release of odorous gases, while using various biological, chemical and physical methods to treat the odours, including biological filtration, plasma deodorisation and activated carbon adsorption technologies. In addition, we have grown air-purifying plants around the plant area to further reduce the impact of odour on the surrounding environment and community.

In addition, the Group is proactively transforming into a low-carbon economy by switching to cleaner energy sources in order to reduce greenhouse gas emissions as a vital part for the Group to carry out sustainable development. In order to fulfill our commitment, we aim to gradually reduce air pollution and greenhouse gas emissions every year by using diesel fuel with lower sulphur content, purchasing models with less environmental impact when replacing production facilities and conducting regular training on environmental protection for employees. Taking the printing business of the Group as an example, in order to realize low-carbon production, it was planned to gradually replace its natural gas and thermal conductive oil heating units with electric heating units and to use clean energy across the board.

Meanwhile, we will continue to monitor Scope 1 and Scope 2 greenhouse gas emissions to further set quantitative targets in order to achieve "carbon neutrality" in Hong Kong and China's goals of "capping carbon emissions and achieving carbon neutrality", while identifying opportunities to reduce emissions in our businesses and contribute to the mitigation of climate change. Various businesses of the Group have gradually set short-term quantitative targets to provide clear directions for each division to reduce emissions step by step. In particular, with 2021 as the baseline year, the Dongguan division of the printing business aims to reduce carbon dioxide emissions by 15% within five years. As at the end of 2024, the reduction rate of the Dongguan division's carbon emission has exceeded its target.

The Group has also initiated its evaluation of Scope 3 greenhouse gas emissions during the Reporting Year. This evaluation will calculate and disclose greenhouse gas emissions in three categories of Scope 3 based on fuel and energy usage data, business travel data and employment data. Such categories cover the greenhouse gas emissions from "fuel- and energy-related activities", "business travel" and "employee commuting". The Group will continue to improve the management of Scope 3 carbon emission data to enhance the completeness and availability of the data and hence continuously improve the quality of Scope 3 disclosure.

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The exhaust gas emission and greenhouse gas emission data from the businesses of the Group under the scope of reporting in 2023 and 2024 are as follows:

Environmental KPIs	Unit	2024	2023
Nitrogen oxides emissions	tonne	393.78	394.60
Sulphur oxides emissions	tonne	28.49	20.09
Particulate matter emissions	tonne	0.94	0.96
Total greenhouse gas emissions (Scopes 1 & 2) <sup>1</sup>	tonne CO <sub>2</sub> e	990,977.18	1,037,031.10 <sup>2</sup>
Total greenhouse gas emission intensity (Scopes 1 & 2)	tonne CO <sub>2</sub> e/ HK\$'000 of revenue	0.03	0.03
Scope 1 – Greenhouse gas emissions and removal <sup>3</sup>	tonne CO <sub>2</sub> e	389,874.72	428,238.27 <sup>2</sup>
Scope 2 – Indirect energy greenhouse gas emissions <sup>4</sup>	tonne CO <sub>2</sub> e	601,102.46	608,792.82 <sup>2</sup>
Scope 3 – Fuel- and energy-related activities <sup>5</sup>	tonne CO <sub>2</sub> e	171,282,710.97	N/A
Scope 3 – Business travel <sup>6</sup>	tonne CO <sub>2</sub> e	715.54	N/A
Scope 3 – Employee commuting <sup>7</sup>	tonne CO <sub>2</sub> e	3,513.65	N/A

### Climate Change

Climate change has become a global challenge, which has brought about risk exposure including extreme weather to the Group, such as strong typhoons, floodings, snowstorms and other physical risks. The changes in policies, laws, technologies and markets due to the transformation to a low-carbon economy also pose transitional risks to the Group.

During the Reporting Year, we enhanced our climate risk management efforts to improve our resilience to climate change. Based on our business operations and with reference to industry research, we identified a list of climate-related risks. For each of the climate risks, the Group qualitatively assessed the potential financial impacts and developed response strategies for each business segment. In which, the water-related businesses and the real estate business of the Group have already initiated to identify and assess climate risks, and have formulated corresponding risk management measures. In the future, we will take a more active role in responding to climate change-related initiatives, and speed up low-carbon transition in response to the national policies and measures proposed.

During the evaluation process, we categorized the impact periods based on the business characteristics and development plans of the Group according to the following timeframes:

- Short-term: 1-2 years
- Medium-term: 3-5 years
- Long-term: Until 2060

1 The greenhouse gases emitted by the Group include carbon dioxide, methane and nitrous oxide, and greenhouse gas emissions are presented in carbon dioxide equivalent.

2 In line with the principle of authenticity, as our major business segments have restated the data for 2023, the data at the group level has also been restated accordingly.

3 Scope 1 – greenhouse gas emissions and removal refer to greenhouse gas emissions from vehicle fuel combustion, fuel combustion with fixed sources, and refrigerant consumption in air conditioning systems, and reductions related to tree planting. This data is calculated in accordance with “Appendix II: Reporting Guidance on Environmental KPIs” issued by HKEx.

4 Scope 2 – Energy indirect greenhouse gas emissions refer to greenhouse gas emissions from the purchased electricity. This data is calculated in accordance with “Appendix II: Reporting Guidance on Environmental KPIs” issued by HKEx.

5 Scope 3 – Fuel- and energy-related activities emissions refer to emissions related to the extraction, production and transportation of fuels and energy (not included in Scope 1 or Scope 2) purchased and consumed by the Group. This data is calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol based on the fuels and energy consumed as well as third-party emission factors. As data collected commenced in 2024, no comparative data for 2023 is available.

6 Scope 3 – Business travel emissions refer to emissions related to the transportation of the Group’s employees for business-related activities (use of vehicles not owned or operated by the Group) during the Reporting Year. This data is calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. The emissions in such category are calculated using the spend-based method, which calculates carbon emissions based on the amount of money spent on each mode of business travel transport and applies third-party emission factors. As data collected commenced in 2024, no comparative data for 2023 is available.

7 Scope 3 – Employee commuting emissions refer to the emissions from the transportation of the Group’s employees between their homes and their worksites (use of vehicles not owned or operated by the Group). This data is calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the Greenhouse Gas Protocol. The emissions in such category are calculated using the average-data method, which is based on the number of the Group’s employees, statistics on the average commuting distance, statistics on commuting modes, number of working days and third-party emission factors. As data collected commenced in 2024, no comparative data for 2023 is available.

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Climate-Related Risks		Risk Description	Potential Financial Impact	Impact Period	Response Strategies
Physical Risks	Acute Risks	<ul style="list-style-type: none"> <li>• Typhoons, rainstorms, landslides, cold waves, heat waves and other extreme weather events may damage the Group's buildings and facilities, resulting in business disruptions. Projects under construction may face facility damage, safety hazards and delays due to materials supply disruptions</li> <li>• Floods and extreme water precipitation may affect water quality and quantity, or increase the flooding risk of factory buildings in low-lying areas</li> <li>• Extreme weather events may also lead to crop yield losses, thereby affecting procurement activities for the consumer products business</li> </ul>	<ul style="list-style-type: none"> <li>• Asset losses and increased operational and repair costs due to business disruptions</li> <li>• Increased human resource costs</li> <li>• Increased procurement costs for consumer goods</li> </ul>	Short, medium to long-term	<ul style="list-style-type: none"> <li>• To consider the possibility and hazards of climate disasters during site selection and business planning, incorporating climate factors into assessments</li> <li>• To adopt wind-resistant design and strengthen the durability of construction materials</li> <li>• To construct or upgrade flood control facilities and use more water-resistant building materials and designs</li> <li>• To develop emergency response plans and conduct emergency drills in advance to ensure stable business operations under extreme weather, thereby reducing potential risks</li> <li>• To enhance employees' ability to respond to extreme disasters through relevant training</li> <li>• To engage third-party experts to review environmental emergency plans and make recommendations for improvement</li> </ul>
	Chronic Risks	<ul style="list-style-type: none"> <li>• Sea-level rise due to climate change may cause flooding in coastal areas, damaging facilities and posing risks to the real estate sector</li> <li>• Rising average temperatures may exacerbate odour issues in sewage treatment plants</li> <li>• Extreme heat may pose health risks to the employees</li> <li>• Temperature changes may affect the cooling and heating demand</li> <li>• Long-term climate change may disrupt the supply chain of crops, leading to unstable supply of agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>• Financial losses from facility damage and increased infrastructure maintenance costs</li> <li>• Higher odour treatment costs</li> <li>• Increased human resource costs</li> <li>• Increased long-term corporate costs, including hidden prevention and control costs as well as management costs</li> <li>• Increased procurement costs for consumer products business</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>• To consider climate-related factors during site selection and business planning, and purchase insurance policies for relevant assets in advance</li> <li>• To regularly inspect water quality and odour levels, gradually optimizing environmental monitoring information platforms to improve monitoring efficiency</li> <li>• To continuously improve the occupational health protection policy, standardize the management standard for operation under high temperature, and provide protective equipment to employees based on climate conditions</li> <li>• To establish a sound risk identification and management mechanism</li> </ul>



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Climate-Related Risks		Risk Description	Potential Financial Impact	Impact Period	Response Strategies
Transition Risks	Policy and Legal Risk	<ul style="list-style-type: none"> <li>Businesses such as sewage treatment and solid waste incineration may be subject to more stringent regulatory restrictions on greenhouse gas emissions</li> <li>National policies may result in strengthening requirements for corporate climate-related disclosures</li> <li>Rising carbon prices may impact the Group's operations and supply chain operations</li> </ul>	<ul style="list-style-type: none"> <li>Increased operational costs of projects</li> <li>Increased corporate compliance costs</li> </ul>	Medium to long-term	<ul style="list-style-type: none"> <li>To stay abreast of climate-related laws and regulations, and to make timely adjustments to the direction of corporate strategies and development plans in accordance with policy changes</li> <li>To conduct thematic research on greenhouse gas reduction, and to explore the possibility to continuously reduce emissions across various business segments</li> </ul>
	Technological Risk	<ul style="list-style-type: none"> <li>To meet increasingly stringent greenhouse gas emission requirements, the demand for decarbonization technology innovation and related research is growing, with potentially higher technological pressure in peer competition</li> <li>As the dual-carbon strategy advances, the market demand for low-carbon operations in the real estate sector is increasing</li> </ul>	<ul style="list-style-type: none"> <li>Increased research expenditures to address greenhouse gas emissions</li> <li>Increased annual amortization costs due to investments in green buildings, new materials, and new technologies</li> </ul>	Short, medium to long-term	<ul style="list-style-type: none"> <li>To actively explore energy-saving operation methods, strengthen energy management and reduce costs year by year and achieve green transformation through innovation and upgrades of green technologies and application of environmental protection technologies</li> <li>To actively carry out research on low-carbon technologies so as to increase the low-carbon competitiveness in the industry</li> </ul>

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Climate-Related Risks	Risk Description	Potential Financial Impact	Impact Period	Response Strategies
Market Risk	<ul style="list-style-type: none"> <li>• More stringent environmental policies may lead to supply shortages of chemicals used in sewage treatment</li> <li>• Increasing market focus on climate change may shift preferences towards low-carbon products and services</li> <li>• Certain raw materials for construction may become scarce due to climate change</li> <li>• The market increasingly prefers climate-resilient properties</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operational costs due to rising prices of chemicals</li> <li>• Increased procurement costs</li> <li>• If the Group fails to respond to the market demand by providing low-carbon products or green buildings, its profit may decrease</li> <li>• Increasing green building development leads to increased capital expenditures, while less climate-resilient properties are at risk of lower values, lower revenues, and higher insurance costs</li> </ul>	Medium to long-term	<ul style="list-style-type: none"> <li>• To optimize supplier evaluation criteria, to gradually implement green procurement, to incorporate environmental performance into consideration of supplier selection, and to introduce low-carbon products and services</li> <li>• To stay abreast of consumer needs, to develop low-carbon consumer products in line with consumer preferences, and to maintain profitability and customer loyalty under the changing market environment</li> <li>• To improve the Company's ESG rating by strengthening the Company's ESG efforts and governance, thereby reducing the Company's financing costs</li> <li>• To ease the capital expenditure pressure on green building projects through financial planning and attempts to seek government support, and to take steps to enhance the value of less climate-resilient properties and mitigate the risk of depreciation</li> </ul>
Reputation Risk	<ul style="list-style-type: none"> <li>• Increased market focus on corporate performance on sustainability issues such as environmental protection and climate change, which will affect stakeholders' expectations on the enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• If the Group fails to respond to the market demand, profit may decrease and the revenue from the principal businesses may be affected</li> </ul>	Medium to long-term	<ul style="list-style-type: none"> <li>• To strengthen corporate culture and operation on sustainable development to gain market preference</li> </ul>

We regularly review climate risks and monitor relevant management measures to ensure their effectiveness. On the other hand, we have also identified climate-related opportunities relevant to the Group, including the development and application of energy-saving technologies and equipment, the development of green buildings, the construction of an information platform to monitor power and resource usage, the adoption of clean energy, the expansion of environmental protection business, green finance and sustainable investment. Looking forward, the Group will continue to monitor market changes and prepare to seize the opportunities in the low-carbon transition.

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### Use of Resources

We have adopted national codes for energy conservation of public buildings and local energy conservation rules in the design of our property projects. Some large complex projects and certain residential projects of the Group are designed in accordance with national Green Building Rating Standards, the WELL health and well-being building standard (“WELL”) or LEED green building standards (“LEED”) in order to reduce environmental pollution and the loss of resources in the whole life-cycle of the building through a series of design and measures to save land, energy, water and materials, creating high-standard green buildings and provide customers with healthy, practical and efficient use of space. As of the end of 2024, Shanghai Industrial Urban Development Group Limited, a subsidiary of the Group, has obtained 33 green building certifications (including LEED and WELL), and the total certified area reached 3.79 million square meters.

All projects of the Group have strictly implemented power saving standards and systematically applied green environment-friendly construction technique. The Group’s new development project located at Originally Lot A3 (A3-4 and A3-7) in Xi’an have incorporated a solar hot water system in their design to provide approximately 15% of the domestic hot water. In addition, we have used water-saving sanitary ware and set up domestic refuse collection points to separate hazardous waste, food waste, recyclable waste and other waste for recycling. During the Reporting Year, the project of Lingang New Area PDC1-0401 Unit J11-01 parcel was designed based on the three-star green building assessment standard and the three-star standard of WELL, which are in line with the requirements of the guidelines on ultra-low energy building techniques in Shanghai.

We also keep on introducing new construction technique, promote the application of Building Information Modeling (“BIM”) technology to accurately manage factors such as schedule, cost and quality, and to reduce waste of resources. During the Year, BIM technology was applied to the design, construction, operation and maintenance of the land parcel No. 89, North Bund, Phase III of Qingdao Beer City, and the land parcels Gucun No. 0421-01 and Gucun No. 0423-01, and a BIM collaborative management platform was established. In order to improve the functions of the BIM collaborative management platform, we have communicated and discussed with professional consultants to propose improvements in the functions of the platform, its expansion and usage management, to ensure that the platform effectively manages relevant construction information.

In the daily operation, the real estate business also implemented a series of energy saving measures, including the purchase of electrical appliances with energy labels, the installation of automatic control devices, the installation of LED lights, presetting energy-saving modes for printers and computers, and switching off lights and computers during non-office hours. The real estate business also advocates reducing usage of air conditioners and avoiding large temperature difference between air conditioners and outdoor temperatures, and encourages employees to work paperless to reduce paper usage and ink cartridges as well as generation of wastepaper. The real estate business also introduced environmental protection publicity in its induction training for new employees to promote environmental conservation.

Regarding property operation, we gradually upgrade existing commercial projects, improve the energy efficiency of the properties by improving the energy efficiency of the electromechanical system, improving the thermal insulation performance of the original building, and upgrading the environmental protection treatment facilities. The Group also regularly monitors the energy consumption of commercial properties, summarizes and analyses the energy consumption, and makes appropriate adjustments to the energy consumption budget.

The tobacco business under the Group has used T5 fluorescent lamps, LED lamps, air compressors and deodorizing fans with higher energy efficiency on a large scale in its production plants, and has upgraded the dust tanks to eliminate the old dust tank with high energy consumption, to further improve the efficiency of resource usage and reduce energy consumption. The Group's printing business is also gradually phasing out high energy consuming equipment with new energy-saving models and adopts new energy-saving vacuum pumps to replace the original vacuum equipment. The printing business has implemented lighting optimization, completely phasing out incandescent lamps, as well as automating the management of gas-fired equipment to optimize the use of natural gas. In order to improve energy efficiency year by year, the printing business has set energy reduction intensity targets in terms of tonne of product or RMB10,000 of output value.

The water-related business of the Group has set energy management targets and the project companies have taken various energy saving actions, such as replacement of old and high energy consuming facilities and equipment with green energy saving products, with a view to reducing electricity consumption. Lianxi division of the water-related businesses has set a resource utilization target to achieve a 2% reduction in unit power consumption by 2025 as compared to 2024. The division will achieve the target by organizing project companies to make efforts in energy saving and consumption reduction, such as retrofitting of energy-saving wind turbines and technical modifications of frequency converters.

The Group attaches great importance to green operation. The Group will give priority to new energy vehicles when purchasing new vehicles to reduce energy consumption and air pollutant emissions. For the use of company vehicles, a car dispatch system is implemented, and employees need to apply to the administrative human resources center for car usage. In order to enhance employees' awareness of environmental protection and conservation, we continued to provide environmental protection training and publicity education for employees through various channels. For example, we have added relevant sections such as environmental protection training to the induction training, and planned to organize more energy-saving and environmental protection activities in the future.

In terms of water conservation, the Group's real estate business has strictly complied with water consumption standard, whereby water conservation equipment and water conservation measures are deployed in the construction sites to improve water consumption efficiency. We have set up reclaimed water reuse facilities, and the collected rainwater will be used for greening and road cleaning after treatment. The business also uses other water conservation equipment, such as sanitary appliances with high water consumption efficiency, water metering devices and sensor faucets. We have installed water consumption meter to regularly measure and review the water consumption volume of the construction site of each project.

In terms of real estate, we incorporated the design of the sponge city during the project design process of Lingang New Area PDC1-0401 Unit J11-01 parcel and the Tianjin Hedong Polytechnic University Project by constructing water seepage pavements to improve the efficiency of water resource utilization, and to further enhance the buildings' ability to adapt to climate change. The tobacco business of the Group collects rainwater for cooling the plants to reduce water consumption. On the other hand, the printing business also carried out water reuse system improvement works to further increase the reuse rate, with the Jiangsu division increasing its recycling rate from 68% in 2022 to 84.9% in 2024. The Group aims to gradually reduce water consumption every year through the above water conservation measures. We will also continue to monitor water consumption of our business to further set quantitative targets.

In terms of packaging materials, the production of the Group's tobacco and printing businesses require different types of packaging materials, including plastic and paper. We will continue to closely monitor the amount of packaging materials used and look for opportunities to reduce the related consumption of resources in order to minimize the impact on the environment.

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The resources usage data in the principal businesses of the Group under the scope of reporting in 2023 and 2024 are as follows:

Environmental KPIs	Unit	2024	2023
Total energy consumption	kWh	1,969,623,808.59	2,018,421,198.76 <sup>2</sup>
Direct energy consumption <sup>8</sup>			
Diesel	kWh	20,471,112.81	21,665,129.13
Gasoline	kWh	2,857,236.07	2,878,935.67
Liquefied petroleum gas	kWh	63,717.99	68,309.02
Natural gas	kWh	660,940,116.12	818,983,632.01
Ethanol gasoline	kWh	24,823.32	26,496.97
Renewable energy (biogas) <sup>9</sup>	kWh	93,172,894.17	50,960,483.12
Renewable energy (solar energy) <sup>9</sup>	kWh	9,788,655.72	9,905,262.60
Total direct energy consumption intensity	kWh/HK\$'000 of revenue	27.23	27.66
Indirect energy consumption			
Electricity purchased	kWh	1,158,320,806.93	1,097,053,615.13 <sup>2</sup>
Towngas company gas	kWh	23,750,000.83	16,644,890.46
Heating purchased	kWh	234,444.63	234,444.63
Total indirect energy consumption intensity	kWh/HK\$'000 of revenue	40.89	34.07 <sup>2</sup>
Total water consumption	m <sup>3</sup>	479,880,986.79	476,287,121.76 <sup>2</sup>
Water consumption intensity	m <sup>3</sup> /HK\$'000 of revenue	16.59	14.57
Total packaging materials used for finished products	tonne	12,869.22	12,392.43
Intensity of packaging materials used for finished products	kg/HK\$'000 of revenue	0.45	0.38

### Environment and Natural Resources

The Group continues to promote the application of renewable energy. As a benchmark project for solid waste in the Yangtze River Delta, the Baoshan Center, a key project in the water-related business for waste-to-energy, has been successfully put into operation. The Baoshan project generates electricity through waste incineration, realizing the resource utilization of waste. The electricity generated not only supplements the daily energy supply of the solid waste projects but is also transferred to the power grid. The project adopting international top processing technology, equipment and facilities is designed to be “neighbour-friendly” and “eco-friendly”. It can process 3,800 tonnes of waste per day and generate 800 million kWh of green electricity per year. In addition, the key sewage treatment project of the Year, the important milestones of the construction of Xicen Water Purification Plant in Qingpu was completed as scheduled. The first phase of the Xicen Water Purification Plant project is still under construction, and it is expected to have a daily sewage treatment capacity of 25,000 tonnes upon completion. Furthermore, the water-related businesses will construct the Tiantai County Sewage Treatment Plant, which is expected to have a daily treatment capacity of 30,000 cubic meters upon completion. The project is anticipated to be completed and put into operation in April 2026.

- 8 Fuel consumption of vehicles is calculated with reference to the conversion factors in “Appendix II: Reporting Guidance on Environmental KPIs” issued by HKEx.
- 9 In order to reduce greenhouse gas emissions, the Group’s businesses have increased the use of renewable energy. Among them, the renewable energy mainly used in water-related businesses includes electricity generated from solar energy and biogas.



Other businesses of the Group have also proactively utilised clean energy, such as installation of photovoltaic (PV) panels on the warehouses in our printing business. During the Year, the Jiangsu division generated approximately 700,000 kWh of PV electricity, all of which was used within the factory. In addition, the water-related businesses actively responded to the national strategy of promoting the “Water + PV” layout. Distributed PV facilities have been installed on suitable project sites such as rooftops and pond surfaces to help promote the green energy transformation and upgrades. Some projects have also started to explore the use of green electricity through outsourcing.

### Discharges into Water and Soil

The Group advocates recycling of water resources trying to avoid or minimise sewage discharge and treats sewage in a cost-effective manner to protect the environment and community.

The drainage facilities of the Group’s real estate business must meet relevant regulatory requirements and apply for discharge permits in accordance with the requirements of relevant local authorities. For sewage treatment in the construction area, we have set up catchment ditches onsite and sewage will pass through the sedimentation tank before flowing into the municipal rainwater pipeline. We have set up grease traps in the onsite canteen and sewage is filtered by the grille and then connected to the sewage pipeline. We impose stringent measures in segregating rainwater and sewage and strictly prohibit the discharge of other types of liquid into the municipal rainwater pipe network. Sedimentation tanks are installed at onsite toilets such that sewage and toilet water will be discharged into the municipal sewage pipeline after sedimentation. Construction sewage is strictly prohibited from being directly discharged into municipal sewage pipeline or out of the construction site to pollute the environment. The Group’s tobacco business discharges sewage after being treated by the sewage treatment system, with the aim to minimise the pollution to water resources.

The water-related business has adopted relevant measures to ensure the stable and efficient operation of the sewage treatment process and the discharge of wastewater complies with national standards. We conduct routine laboratory tests to collect and test pollutants in wastewater on a regular basis, and some business segments have developed pollutant discharge monitoring system to improve the accuracy and efficiency of monitoring. The business utilizes “laboratory robots” to carry out water quality monitoring work, which improves the efficiency of water quality monitoring while reducing the discharge of laboratory wastewater. In addition, the related business also explored the use of intelligent technology for the fine management of wastewater treatment, and independently developed the “Carbon Source” dosing system and the “Chemical Phosphorus Removal” dosing system, which can accurately control the consumption of drugs and electricity while ensuring the stability and safety of the water quality of the wastewater discharge. The water-related business has introduced a smart water management platform system to monitor water quality in real time and automatically ensure safety of water supply. The Southern Chinese division is actively exploring the establishment of smart operation systems in some sewage treatment plants and implementation of technologies like “precise aeration.”

Meanwhile, in response to the national policy on river ecological protection, the Group aims to gradually reduce the rate of sewage discharge every year, and inspect our sewage treatment system as when appropriate to identify effective improvement proposals.

Lastly, in an effort to reduce environmental noise and pollution, the Group’s real estate business carefully plan for the facilities used in the construction sites during the project construction process. Noisy equipment is kept away from residential areas wherever possible, sound insulation measures are adopted, and low noise construction equipment and technology are used to reduce the impact of noise in construction sites to residents in the neighbourhood.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Waste Management

The Group adheres to waste management policies that are based on the 3Rs (reduce, reuse, recycle) and encourages the reduction of consumption and reusing and recycling of resources. Being a large-scale producer, we actively implement waste reduction strategies and reduce waste from the source. The Group actively and strictly implements classifications of waste. For the aspect of non-hazardous waste, we have set up recycling bins in the office for collecting wastepaper, aluminium cans, metal scraps, plastics and food waste and employees are encouraged to actively participate in recycling, and then entrusted qualified recycled operators approved by the government for proper recovery and treatment. In addition, during our business process small amount of hazardous waste will be produced which will be strictly handled in accordance with local environmental regulations. The aim is to reduce the amount of waste generated in the production process and to meet the relevant government standards.

Real estate projects of the Group adopt the architectural design which takes into account environmental impact at various stages of the lifecycle of a project including site selection, design, construction, operation, maintenance, renovation and demolition, as well as automation and standardisation factors to minimise wastage of building materials by effectively control waste generated. To reduce hazardous and non-hazardous waste generated from the real estate business, we ensure the proper collection of domestic waste, construction waste and hazardous waste generated through construction and transfer them to qualified organizations for disposal. Construction waste is cleaned and transferred from the building structures by setting up temporary enclosed waste hauling lanes, container lifting or bagging. At the same time, we set up different collection points for different types of waste to separate them at source. The sites are equipped with sufficient garbage ponds and bins, and construction waste is centrally stacked and cleaned and transferred in a timely manner to maintain environmental hygiene. We have set up sanitary rooms at construction sites equipped with septic tanks, which are covered and sprayed regularly, and are cleaned by dedicated personnel on a daily basis. Electronic waste were also collected separately, and all electronic waste are transferred to professional recycling organization for disposal after its collection regularly in order to improve the recycling rate of electronic waste.

Due to the nature of its business, the water-related businesses of the Group produce a wide range of hazardous and non-hazardous wastes in the course of their operations. Through strict adherence to standardized processes and the use of advanced technology to enhance process efficiency, the water-related business strives to reduce waste at source and treat all types of waste in accordance with the relevant regulations. Main hazardous waste generated from the operation of water-related businesses of the Group includes fly ash and activated carbon generated from waste incineration business and a small amount of hazardous sludge, liquid waste from laboratories and waste motor oil generated from other businesses. We strictly implement relevant national regulations and properly dispose of all hazardous wastes generated. Fly ash generated from domestic waste incineration is solidified with cement and sequestrant and is sent to landfills for burial and disposal. Activated carbon generated from flue gas treatment is collected and disposed of by the compliant waste disposal unit or sent to the waste incinerator for incineration according to local environmental regulations. Hazardous sludge, liquid waste from laboratories and waste mineral oil are separately collected and stored in designated areas and sent to professional organizations for centralized disposal. In addition, non-hazardous waste from water-related businesses includes non-hazardous sludge from sewage treatment, water supply and sludge treatment business, as well as slag from solid waste incineration. Some of the harmless sludge is transferred to local landfills for centralized treatment, while some are recycled for greening of project sites or collected by qualified third-party organizations for use in the production of fertilizers and construction materials.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of consumer product business, the printing business has designated personnel to collect and record hazardous waste, which is then stored in the hazardous waste area for sorted collection. Subsequently, it is treated by qualified waste disposal companies. Used motor oil and kerosene generated in the production process of tobacco business are recycled and disposed of by qualified contractors licensed by the government; while soot and other wastes are compressed in garbage compactor before being sent to landfills. For the office domestic waste, it is sent to the building property management companies for centralised disposal. In addition, recycled building materials are used as much as possible to minimise wastage.

The Group aims to continuously improve the waste management system to reduce the amount of waste generated every year. Meanwhile, in response to the national “Waste-free City” plan, the Group also aims to gradually improve the treatment capacity of municipal solid waste incineration every year to increase the treatment capacity of municipal solid waste. In addition, we are actively researching on the recycling of hazardous waste, such as recycling of used motor oil. We will also review waste generation and treatment to further set quantitative targets for reducing hazardous and non-hazardous waste.

The waste discharge data in the principal businesses of the Group under the scope of reporting in 2023 and 2024:

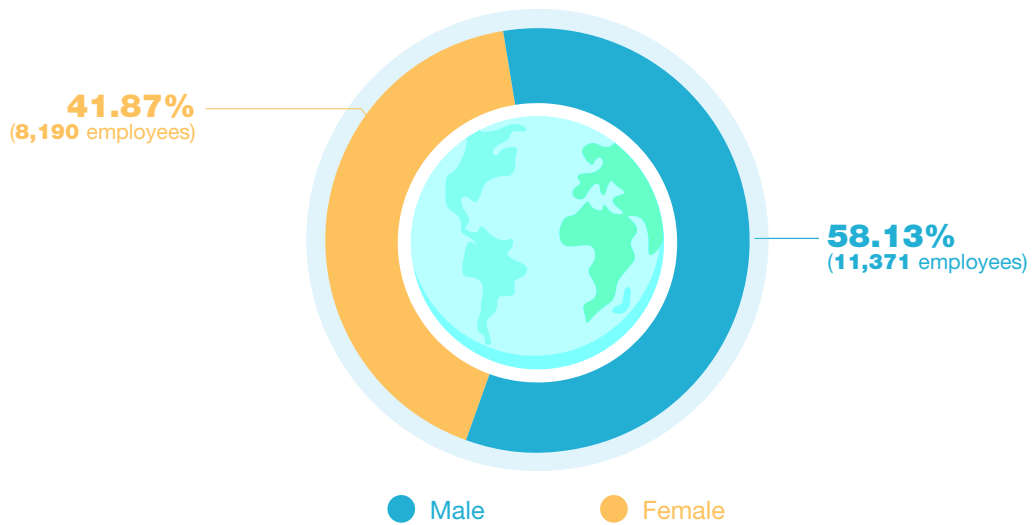
Environmental KPIs	Unit	2024	2023
Total hazardous waste produced	tonne	28,497.48	28,640.78
Total hazardous waste produced intensity	kg/revenue in HK\$'000	0.99	0.88
Total non-hazardous waste produced	tonne	2,178,732.50	2,207,090.07
Total non-hazardous waste produced intensity	kg/revenue in HK\$'000	75.34	67.50

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

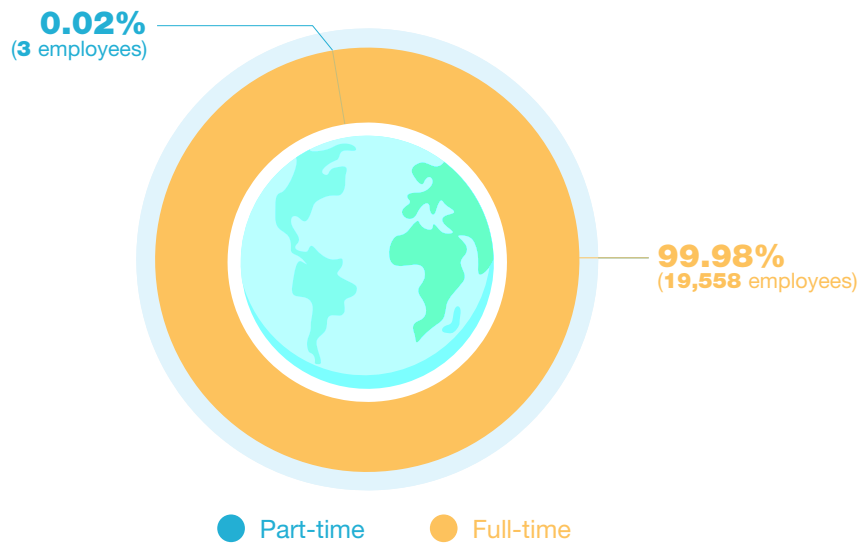
### EMPLOYMENT AND LABOUR PRACTICES

Employees are essential for the sustainable development of the Group and we regard them as our most valuable assets. The total number of employees of the Group was 19,561 as of the end of 2024. The Group strives to improve its talent recruitment, retention and development training, with an open, robust and efficient management style to ensure employees realize that their values are properly recognized. The Employment and Labour Practices, Operating Practices and Social Responsibility sections cover the Group's infrastructure and environmental protection (toll roads and water-related businesses), real estate and consumer products (tobacco business and printing business) segments.

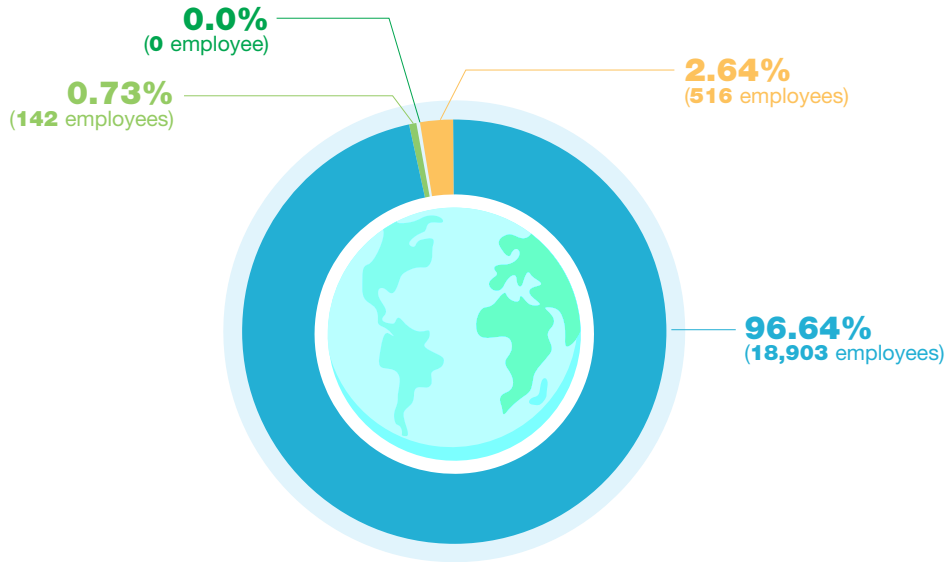
Number and percentage of workforce by gender



Number and percentage of workforce by employment type

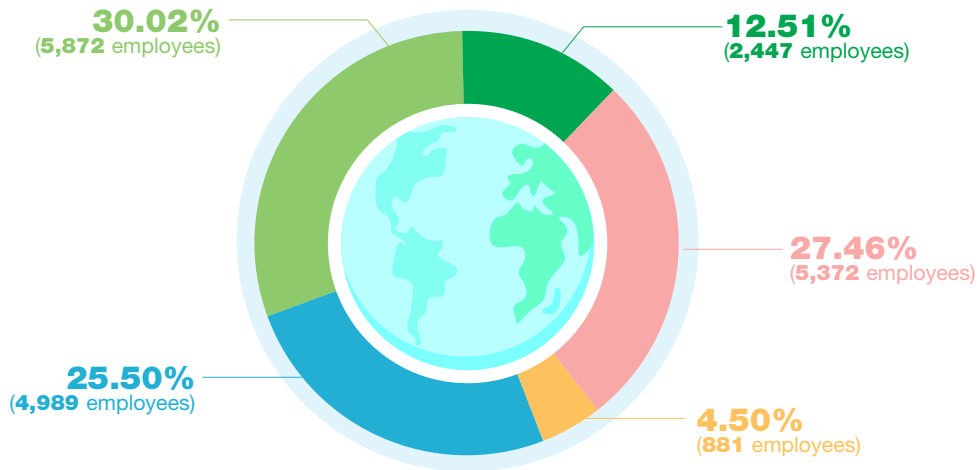


Number and percentage of workforce by geographical region



- Hong Kong
- mainland China
- Other countries
- Asia (excluding Hong Kong and mainland China)

Number and percentage of workforce by age group



- aged 18-30
- aged 31-40
- aged 41-50
- aged 51-60
- aged 61 or above



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Employment

The Group is committed to talent management and adheres to a “people-oriented” spirit. We have adopted a fair and equal recruitment strategy to attract talented people. By establishing a performance appraisal mechanism through assessing individual contributions, corporate results and market salary trends, we further optimized our human resources policy. Enterprises within the Group have established staff manuals in accordance with the nature of their specific business and needs, setting out policies including office procedures, reporting duty, employment termination, attendance, abnormality management, performance appraisals, rewards and penalties, compensations and benefits as well as training and employee rights, for strict implementation and review and optimization at appropriate time.

By adopting the principle of “remuneration based on position”, our enterprises provide employees with competitive remunerations in accordance with economic growth and business operations, integrating a remuneration that is based both on a fixed salary and performance appraisal and taking into account job responsibility and individual capability as well as our operating results. The Group pays salaries and bonuses in accordance with relevant national and local regulations and makes contribution for employees to various social insurance funds and provident funds. Employees are entitled to statutory holidays, marriage and bereavement leave, annual leave, compensatory leave, sick leave, maternity leave, paternity leave and personal leave. In addition, the Group also provides employees with various benefits and allowances, such as lunch allowance, birthday benefits and holiday allowance. During the Reporting Year, the Group strictly complied with relevant national and local laws and regulations and there were no cases of violating employment laws and regulations.

Moreover, the Group is committed to building a diversified team. As such, a series of internal human resources policies such as employee handbooks, employee welfare standards and implementation rules have been formulated, which specify the Group’s recruitment and dismissal, remuneration and promotion, working hours, leave application, equal opportunities, diversity, anti-discrimination as well as any other treatments and benefits to protect the rights and interests of both employees and employers. In addition, the Group’s printing business amended its Remuneration Management System during the Reporting Year to provide clearer guidelines to employees on remuneration to protect their labour rights. The printing business also attached great importance to caring for its female staff and offered greetings and gifts to them on the Women’s Day. The Sichuan division also provided health screening for its female staff by collaborating with the local maternal and child health center to provide cervical and breast cancer screenings for its female staff at the company. In addition, the printing business provided birthday benefits to employees, subsidies for employment stabilization to new employees, heatstroke prevention and cooling measures during hot seasons, and summer supplies to employees, etc., so as to enhance employees’ sense of belonging and happiness with practical actions.

By adhering to the principle of fairness and equality in the recruitment process, the Group focuses on the professional ethics, expertise, experience and development potential of the candidates to ensure that they enjoy equal opportunities and will not be discriminated by their nationality, ethnicity, race, gender, age, marital status, social status or religious beliefs. The Group implements a probation system for newly hired employees. During the probation period, the head of the department where the employee works for will make assessment of the employee. Upon passing the assessment, the employee will be formally hired as permanent staff. Furthermore, the Group regards standardized performance management as the basis of decision-making for talent recruitment and remuneration management. In order to streamline the assessment process while ensuring consistency in the overall assessment, our enterprises follow an objective, fair, standardized and transparent performance management system to assess, promote and reward outstanding talents. During the Reporting Year, the printing business of the Group has held a training in relation to Anti-discrimination Control Procedures, insisted on the principle of “fairness, justice and equality” towards the staff in recruitment, job allocation, appraisal and other activities, and made rectification when discrimination occurs to further promote the corporate culture of fairness and equality.

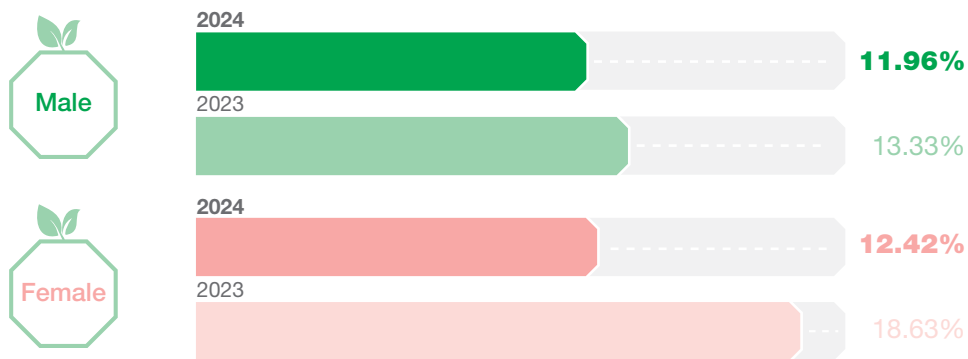
The Group also respects the employee’s freedom of association and right to collective bargaining, emphasizes improving employees’ cohesion and sense of belonging through good employee relationship, encourages employees to communicate and interact with the management through company intranet and other channels, and actively carries out staff activities to create a harmonious working atmosphere.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

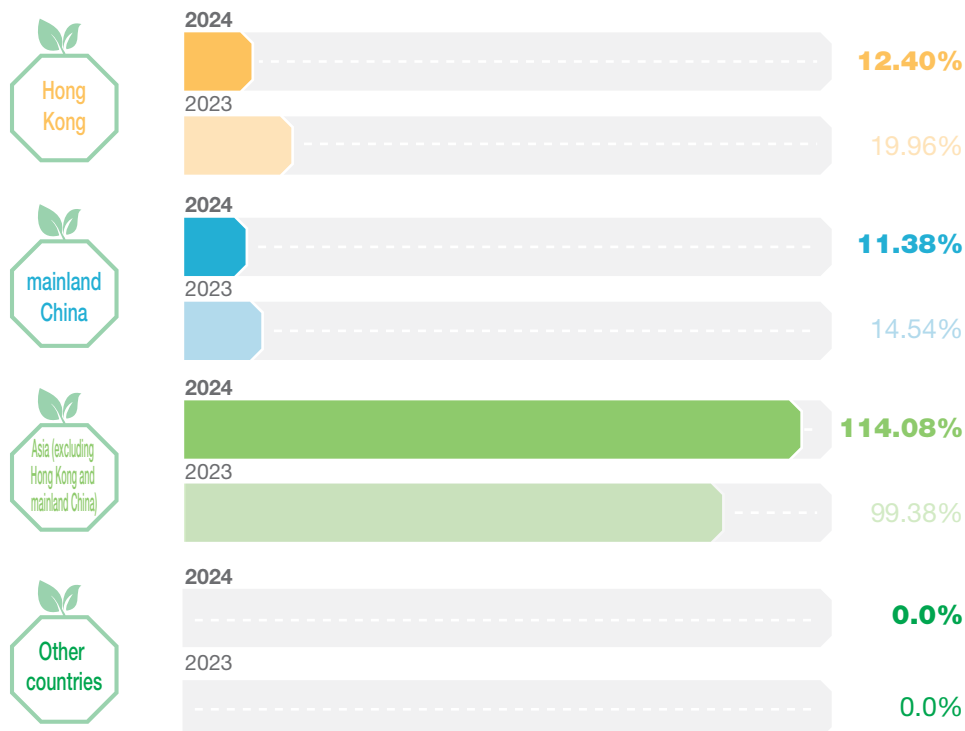
The Group also stipulates the arrangements for cancelling and terminating employment contracts in the employee handbook pursuant to relevant laws and regulations to protect the rights and interests of both parties. The conditions applicable to cancellation of employment contract include failure of employees to observe the attendance system repeatedly during their tenure, provision of false personal information, gross negligence of duties, malpractice, fraud or material violation of any laws and regulations. The Group will arrange employees to properly handover their work and implement departure procedures before the date they leave the job.

The principal activities of the member companies of the Group are located in China and Hong Kong. In accordance with respective local human resources regulations and corporate culture, we have formulated relevant codes of conduct for employment and we adhere to the policy of diversification and anti-discrimination to provide employees with equal opportunities. The relevant codes of conduct are included in the staff manual for implementation.

### Employee turnover rate by gender

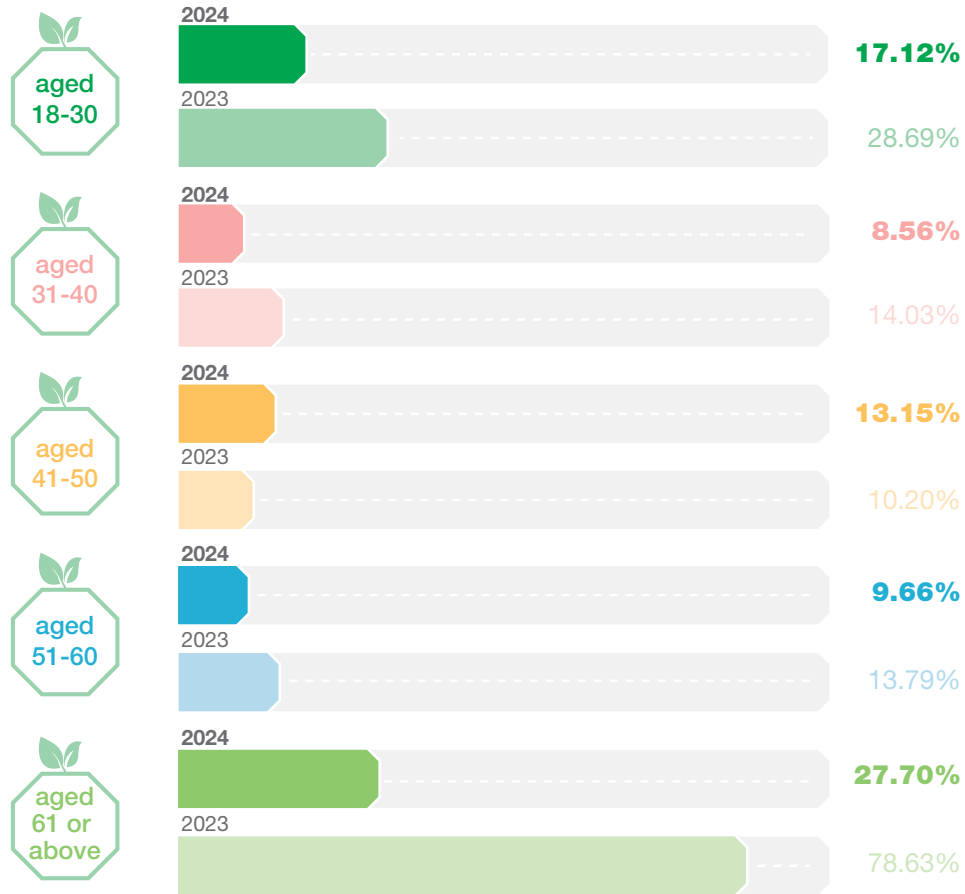


### Employee turnover rate by geographical region



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee turnover rate by age group



### Health and Safety

Ensuring the health and safety of our employees is crucial to the Group’s long-term development. We are committed to providing a safe and comfortable working environment for our staff, adhering to the corporate culture of “healthy lifestyle, joyous working” and constantly improving and enhancing production safety mechanisms of all units, refining and implementing rules and regulations required for occupational safety in production. The Group strictly adheres to local relevant health and safety laws and regulations of where the Group operates that have a significant impact on the Group, such as the Production Safety Law of the People’s Republic of China, the Fire Prevention Law of the People’s Republic of China, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, the Social Insurance Law of the People’s Republic of China, the Regulations on Work-Related Injury Insurance, the Measures for the Determination of Work-Related Injuries and Occupational Safety and Health Ordinance and so on, pursuant to which the Group has formulated all kinds of policies and guidelines for better identification, evaluation and management of substantial hazards in different businesses so as to reduce safety risk. Various business segments of the Group have been accredited by occupational health and safety management system, including the water-related business and printing business, in order to assure the systematic management on the occupational health and safety issue. During the Reporting Year, the Group did not violate any laws and regulations relating to health and safety which have a significant impact on the Group. We establish the corporate safety culture, ensure occupational health and safety of our employees and establish a working environment with zero accident by putting efforts in the following three areas: developing and supervising its safety systems, providing employees with safety training, and enhancing their safety and emergency response capabilities and awareness.

The Group provides employees with various health and safety trainings. Based on actual situations, we proactively organized trainings and drills such as flood control and typhoon control, emergency repair of equipment, firefighting, evacuation, drowning rescue, first aid dressing and cardiopulmonary resuscitation to ensure emergency situations can be dealt with by all employees in time and reduce the extent of accidental injuries. To further enhance the overall standard of safety management, the Group organizes safety workshops, trainings and drills from time to time for promoting occupational health and safety information and actively creating a safety culture atmosphere to ensure operational safety. In addition to the Group's staff, the Group also actively invites the staff of construction units, leasing units, commercial tenants and other related parties to participate in relevant activities to enhance their emergency response capabilities, thereby reducing the risk of safety incidents. We are also committed to equipping our employees with personal protective equipment in compliance with legal requirements to provide the necessary protection. In addition, the Group provides regular check-ups for employees and monitors and manages safety risks in the workplace to prevent occupational diseases, taking into account the industry-specific nature of each business.

The real estate business of the Group actively works with construction units and implements safety standard guidelines during the construction process to ensure construction safety. It has also established a safety management committee, which shoulders the important responsibility of leading and supervising the occupational health and work safety of the Group, and is committed to enhancing safe production and continuously improving the level of safety management. During the Year, the safety management committee held a total of four production safety meetings, at which the work requirements of production safety was conveyed to internal units, who reviewed the implementation of work safety and at the same time adopted a variety of measures to enhance safety education and training. The occupational safety and hygiene committee of the Group formulated the annual safe production plan and goals and performed daily supervision, the status of achievement of the targets and the investigation and management of potential hazards. It also conveyed the work requirements of production safety to internal units and reviewed the implementation of work safety. The real estate business also actively provided safety trainings for its staff. For example, the Quanzhou division and Chongqing division organised training for its first aiders and safety management personnel, and the employees participated in the trainings have obtained the corresponding certificates. The Qingdao division also tested the effectiveness of employee safety training with a written examination to enhance the safety awareness of all employees.

Moreover, the solid waste division of the water-related businesses also regularly carried out investigation and management of potential hazards threatening safety production that was organized and led by the key persons-in-charge of the companies. During the Reporting Year, a total of 16 inspections of key production areas and professional on-site inspections were conducted, pursuant to which a list of potential hazards was prepared and 100% of the rectification projects were completed. For positions with high exposure to occupational health hazards, warning signs and instructions were posted at conspicuous positions in the factory area, and third-party professional institutions were engaged to make regular inspections and assessment on occupational hazard factors. Professional technical employees were also provided with personal protective equipment that meets legal requirements (including but not limited to helmets, gloves, masks, etc.) to ensure that they are protected from occupational diseases at work. The water-related businesses also regularly inspected and replaced the protective equipment to maintain the functionality and effectiveness of these equipment. The water-related businesses purchased social insurance for all permanent employees, and each business segment supplemented with commercial insurance based on the actual situation. At the same time, the businesses have set up the "Occupational Healthcare Files" to keep and manage the data of employees' medical check-ups in a standardized manner, so as to facilitate the timely tracking and management of their occupational health conditions. The businesses provide annual occupational health check-ups and other occupational disease-related examinations for their employees, and conduct specialized occupational disease examinations for special positions. For example, dedicated lung examinations are conducted for employees who are exposed to production dust to ensure their health conditions. Regarding safety training, the water-related businesses arranged for the key persons-in-charge and safe production management personnel of the companies to participate in external professional training in batches during the Reporting Year and obtained the qualification certificates of safety management personnel. The water-related businesses also invited external experts to hold four internal safety production training sessions at the companies during the Year to provide trainings to entry-level employees on professional knowledge on safety regulations, identification of major potential hazards, etc. to improve the overall production safety awareness of employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With regard to consumer products, the printing business carried out fire drills, provided professional guidance to its staff and required them to engage in hands-on practice. The business also regularly conducts occupational health check-ups for its employees and conducts workplace occupational hazards inspections for workplaces with occupational hazards to ensure a safe and healthy working environment. The toll roads business carried out its winter fire evacuation drills and fire drills to strengthen safety awareness and help all employees master the skills of fire escape and the use of fire extinguishers.

During the Reporting Year, the Group had 2,330 days of paid leave for work-related injuries, an increase of 470<sup>10</sup> days as compared to 2023, and our work-related fatalities and fatality rate in the past three years are as follows:

Health and Safety Indicators	2024	2023	2022
Work-related fatalities	0	0	0
Work-related fatality rate (%)	0.00	0.00	0.00

### Development and Training

The Group attaches great importance to talent nurturing and professional development for its employees. We are devoted to broadening their horizon for growth and helping them to unleash their talent and potential to realize their own value. We also provide employees with a wide range of training and development opportunities and have established a good learning mechanism for them to keep abreast of the latest trends and technical knowledge in the industry and improve their business competence and skills.

To improve the job-related capabilities of its staff, the Group organizes a wide spectrum of internal and external training programmes every year, covering induction training, performance management, management skills, occupational skills, quality control, occupational health and safety as well as financial and tax management for discovering and training talents, to meet overall planning and development needs of each business. The Group formulates annual training programmes for employees at different levels and arranges appropriate training content. For example, seminars are arranged for senior management to enhance their leadership and management capabilities; training courses are provided to middle management and young talents to enhance corporate cohesion and strengthen internal communication and learning to assist new middle managers master their management skills. New employees will be provided with induction training to introduce our corporate culture and development status, corporate organizational structure and rules and regulations, for helping them integrate into the working environment, enhance mutual understanding between employees and team spirit.

Each business of the Group also conducts business-specific training for their staff. During the Reporting Year, real estate business's enterprises arranged the management to attend the training for directors and supervisors organised by the State-owned Assets Supervision and Administration Commission to enhance their management skills. It also organised staff reading club(s), courses on mental health and topical training courses to create a learning atmosphere, provided professional training on real estate market, risk management, green building, safety culture and other topics to their employees. In 2024, an enterprise under the real estate business organized the "City Forum" staff training activity under the "SIUD Talent Programme" with the theme of "The Changing Trend of Company Law Revision and Enterprise Compliance Response Management", helping middle management and functional department representatives to understand in depth the core content of Company Law revisions and their effect on enterprise compliance management. On the other hand, the enterprise of real estate business also held the "Case Sharing Session for AI-empowered Human Resources Management" to enhance the efficiency of human resources management. The water-related businesses conducted a closed-door training on comprehensive management skill enhancement for frontline group leaders, which covered safety knowledge, professional knowledge, management knowledge, the latest amended systems, team building activities and visit to Weifang Chengbei Wastewater Treatment Plant. A closed-book examination was conducted after the training to ensure the effectiveness of the training. The water-related businesses also conducted a training on professional technical skill enhancement for the water quality analysis and testing personnel to strengthen their knowledge on wastewater treatment processes, the knowledge, skills and experience in daily wastewater testing, the promotion of the company's corporate culture and the practical operation of testing skills. After the training, an examination on theories and a practical skill competition were held for those who had received training to help the testing personnel better grasp the key points in the principles and operation of various testing methods. Lastly, the printing business held a training programme for young cadres of the new generation (the seventh session of the Huangpu training camp) under the support of Shanghai Jiao Tong University. The programme included analysis of the macro environment and exploration of the printing industry, covering practical knowledge on marketing, finance, compliance management and public relations crisis management, which expressed Wing Fat Printing's strong determination on cultivating talents.

<sup>10</sup> The number of paid leave days for work-related injuries for 2023 has been restated as 1,860 days due to data authenticity. The increase in number of paid leave days has been calculated based on the restated data.



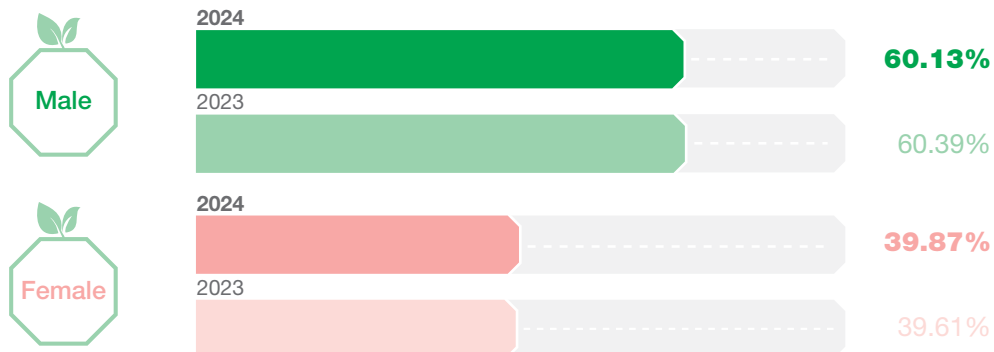
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from regular training, the Group also regularly organizes other activities to help staff develop their potential and to recognize outstanding performance and encourage continuous improvement. The printing business organizes annual awards to recognize outstanding staff and teams, including the Best Creativity and Progress Awards, to encourage staff to continue to improve and apply creativity in their daily work to enhance productivity. The printing business adhered to the “Management System for Specialized Staff Improvement Rewards”, which aims to enhance the creativity and skill level of staff through the provision of rewards to all staff for their participation in improvement.

During the Reporting Year, the average training hours completed per employee by gender and average training hours completed per employee by category were as follows.

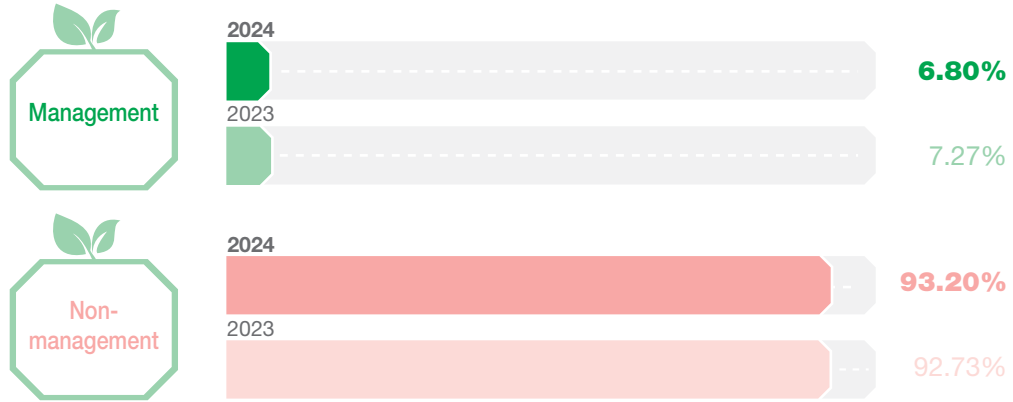
	2024 Average training hours	2023 Average training hours
<i>Average training hours completed per employee by gender</i>		
Male	25.60	39.53
Female	30.76	45.12
<i>Average training hours completed per employee by category</i>		
Management	22.61	24.45
Non-management	28.12	43.20

### The percentage of employees trained by gender



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The percentage of employees trained by employee category



## Labour Standards

The Group strictly complies with the laws and regulations related to labour standards in which it operates which have a significant impact on the Group including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Using Child Labour and Employment Ordinance, prohibits any child labor and forced labor and adheres to the employment principles of equality, fairness and compliance. To prevent the use of child labor and forced labor under all circumstances, the Group has established the Child Labor Prevention and Remedial Procedures, the Underage Worker Protection Procedures, the Student Worker Control Procedures and the Forced Labor Prohibition Procedures for internal reference in its daily operations. Meanwhile, the printing business of the Group during the Reporting Year held trainings for relating procedures such as the Child Labor Prevention and Remedial Procedures, the Guidance on Identity Card Identification and the Procedures for Prohibition of Forced Labour, etc. to strengthen the awareness of the staff. Candidates would be asked to provide valid identification documents for verification of his/her identity and age during recruitment to ensure that he/she applies for the job voluntarily and meets the legal requirements for entering labor contracts. Persons under 18 will be rejected for job application. The Group also implements a standard working hour system in its daily operations to ensure the work shift system and attendance system are in place. The Group strictly implements compensatory leave and compensation for overtime work with strict enforcement in accordance with relevant national and regional regulations. We also stipulate that employees enjoy statutory holidays, marriage leave, bereavement leave, annual leave, compensatory leave, family visit leave, sick leave, maternity leave, breastfeeding leave, paternity leave and personal leave to protect employees' reasonable working hours and rights. During the Reporting Year, the Group did not find any violations related to child labor and forced labor. If the above situations are identified, the Group will strictly follow our internal guidelines to deal with violations.

## OPERATIONAL PRACTICES

### Supply Chain Management

In view of the diversity of its business, the Group has to interact with a wide range of suppliers in its daily operation. For this reason, we are committed to establishing a close partnership with them to seek mutual interest and to arrive at a common goal for growth. To select suppliers with excellent environmental and social performance, the Group will conduct environmental and social risk assessments on potential suppliers' business scope, service areas, quality and reputation, corporate qualifications and collaborative spirit before issuing tender invitations. We regulate tendering and bidding activities through relevant systems in the tendering and bidding process to ensure the quality and efficiency of procurement work; we also implement a fair and transparent tender evaluation system to create a fair, open and equitable tendering and bidding process for enhancing procurement efficiency. When we receive a bidding plan from a potential supplier, we will review the bidding proposals and will consider its feasibility and reasonableness, supply schedule and guarantee measures, equipment employed and performance, quality, safe and civilized construction and environmental protection measures, maintenance measures, profiles of project managers and the main technical management personnel, relevant projects undertaken and performance, etc. for assessment. We also carry out qualification checks on potential suppliers through data collection and site visits to identify qualified suppliers in terms of their business scopes, service areas, qualifications, key achievements and accreditations, etc. and discuss with them on suitable cooperation plans. Finally, the winning bidder is determined according to the evaluation results, and the contract is signed with the winning bidder in accordance with the Group's procedures.

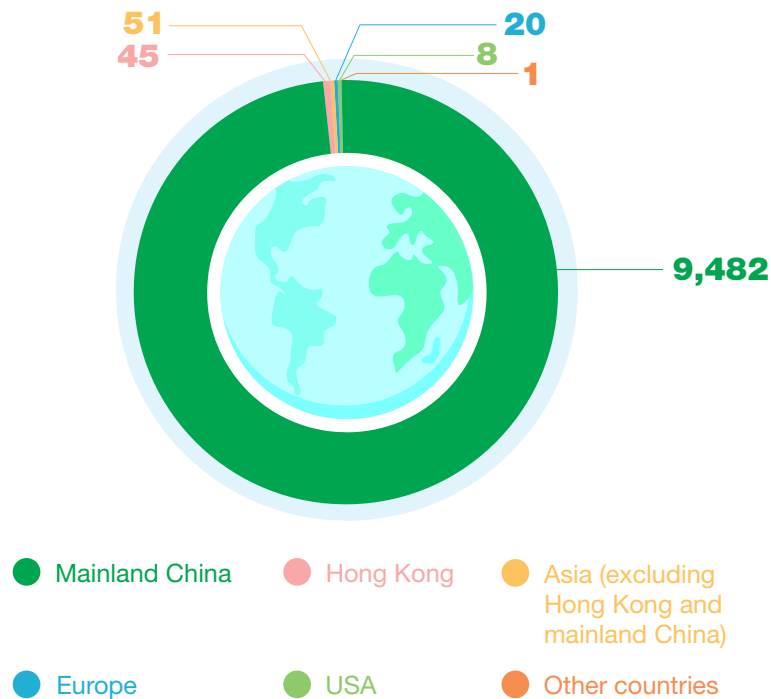
Enterprises within the Group have established their respective Supplier Management Policy to establish a systematic supplier management, qualification assessment and approval system to ensure suppliers meet all assessment criteria. The water-related business segment arranges its procurement work in strict compliance with the company's rules and regulations such as the "Procurement Management System", "Management Rules of Tender Evaluators in Procurement" and "Contract Management Rules" during tendering, bidding, consultation and negotiation of tenders, and its business divisions also conduct audits of procurement-related work in accordance with the "Internal Audit System" on a regular or ad hoc basis, so as to ensure that the risks associated with the supply chain are kept under control. During the Year, the Group's water-related business division commenced promotion of the "Procurement Management System". Relevant personnel responsible for procurement from all departments and units attended meetings to understand the new evaluation procedures for supplier management and enhance the job standardisation. In addition, the real estate business formulated the "Management Measures of Project Suppliers of the Group" to ensure that its supply chain partners meet the company's standards on quality, environment, health and safety, employment and compliance, etc.

Besides, the Group has maintained a long-term, stable and reliable supplier database. The Group's subsidiaries would perform an annual assessment on their own suppliers and update the supplier list to ensure that the collaborative suppliers have certain strengths and can fulfill the requirements of the Group, so as to improve the design quality of the company's projects, as well as to assess the environmental and social factors of the suppliers with higher effectiveness and objectively. In addition, to reduce the environmental risks of the suppliers, the enterprises of the Group have thoroughly considered the environmentally friendly and energy saving factors when selecting suppliers. The water-related business segment has replaced the original hazardous chemical methanol with an environmentally friendly product, composite carbon source, in the selection of pharmaceuticals. In the future, we will continue to actively carry out environmental procurement work, give priority to environmentally certified products in order to reduce the negative impact of procurement activities on the environment. The Group will review green development from a broader perspective, and advocate a green environmental protection and sustainable business model.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To effectively prevent and control the potential risk of its supply chain, we usually avoid using one single supplier. The ongoing international political events in recent years have led to a continuous increase in the global price of natural gas, a shortfall in the supply of tobacco leaves and a significant increase in price, resulting in numerous uncertainties in the supply of filaments used in the production of tobacco. The tobacco business immediately initiated internal discussions to anticipate the price trend and supply and demand situation, and made arrangements with suppliers to maintain supply. The tobacco business also required its suppliers to provide more environmentally friendly products, and examined whether their products had satisfied those requirements by checking against the requirements of new technical standards or the inspection reports for incoming goods. During the Reporting Year, such requirements have been implemented to three suppliers. During 2024, the total purchase amount from our top five suppliers accounted for no more than 30% of our total purchases. During the Reporting Year, the Group had engaged 9,607 suppliers, of which 9,527 were from mainland China and Hong Kong.

Number of suppliers by geographical region



### Anti-corruption

Business ethics and integrity are the keys of corporate governance. With a strong emphasis on corporate integrity and honesty, the Group strictly adheres to laws and regulations relating to bribery, extortion, fraud and money laundering in which it operates, namely the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance, and compliance to requirements of the Listing Rules. Corruption of any kind will not be tolerated. The Group has established a whistle-blowing policy to encourage reporting relevant misconducts by staffs and people who conduct businesses with the Group such as customers and suppliers. Our supervision and examination department(s) will review any reported malpractices in detail as the Group has zero tolerance for any misbehaviours. The Group launched anti-corruption training activities in different forms such as thematic counselling seminars, forums, and visits to integrity education bases to enhance the professionalism of directors and employees in practicing integrity, which established and monitored the responsibility system and accountability system as well as developed an excellent corporate integrity culture. For example, the real estate business of the Group organized an "Integrity Education Campaign" in an effort to raise their awareness of integrity. The Group's tobacco business provided occupational ethics training and education to its staff to enhance their awareness of the relevant rules and regulations.

Furthermore, in adherence to good corporate governance principles, the Group has tightened internal control management and warning education and enhanced sound discipline inspection work. The headquarters of the Group conducts special audits of its subsidiaries on a regular basis, covering finance, procurement, operation and production. If employees are found to have violated the Group's anti-corruption policy or engaged in illegal activities, the Group will, subject to the severity of the incidents, either seek compensation from such employees or report them to the judiciary.

We convey expressly our determination and undertaking for integrity and honesty to our employees through staff manuals and internal training and emphasize the Group's requirements for professional ethics and declaration of interests. All directors and senior executives of the Group display their integrity through leading as a role model, and the general managers of functional departments and subsidiaries are also held accountable in the building of the Group's ethical system. The water-related business held the SIIC Environment Anti-corruption Training 2024 during the Reporting Year to enhance the anti-corruption awareness of all employees. Among them, the Shandong division requested its senior management to submit the "Statement on Conflict of Interests", from which no conflict of interests between the senior management and the companies was identified. Meanwhile, the real estate business clarified in its "Employee Handbook" that all employees have to adhere to the business ethics promoted by the companies on law-abiding, integrity, honesty and professionalism, and fulfill the obligations of anti-corruption, anti-bribery, anti-monopoly, fair competition and anti-money laundering. The "Employee Handbook" also sets out the protection policy for whistleblowers and the whistleblowing channels. During the Reporting Year, the real estate business successfully carried out one anti-corruption activity with a participation of 80 persons, which aimed to enhance the integrity awareness and anti-corruption capability of directors and employees. The printing enterprise of the Group also provided training on "Agreement on Anti-corruption" to their staff and required the marketing and procurement personnel enter into an "Agreement on Anti-corruption". During the Reporting Year, the Group did not involve in any related legal proceedings, claims or disputes which have a significant impact on the Group.

### Product Responsibility

In order to realize our commitment to customers and provide excellent quality of products and services, the Group is committed to continuous innovation to improve the quality, health and safety standard of its products and services. At the same time, the Group creates more opportunities and channels of communication for customers, and strives to understand the needs of our customers, enabling them to have a more pleasant experience. In order to assure the quality of projects, water-related businesses of the Group encouraged each business segment to formulate quality management system on the basis of ISO 9001, and multiple segments including Huadong segment has obtained the certification of ISO 9001 Quality Management Systems, in order to strengthen the measures on internal policies and management. There were no sold or delivered products that had to be recalled for safety and health reasons in 2024.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group has established a comprehensive “Progress Management Policy”. It regularly tracks and evaluates the progress, safety and quality of each project as well as difficulties encountered during the research period, and develops and implements solutions in a timely manner. In respect of the high demand on product quality and the use of materials and equipment, the companies will supervise the construction units based on the requirements of the Construction Quality Management Policy to ensure that qualified and safe materials, components and equipment are used. The companies will also hire qualified supervision agencies to monitor and inspect projects during construction, undergo sample testing or repeat testing of materials on the site to ensure project quality and safety. General contractors, subcontractors and other construction units are required to develop overall construction plans and use BIM technology to adjust and optimise project designs. The enterprises have set up a system on acceptance inspection and delivery management in accordance with the Acceptance Inspection Assessment Criteria for the Quality of Construction and Installation Projects and the relevant standards. Comprehensive inspections would be performed on the projects together with the supervision agent, professional engineers and construction units before project completion and delivery. If necessary, the construction units would be urged to repair any defects in quality. Relevant units would also share and exchange their experiences and ideas regularly on managing project construction quality for the purpose of improving the project quality of each property project company. The EVEN Hotel Shanghai Hongqiao CBD under the Shanghai Urban Development • Uplaza Xinhonghui project of the Group’s real estate business won both the Best Interior Design Award and Best Online Popularity Hotel Online at the 2024 GBE Hotel Design Awards organized by GBE, the world’s leading architecture information service provider.

Our commitment to quality is also reflected in the reliability of our products and services. In the course of the hotel operation of our real estate business, we emphasize safety management, proactively implement risk accountability policy and continuously carry out risk assessment, drill, training and inspection on safety matters while regularly cooperating with professional organizations to repair and maintain the access control system, security system and fire alarm system of the hotels. The property companies focused on customers and established the “Complaint Handling Operation Procedures” to ensure that customer complaints are handled in a timely, effective and reasonable manner. Multiple customer communication channels have been set up, including an 800 complaint hotline, contact hotline for projects and the company’s website to rapidly respond to customers’ complaints or other requests. Within 1 hour after receipt of a complaint, the customer service personnel would forward the customer’s request to the project or department involved. The customer will be contacted within 24 hours and the complaint handling will be completed within 72 hours with a return visit to the customer for updates of the progress. The Group’s real estate business adheres to the customer-oriented service principle, strictly controls product quality, actively communicate with customers, continuously improves the customer service system to enhance customer experience and satisfaction. The real estate business has actively engaged in two-way communications and exchanges with tenants, such as organizing tenant talks to discuss with tenant representatives on issues such as management services, hardware and software facilities, ancillary services, and responding to various enquiries from tenants in a timely manner. Complaints lodged by tenants will be forwarded to relevant departments such as engineering and technical departments in a timely manner after self-inspection by the property and commercial management departments to ensure that the complaints are properly handled.

The water-related business under the Group has established various policies, namely the Production and Operation Process Management Policy, the Operation Project Water Quality Management Policy and the Production Scheduling Management Policy, to manage daily production and ensure that the water supply quality of each project company is up to standard. The Group will strictly adhere to the requirements set out in the Emergency Plan for Unexpected Environmental Incidents to handle the occurrence of any abnormal conditions, such as water supply quality failing to meet the standard, in a reasonable and legal manner. The division of water-related businesses operates a 24-hour customer service hotline for water services to receive complaints, repair reports and requests for assistance from tenants, which are handled to ensure that the quality of customer service is enhanced.

In addition, the tobacco business has established a quality management system to strictly implement annual internal and external audit in order to assure the production is in line with related quality requirements, and any production issues will be traced and stopped as soon as they are detected. During the Reporting Year, the business duly handled complaints regarding product quality and has traced back to find out the root cause of the problem and offered a satisfactory solution. The Group’s printing business has a complete quality management system in which information such as product names, production personnel and time can be traced through product labels. Finished products need to have their quality seals printed and pasted by the production personnel before warehousing. The printing companies respond promptly upon receipt of customer complaints by paying a visit to the customer’s site quickly to provide solutions and improvement reports and help the customer solve the problem. They also carry out examinations on abnormal inventory and production lines.

The Group highly values the importance of protecting customer information and privacy and strictly complies with the laws and regulations in which it operates, including Law of the People's Republic of China on the Protection of Consumer Rights and Interests and Personal Data (Privacy) Ordinance, strictly prohibiting the disclosure of customer privacy without permission. The Group's subsidiaries keep customer data and privacy information in our management system and put them into different categories for administration purpose. Such data and information can only be accessed by authorized personnel. The Group requires employees to keep customer information confidential and strictly prohibits any form of divulgence by means of establishing rules and regulations, staff manual, internal communication and training. When it is discovered that customer information has been or may be divulged, the Group will immediately handle, report and rectify the case and hold relevant personnel accountable in accordance with its relevant policy.

In respect of the protection of intellectual property rights, water-related businesses of the Group proactively research innovative processes based on their operations. In which, the northeast segment of water-related businesses constructed a research and development centre with 46 researchers with a dedicated laboratory equipped with bacteriophage development, process trial experiment, comprehensive testing and other functions, which was graded as a hi-tech enterprise of Heilongjiang. During the Year, the research and development centre has obtained two licensed invention patents, four pending invention patents and one licensed utility new model patent for its independent development. In addition, the Group's tobacco business is committed to protecting the Group's intellectual property through proper collection and management of product packages and designs and photos of retail outlets. The Group's real estate business properly manages its construction design patents and trademark registrations. Specific clauses on intellectual property protection are written in the relevant contracts to explicitly set out the copyright and right of use of the relevant design patents and registered trademarks to ensure non-infringement of third-party intellectual property rights or trade secrets.

## SOCIAL RESPONSIBILITY

As an established red chip company with a strong presence in the society, we have built a rapport with the local communities and fulfil our community responsibilities. In 2024, we promoted our social responsibility work mainly through supporting education, helping the poor, promoting knowledge on the use of water and social health. The Group combines corporate brand development with proper use of corporate resources and innovates the pattern of charity and public welfare activities. By voluntarily initiating various public welfare activities, the Group gains experience in concerning about and giving back to the society. Social responsibility activities organised or participated by the Group during the Reporting Year are as follows:

Through close communication with local residents, the Group is eager to understand their living needs, listen to the voices of the people, and pay attention to the people's livelihood. For three consecutive years, the Group's real estate enterprises carried out poverty alleviation work in Tangzi Village, Meidu County, Yunnan Province, donated to local organizations, constructed infrastructure and public services, consolidated village revitalization industries and supported education and poverty alleviation projects. In the first half of 2024, the enterprises continued to follow up and coordinate the promotion of support and assistance projects as scheduled, and finished the construction of the villager activity room and the leisure and culture pavilion at Tangzi Natural Village with the construction cost of approximately RMB300,000. Enhancing the villagers' learning, teaching, discussion and resting conditions, the project was well received by the villagers. During the Reporting Year, the real estate enterprises also actively participated in public welfare and charitable activities, including donations to the Flame Blue Fire and Rescue Fund, the Lantianxia Charity Fund and the Village Rural Revitalization Project for Chengguangcun, Chongming. For 28 consecutive years, the real estate enterprise has supported the Chengkai Hope Primary School in Lu'an, Anhui Province, and made donations to the Municipal Charitable Foundation and other institutions, with the accumulative amount of donations for the Year reaching RMB516,000. In addition, the toll roads companies also participated in paired-up support and assistance work for rural revitalization of Qingyun Village, Midu County, Yunnan Province.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Different divisions of the Group's water-related businesses provided community support and voluntary services to benefit communities in different provinces. The Shandong division continued to carry out "Citizen Services in the Community" activities, providing on-site publicity on water consumption knowledge, water bills inquiry service, answers to questions on water-related businesses and business handlings, with a view to further enhancing citizen services, winning the praise of the public and building up a good corporate image. Among them, the Fangzi water division offered volunteer services at Fangzi Town, contributing to cultural dissemination and creating a pleasant atmosphere for sightseeing through environmental clean-up, cultural introduction, etc., which were widely praised by both tourists and local residents. Meanwhile, the Lianxi division opened some of its project companies to the public. For instance, the Nanchang Ecological Environment Bureau organized public visits to the Xiaolan Sewage Treatment Plant, so that the public can understand the process of sewage treatment, develop the habit of water conservation, and establish a good sense of environmental protection.

As the pandemic relieved, the Group shifted the focus of community support from anti-pandemic to healthcare, assisting the community to build up healthy living habits and providing medical services to residents in need to maintain the overall health of the community. During the Reporting Year, the Group's tobacco business arranged employees and medical staff of partnering organizations to organize large-scale free clinic services at Mei Foo Community Hall, Lai Kok Community Hall, Lok Fu Place and Yue Man Square, Kwun Tong, respectively, to serve over 2,800 people. The tobacco business also arranged employees to participate in activities such as talks on the National Security Day and National Day Carnival. In addition, the tobacco business actively arranged employees to participate in more than 10 drone soccer experience days, which is representative of the new sports and low-altitude economy promoted by the Hong Kong government. Employees from the tobacco business won the second place in the community inclusion group.

We believe in giving back to the society. In the future, the Group will keep engaging in activities such as optimizing business environment, facilitating community water supply in summer, collaborating in community development, alleviating poverty in villages and towns, actively participating in volunteer services and external corporate communications, enhancing corporate image and demonstrating corporate brand influence.

### Compliance

The Group is committed to ensuring that its business operation complies with relevant laws, rules and regulations. Close attention is paid to relevant regulatory changes from time to time. The Group also conducts extensive compliance review to strengthen the effectiveness of its internal control and regulatory compliance and has formulated and renewed its internal control policies and procedures, to provide guidance for our operation. Furthermore, the Group holds work seminars or trainings regularly to enhance employees' awareness and understanding of its internal control and compliance procedures.

During the Reporting Year, we were not aware of any violation by the Group of any laws and regulations relating to environmental protection, employment and labour practices, operational practices and social responsibilities which might have a material adverse effect on its operation. Nor the Group has in any form violated the laws and regulations relating to bribery, extortion, fraud and money laundering.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Our 2024 Environmental, Social and Governance Report has been prepared in accordance with the latest version of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

Environmental	Descriptions	Relevant Section
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, etc	Environmental Protection, Air Emissions and Greenhouse Gas Emissions, Discharges into Water and Soil, and Waste Management
KPI A1.1	The types of emissions and respective emissions data	Air Emissions and Greenhouse Gas Emissions, Discharges into Water and Soil, and Waste Management
KPI A1.2	Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions and intensity	Air Emissions and Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced and intensity	Waste Management
KPI A1.4	Total non-hazardous waste produced and intensity	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Air Emissions and Greenhouse Gas Emissions, and Discharges into Water and Soil
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
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw material	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Use of Resources
KPI A2.2	Water consumption in total and intensity	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources
KPI A2.5	Total packaging materials used for finished products and with reference to per unit produced	The water-related business and real estate business of SIHL do not require packaging for delivery to clients, and the total amount of packaging materials used in tobacco and printing business is set out in the section "Use of Resources".

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental	Descriptions	Relevant Section
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	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	Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification of and response to 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
Social	Descriptions	Relevant Section
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, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices, and Employment
KPI B1.1	Total workforce by gender, employment type (e.g. full- or part-time), age group and geographical region	Employment and Labour Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment
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 occurred in each of the past three years including the Reporting Year	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, and how they are implemented and monitored	Health and Safety



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social	Descriptions	Relevant Section
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
KPI B3.2	The average training hours completed per employee by gender and employee category	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
KPI B4.2	Description of steps taken to eliminate such practices when non-compliance is discovered	Labour Standards
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, and how they are implemented and monitored	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social	Descriptions	Relevant Section
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	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Product Responsibility
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 Year and the outcomes of the cases	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
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	Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Social Responsibility